



CHIEF EXECUTIVE'S ADDRESS ANNUAL GENERAL MEETING 14 April 2015

Acknowledgements:

Thank you Peter.

I would also like to acknowledge the Larrakia people, custodians of the land on which we meet, and the Mirarr people, custodians of the land on which we operate the Ranger mine.

Overview:

As the Chairman has said, 2014 was both a challenging and rewarding year for ERA.

It required us to take stock, and to identify and act on opportunities for improvement.

This morning I'll provide some comments on ERA's operational performance last year.

Health & Safety:

Starting with safety, which underpins everything we do at ERA.

Disappointingly, our rate of reportable injuries increased from 2013 to 2014.



ERA measures safety by the All Injury Frequency Rate. This is a measure of all reportable injuries – lost time injuries, restricted work injuries and medical treatment cases for every 200,000 hours worked. Our all injury frequency rate in 2014 was 1.27 for every 200,000 hours worked, compared with 0.91 in 2013.

In 2014, we had eight lost time injuries and two medical treatment cases.

At ERA we have a combination of goals, accountabilities and support mechanisms to support our goal of zero harm, to create a workplace with no injuries or occupational illnesses.

For example, in February this year we introduced the MateSafe program. This program encourages peer to peer discussions regarding a good safe practice or challenging less safe work.

As of this morning, for the 2015 year-to-date ERA has demonstrated its ability to work with no reportable injuries. We will strive to continue to meet this goal of zero for the remainder of the year.

Put simply, we will not rest in our commitment to zero harm, and to protect the health and safety of the team that works at ERA, the broader community and the surrounding environment.

With regards to process safety, last year ERA undertook a significant program to improve our existing operational process safety measures.

We know that understanding and managing process safety hazards is essential to improving our performance and maintaining our licence to operate.

Our goal is to manage process safety at Ranger mine by ensuring that controls are both functional and effective, in preventing and mitigating the impacts of high consequence, low probability process safety events.



As a key outcome of the leach tank failure and subsequent investigations and recovery works in 2014, we developed the ERA Process Safety Improvement Action Plan. This includes improvements to safety systems, and tighter governance of critical asset surveillance and maintenance regimes. This plan is reviewed on a quarterly basis by Commonwealth and Northern Territory regulators.

We have put in place a new monitoring program for the site's leach tanks, which uses ultrasonic testing of tank integrity and increased visual inspections, with a frequency that is in excess of industry standards.

We have implemented a range of measures including additional safety training and prestart safety planning for all crews. We have also developed additional critical control management plans for identified critical risks.

Further, we have driven an increased understanding of process safety site-wide, with initiatives to increase our communication and focus on process safety events across the whole Ranger workforce.

People:

I'd like to now give you an update on ERA's workforce – on our people and our diversity.

We aim to foster a diverse, committed and capable workforce at ERA. We currently have 385 employees, of whom 18 per cent are women and 13 per cent are Indigenous.

Our people numbers in 2014 were around 25 per cent lower compared with the size of our workforce in 2013. This was largely due to the mining operations restructure that we undertook last year once the initial backfill of Pit 3 was



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completed. We have also completed organisational reviews in light of the uranium market outlook and improvements in the way that we work.

Meanwhile we are continuing our strong focus on Indigenous employment and building the local capacity of the community in which we operate.

During 2014, ERA initiated a 'Pre Employment Program' which helped develop work-ready skills and accreditation for eight local Indigenous women.

This year we've hired three of these women: two have started in roles as ERA's first Indigenous female plant operator trainees, and another is due to start shortly. We've also employed ERA's first Indigenous female community relations trainee, who is working in our shopfront in Jabiru.

ERA continues to support work experience and school-based apprenticeships for local students. Our Education Partnership with the local schools and the Northern Territory Department of Education is now in its sixth year, and this is an important community capacity-building partnership for ERA.

In 2014 we started the year with six school-based apprenticeships and two traineeships. Since 2011 ERA has taken on board 19 school-based apprentices.

Water and environment:

Moving now to water and the environment.

Water management is critical to the success of ERA's business and environmental protection objectives.

2014 was the first full year of operation for our Brine Concentrator. It uses proven technology to treat process water stored in the Tailings Storage



Facility. In its first year, the Brine Concentrator produced a total of 844 megalitres of distillate.

We made some significant environment and water improvements at Ranger last year including improving annual production output of our pond water treatment plants.

In 2014 we also took further steps to proactively manage water levels in the Tailings Storage Facility using an existing transfer system. Ahead of the wet season we transferred process water from the Tailings Storage Facility into Pit 3.

It was made possible following the preparation of Pit 3 for tailings and brine storage – which I will detail in a moment.

Further environmental improvement focussed on key areas including our weed control programme and revegetation of the site of the former Jabiluka Interim Water Management Pond. We have worked in close consultation with the Gundjeihmi Aboriginal Corporation and Mirarr Traditional Owners on this significant project. Fifteen Indigenous workers assisted in the plantings, with the plants supplied by a local Indigenous-owned and operated native plants nursery.

Rehabilitation and backfilling:

In addition to water and environmental management, the rehabilitation of the disturbed areas within the Ranger project area is a priority for our business.

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

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



We completed the initial backfill of Pit 3, with more than 33 million tonnes of waste rock placed into the base of the pit. This was completed almost six months ahead of schedule.

An extensive in-pit drainage system was installed across the floor of the pit as well as a water extraction system. This enabled us to convert the pit into a permanent storage repository for brine and tailings.

This is part of our dredge and tailings transfer infrastructure, which will cost an estimated \$69 million and is part of the overall rehabilitation provision, which stood at \$512 million as at the end of 2014. The dredge and tailings transfer infrastructure commenced construction last year and is scheduled for completion in mid-2015.

Further to this, in February this year we reached a new milestone when we started transferring tailings directly from our milling operations into the pit for permanent storage.

In 2014 we also made significant progress on the rehabilitation of Pit 1. The tailings mass was compressed, with a pre-load rock layer placed over the tailings surface. Vertical drainage wicks had been previously installed during 2013 in the pit, to aid in the consolidation.

A compacted clay layer is being used to cap the pit, to enable it to become a pond water catchment. A bulk rock fill is scheduled to be placed from 2017 ahead of final land forming and revegetation.



Operational Performance:

Turning now to our operational performance.

In 2014 ERA produced 1,165 tonnes of uranium oxide, which was 61 per cent lower than in 2013. Uranium oxide production was adversely impacted by the suspension of processing operations following the failure of Leach Tank 1 on 7 December 2013.

During 2014 the restart of Ranger's processing operations involved a progressive ramp-up as processing facilities were returned to service. Following the progressive ramp up, both of our main mills and the laterite mill were fed with stockpiled ore and performed at capacity. We treated 1.3 million tonnes of ore during the year.

We achieved milling rates of 305 tonnes per hour, and this demonstrated strong milling plant performance associated with ERA's preventative maintenance program. This was higher than our milling rates of 288 tonnes per hour in 2013.

While ERA was shutdown in the first half of 2014, we conducted maintenance throughout the processing plant.

Since the recommencement of processing operations, plant milling rates have returned to normal levels with some impacts still being seen on uranium recovery levels due to restrictions on the availability of leach tanks in the period.

This year, from our existing operations, ERA aims to optimise stockpile mining by producing between 1,600 and 2,200 tonnes of uranium oxide.



Cash management:

During 2014 we also continued our prudent approach to optimising our expenditure. We implemented cash flow generation initiatives without compromising our core values of ensuring the health and safety of our workers, contractors and the community at large, and the protection of the surrounding environment.

In 2014 ERA surpassed the \$150 million target in cumulative cash cost reductions we had set in the Business Review Program we commenced in 2011. In 2014, the cost savings were more than \$23 million.

Throughout the past year, ERA continued to deliver on cost reduction and maintain a judicious approach to cash management. We are continually assessing opportunities to improve efficiency. We ended the year in a strong cash position with no debt, and with \$293 million cash on hand.

This positions us well for the future as a lean, reduced-cost established miner, in good shape ahead of an investment decision regarding the potential Ranger 3 Deeps underground mine.

Ranger 3 Deeps:

As the Chairman has mentioned, Ranger 3 Deeps is integral to ERA's future. Last year we made significant progress on this project, by completing the Exploration Decline on schedule and within budget.

The decline face position reached 2,710 metres from the surface upon completion of the project.



We completed 33,600 metres of underground resource drilling last year, resulting in a total of 47,000 metres of drilling for the overall Prefeasibility Study.

As at the end of 2014, the major activities of the Ranger 3 Deeps Prefeasibility Study were substantially complete.

The Prefeasibility Work completed included reclassification of the mineral resource, and re-estimate of grade and tonnes, which resulted in an increased Upper Mine Sequence resource tonnage of 24,940 tonnes of contained uranium oxide, compared with 22,148 tonnes reported previously.

The remaining 9,000 approximate tonnes of mineral resource is hosted in the Lower Mine Sequence where the resource is still at an inferred level. Our Annual Statement of Reserves and Resources was provided to the Australian Stock Exchange on 6 February this year.

The Prefeasibility Study looked at the mining method and production rates, mining contract structure, processing flow-sheet and infrastructure requirements for the project.

ERA is currently undertaking additional technical review to optimise mine planning and cost effectiveness to maximise the project value, and to increase our understanding of the risk profile of the project.

ERA lodged the draft Environmental Impact Statement for Ranger 3 Deeps in October 2014, and then held a public consultation period through to mid-December.

We are now working on a supplementary Environmental Impact Statement to address the comments raised during the public consultation period, and expect to lodge this in the first half of this year.



Conclusion:

In summary, in 2014 ERA continued to deliver on cost reduction and maintain a judicious approach to cash management.

We made major progress on our strategic initiatives – particularly the Ranger 3 Deeps project.

We delivered on all of our water and environmental management objectives.

We achieved the safe recovery of our processing plant, working closely with our regulators and stakeholders.

Maintaining transparency and responsiveness to stakeholder concerns has been crucial in our efforts in 2014 to restore trust and foster healthy community stakeholder relationships.

And, for more than 30 years, we have continued to operate in a highly sensitive area of Australia with no adverse environmental impact on our surroundings. That fact has been publicly documented each year by the Supervising Scientist.

ERA is one of the world's most heavily regulated mines. Our risk assessment and effective environmental management plans ensure our operations do not impact on the values of the World Heritage-listed Kakadu National Park.

As the Chairman has said, our objective is to remain firmly focused on our future: to be an underground miner, with a significantly smaller environmental footprint, to generate shareholder value and to contribute to the local, regional and Australian economy.

Thank you.