



12 January 2012

December 2011 Quarter Operations Review (unaudited)

	Q4 11	vs Q4 10	vs Q3 11	12 mths 11 ⁽¹⁾	vs 12 mths 10
Total material mined ('000 tonnes)	3,736	14%	38%	10,649	0%
Ore mined ('000 tonnes)	673	-7%	157%	1,151	-19%
Ore milled ('000 tonnes)	685	23%	1%	1,624	-32%
Mill head grade (% uranium oxide)	0.17	-37%	-	0.18	-5%
Mill recovery (%)	88.6	3%	2%	87.9	1%
Production – uranium oxide					
- tonnes	1,030	-12%	2%	2,641	-30%
- 000 lbs	2,271			5,822	

⁽¹⁾ Processing operations were suspended from 28 January 2011 until 15 June 2011.

Uranium oxide produced by Energy Resources of Australia Ltd (**ERA**) in 2011 was 2,641 tonnes. Production in 2011 was significantly impacted by a temporary suspension of processing plant operations from 28 January 2011 to 15 June 2011. The decision to proactively suspend processing plant operations was taken in response to the significantly above average 2010/2011 wet season experienced in the Northern Territory.

Following the recommencement of processing operations on 15 June 2011, the processing plant has performed well with production of uranium oxide for the December quarter of 1,030 tonnes, two per cent higher than the previous quarter. Improvements implemented during the suspension resulted in ore milled being 23 per cent higher than the corresponding period in 2010 with average mill recovery also higher than that achieved in 2010, despite the lower mill head grade in 2011 compared to 2010.

Ore mined for the December 2011 quarter was significantly higher than the previous quarter with mining activity in Pit 3 advancing as the water level receded.

Following the passing of ex-Tropical Cyclone Grant, ERA advises that 459mm of rain has fallen at the Jabiru Airport in December 2011 (Source: Australian Bureau of Metrology). This was the largest recorded level of rainfall ever at the Jabiru Airport for the month of December. For the period of 1 September 2011 to 9.00am (ACST) on 11 January 2012, 726.2mm of rain has fallen at the Jabiru Airport, which compares to 818mm for the same period in 2010/2011 (Source: Australian Bureau of Metrology).

As a result of the record level of rainfall in December 2011, ERA has been unable to fully dewater Pit 3. As a result, access to the high grade ore located at the bottom of the pit will be delayed and is highly dependent on rainfall experienced for the remainder of the 2011/2012 wet season.



ERA

As previously advised, a four metre lift to the Tailings Storage Facility was completed on 3 November 2011 with regulatory approval received for an increased wet season maximum operating level of 56.0m. This provides ERA with significant capacity to manage further rainfall events at the Ranger mine.

EXPLORATION AND EVALUATION

On 4 August 2011, ERA announced that the ERA Board had approved the construction of the Ranger 3 Deeps exploration decline with all necessary regulatory approvals having been received by 25 August 2011. Work to prepare the site has continued with construction of the box cut scheduled to commence in May 2012.

Total evaluation expenditure for the December quarter was \$4.6 million, compared to \$10 million in the corresponding period of 2010. This brings evaluation expenditure to \$18 million for the year (2010: \$33 million).

Exploration continued during the December quarter with a focus largely on the Ranger 18 East and Georgetown areas.

At Ranger 18 East, 3 of 17 diamond drilling tails were completed to the target depth before rain forced the closure of the program. The drilling program will continue in 2012 when access to the area becomes available following the 2011/2012 wet season.

Drilling conducted at the Georgetown area in the December quarter failed to intersect consistent mineralisation. Further detailed structural analysis is being conducted which may identify further follow up drilling targets for 2012.

Exploration expenditure for the quarter totalled \$4.5 million, compared with \$3 million in the September 2011 quarter. Total exploration expenditure for the year totalled \$9 million (2010: \$5 million).

OUTLOOK

The delay in obtaining access to the high grade ore located towards the bottom of Pit 3 may impact production of uranium oxide in 2012, however, the extent of this impact is presently uncertain. ERA continues to assess the impact of the significant level of rainfall in December 2011 and will provide further guidance on 2012 production with ERA's 2011 full year results announcement.

Competent Person The information in this report relating to exploration results is based on information compiled by Greg Rogers, who is a member of the Australasian Institute of Mining and Metallurgy. Greg Rogers is a full-time employee of the company and he has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Greg Rogers consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

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