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CHAIRMAN'S ADDRESS

ANNUAL GENERAL MEETING

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Good morning ladies and gentlemen.

On behalf of your Board, I acknowledge the Larrakia people, the custodians of the land on which we meet here in Darwin. I also acknowledge the Mirarr people, the custodians of the land on which the Ranger mine operates.

Since the last AGM, the ERA Board has welcomed Zara Fisher as a new Director replacing Joanne Farrell.

Zara, along with Simon Trott, represents our largest shareholder Rio Tinto. We thank Joanne for her very valuable contribution to ERA over two years and we welcome Zara to the Board. We also recently announced the resignation of Company Secretary Thomas Wilcox, who has been replaced, on an interim basis, by Aaron Madden. Tom made a significant contribution to ERA over the past four years and we thank him for that. We wish him well in his new career. We also welcome Aaron to the new – albeit interim – role.

ERA also recently announced that the Chief Executive and Managing Director Andrea Sutton has resigned to take up a new position at Rio Tinto, as Head of Safety and Security. She will be based in Perth. On behalf of the Board, I thank Andrea for her outstanding work and commitment to ERA during a very challenging time in the history of the Company. The resilience and leadership she has shown has been acknowledged and appreciated by all at ERA – and certainly by the Board. Given ERA's excellent safety performance, none of us were surprised at this very important appointment. We all wish her well in her new endeavours.



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We will update the market on the progress of a new Chief Executive appointment in due course.

In 2016, ERA celebrated 35 years of processing operations at the Ranger mine. It is quite an achievement and ERA is proud of its long history in supplying uranium oxide to the global nuclear energy industry. Ranger is one of only a few mines in the world to produce more than 120,000 tonnes of uranium oxide.

This morning, I'll be talking about the following three topics:

- The energy crisis in Australia and how nuclear should be part of the base load energy mix;
- The important role that government can – and should – play in helping business to achieve its objectives; and
- I will reflect, very briefly, on the 2016 performance of the Company.

Australia is home to thirty one percent of the world's known uranium resources. Yet, all of the uranium that we produce is exported, under strict safeguards. None is used domestically. The only nuclear reactor in Australia is in New South Wales – the Lucas Heights facility, which produces isotopes for use in medicine. Developed countries such as the United States, Japan, France and Germany buy Australian uranium to power their nuclear plants. This raises a few questions:

- If Australia has such vast resources of uranium oxide, and if Australia has the energy generation crisis that we all know it has, why doesn't Australia include nuclear energy as part of its mix for base load power supply?



- If we in Australia are that concerned about the impact of climate change, why is nuclear energy not the subject of a mature discussion?

Other significant first world countries have seen the wisdom in doing so – and with the important efficiency, cost, reliability and security results, with the added climate change benefits, that we desperately need in Australia.

Even, in the face of the recent energy security failures in Australia and the intense climate change debate, there has, until very recently, been little or no mention of nuclear energy. The language has all been around renewables, which we all know to be costly and unable to support base load power, and gas and coal, which, to a greater or lesser extent, cause carbon dioxide emissions.

Recently, a call for the Federal Government to consider nuclear power has reportedly come from inside its own ranks, with the Fairfax press reporting that a group of Turnbull Government M-P's from both the Liberal and National parties agreed that nuclear power should be considered as part of the mix of base-load energy sources in Australia. It is a call echoed by former National President of the Labor party Warren Mundine, who said all governments and political parties are to blame for pushing Australia towards energy poverty, where some households will not be able to afford electricity. He says while governments listen to scientists on climate change, they are ignoring them on nuclear and gas.

ERA has always maintained – and still does – that renewable energy sources such as wind and solar power have a place in the energy mix. But, the inescapable fact is that they are capital intensive and, therefore, costly per unit of output. They also lack the reliability and capacity to support base load supply.



Nuclear is one of the few energy sources which can provide a continuous, reliable base load supply, without any environmental damage. We are seeing China and India increasingly turning to nuclear as part of their energy mix to support their growing economies and population, as well as their need to be environmentally supportive and internationally competitive. Currently, nuclear energy contributes approximately 11 per cent of the world's electricity and 21 per cent of electricity in the OECD countries.

Around the world there are approximately 447 operating reactors which are delivering reliable low-emission, low-cost base load power to millions of homes and businesses. But for us in Australia, the very mention of nuclear energy is off-limits.

And, on top of this, there are another approximately 59 nuclear reactors currently under construction.

Even oil rich countries such as Saudi Arabia and the United Arab Emirates are either constructing or planning nuclear power plants.

The UAE's first nuclear plant – Barakah One – is expected to be commissioned this year after nine years of construction led by a South Korean consortium – KEPCO. The Barakah project consists of four nuclear reactors being built in Abu Dhabi for a total cost of approximately US\$20 billion. The World Nuclear Association notes that by 2020 the UAE hopes to have each of the four 1400 MWe units producing 25 per cent of its electricity at a quarter of the cost of gas generated power. Part of the plan is to export electricity to Gulf neighbours via the regional power grid. The plant is expected to operate for 60 years.

Australia has signed up to supply uranium to the UAE to fuel its nuclear plants. The Australia and UAE agreement is one of Australia's 23 bilateral nuclear cooperation agreements in force, covering 41 countries. Other recent trade



agreements have been signed between Australia, China, India and the Ukraine. The Ukraine is heavily dependent on nuclear power – which generates about half of its electricity supply.

Nuclear reactor technology has been developing and improving over the decades resulting in safer and more efficient plants with operating lives of typically 60 years.

With the Australian population expected to grow by 400,000 people per year, it is vital that governments plan for the future. We must be pragmatic about this critical nation building issue. To be internationally competitive and environmentally responsible we have to have low cost, low emission, secure and efficient energy generation. Our future infrastructure must be designed to ensure that the nation can achieve this. That is the only way that we will be able to maintain our historical productivity and quality of life. Rational thinking and debate on these issues is central to this. These issues are nation making or breaking and are far too important for ideology or politics to be the drivers of the outcomes.

Turning now to my second topic, the role government can – and should play – to help business achieve its objectives.

Australian businesses and governments have to work more closely together to ensure that legitimate projects by business are not delayed unnecessarily. As one of the most scrutinised and regulated mines in the world, Ranger has always operated within a rigid regulatory framework. And it is no different as we embark on the rehabilitation of the mine. It is vital that ERA, in future, be given timely approvals for the work that is expected of it to meet its rehabilitation obligations under the Ranger Authorisation.



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ERA does not shy away from any sensible world class rehabilitation requirement, but it does need decisive – and timely – notice of governmental requirements.

The Board remains comfortable that, on current economic assumptions, ERA will be able to fund its rehabilitation programme in a range of business scenarios.

ERA's priority is to maximise cash flow generated from current operations processing stockpiled ore to fund the mine rehabilitation, while maintaining optionality over Ranger 3 Deeps.

Operationally, overall, 2016 was a good year for ERA. The safety performance was excellent and the Company was cash-flow positive to the tune of \$30 million. Progressive rehabilitation milestones were achieved and production output was above guidance.

The record low uranium spot price (which has recently recovered somewhat) and a fluctuating US/Australian exchange rate, have provided enormous challenges to the business, but they have all been well managed in difficult circumstances.

I would like to thank the ERA team, some of whom are here today, for their efforts and commitment to the Company during what was a very tough year.

Lastly, a thank you to the Board as well. It has also had to face difficult issues this year and it has done so with strength and commitment.

I appreciate the support that the Board has received from the Executive team and the employees of ERA as well as that which I have received from all Board members.



I will now hand over to Andrea to speak in more detail on ERA's operational performance.