



CHAIRMAN'S ADDRESS

ANNUAL GENERAL MEETING

14 April 2015

Acknowledgements:

Good morning ladies and gentlemen.

On behalf of your Board I would like to acknowledge the Larrakia people, the custodians of the land on which we meet here in Darwin. I would also like to acknowledge the Mirarr people, the custodians of the land on which the Ranger mine is situated at Jabiru.

Introduction:

2014 was a year of recovery and refocus for ERA.

The Company recovered from the leach tank failure in December 2013 and received approval to recommence operations on 5 June 2014.

We refocused on improving our process safety, and on re-building trust with our stakeholders and the community.

2014 was also a year of progress, with some very significant work achieved on the Ranger 3 Deeps project and on ERA's continuing commitment to progressive rehabilitation.

This morning, I plan to comment on four important issues:

- Firstly, the important role of uranium in the global energy sector and recent market developments;
- second, ERA's recovery in 2014, what we learned and what we are doing now as a result;
- third, our achievements with our progressive rehabilitation program; and
- fourth, the status of our Ranger 3 Deeps project.

I will also make some comments on last year's financials.

The role of uranium in global energy developments:

We believe that global sentiment towards uranium is starting to change.

International – and Australian – concern about climate change is leading to a mature discussion about the key role to be played by nuclear power. Globally, it is expected that the importance of nuclear energy in reducing carbon emissions from power generation will continue to grow. Indicators of the growing appetite to investigate the potential of nuclear energy include:

- the South Australian Government's Royal Commission into the role of nuclear energy;
- the United Kingdom's Nuclear Industrial Strategy to grow its nuclear sector;
- an academic paper from the University of Adelaide finding that nuclear together with wind energy are the best electricity-generation sources in terms of benefit-to-cost ratios; and
- an open letter from a panel of leading United Kingdom climate change scientists to global policy influencers in support of the uptake of nuclear energy as a power source.



The World Nuclear Association estimates nuclear power is under serious consideration in more than 45 countries which do not currently have it. The trend to urbanisation in less-developed countries will greatly increase the demand for electricity, and especially electricity supplied by base-load plants such as nuclear.

Similarly, the International Energy Agency predicts global nuclear power capacity will increase by almost 60 per cent between now and 2040.

China will account for almost half of that growth. According to the International Energy Agency, China's projected increase in nuclear capacity is expected to be at least 58 gigawatts by 2020 – this is more than a three-fold increase and is almost equal to Australia's total generating capacity.

These developments highlight an encouraging change in the global attitude towards uranium.

However, while the medium to long-term outlook is positive for established producers, ERA expects that the uranium market will remain challenging in the near term, given the continuing weakness in 2014 in both the spot and long term uranium oxide prices.

ERA is an established brown field uranium producer with a reputation for secure and reliable supply. As such, the Company is well positioned to leverage an eventual recovery in the uranium price.

ERA's recovery in 2014:

ERA made a strong and safe return to operations in 2014, following Board and regulatory approvals in June for a progressive restart of processing activities.



In August 2014 the Supervising Scientist confirmed that the leach tank failure had caused no impact to ERA's surrounding environment or to the Kakadu National Park.

ERA's restart plan involved a progressive ramp up of the processing plant and a detailed plan for the improvement of process safety management and governance at Ranger.

The plan draws on ERA's existing process safety initiatives as well as the actions highlighted by independent expert investigations into the leach tank failure.

A new monitoring program has been put in place for the site's leach tanks which includes ultrasonic testing of tank integrity, along with increased visual inspections – in both cases at a frequency that is in excess of industry standards.

Just as significant in 2014 has been ERA's work to rebuild the confidence of stakeholders in our operation.

Transparency and responsiveness to stakeholder concerns have been crucial to restore trust and maintain healthy community stakeholder relationships.

ERA continues to have constructive discussions with the Mirarr Traditional Owners on both operational and community matters. Forums such as the Relationship Committee and Minesite Technical Committee are highly effective opportunities to share information, address concerns and collaborate on areas of mutual interest.

The Gundjeihmi Aboriginal Corporation, representing the Mirarr, and ERA have built a strong track record of joint initiatives in recent years, including working together on projects such as the Independent Surface Water Working Group,

the rehabilitation of the Jabiluka Interim Water Management Pond and the Kakadu West Arnhem Social Trust.

At ERA we look forward to continuing to work with Mirarr Traditional Owners. We want to create a long term partnership that will create benefits for the Mirarr, for ERA shareholders, the Northern Territory and Australia.

Significant rehabilitation progress:

In 2014 ERA continued to demonstrate industry-leading expertise in rehabilitation, and achieved significant water and rehabilitation milestones.

Since 2012, ERA has invested \$378 million in rehabilitation and water management projects.

Last year alone we spent \$57 million on rehabilitation works, and achieved three significant milestones.

The first was completing the work last year of pre-load rock capping of Pit 1 to consolidate tailings.

The second was to complete the revegetation of the former site of the Jabiluka Interim Water Management Pond.

Third was the initial backfill of Pit 3, which was completed last year, with more than 33 million tonnes of waste rock placed into the base of the pit.

As part of the backfill, an extensive in-pit drainage system was installed across the floor of the pit as well as a water bore extraction and pump system. This enabled us to convert the pit into a permanent storage repository for brine and tailings.



These works are part of our dredge and tailings transfer infrastructure. The project commenced construction last year and commissioning is scheduled for completion in mid-2015. This project remains on schedule and on budget.

It is the first step towards decommissioning the Tailings Storage Facility and as such is an important component of the rehabilitation of the Ranger Project Area.

Following on from this work in 2014, in February this year ERA reached a new milestone when we began the direct transfer of tailings waste from our milling operations into the pit for permanent storage.

The Ranger 3 Deeps project:

ERA has always been open about wanting to continue operations at Ranger in the longer term.

Ranger 3 Deeps is the proposed underground mine adjacent to Pit 3 at Ranger. If approved, it would be a low impact operation with a small environmental footprint, and its development is scheduled in parallel with the progressive rehabilitation of the Ranger Project Area.

Subject to Board and regulatory approvals, the Ranger 3 Deeps project has the ability to provide that longer term future in the region.

In 2014 significant work was progressed on the Ranger 3 Deeps Project.

The major activities of the project's Prefeasibility Study are substantially complete, and ERA is currently undertaking a technical and financial review to optimise the mine resource and cost effectiveness of the proposed development pathway. Our objective is to establish whether we have a project that provides long term value for our shareholders. If approved, it will help us to continue to contribute to the local, regional and Australian economies.



ERA

We are proud of our contribution to the local economies of Jabiru and the wider West Arnhem Region.

ERA is already a significant contributor to the Northern Territory economy with 390 jobs and a one-in-four multiplier effect on indirect jobs.

The Ranger 3 Deeps project is forecast to generate an additional 180-280 jobs to be sourced either locally or nationally. The project would provide important socio-economic benefits such as continued skills development and capacity in the region, business certainty for local and regional businesses, additional revenue from production above current levels, and maintaining Jabiru's population.

In 2014, the equivalent of 4.25 per cent of Ranger's sales revenue was disbursed to Northern Territory based Aboriginal organisations, including the Gundjeihmi Aboriginal Corporation. A further 1.25 per cent of Ranger sales revenue was paid to the Commonwealth for distribution to the Northern Territory Government. Last year, ERA's royalties totalled \$15.4 million. This was in addition to the significant community sponsorships and contributions that ERA continues to make.

Last October ERA lodged a draft Environmental Impact Statement for Ranger 3 Deeps, and held a public consultation period through to mid-December. We are currently working on a supplementary Environmental Impact Statement to address the comments raised in the public consultation period, and we expect to lodge this in the first half of this year.

We expect the Board to consider the next major step, to advance from prefeasibility to a full feasibility study in the coming months.

**Financials:**

Our 2014 financials reflect the fact that we were processing ore from stockpiles, and that we did not resume processing until 5 June last year.

For the year ended 31 December 2014, ERA's net loss after tax was \$188 million, compared with a loss of \$136 million in 2013.

ERA's earnings were impacted by a draw down in inventory associated with the plant suspension, the purchase of uranium oxide to fulfil sales contracts, and higher exploration and evaluation costs associated with the Ranger 3 Deeps Exploration Decline and Prefeasibility Study.

During 2014, our sales of uranium oxide were 3,148 tonnes, compared with 2,815 tonnes in 2013. Revenue from the sale of uranium oxide was \$379 million in 2014, which compares with \$356 million in 2013.

Our average realised sale price of uranium oxide in 2014 was US\$49.50 per pound, compared with US\$54 per pound in 2013.

ERA's sales strategy is to ensure a reliable supply of uranium oxide to customers, with a focus on long term contracts and pricing rather than selling at the spot price. In 2014, weakness in both the spot and long term uranium oxide prices continued, adversely affecting ERA's average realised sale price.

Sales of uranium oxide are denominated in US dollars. As a consequence the weakening of the Australian dollar had a favourable impact on our results in 2014, with an average exchange rate of 91 cents US compared with the 2013 average rate of 94 cents US.

ERA generated cash flow of \$85 million from the production and sale of uranium oxide in 2014.



Despite the leach tank failure and soft market conditions, ERA has continued to generate positive cash flow from its uranium operations.

Capital expenditure decreased during 2014 to \$12 million, compared with \$91 million in 2013. Most of the 2014 capital expenditure related to sustaining capital projects compared to 2013, when capital expenditure largely related to the construction of the Brine Concentrator.

ERA also spent \$83 million in 2014 on exploration and evaluation activities to complete the Exploration Decline, the major activities of the Prefeasibility Study and our surface exploration program. Significantly, we also spent \$57 million in the year on progressive rehabilitation.

In 2014 ERA maintained its prudent approach to cash management, while maintaining a strong focus on its core values of ensuring the health and safety of our workers, contractors and the community at large, and the protection of the surrounding environment.

ERA finished the year with a cash position of \$293 million and no debt. Cash at the beginning of 2014 was \$357 million.

Closing comments:

While 2014 was a challenging year for ERA, the Company has retained a firm focus on:

- developing a long term resource base on the Ranger Project Area;
- improving operational effectiveness;
- building and maintaining strong stakeholder relationships; and
- maintaining excellence in rehabilitation practices.



ERA

The Company will continue to progress the Ranger 3 Deeps Prefeasibility Study and the supplementary Environmental Impact Statement. It is a project that has both technical and uranium pricing challenges.

We will work hard to continue building the trust of the Jabiru and Northern Territory communities each and every day through the activities at Ranger.

At ERA, we do not take our resource or the land on which it is located for granted.

We continue to look for ways to create value for our shareholders in a manner that is safe and sustainable.

ERA has been one of the most enduring uranium businesses in Australia.

It's a history that includes more than 30 years of safe, reliable operation in a very sensitive area of Australia, with no adverse environmental impact.

Thank you to the ERA workforce for your efforts during a challenging year.

I will now hand over to Andrea Sutton to speak further on ERA's operational performance.