



CHAIRMAN'S ADDRESS

ANNUAL GENERAL MEETING

10 April, 2013

Good morning, ladies and gentlemen. My name is Peter McMahon and I am the Chairman of ERA.

I would 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.

I was appointed in February to replace Dr David Klingner, who provided excellent leadership of the ERA Board since 2005. We thank him for the service he gave to this Company over the last eight years.

I am proud to be the new Chairman of ERA, especially at this time as the company undertakes major changes to build a strong foundation for the future and to deliver value to our shareholders.

Overview

Before turning to the details of our 2012 results, I would like to make some comments about the current situation that the Company is facing. It is an important turning point due to an unique combination of external and internal factors.

Externally, the uranium market continues to be challenging following the Fukushima accident in 2011. The continued and lengthy shut down of the majority of the Japanese reactors and subsequent large stocks of uranium are

impacting the industry significantly. Prices are at the lowest level for several years.

The financial markets have also become more difficult, with greater caution being shown by investors, especially in regards to capital management, the expectations of cost reductions and strong desires for improved return on investments.

The very strong Australian dollar has also impacted businesses such as ours and it shows little sign of weakening in the near term.

At the same time as we face these major external events, ERA is undergoing significant internal changes. After 31 years we have ceased open pit mining at Ranger. We have before us a significant workload in relation to progressive rehabilitation activities and its associated costs for the next few years. We will also rely purely on uranium sourced from low grade stockpile ore for future sales.

Despite these challenges, the ERA Board and executive team remain optimistic about our future and we are very focused on ensuring that ERA is repositioned to once again become one of the world's premier suppliers of uranium.

Our optimism is based on a number of factors.

Firstly, we believe that nuclear power will continue to play a significant role in the energy mix of many countries across the world, especially in Asia. Nuclear power is one of the few low carbon emitting generation technologies that can deliver large volumes of base load power and replace coal in countries in such as China and India.

Secondly, the Ranger Project Area remains a highly prospective area as evidenced by the exciting discovery of the Ranger 3 Deeps resource in 2009.

We also have a number of very interesting exploration targets elsewhere on our Ranger lease which still remains largely unexplored at depth. The plant, power station and associated infrastructure at Ranger is of a high quality and we also have very strong geological, operational, technical and commercial expertise within the Company.

We enjoy strong and very well established relationships with government and our many customers.

We have greatly improved our relationship with the Mirarr over the last few years, which was evidenced by the signing of the Ranger Mining Agreement in January.

We will continue to work hard to further develop and strengthen our relationship with the Mirarr Traditional Owners and we have many years of demonstrable experience of being a highly engaged and valued member of the local region as well as the broader Northern Territory.

In an industry with relatively few operators and in times of restricted capital these assets and attributes have significant value.

It is your Board's strong desire that ERA will transition to an underground miner in the next few years.

During this transition we will continue to ensure that we focus on reshaping our business to the right size, to closely manage and preserve our cash balances and to ensure our rehabilitation and water management is executed to a high standard.

ERA expects that if the current studies demonstrate that Ranger 3 Deeps is viable and if the necessary approvals are obtained, it will be developed and

operated at a cost which will be highly competitive and profitable, at a time when we strongly believe that demand for uranium will be greatly improved.

I will now turn to the 2012 financial results for the company.

Financial Results

ERA produced 3,710 tonnes of uranium oxide in 2012 compared to 2,641 tonnes in 2011. Sales volume of uranium oxide was 3,220 tonnes, down from 5,167 tonnes achieved in 2011.

Revenue from the sale of uranium oxide in 2012 was down at \$395 million compared to \$649 million in 2011. There was a slight decrease in the average realised price achieved by ERA in 2012 from US\$59.32 in 2011 to US\$58.33. This was achieved despite a much larger decrease in the spot and long term price indicators, particularly during the second half of 2012.

While total sales volumes in 2012 were lower than 2011, the percentage of Ranger sourced material supplied in 2012 was greater, and this had a favourable impact of approximately \$20 million on 2012 underlying earnings. However, this favourable impact was completely offset by higher consumables costs with the mill operating for all of 2012 compared to the lengthy suspension of processing operations in 2011.

ERA had planned to repay all outstanding uranium loans in 2012. However, due to unexpected logistical delays, approximately 300 tonnes of loans remained outstanding at the end of 2012. All outstanding loans were repaid in Quarter 1 2013.

Total capital expenditure in 2012 was \$161 million. The majority of expenditure related to water management initiatives, including the 2.3 metre Tailings

Storage Facility lift, a new one billion litre capacity retention pond and the Brine Concentrator.

ERA had a net loss after tax for the 2012 full year of \$219 million, compared to a loss of \$154 million in 2011. The 2012 results included a non-cash impairment charge of \$68 million due to the low uranium price indicators in the second half of 2012 and their consequential impact on the long term uranium price outlook, along with the continued strength of the Australian dollar.

Underlying earnings in 2012 were significantly impacted by the increase of non-cash costs or depreciation compared to 2011. The increase in depreciation resulted from the unfavourable inventory adjustment of \$99 million in 2011 due to the reclassification of low grade stockpiled material from ore reserves to mineral resources following the decision not to proceed with the Ranger Heap Leach project.

In 2012, the cash flow generated by the sales and production of uranium oxide was \$110 million compared to a net outflow of \$56 million in 2011. This excluded all exploration activities.

In recent years, ERA has undertaken significant strategic initiatives to strongly position the business for the future. We successfully raised \$500 million through a rights issue at the end of 2011, and this money is being used to fund critical projects, most notably the Brine Concentrator and the construction of the Ranger 3 Deeps exploration decline along with the advancement of further studies into a potential underground mine.

The business continues to be restructured to reflect our new reality of a smaller business, and an ongoing regime of cost reduction is being implemented to strengthen the business' position. Our rigorous Business Review Programme, which started in 2011, is on track to achieve its target of \$150 million savings by the end of 2014.

ERA is required to meet some very stringent rehabilitation requirements, which is appropriate given our location. These cover for example tailings containment, final landform, and closure timeframe. ERA's comprehensive rehabilitation plan outlines the strategy and action needed to successfully rehabilitate the Ranger Project Area once ERA's mining and processing operations come to an end.

Following a detailed review and costing of the rehabilitation plan in 2012, we have increased the provision in the financial statements for the rehabilitation of Ranger from \$565 million calculated on a net present cost basis in December 2011 to \$640 million at the end of 2012.

In light of its major projects and the continued challenging market conditions, the ERA Board has decided not to declare a final dividend for the 2012 financial year.

Outlook

ERA has been in business for over 31 years selling uranium oxide to electric utility customers in Asia, Europe and North America in order to meet their energy needs. ERA was also the first Australian company to sell uranium to China and the importance of this market to global uranium supply and demand will continue to increase.

Australian exports of uranium oxide are subject to strict safeguards and non-proliferation conditions to ensure that Australian uranium is only used for peaceful purposes. We abide by these rules fully.

Globally, nuclear power remains a key element of world-wide energy supplies, with 436 reactors operable worldwide in 2012, 62 under construction and a further 167 planned for operation by 2030.

While the short term outlook for the uranium market is challenging, the longer term picture for uranium prices is brighter. Demand will continue to increase as China constructs an estimated 40 to 50 new nuclear power plants this decade, and new reactor construction continues in South Korea, the USA, the United Arab Emirates, France, Finland, Russia, India, Turkey, the United Kingdom and other countries.

Global demand for a secure energy supply which has minimal greenhouse gas emissions will increase.

At the same time, new uranium mines are for the most part located in geological regions with higher extraction and processing costs, thus requiring higher market prices to be economical.

The general consensus is that while public support for nuclear power in Japan has waned in the wake of Fukushima, ultimately the country has little choice but to rely on nuclear power for a significant portion of its energy needs.

When a large number of Japanese reactors have been re-started and inventory is cleared from the market, it is expected that a supply side shortage will drive prices higher.

Summary

We believe ERA's projected future as an underground miner with a small environmental footprint will allow the business to continue being a valuable and significant contributor to the global energy market.

The Ranger 3 Deeps deposit, if viable and approved, represents an opportunity for ERA to continue to play a role as a global energy provider, whilst at the same time enhancing the social and economic outcomes in the Northern

Territory as well as providing practical demonstration of successful rehabilitation and environmental management.

I want to assure you that ERA is committed to delivering long term value to shareholders and that we hold a positive outlook for the future of our industry and our business.

We continue to put in place what we believe are the foundations for this to be achieved and I believe we are making significant progress.

ERA will strive to continue to maintain its position as a world-class uranium supplier that contributes to environmental sustainability and is trusted by the Traditional Owners, the community and our people.

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

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