



CHAIRMAN'S ADDRESS

ANNUAL GENERAL MEETING

16 APRIL 2007

IT IS GOOD TO BE HERE WITH YOU AT THIS EXCITING TIME FOR THE URANIUM INDUSTRY. AS MORE AND MORE COUNTRIES RENEW THEIR INTEREST IN NUCLEAR POWER, DEMAND FOR OUR PRODUCT IS INCREASING. AND WITH SUPPLY ISSUES KEEPING THE MARKET TIGHT, THERE HAS BEEN ANOTHER SHARP INCREASE IN THE URANIUM PRICE, AND A CORRESPONDING INCREASE IN THE VALUE OF THE COMPANY.

2006 HAS SEEN A CONSIDERABLE INCREASE IN TRADE IN THE COMPANY'S SHARES, FOLLOWING THE CHANGES IN SHAREHOLDING IN 2005 MAKING ABOUT A THIRD OF ERA SHARES AVAILABLE TO THE PUBLIC AND INSTITUTIONAL SHAREHOLDERS.

WHILE RIO TINTO RETAINS 68.4 PER CENT OF THE COMPANY, THE VIGOROUS TRADE IN THE BALANCE OF THE SHARES REFLECTS THE RENEWED INTEREST IN URANIUM WORLDWIDE.

PRICES HAVE CONTINUED TO STRENGTHEN WITH A NEARLY 100 PER CENT INCREASE IN THE SPOT PRICE OVER THE COURSE OF 2006, WITH A FURTHER STRENGTHENING IN THE EARLY MONTHS OF THIS YEAR.

THE KEY REASONS FOR THE SUSTAINED INCREASE HAVE BEEN THE CONTINUED DEPLETION OF SECONDARY MARKET INVENTORIES AND A



SHORTAGE OF NEAR TERM PRIMARY SUPPLY. SECONDARY INVENTORIES ARE ALMOST DEPLETED AND PRIMARY PRODUCTION HAS NOT LIFTED GREATLY IN RECENT YEARS TO MEET THE MARKET. THE LONG PERIOD OF LOW PRICES THAT ONLY ENDED RECENTLY MEANT LOW INVESTMENT IN URANIUM EXPLORATION. WE ARE ONLY NOW STARTING TO SEE NEW MINES COME ON STREAM.

ERA IS THE THIRD BIGGEST PRODUCER OF URANIUM IN THE WORLD, PROVIDING BETWEEN 10 AND 11 PER CENT OF THE WORLD'S PRODUCED URANIUM IN 2006. NEVERTHELESS, SUPPLY FROM THE COMPANY'S RANGER MINE WAS BELOW EXPECTATIONS IN THE YEAR AS A RESULT OF A SEVERE WET SEASON, CULMINATING IN CYCLONE MONICA, AS WELL AS SOME OPERATIONAL ISSUES ASSOCIATED WITH THE ACID PLANT.

WHILE ON THE SUBJECT OF THE WEATHER, I WOULD LIKE TO MENTION THE EXCEPTIONALLY HIGH RAINFALL EXPERIENCED AT THE RANGER MINE ONLY LAST MONTH ASSOCIATED WITH THE FORMATION OF CYCLONE GEORGE. AS SHAREHOLDERS WILL BE AWARE, THE CYCLONE CONTINUED INTO WESTERN AUSTRALIA WHERE IT CAUSED SEVERAL TRAGIC FATALITIES, AND A GREAT DEAL OF DESTRUCTION IN THE PILBARA. THIS WEATHER EVENT RESULTED IN RECORD RAINFALL BEING RECORDED IN THE REGION OF THE RANGER MINE. IN ONE 72 HOUR PERIOD ALONE THE SITE RECEIVED 750 MILLIMETRES OF RAIN. OVER THE FIRST THREE MONTHS OF THE YEAR MORE THAN TWO METRES OF RAIN FELL AT RANGER – WELL OVER THE ANNUAL AVERAGE FOR THE REGION.



THE CHIEF EXECUTIVE, CHRIS SALISBURY, WILL GO INTO MORE DETAIL ON THE IMPACT OF THE RECENT EVENTS, AND THE NECESSITY TO INVOKE *FORCE MAJEURE* ON CONTRACTS, IN HIS ADDRESS TO YOU AFTER THIS.

RETURNING TO THE 2006 RESULTS, IN SPITE OF THE RAINFALL EVENT LAST YEAR, I WOULD LIKE TO REPORT THAT ERA WAS ABLE TO OVERCOME OPERATIONAL HURDLES TO REPORT A RECORD NET PROFIT OF \$43.6 MILLION, A SIX PER CENT INCREASE OVER 2005.

ANOTHER HIGHLIGHT FOR THE YEAR WAS OUR INCREASE IN RESERVES OF 11,100 TONNES LEADING TO A SIX YEAR EXTENSION TO OPERATIONS. PROCESSING AT THE SITE IS NOW EXPECTED TO CONTINUE UNTIL 2020, AND THERE IS POTENTIAL FOR FURTHER EXTENSIONS TO THE MINING OPERATIONS AT RANGER AS WELL, WHICH CHRIS WILL SPEAK ABOUT.

A FINAL DIVIDEND OF 11 CENTS PER SHARE FULLY FRANKED WAS DECLARED FOR THE YEAR, BRINGING TOTAL DIVIDENDS PAID TO SHAREHOLDERS FOR THE YEAR TO 17 CENTS PER SHARE FULLY FRANKED.

PROFIT BEFORE INTEREST AND TAX ROSE TO \$68.7 MILLION, UP 5 PER CENT ON THE PREVIOUS YEAR.

THE RESULTS WERE DRIVEN BY A STEADY RISE IN ERA'S AVERAGE REALISED PRICE OF URANIUM OXIDE FROM US\$16 PER POUND IN 2005 TO US\$18.36 PER POUND IN 2006. ERA'S REVENUE, IS ONLY PARTIALLY INFLUENCED BY CURRENT MARKET PRICES, AS I AM SURE YOU ARE AWARE.



ERA'S CUSTOMERS ARE INTERNATIONAL POWER COMPANIES CONCERNED TO ENSURE STABILITY OF SUPPLY WELL INTO THE FUTURE AND ALL OF ERA'S PRODUCTION IS PRESENTLY SOLD INTO LONG TERM CONTRACTS.

THE PRICES ERA RECEIVED FOR PRODUCTION IN 2006 WERE NEGOTIATED WHEN PRICES WERE AT LOWER LEVELS, AND THESE LEGACY CONTRACTS WILL PROGRESSIVELY EXPIRE. WHILE THE RECENT WEATHER EVENT AT RANGER, AND THE DEFERMENT OF DELIVERIES WILL IMPACT OUR ABILITY TO SIGN NEW CONTRACTS IN THE NEAR TERM, THESE LEGACY CONTRACTS WILL UNWIND OVER TIME TO BE PROGRESSIVELY REPLACED BY CONTRACTS THAT BETTER REFLECT THE CURRENT MARKET CONDITIONS.

ERA SOLD A RECORD 5,760 TONNES OF URANIUM IN 2006, WHILE PRODUCING 4,748 TONNES. THE EXTRA SALES, ABOVE PRODUCTION, CAME FROM INVENTORY. IN SOME CASES THE COMPANY MADE USE OF SHORT TERM URANIUM LOANS TO MEET ITS DELIVERY SCHEDULE IN 2006, ALL OF WHICH HAVE BEEN REPAYED

EXPLORATION ON THE RANGER PROJECT AREA WAS A MAJOR FOCUS FOR 2006, WITH EXPENDITURE OF \$7.2 MILLION, MORE THAN THREE TIMES THE 2005 FIGURE. AS A RESULT OF THE EXPLORATION PROGRAM, THE COMPANY HAS ANNOUNCED A FULL FEASIBILITY STUDY TO EXPAND THE CURRENT OPERATING PIT. WE HAVE JUST ANNOUNCED SOME VERY SIGNIFICANT INTERSECTIONS OF URANIUM MINERALISATION IN THE RANGER 3 DEEPS AREA, ACROSS THE



ACCESS ROAD FROM THE CURRENT OPERATING PIT. THERE ARE OTHER PROSPECTS FURTHER AFIELD ON THE RANGER PROJECT AREA.

A LATERITE TREATMENT PLANT WILL BE CONSTRUCTED IN 2007 TO EXTRACT VALUE FROM THE ORE IN CLAY-CONTAINING MATERIAL THAT REQUIRES EXTRA TREATMENT BEFORE PROCESSING.

EXTENSIVE STUDIES ARE ALSO BEING CARRIED OUT ON THE LOW GRADE STOCKPILES TO EXTRACT MORE VALUE FROM THEM. I MENTIONED EARLY THE ADDITION OF 11,100 TONNES OF RESERVES WHICH WILL OCCUR THROUGH SCREENING OF LOW GRADE STOCKPILED MATERIAL. AS WELL, A RADIOMETRIC SORTER WILL BE CONSTRUCTED THIS YEAR, COMING ON LINE EARLY NEXT YEAR. THIS WILL FURTHER ASSIST IN PROCESSING THE LOW-GRADE STOCKPILES, AND MAY BE ADDED TO, IF SUCCESSFUL.

RELATIONSHIPS WITH TRADITIONAL OWNERS AND OTHER KEY NORTHERN TERRITORY STAKEHOLDERS CONTINUE TO IMPROVE, AND IT IS ENCOURAGING TO SEE THE RANGE OF LOCAL PROJECTS IN WHICH A COOPERATIVE APPROACH IS BEING TAKEN.

THE JABILUKA DEPOSIT REMAINS A VALUABLE ASSET TO THE COMPANY, BUT AS WE HAVE SAID IN PREVIOUS YEARS, IT REMAINS ON LONG TERM CARE AND MAINTENANCE AND WILL NOT BE DEVELOPED WITHOUT THE CONSENT OF THE TRADITIONAL OWNERS. THE COMPANY IS WORKING WELL WITH THE MIRARR PEOPLE, AND WE ARE CERTAINLY SEEING POSITIVE COOPERATION FROM THE



MIRARR AT OUR RANGER OPERATION, INCLUDING PLANS FOR EVENTUAL REHABILITATION OF THE MINE SITE.

THE COMPANY CONTINUES TO PLAY A STRONG ROLE IN THE PUBLIC LIFE OF THE NORTHERN TERRITORY, AND HAS CONTRIBUTED TO THE FEDERAL GOVERNMENT'S INQUIRIES INTO EXPANDING THE URANIUM AND NUCLEAR INDUSTRIES IN AUSTRALIA. THE CHIEF EXECUTIVE IS CHAIRING A COMMITTEE UNDER THE AUSPICES OF THE FEDERAL GOVERNMENT'S URANIUM INDUSTRY FRAMEWORK ON INCREASING INDIGENOUS ENGAGEMENT, INCLUDING THE IMPROVEMENT OF ABORIGINAL EMPLOYMENT AND TRAINING.

IN SUMMARY, ERA'S PERFORMANCE IN 2006 WAS HAMPERED BY HIGH RAINFALL AND SOME OPERATIONAL ISSUES, BUT NEVERTHELESS SAW A STRONG FINISH, WITH RECORD PRODUCTION IN THE FINAL QUARTER OF ABOVE 1,660 TONNES OF URANIUM OXIDE. THE COMPANY HAS EMBARKED ON A NUMBER OF NEW PROJECTS TO MAXIMISE VALUE FROM THE OPERATION IN THE YEARS AHEAD.

I INVITE THE CHIEF EXECUTIVE, CHRIS SALISBURY TO DELIVER HIS REPORT.