

Chief Executive's Address

Annual General Meeting

22 April 2008

Thank you David, I also wish to welcome shareholders to ERA's first Annual General Meeting held in Darwin.

2007 was quite a year for ERA and its employees. I recall addressing last year's Annual General Meeting about the February 2007 extreme rainfall event and cautioning those in attendance that *Force Majeure* had been declared on all sales contracts and to expect production levels similar to 2006 which was 4,748 tonnes of uranium oxide.

In the last 12 months, however, ERA has been able to turn things around to achieve production of 5,412 tonnes, the second highest in the mine's 26 year history. The higher than expected level of production, 14 per cent higher than in 2006, was reached despite the plant shutdown due to the extreme rainfall event, constrained access to higher grade ore at the bottom of the pit and, lower-than-planned milling rates caused by hard ore.

Additionally, the production result was achieved with a further significant improvement in safety performance.

The Lost Time Injury Rate fell by a remarkable 74 per cent to 0.33 per 200,000 hours worked and the All Injury Frequency Rate by 46 per cent to 1.00 per 200,000 hours worked, whilst the injury severity rate, a measure of the seriousness of injuries, also was reduced by a factor of more than three. Our major focus was improving and embedding the health and safety systems established in previous years, and supporting changes in safety behaviour, particularly among contractors, and there have been substantial improvements in these areas. Whilst the performance improvements are impressive statistics, achieved during a period of growth, change and extreme weather conditions it is still not where we want to be – we will continue to strive to achieve our goal of zero harm to anyone who works at ERA.

The extreme rainfall event and the subsequent flooding of the operating pit resulted in a range of long term water management strategies that not only allowed a fast recovery, but will assist in managing water more efficiently into the future. They include increased capacity for dewatering of the pit, increased irrigation capacity, pond water evaporation facilities, further catchment controls to minimise the increase of the site's pond and process water inventory, increased capacity in the water treatment plant, and increased process water storage capacity. This will continue to be an area of focus in 2008.

As a consequence of the success of the water management strategies, water levels in the operating pit were drawn down in the fourth quarter and the company met all of its 2007 sales commitments. The steps taken to mitigate the effects of the weather event allowed ERA to lift *Force Majeure* on January 14 2008.

Looking forward, demand for uranium into the future remains strong. ERA is gearing up for a productive future in the region with a number of projects either under construction or in the planning stages.

As previously announced the construction of a laterite treatment plant and a radiometric sorter are both expected to deliver further near term growth in production from existing ore stockpiles. The former is expected to produce up to 400 tonnes of uranium oxide per annum from 2008 to 2013. While the latter is predicted to enhance production by 1,100 tonnes between now and 2013 by the selective upgrading of low grade ore stockpiles. The first module is seen as a trial unit, and application of the technology could be expanded, dependent on results. Both plants are in the advanced stages of construction and due to be commissioned early in the second half of the year.

As previously mentioned by David, in September the Board approved work to begin on an extension to the operating pit that will target an additional 4,857 tonnes of contained uranium oxide and extending mine life to 2012. Pit extension mining began in late 2007 and I am pleased to report that the project is on schedule and within budget. The majority of the Heavy Mobile Equipment is already onsite and operational and the civil works are well advanced.

Also in September, the Board announced approval to begin a \$10million pre-feasibility expansion study that is investigating a further pit extension, increased processing plant capability, possible introduction of heap leach technology, and increased water storage and treatment capability. The study into options is progressing and I want to particularly highlight the success of pilot scale work on heap leach application to Ranger ore. Initial test work shows fast leach rates and good recoveries. Heap leach may also provide significant environmental opportunities including low energy requirements and benefits during rehabilitation. The studies are also carefully considering water and tailings management, and implications for final rehabilitation. I expect to be in a position to announce the next phase of the expansion studies around mid year.

ERA also ramped up its expenditure on exploration with \$14.1 million spent in 2007 compared to \$7.2 million in 2006. For the first time drilling activity occurred throughout the wet and dry seasons focussing mainly on the near mine extensions to the current operating pit ore body. This drilling activity led to the identification of additional resources.

Whilst ERA remains Australia's biggest producer of uranium oxide, and one of the world's largest suppliers, we are aware of our social and environmental obligations. Sound environmental management is the basis for ERA's license to operate and 2007 saw the company retain its certification to international standard ISO 14001 for its environment management system, and once again we can report that the environment surrounding our operations was protected.

Permanent ERA employees increased to 420 by the year's end and as a result of consultation with local stakeholders ERA provided further expanded fly in fly out accommodation in Jabiru.

After extensively assessing options to improve the security of the sulphuric acid supply, an issue that proved problematic for the company in 2006, ERA has moved to bulk importation of acid via Darwin, and shut down the existing plant at Ranger.

While revenues rose in 2007 as a consequence of the rise in the average realised price of uranium, this was offset to some extent by a rise in employee and contractor numbers and associated costs, and increased expenditure on key consumables. ERA incurred increased costs associated with the removal of water from the operational pit. In addition, the costs associated with pre-feasibility into Ranger expansion options were expensed. ERA is looking to recover a portion of the additional costs and business interruption losses resulting from the extreme weather event under the company's insurance policy, and remains in discussions with insurers.

Efforts continue to engage with the Mirarr people, Traditional Owners of the Ranger and Jabiluka leases. Whilst Jabiluka remains under long term care and maintenance the focus remains on Ranger. There have been important cooperative efforts to develop a new and improved cross-cultural training course for our operational staff, with input from the Mirarr and the association that represents them, the Gundjeihmi Aboriginal Corporation.

During 2007, a number of cross-cultural awareness courses were run for employees and contractors (including the Board and senior management team) and feedback has been very positive. It is planned to offer further opportunities for employees to gain cross cultural awareness in the future.

In conjunction with the Gundjeihmi Aboriginal Corporation, ERA has also established protocols for archaeological survey work and the development of an agreement to involve Traditional Owners in the provision of labour services in ERA. There is an agreement in place to facilitate Traditional Owner access to non-operational areas of the Ranger Project Area to conduct essential activities associated with the retention of important cultural, environmental and traditional Aboriginal knowledge and practice.

ERA is actively supporting the Mirarr in achieving recognition as Traditional Owners of the land on which Jabiru is built, and as David reported, we continue to work with all stakeholders to examine options for the future of the town.

Indigenous employment increased during the year. During a period when overall employee numbers were increasing, the percentage of Indigenous employees in the workforce increased from 13 per cent to 16 per cent. I have set a target of 20 per cent Indigenous employment by 2009 and I will report on the progress of achieving that target throughout 2008. The management team remains committed to sustainable outcomes for Indigenous Australians, particularly those local to our region.

As the Chairman has already mentioned, ERA also remained engaged in the national and Territory mining industry. I was recently appointed President of the Northern Territory Resources Council and continue as the Chair of the Australian Uranium Association until later this year. I think it is important to play a role in bringing more information about our industry to the general public, and to opinion leaders. At this time as more people are looking at different energy options with the growing interest in climate change, we want to position ourselves to be able to answer questions factually, from our long experience in the industry.

After full recovery from the weather event, production in 2008 is expected to be at normal levels. Sales for the year, after allowing for a modest replenishment of inventory, are expected to be in line with 2007. The first quarter of 2008 has seen a solid production result, well up on the corresponding quarter of last year.

The wet season is drawing to an end, and although I forecast lower production in the second quarter due to restricted access to grade, I expect a strong second half of production.

So, in summary, despite another weather related challenge early in 2007, the company's overall performance remains sound, and we will soon see benefit from a number of important projects designed to expand and extend our operating life well into the future.

Thank you.