



PALADIN ENERGY LTD

ACN 061 681 098

Ref: 409025

10 May 2016

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

By Electronic Lodgement

Dear Sir/Madam

March Quarter 2016 Conference Call and Investor Update Presentation

Attached please find the presentation in relation to the 31 March 2016 quarterly report conference call and investor update to be held tomorrow morning at 7:30am Perth time. Full details in relation to the call were announced on 4 May 2016.

Yours faithfully
Paladin Energy Ltd

ALEXANDER MOLYNEUX
CEO



First Quartile

C1 Cash Cost¹

Top 10 Uranium Mine by
Production²

4th largest open-pit

+20 Year Mine Life³

35.1Mlbs

Cumulative production

¹ Source – UxC Uranium Production Cost Study – August 2015

² Source – TradeTech Uranium Market Study – 2015: Issue 3 (based on 2015 production)

³ At current processing rates

Quarter to 31 March 2016 Highlights



References below to 2016 and 2015 are to the equivalent three months ended 31 March 2016 and 2015 respectively.

Production 1.302Mlbs

Drummed Production 1.268Mlbs

LTIFR 1.4

*Compared to 2.1 last quarter and
2.3 in 2015*

US\$34.67/lb ASP

*6% above average spot
US\$32.73/lb for quarter*

C1 Cash Cost US\$24.13/lb

*vs March quarter guidance
US\$23/lb to US\$25/lb*

**All-in Cash
Expenditure US\$31.60/lb**

*Decrease of 33% from
US\$46.87/lb in 2015*

Cash US\$21.4M

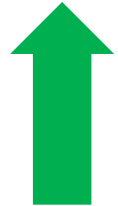
*vs pro forma guidance incl. repurchase
of CB's US\$19M to US\$29M*

- ✓ Repurchased US\$25M of Convertible Bonds due 2017 to reduce to US\$212M
- ✓ Repayment and termination of the US\$56.4M LHM Syndicated Facility
- ✓ C1 cash cost decreased 18% from US\$29.42/lb in 2015
- ✓ On track to be cash flow neutral excluding one-off items



Quarter to 31 March 2016 Highlights

References below to 2016 and 2015 are to the equivalent three months ended 31 March 2016 and 2015 respectively.



Up 22%

Sales revenue
US\$20.8M

0.595Mlb sold at average
realised price of US\$34.67/lb



Up 14%

Cost of Sales
US\$18.7M

Increase from 2015
Cost of Sales of US\$16.4M



Up 200%

Gross Profit
US\$2.1M

Increase from 2015
Gross Profit of US\$0.7M



Down 87%

Negative EBITDA
US\$0.8M

Improved from 2015
Negative EBITDA of US\$6.2M



US\$25M Repurchase
of 2017 CB

Resulted in savings
of approx. US\$3.7M



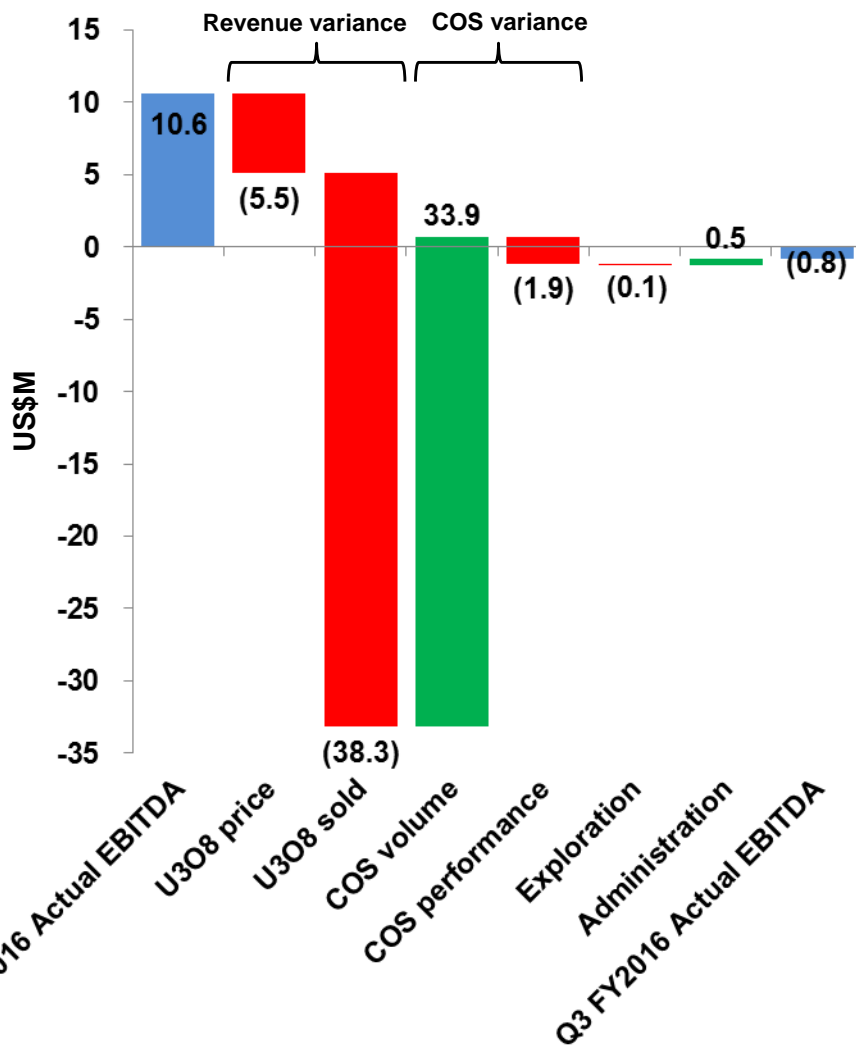
Repayment of US\$56.4M
LHM Syndicated Facility

Release of US\$28.2M DSRA
To be replaced with new
US\$25M Revolving Credit Facility

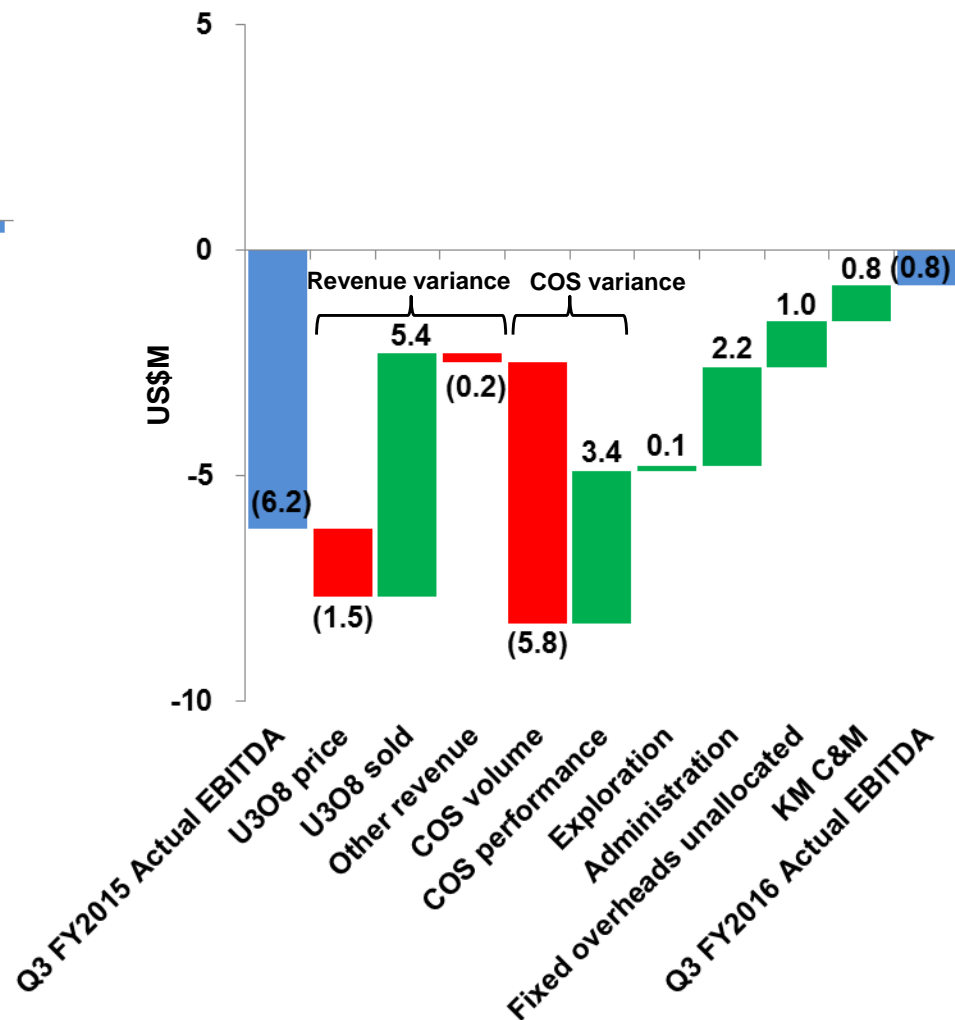


EBITDA Variance Analysis

Quarter to 31 March 2016 vs. Quarter to 31 December 2015



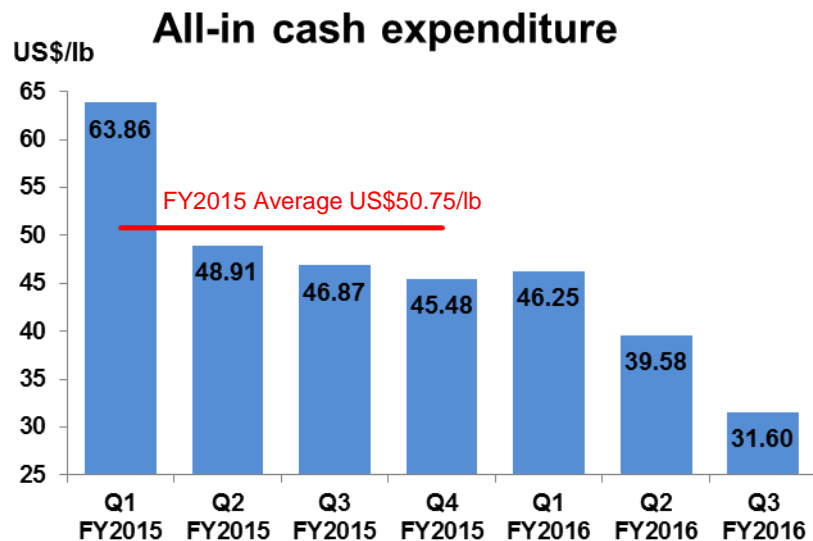
Quarter to 31 March 2016 vs. Quarter to 31 March 2015



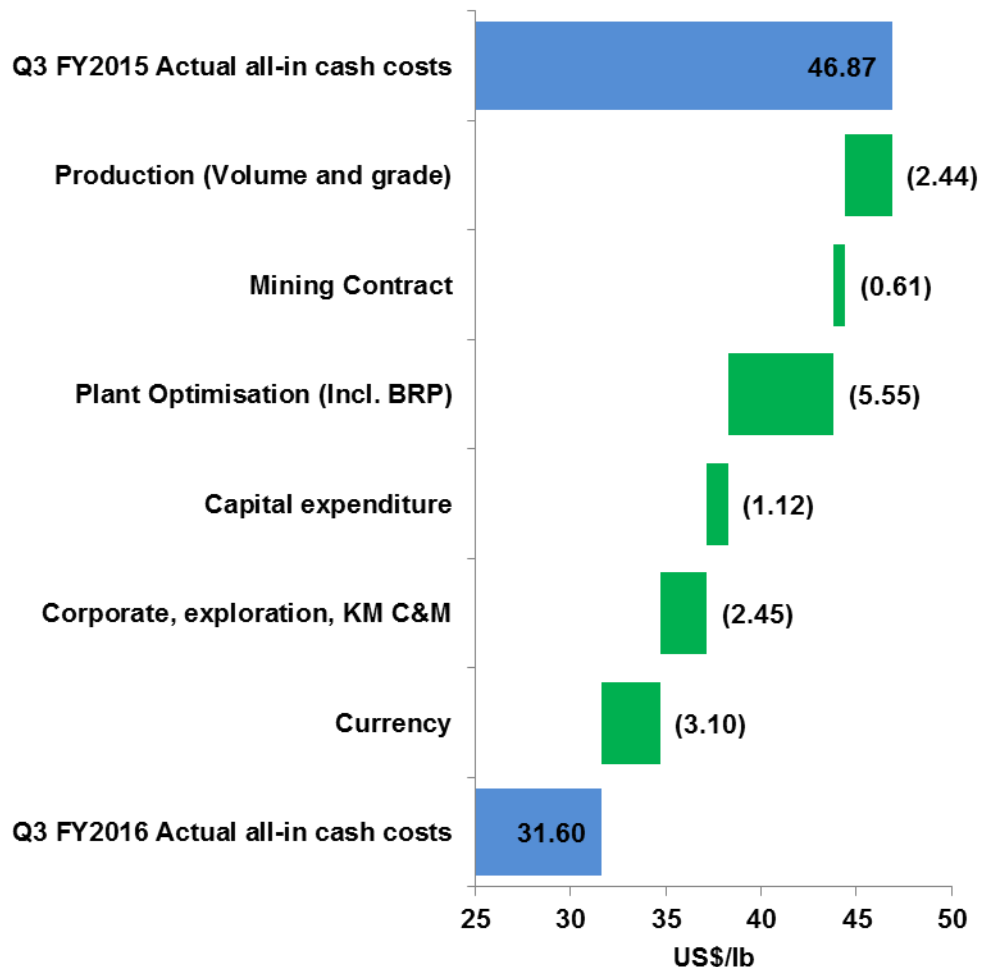


All-in Cash Expenditure (Breakeven Price)

- Defined to include all spending
- Ahead on plans to reduce expenditure in line with low uranium price
- Reduced by US\$15.27/lb vs. equivalent quarter last year (excluding one off items)



Quarter to 31 March 2016 vs. Quarter to 31 March 2015





Capital Management

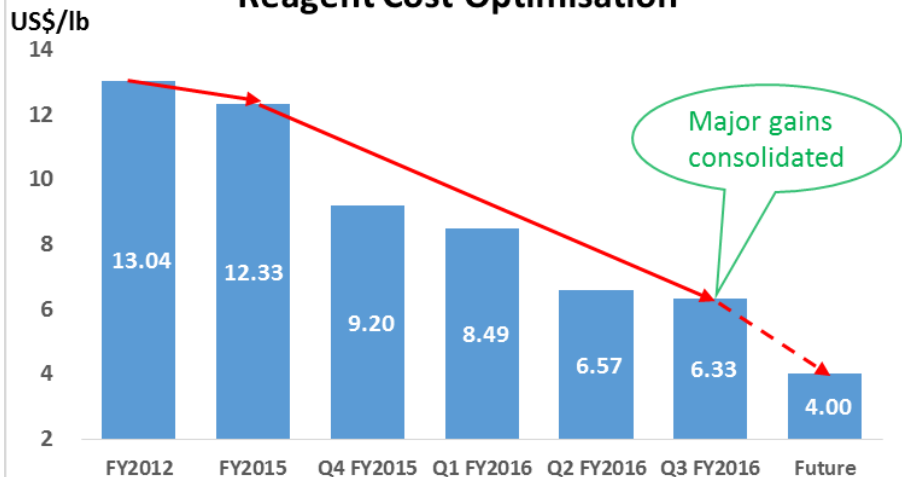
- Debt reduction¹
 - US\$552.5M since June 2012
 - US\$81M during March 2016 Quarter
 - US\$25M reduction in 2017 CB
 - US\$56M repayment of LHM Syndicated Facility
- Next maturity is April 2017
- US\$25M Revolving Credit Facility:
 - Documentation well advanced
 - Implementation and drawdown expected in coming month
- Strategic discussions advanced regarding potential transactions
 - Due diligence ongoing by counterparties
- Estimated funding 'gap' to re-finance April 2017 CB maturity US\$140-165M

Breakdown of Key Debt Instruments ¹	US\$M
Convertible Bonds due April 2017	212
Convertible Bonds due March 2020	150
Total Debt	362

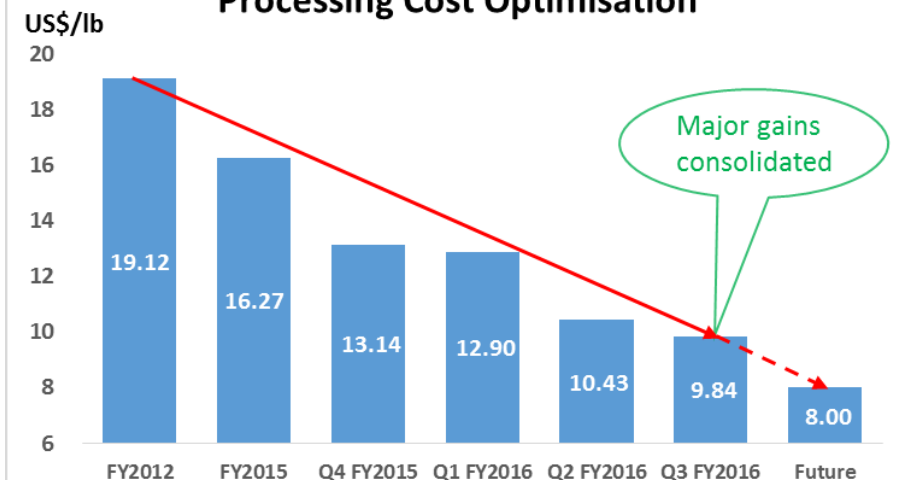
¹ Reductions based on face value of debt

Optimisation a Core Competency

Reagent Cost Optimisation



Processing Cost Optimisation

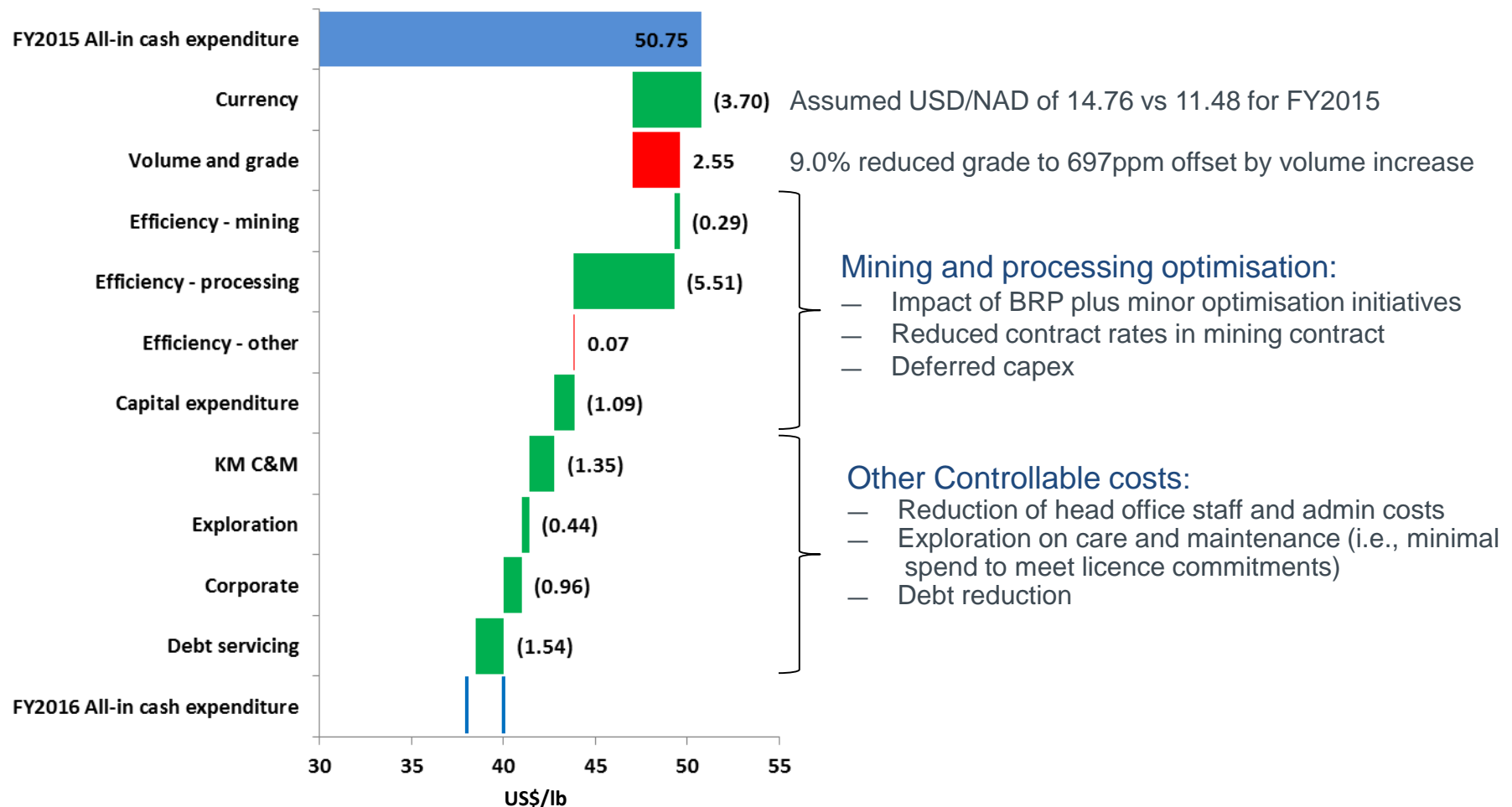


- Paladin maintains a world class technical services team focused on cash flow optimisation
- BRP continues to operate well above design and absorbs process deviations well
- Focus of technical services now on:
 - final stages of innovation strategy;
 - U/V separation enhancement;
 - vanadium production; and
 - maintaining cash flow and production in a declining ore grade environment.

Optimisation a Core Competency



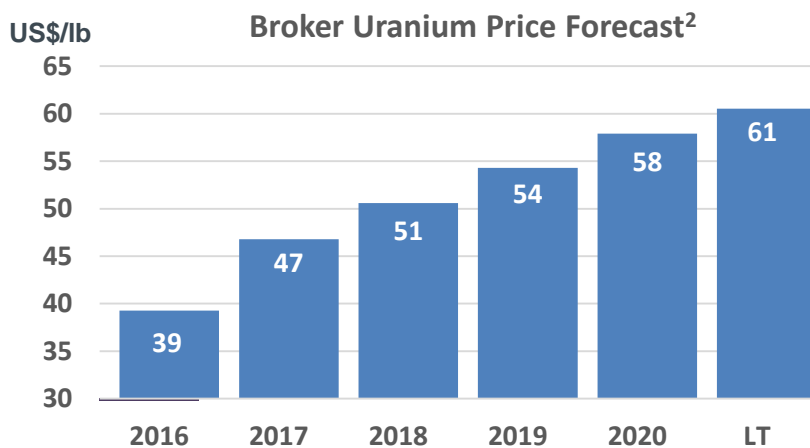
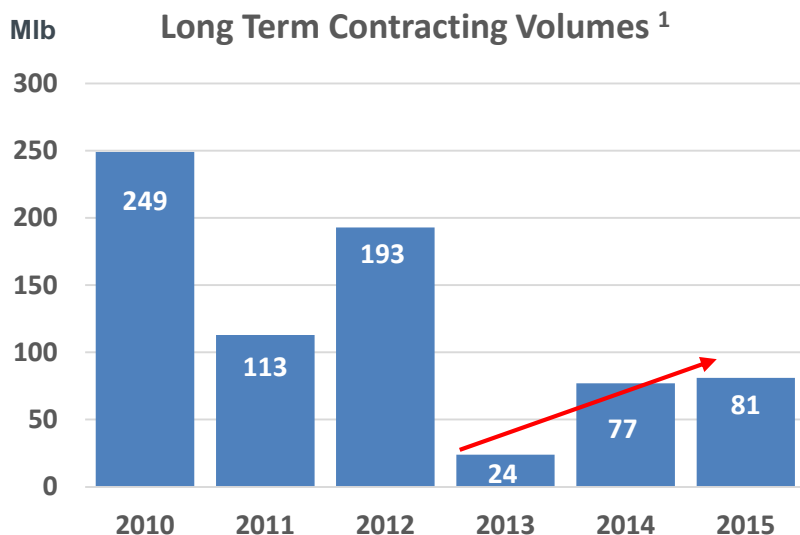
All-in cash costs variance analysis (FY2016 current guidance vs. FY2015 actual)¹



¹Includes: Operating cash flows; investing cash flows; and debt servicing (including principal and interest payments on the LHM syndicated facility agreement)

Best Leverage to Uranium Upside

Uranium market liquidity improving and outlook remains robust



- Increased market activity in 2015
 - LTC volumes increased to 81Mib (43 deals)
 - Market replacement volumes need to trend to 180M to 200Mib
 - 2015 spot volumes 49.3Mib Vs 2014 spot volumes 42.9Mib
 - Overall trading activity continues to improve compared to recent years and we believe this needs to happen for prices to normalise
- Market re-balancing continues
 - Japan: Sendai reactors continued to operate safely following two large earthquakes. Ikata 1 to recommence in coming months
 - KazAtomProm to set up uranium fund for surplus material
 - Cameco announced production cut-backs of c.7Mlbs on an annualised basis

¹ UxC Weekly 8 February 2016

² Based on the average uranium price forecast by RBC, Argonaut, Scotiabank, TD, Citi, Morgan Stanley, JPMorgan, Dundee Securities, Macquarie, Deutsche Bank, BAML, Cannacord, Credit Suisse, BMO, Raymond James, UBS



PALADIN

1. Maximise LHM operating cash flows through optimisation initiatives whilst preserving the integrity of the long-term life of mine plan
2. Maintain KM and exploration on a “minimal expenditure, care and maintenance basis”
3. Minimise corporate and administrative costs
4. Progress strategic initiatives with respect to partnerships, strategic investment, funding and corporate transactions



**Approx. 4.8Mlb
Production**

vs approx. 5.0Mlb previously

FY2016 US\$4/lb

*Full-year average ASP Premium to spot
(no change)*

**Cash flow neutral
for FY2016**

2H FY2016 to be cash flow positive

**US\$19M corporate costs,
KM care and maintenance
and exploration**

*US\$14M lower than FY2015
(no change)*

LHM C1 US\$24-26/lb

June Quarter:

- Sales 1.75Mlb – 2.10Mlb
- LHM C1 cash cost US\$25-27/lb
- Cash balance US\$45-65M

High-level FY2017 guidance:

- Production – Plus 5.0Mlb
- LHM C1 cash cost US\$22.50-24.50/lb
- “All in” US\$29.50-31.50/lb



Appendix

Langer Heinrich Project Update



- **Production March Quarter**
 - 1.302 Mlb (drummed 1.268Mlb)
 - recovery 85.5%

- **C1 Cost US\$24.13/lb, on track to achieve \$24-26/lb for FY2016**

- **Optimisation and innovation for further unit cost reduction**
 - further application of membranes
 - enhanced U/V separation
 - recovery of vanadium
 - other focal areas:
 - process recovery
 - operator training and operating systems
 - process plant utilisation

- **Guidance FY2016 of approx. 4.8Mlb**

Actuals	Mar Quarter		Mar YTD	
	FY2015	FY2016	FY2015	FY2016
Ore treated (Mt)	0.860	0.981	2.522	2.731
Ore grade (ppm)	736	705	758	708
Recovery (%)	88.4	85.5	87.5	85.4
U ₃ O ₈ prod'n (Mlb)	1.234	1.302	3.701	3.644
C1 (US\$/lb)	29.42	24.13	30.17	25.65



Pipeline Projects



- **Kayelekera Mine**

- now stable in C&M
- restart feasibility study completed and under Board review
- site stable in terms of water and other environmental issues for the long term



- **Michelin Deposit Canada**

- minimum expenditure planned for FY2016



- **Manyingee WA**

- Minimum activity planned for FY2016





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