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CHIEF EXECUTIVE'S ADDRESS

Annual General Meeting

11 April 2012

Thank you, David.

Before starting 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.

As I have done at previous ERA Annual General Meetings, I want to confirm that whatever the business circumstances, safety will always be my top priority. There were many challenges we faced in 2011 which might easily have distracted our peoples' focus from this most important value. I am therefore very pleased to report that we not only continued but in fact bettered the already strong safety performance of recent years. Despite a difficult working environment, we are one of the safest operating mines within the global Rio Tinto group of companies. This is an excellent achievement.

Also very importantly, and in spite of the extraordinary rainfall, we once again ensured that the environment around the mine remained protected. This was confirmed by the Australian Government's Supervising Scientist Division in its most recent annual report.

However 2011 was in many other ways another very challenging year for ERA. In particular the 2010/11 wet season saw the third highest rainfall on record which impacted not just processing plant output but indeed the whole of the business.

Nevertheless, there were creditable achievements in 2011. We were able to meet all sales commitments and so retain our relationship and reputation with long term customers, we took the opportunity of the processing plant downtime to bring forward maintenance and improvement initiatives that helped achieve record plant performance in the second half of the year, and we made significant progress in developing our working relationship with Mirarr Traditional Owners.

We were also able to progress ERA's pipeline of strategic initiatives and a successful entitlement offer was undertaken to raise \$500 million in order to fund our strategic plan.



We also conducted a comprehensive business review. This review was designed to ensure that we are focussed on the right projects to underpin our long term success, and also to identify significant cost savings over the next few years.

I want to acknowledge the efforts of the team at ERA and their commitment to the triple bottom line of strong economic, environmental and social outcomes. We are a business which is and will continue to be strongly judged by each of these factors and for ERA to have a strong future we must continue to pay very significant attention to each.

I now want to provide some further detail around our operational performance.

Safety

Firstly I want to talk further about our safety performance. Safety is our most important value - it is simply not acceptable for people to be hurt at work. Our aim is zero injuries. Whatever other objectives we pursue and whatever challenges we face, at ERA our most important value will always be the health and safety of employees and the community.

Despite the challenges faced in 2011, I am pleased to note that the ERA workforce did not reduce its focus on, or commitment to, safety.

During the year we achieved 336 days without a lost time injury. This was a company record. In total worker hours this amounted to 2.1 million hours without a lost time injury which is a truly world class achievement.

Over the full year we recorded one lost time injury compared to two in 2010. The lost time injury was a finger laceration. There were also five medical treatment injuries.

Whilst no injury is acceptable, it is noteworthy that the severity rate of injuries at ERA remains at a low level with all injured personnel making a full recovery.

With such a low lost time injury rate it is more useful to measure our safety performance by the All Injury Frequency Rate - the AIFR. This is a measure of all reportable injuries including restricted work injuries and medical treatment cases.

The AIFR for 2011 was 0.57, bettering the AIFR performance of 0.71 in 2010 and 0.68 in 2009.



Whilst we must remain vigilant and should never be satisfied until we achieve our goal of zero injuries, I do want to commend the very strong commitment to safety and health by all who work for ERA.

Environment

A fundamental commitment to the community in which we operate, and a measure by which we are frequently and rigorously held to account, is our environmental performance.

Our tenements are surrounded by, but separate from, Kakadu National Park. Given the significance of this location, ERA is quite properly subject to extensive regulation and reporting requirements. Our regulators and stakeholders frequently undertake inspections of our operations and are fully informed about all aspects of our performance.

In 2011 we maintained our unbroken record of ensuring that the environment around the mine remained protected, as confirmed by the Commonwealth Government's Supervising Scientist.

As we look to our future beyond Pit 3 we know and accept that this future is more than ever dependent on meeting environmental expectations. This requires ongoing diligence and significant investment.

In particular, addressing water management challenges and progressively rehabilitating disturbed land will be extremely important to traditional landowner and regulator support for our future development projects.

As you will all know very well, there have been extraordinary weather conditions due to La Niña experienced across much of Australia in the past couple of years. At Ranger we had an early and very heavy onset to the 2010/11 wet season. These conditions added significantly to the challenge of managing water on site.

However we have met the challenge. We have managed water carefully and conscientiously. Proactively suspending our operations proved to be a very sensible decision and clearly demonstrates our very clear commitment to water management.

During 2011, in addition to managing the impact of La Nina, we undertook a number of significant strategic water management initiatives. We doubled our pond water treatment capacity with the installation of an additional pond water



treatment plant. Throughout the year we treated 5.5 billion litres of pond water compared to 3.2 billion litres in 2010.

We also successfully completed, without injury, ahead of time, and on budget, a \$52 million project to raise the embankment of the Tailings Storage Facility by 4 metres.

During 2011 we began an extensive field program to implement the recommendations of an independent Tailings Storage Facility review jointly commissioned by ERA and the Gundjeihmi Aboriginal Corporation which represents the interests of the Mirarr Traditional Owners. As part of this field program, 80 additional ground water monitoring bores were commissioned in 2011.

As a result of work carried out over the last three years, we now have in place at Ranger an extensive system of continuous monitoring stations, comprehensive infrastructure to collect and intercept run-off water, reduced size of catchment areas, and a well-resourced and experienced team of people whose sole responsibility is to manage water and tailings at site. I believe we manage water very well.

We will substantially increase our ability to reduce the process water inventory with the planned installation of a brine concentrator facility. During 2011 we completed a feasibility study which led to the approval in February of this year for the construction of this facility at a cost of \$220 million. HPD, a subsidiary of Veolia, is building the brine concentrator in a very engaged and professional manner and I am very confident that this facility will be successfully commissioned in the second half of 2013 and will be able to treat over 1.8 billion litres of water on an annualised basis.

While we continually explore opportunities for development, an increasingly important priority for ERA is to rehabilitate operational areas. As we move from open pit mining to a potential underground operation our surface footprint will significantly reduce.

We will be able to close the pits by returning the large amounts of waste material accumulated over the last 30 years. We will progressively rehabilitate land affected by our past activities, including the Tailings Storage Facility, at the same time as we pursue development projects, thus clearly demonstrating our commitment and capability in rehabilitation. This is crucial when seeking stakeholder support for future projects.



In 2011 ERA carried out a detailed desktop review of rehabilitation cost estimates and, as the Chairman has mentioned, we increased our closure provision from \$314 million to \$565 million on a net present cost basis. Further work will be carried out during 2012 on ERA's closure plan. The closure plan is not only an important regulatory requirement but is also critical to our credibility with traditional owners and other stakeholders. The revised plan will go into much greater technical detail than previously and will include a robust schedule of tasks and events to meet our closure commitments. The revised plan will support a review of the rehabilitation cost estimate later this year.

Work has continued on the remediation of land application areas and preparation for closure of Pit 1 which was ERA's first operational pit. Other important environmental work carried out in 2011 included weed management, reducing greenhouse emissions, promoting biodiversity and improved waste management.

These initiatives all contribute to ensuring the protection of the surrounding environment and demonstrating our very strong commitment to progressively rehabilitating the impacts of our operations.

People and Community

I am very proud of the team at ERA and sincerely thank them for their commitment and hard work through a very challenging 2011.

At the end of 2011, ERA's workforce comprised 582 staff and 48 permanent contractor positions. This makes ERA a major employer in the Northern Territory, particularly in the Alligator Rivers region and the town of Jabiru. The residential workforce in Jabiru and the multiplier effect of their salaries are crucial in making Jabiru a thriving regional centre.

This is a virtuous circle: a viable ERA business helps underpin local economic activity and local services. This standard of amenity attracts residential employees and helps ERA to maintain a strong local workforce.

However it can all too easily become a vicious circle. If the standard of infrastructure and the level of amenity in the region falls then it will become difficult to attract and retain residential workers and their families. A fall in the number of residential workers and their families would then negatively impact the local economy and lead to further decline in amenities and services.



Also, if economic pressures on ERA are such that it needed to reduce its residential workforce then this would have serious implications for the level of economic activity and services in the local area.

It is therefore very important that all stakeholders in the local region are aware and recognise the very significant contribution that ERA makes and that they take a strong and engaged interest in ERA's future. This is a message that we are reinforcing in our discussions with Governments and other stakeholders.

A positive difference which ERA makes and which we are very proud of are the programs we undertake targeted at substantially increasing the training and employment of Indigenous people.

In 2011 we launched an Indigenous Employment Strategy with new initiatives such as an Indigenous mentoring system. We also reinvigorated existing programs such as the delivery of nationally accredited training and the Minerals Council's pre-employment program. I am pleased to note that ERA is supporting a number of participants in the first Indigenous women's pre-employment program being run by the Minerals Council here in the Northern Territory.

ERA is one of the major employers of Indigenous people in the Northern Territory. At the end of 2011, ERA directly employed 99 Indigenous workers with a further 12 Indigenous contractors. This put Indigenous participation at 18% of our workforce.

Indeed I am very pleased to note that at the end of the first quarter this year the number of Indigenous employees directly employed at ERA had increased to 109.

In the longer term, ERA's successful and the first Education Partnership with the Northern Territory Government will support more local students, including Indigenous young people, to enter our workforce including into professional and leadership roles.

In addition to our training and employment programs, ERA is also committed to respecting and supporting Aboriginal culture in the region. In 2011 a total of 304 new employees and contractors participated in the cultural awareness program run by ERA in partnership with the Gundjeihmi Aboriginal Corporation.

Just as Indigenous participation is important to our goal of reflecting the demographics of our region, so also is the participation of women. At the end



of 2011 our company wide female employment rate stood at 22 per cent. This is an area in which we can and must improve, particularly in getting more women into operational and leadership roles.

It is pleasing to report that our working relationship with Mirarr has recently been very constructive for both parties. Mirarr, like ERA, have expressed their desire to see the local economy sustained, and infrastructure and services improved.

We are approaching finalisation of a Mining Agreement with the Gundjeihmi Aboriginal Corporation and the Northern Land Council. This Agreement will see increased benefits delivered to the traditional owners, the establishment of a regional socioeconomic trust, and the creation of a Relationship Committee to facilitate regular exchange of information.

In March this year we issued a joint media statement with the Gundjeihmi Aboriginal Corporation, which highlighted various areas of collaboration, including water management. The media statement also noted the Mirarr's openness to discuss future development projects.

We are committed to developing partnerships which can deliver beneficial outcomes for both local communities and for ERA. I would therefore like to take this opportunity to acknowledge the GAC and the Mirarr people for engaging with ERA with the aim of creating a successful future for the region.

We are proud of the role we play in the community. It is an important element of our social license to operate. However such contribution can only be undertaken by a profitable business with a secure future. There can be no doubt that the prosperity and socio-economic future of the region in which we operate is intertwined with the future of ERA.

I now want to turn to our operational performance in 2011.

Operations

At 10.6 million tonnes the material mined in 2011 was at a similar level to 2010 but 46% lower than in 2009.

Ore mined during 2011 was 1.15 million tonnes, down 19% from 1.43 million tonnes in 2010. This was due mainly to limited access to higher grades at the bottom of Pit 3 because of the well above average rainfall. Although ERA successfully commissioned additional pond water treatment capacity, it was not possible to fully dewater Pit 3 given the high level of rainfall.



While for the majority of 2011, mining operations were restricted to the upper benches in Pit 3 due to water levels, ERA's haul truck fleet was able to be redeployed to haul ore from the stockpiles to ensure the highest grade ore was closest to the mill ready for processing. In addition the truck fleet was utilised to provide crushed rock for the Tailings Storage Facility wall lift, which helped deliver that project ahead of time and on budget.

As already discussed, extreme weather conditions did significantly impact production of uranium oxide in 2011. As a result of well above average rainfall at the front end of the 2010/11 wet season, ERA began a suspension of processing operations that extended until mid June. This turned out to be a wise precaution as the extreme rainfall which continued into the following months was able to be safely managed and the authorised limit was not exceeded.

However the inevitable consequence of such a protracted suspension of the production plant was that, at 1.62 million tonnes, ore milled was 32% down against 2010.

Mill head grades averaged 0.18% of uranium oxide compared to 0.19% in the previous year.

Production of drummed uranium oxide for the full year was 2,641 tonnes, down 30% on the 3,793 tonnes produced in 2010.

Whilst this was a disappointing full year result, in the second half of the year the plant operated at record levels with excellent utilisation and throughput rates. The comprehensive maintenance program that was undertaken during the suspension of processing operations, and the improved geological and metallurgical operational understanding of the ore both in pit and stockpiles, contributed significantly to this outcome.

As the Chairman has already emphasised, we are at an historic, and critical, juncture in ERA's life. 2012 will see the final phase of open pit mining at Ranger with Pit 3 approaching the end of its operational life. Mining of the remaining ore will be highly dependent on rainfall in the remainder of this current wet season and the timing of the onset of the next wet season.

We are very focussed on the successful completion of Pit 3 and ensuring that as many tonnes of ore as possible can be safely extracted before we need to cease mining operations there. Once finished in Pit 3, the mining team will shift



its focus to the stockpiles which will continue until a Ranger 3 Deeps mine is proven or otherwise.

New projects

ERA is a highly experienced producer of uranium with over three decades of experience. This experience in operations, marketing, environmental management and stakeholder relations, together with the high prospectivity for further uranium deposits on our tenements, all places ERA in a strong position to pursue development projects beyond Pit 3.

Ranger 3 Deeps is one of the most significant undeveloped uranium deposits recently discovered and we are very excited about accessing this mineral resource. It is currently estimated at 10 million tonnes of mineralised material with an average grade of 0.34 per cent uranium oxide.

The resource is still in the evaluation stage and requires further delineation. The underground exploration decline will be excavated above the known mineralisation and will allow access to three as yet unexplored areas which may contain further mineralisation.

The exploration decline will commence construction in May 2012 with preparations already well underway. At the end of March, ERA announced the awarding of the contract for construction of the boxcut and decline to Macmahon. Macmahon has well established operations in the Northern Territory and its underground and civil construction businesses will collectively deliver these works.

In parallel to construction of the box cut and decline, work is proceeding to prepare a feasibility study and to detail the approvals process associated with a potential Ranger 3 Deeps production mine. I expect that we will be able to make a decision in 2014 as to whether an underground mine is viable.

In addition to the underground closed space drilling of the Ranger 3 Deeps deposit, an expanded \$40 million surface drilling program on underexplored areas of the Ranger Project Area is planned for 2012 to 2014.

These projects, along with the Brine Concentrator project, our closure planning and some very practical rehabilitation projects are all critical to ERA's future. While there are challenges and uncertainties, ERA will look a very different operation in years to come as we transition from open pit mining to a potential underground mine.



Our Strategy

For over 30 years ERA has been the economic engine-room of the Alligator Rivers region and we aspire to continue to be a successful Territory business which can continue to deliver benefits to traditional owners, employees, shareholders, governments, local businesses, residents, and tourists.

How will we achieve this?

It must begin with the effective management of water. The work we are doing in this area is challenging, complex, and expensive, but we are making excellent progress. The brine concentrator will provide a quantum leap forward in our capacity to treat process water.

We must demonstrate progressive rehabilitation. The trial landform work, the rehabilitation of the Jabiluka pond, and the forthcoming closure of Pits 1 and 3 will serve well to demonstrate our commitment and capabilities in this area.

We must reduce our footprint where possible. The shift from open pit to underground mining will greatly reduce surface impacts from mining. The rehabilitation of the pits and the removal of the stockpiles and waste materials will enhance the visual amenity in the local area.

We must ensure our relationship with the Mirarr continues to develop and strengthen. The Traditional Owners, more than anyone, have a vested interest in the cultural, social, environmental, and economic future of the region. This is a strong foundation for partnership between the Mirarr and ERA.

Our strategy, simply put, is to develop a successful and safe underground operation, to find further underground uranium deposits, and to earn the right to continue operating on the Ranger Project Area.

With the expected strong demand for uranium in the mid to long term, and with our reputation as a reliable supplier based in a stable country, we will continue to play an important role in the global uranium industry.

Of course actions speak louder than words. We have a clear strategy and exciting projects. I firmly believe we are demonstrating on every front our commitment to remaining a successful business and helping to ensure a regional economy.



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Conclusion

So to conclude, to say that 2011 was a challenging one for shareholders and the team at ERA would be an understatement. Whilst the weather does appear to have been kinder to us this wet season, and we look forward to a higher level of production this year than last, ERA is most definitely a business in transition. We have long known and prepared for the completion of mining in Pit 3 at the end of this year. The next few years will present both exciting opportunities and significant challenges.

Transition creates uncertainty, but this uncertainty will not distract us from either our commitment to safety and the environment, or from pursuing the tremendous opportunities presented by the world class assets on our leases. I remain confident that the future for ERA post this transition remains very bright.

I want to assure you of the talent and dedication of the team at ERA who are committed to creating long term value and success for this business.

Thank you.

Rob Atkinson
Chief Executive