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The Manager
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Australian Stock Exchange Ltd

\$6 Million Cash Settlement of Honeymoon Dispute

Shareholders will be aware that E&A Limited's wholly owned subsidiary, Ottoway Engineering, has been in dispute with Uranium One in relation to variations, extensions of time and prolongation claims incurred whilst constructing the Honeymoon Uranium Extraction Plant, which was completed in November 2010.

E&A Limited is pleased to advise Ottoway Engineering and Uranium One have agreed to settle the dispute with a payment to Ottoway Engineering of an additional \$6.0 million, which brings the final value of the contract to \$34.7 million. The additional \$6.0 million is due to be paid to Ottoway Engineering within the next 14 days under the terms of the settlement deed.

As a consequence of agreeing to this settlement, Ottoway Engineering will be required to write-down the value of work-in-progress previously recognised in the Company's accounts in respect of this project by approximately \$1.0 million after tax.

Whilst the write-down to work in progress will impact E&A Limited's statutory net profit to be reported for the 12 months ending 30 June 2012, given the write-down relates to work performed and completed in 2010, the write-down will have no impact on the improved underlying profit forecast for the 2012 financial year.

Mr Young advised the Board decision to settle this matter was in the best interests of shareholders and would enable the Company to:

- Avoid paying further legal costs in order to litigate the dispute;
- Reduce borrowing costs as a consequence of debt reduction and improved borrowing terms;
- Allow management to focus on growth opportunities for a number of E&A Limited entities; and
- Strengthen the balance sheet of E&A Limited.

The E&A Limited Board thanks the National Australia Bank for its support of Ottoway Engineering throughout the contract dispute.

For further information:

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