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CHAIRMAN'S ADDRESS

Annual General Meeting

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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.

Financial results

What a difference a year makes. In contrast to the excellent year ERA had in 2009, 2010 proved to be much more difficult. Significant production problems were experienced in mining operations, leading to a shortfall in volume of product available for sale. The strong Australian dollar provided a further dampener on revenue and there was a marked increase in production costs.

On a more positive note the uranium market held up reasonably well. I am also pleased to report the strong performance of ERA in two very important aspects. The workforce at ERA once again demonstrated its commitment to safety with another excellent performance maintaining the improvements of previous years, and the Commonwealth Government's Supervising Scientist once again confirmed, in his latest report, that the surrounding environment including Kakadu National Park remains protected. The Chief Executive will have more to say on these matters in a moment.

Underlying earnings of \$53 million were significantly down from 2009 (\$273 million). The significantly lower sales from 5497 tonnes to 5026 tonnes together with the currency effect were responsible for a reduction in revenue to \$572 million, 26% down from 2009.

The average price received for uranium oxide through ERA's diversified portfolio of contracts decreased slightly from \$50.84 per pound in 2009 to \$48.16 per pound in 2010. The spot market price for 2010 averaged approximately \$45 per pound. The long term legacy contracts entered into several years ago when the uranium price was considerably lower have now been worked off with final deliveries in 2010.



All in all, the Australian dollar to US dollar exchange rate reduced pre-tax revenue by more than \$90 million between the two periods.

The other significant factor affecting profitability was costs. Costs for the year rose by \$108 million, principally due to one off factors. These include purchased material to meet sales commitments, additional maintenance such as overhauls on the power generators and heavy mobile equipment, and expenditure on projects such as the Ranger heap leach project, the Ranger 3 Deeps study, and process water management options which were expensed rather than capitalised.

Capital spending in 2010 was \$45 million against \$37 million in 2009. Projects completed during the year included water management projects and replacement of the calciner.

In January 2011, the Board decided that a final dividend for 2010 would not be paid in view of the uncertainty surrounding ERA's production in the first half of 2011. Having regard to the challenges facing ERA in the medium term, the Board expects this position on dividends will be maintained for the foreseeable future.

Mining operations started the year under challenging circumstances with the need to remove several million tonnes of extra overburden that resulted from an instability in the southern wall of the pit which occurred towards the end of 2009. The ore production problem that this caused was further exacerbated by heavy rainfall late in the wet season delaying access to the bottom of the pit where higher grade ore is located and then that ore proving not be as high as expected when it could finally be accessed. The Chief Executive will speak a little more about this in his address.

It is important for me to state that the Ranger Pit 3 mine is nearing the end of its life with the pit almost at its maximum depth and the remaining ore at the extremities of the original ore body. This situation along with the potential impact of future heavy rainfall gives rise inevitably to more risk around production targets, despite ERA's endeavours to plan as accurately as possible.



Outlook for 2011

Turning to the current year, 2011 has not started well. In keeping with the unprecedented rainfall and extensive flooding experienced in Queensland and Victoria, the 2010/2011 wet season in the Northern Territory also started at record breaking levels. In anticipation of what may happen if the wet season continued as it had started, the difficult but sensible decision was made in January to halt ore processing so that the tailings dam did not exceed the statutory limits.

This decision proved timely and the extensive runoff of water into the pits, tailings dam and other areas of the site that occurred, as the wet season continued unabated, has been successfully contained with no harm to the environment.

As announced yesterday, the suspension of the plant processing operations will be extended and this will mean that production will be significantly lower than originally planned. Depending on future rainfall, processing operations will start again in late July. Through the purchase of material on the spot market, the shortfall will be covered and our customer's requirements met, thus maintaining ERA's reputation of quality and reliability built up over the many years of its operations.

Sales of uranium oxide in 2011 are expected to be around 4,500 tonnes. Production of uranium oxide from Ranger is expected to be around 2,400 tonnes.

ERA remained debt free in the course of 2010. Should the major projects ERA presently has under study proceed we will need to arrange a substantial loan facility or take other steps to provide funding.

In short, 2011 will be a very challenging year on all fronts, particularly as it follows on from the difficulties experienced in 2010.



Long Term Outlook

Our long term strategy remains evaluating all opportunities for continued production and growth. Mining will finish at Ranger Pit 3 in 2012 and we will need to embark on new initiatives if we are to replace this production.

The feasibility study for the proposed Ranger heap leach facility is virtually complete. The Environmental Impact Statement is planned to be submitted for Government and public input and comment. This process is important to ERA. The Board is very mindful of its social and environmental responsibilities and considers it essential that in addition to financial viability, the health and safety of our employees, the protection of the environment and the wellbeing of the local community must all be given proper and due consideration before embarking on a new project.

We also continue to study the construction of an underground exploration decline to further investigate the Ranger 3 Deeps mineral resource and a decision will be made on this important initiative shortly.

We also have the world-class Jabiluka deposit and we continue to think about how this could be developed to the benefit of all stakeholders. Under the Jabiluka long term care and maintenance agreement we have undertaken that development will not proceed without the agreement of the Mirrar Traditional Owners.

Uranium spot prices strengthened in the course of 2010 in response to the continued positive outlook for further development of clean nuclear energy. In the course of the year the price increased from \$44.50 to \$62.25 per pound.

We have all watched with concern the catastrophic consequences of the recent earthquake and associated tsunami in Japan. ERA has had a long relationship with Japan and we express deep sympathy for the people of Japan as they deal with and recover from these extraordinary events.

In response to these events and the resulting potentially serious and extensively reported problems experienced at the Fukushima nuclear power plant there was a significant weakening in uranium price. Additionally, several countries around the world have taken the very sensible step of looking at the lessons to be learned for the environmental performance of the older generation of nuclear power plants. As it has turned out the reduction in price was temporary lasting only a matter of weeks and is now rapidly recovering.



In a wider, longer term context, the concern around the world about the need to reduce carbon emissions combined with increasing demand for electricity, continues to focus attention on safe clean nuclear power. The extensive actual and planned development for new generation nuclear plants in countries like China and India continues as before. There is also considerable growth in demand in ERA's established markets where we can capitalise on our long-standing reputation as a reliable supplier and our relationships with key utility customers around the world to maximise ERA value.

Conclusion

In conclusion, 2010 proved to be a challenging one for ERA, though putting it into perspective, the underlying earnings of \$53 million was still a significant result having regard to those achieved in previous years over ERA's 30 plus year history. The record rains experienced at the beginning of 2011 means that profitability will be further reduced.

As the long standing Ranger Pit 3 mine nears the end of its life, ERA needs to successfully develop a new project if present production levels are to be maintained. It is fortunate that the mineral endowment of our leases is outstanding and that we have a number of potential projects that may be developed with benefits to our shareholders and other stakeholders.

Significant work and planning focussed on water treatment and rehabilitation requirements will also continue. This work is important to confirm what must be done to continue to protect the environment and eventually restore the site. It will require very substantial expenditure. However, by performing this work to a high quality and in a timely manner, ERA not only meets its obligations but helps to demonstrate to its many stakeholders, the capabilities that ERA possesses in these critical areas.

I would like to express my appreciation to the staff of ERA for their efforts and contributions in the course of the year.

I will now hand over to the Chief Executive Rob Atkinson to address you further on ERA's operational performance.

Thank you.

Dr David Klingner
Chairman