



## PALADIN ENERGY LTD

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2 August 2013

ASX Market Announcements  
Australian Securities Exchange  
20 Bridge Street  
SYDNEY NSW 2000

*By Electronic Lodgement*

Dear Sir/Madam

### **Paladin Energy Ltd Strategic and Operational Update**

#### **Strategic Initiative Update**

Paladin advises that on 1<sup>st</sup> August it terminated negotiations with the lead party, and all other parties, for the sale of a minority interest in the Langer Heinrich Mine. In the view of the Board, the current depressed uranium price has meant that it is unlikely that a price that appropriately reflects the strategic value of the asset will be achieved and accordingly proceeding at this time would be detrimental to long term shareholder value.

Although there remains interest in the asset, Paladin believes that the current weakness in the spot uranium price (US\$35.50/lb) should not overly influence the valuation of a flagship asset such as Langer Heinrich. Specifically, Langer Heinrich:

- has a +20 years minelife;
- is a modern technologically advanced operation;
- is operating in a country that is politically stable; and
- is currently operating above nameplate capacity with further expansion capacity.

Paladin strongly believes it can generate greater value to its shareholders through postponing the sales process for Langer Heinrich until there is a more a favorable uranium price environment.

More generally, Paladin believes that the current low uranium price compromises the capacity for supply to reach clearly stated global demand growth targets. It is generally recognised in the industry that the process for recovery of supply growth can only reasonably start when a sustainable US\$70/lb threshold for uranium is reached and Paladin supports this long term price expectation.

In this context, the Langer Heinrich Mine remains a highly valuable and strategically important operation for Paladin.

## Operational Update

Sales for the June 2013 quarter were 2,325,000lb U<sub>3</sub>O<sub>8</sub> generating revenue of US\$107.4M, representing an average sales price of US\$46.22/lb U<sub>3</sub>O<sub>8</sub> (average Ux spot price for the quarter was US\$40.57/lb U<sub>3</sub>O<sub>8</sub>). Sales for FY13 were a record 8,253,131lb U<sub>3</sub>O<sub>8</sub> (up 23% on FY12) with revenue of US\$408.4M (up 14% on FY12), generating an average price of US\$49.48/lb U<sub>3</sub>O<sub>8</sub> (average UX spot price for FY13 was US\$43.86/lb U<sub>3</sub>O<sub>8</sub>).

Production for FY13 was a record 8.255Mlb (3,745t) U<sub>3</sub>O<sub>8</sub>, up 20% on the previous year. This was within Paladin's stated guidance of between 8.0 and 8.5Mlb. Production at both the Langer Heinrich and Kayelekera mines for June 2013 quarter was solid with combined production of 2.143Mlb (972t) U<sub>3</sub>O<sub>8</sub>, up 8% on the March quarter. Overall, June 2013 quarter production was at 101% of combined nameplate.

Paladin's production guidance for FY 2014 is 8.4 - 8.7Mlb U<sub>3</sub>O<sub>8</sub>. Production at both mines remained strong during the month of July 2013.

The C1 cost of production at both mines continued to fall quarter by quarter.

- Langer Heinrich C1 cost of production for the June 2013 quarter decreased 1.3% to US\$29.4/lb compared to the March quarter and has decreased 8% since the June 2012 quarter.
- Kayelekera C1 cost of production for the June 2013 quarter decreased 1.5% to US\$39.2/lb U<sub>3</sub>O<sub>8</sub> compared to the March quarter and has decreased 24% since the June 2012 quarter.

## Impairments

Paladin expects to recognise a further non-cash impairment charge of approximately US\$180M before tax for the financial year ended 30 June 2013. This impairment estimate is subject to both Board sign off and auditor review as part of finalizing the financial statements for the year ended 30 June 2013. The impairment charge relates to a combination of impairment of the Kayelekera Mine, the Niger exploration portfolio and other smaller items.

## Trading Halt

This announcement will not lift the current trading halt.

Yours faithfully  
Paladin Energy Ltd



**JOHN BORSHOFF**  
Managing Director / CEO

### *Additional Notes:*

*Caution regarding forward-looking information:* Except for historical information contained in this news release, this news release contains "forward-looking statements" and "forward-looking information" within the meaning of securities laws of applicable jurisdictions. The forward-looking statements and forward-looking information include, but are not limited to, statements with respect to Paladin's expectations regarding production for FY 2014, cost reduction measures, future uranium prices, expectations regarding Paladin's portfolio of uranium projects, and the expected impairment. Assumptions upon which such forward-looking statements and forward-looking information are based include that exploration, production and pre-development programs will proceed as planned, and that the Langer Heinrich Uranium Mine and the Kayelekera Uranium Mine will meet their respective targeted annual full production rates. Management believes these assumptions are reasonable. However, the forward-looking statements and forward-looking information involve known and unknown risks, uncertainties and other factors, many of which are outside the control of Paladin, and its officers, employees, agents or associates. Such risks, uncertainties and other factors include, but are not limited to: risks related to mining operations, including political risks and instability and risks related to international operations, actual results of current exploration activities, conclusions of economic evaluations, changes in project parameters as plans continue to be refined, as well as those factors discussed in the section entitled "Risk Factors" in Paladin's most recent Annual Information Form available under Paladin's profile on SEDAR at [www.sedar.com](http://www.sedar.com). Although Paladin has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking statements and forward-looking information, there may be other factors that cause results not to be as anticipated, estimated or intended. Actual results, performance or achievements may vary materially from those suggested by such forward-looking statements and forward-looking information. Readers are cautioned not to place undue reliance on forward-looking statements and forward-looking information and Paladin assumes no obligation to update such information, except as required by applicable law.