



PALADIN ENERGY LTD

March Quarter Results Conference Call and Investor Update

16 May 2014

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Disclaimer and Notes for JORC and NI 43-101 Mineral Resources and Ore Reserves



This presentation includes certain statements that may be deemed “forward-looking statements”. All statements in this presentation, other than statements of historical facts, that address future production, reserve or resource potential, exploration drilling, exploitation activities and events or developments that Paladin Energy Ltd (the “Company”) expects to occur, are forward-looking statements.

Although the Company believes the expectations expressed in such forward-looking statements are based on reasonable assumptions, such statements are not guarantees of future performance and actual results or developments may differ materially from those in the forward-looking statements. Factors that could cause actual results to differ materially from those in forward looking statements include market prices, exploitation and exploration successes, and continued availability of capital and financing and general economic, market or business conditions.

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In the following presentation, for those deposits that are reported as conforming to the Joint Ore Reserves Committee (JORC) 2004 or 2012 code, the terms Inferred Mineral Resources, Indicated Mineral Resources, Measured Mineral Resources, Ore Reserves, Proved Ore Reserves, Probable Ore Reserves and Competent Person are equivalent to the terms Inferred Mineral Resources, Indicated Mineral Resources, Measured Mineral Resources, Mineral Reserves, Proven Mineral Reserves, Probable Mineral Reserves and Qualified Person, respectively, used in Canadian National Instrument 43-101 (NI 43-101).

The technical information in this presentation that relates to Exploration Results, Mineral Resources and Ore Reserves is based on information compiled by David Princep B.Sc. and Andrew Hutson B.E., both of whom are Fellows of the Australasian Institute of Mining and Metallurgy. Messrs Princep and Hutson each have sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity that they are undertaking to qualify as Competent Persons as defined in the 2012 Edition of the “Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves”, and as Qualified Persons as defined in NI 43-101. Messrs Princep and Hutson are full-time employees of the Company and consent to the inclusion of the relevant information in this announcement in the form and context in which it appears.

Previous tonnages, grades, assays and other technical data relating to the Oobagooma deposit are taken from historical records prior to the implementation of the current NI 43-101. While the data is believed to have been acquired, processed and disclosed by persons believed to be technically competent, they were estimated prior to the implementation of NI 43-101 and are therefore regarded as historical estimates for the purposes of NI 43-101 and as an exploration target for the purposes of JORC disclosure. A Qualified Person as defined in NI 43-101 has not done sufficient work to classify the historical estimate as current Mineral Resources. The Company is not treating the historical estimates as current Mineral Resources as defined in NI 43-101 and for this reason the historical estimates should not be relied upon. At present, the Company considers that these resources have no equivalent classification under NI 43-101 and should therefore be considered as unclassified. The historical information is presented on the basis that it may be of interest to investors.

Presentation Outline

- ✦ Highlights and Market Update
- ✦ Financial Review
- ✦ Project Update
- ✦ Outlook

Highlights for the March Quarter



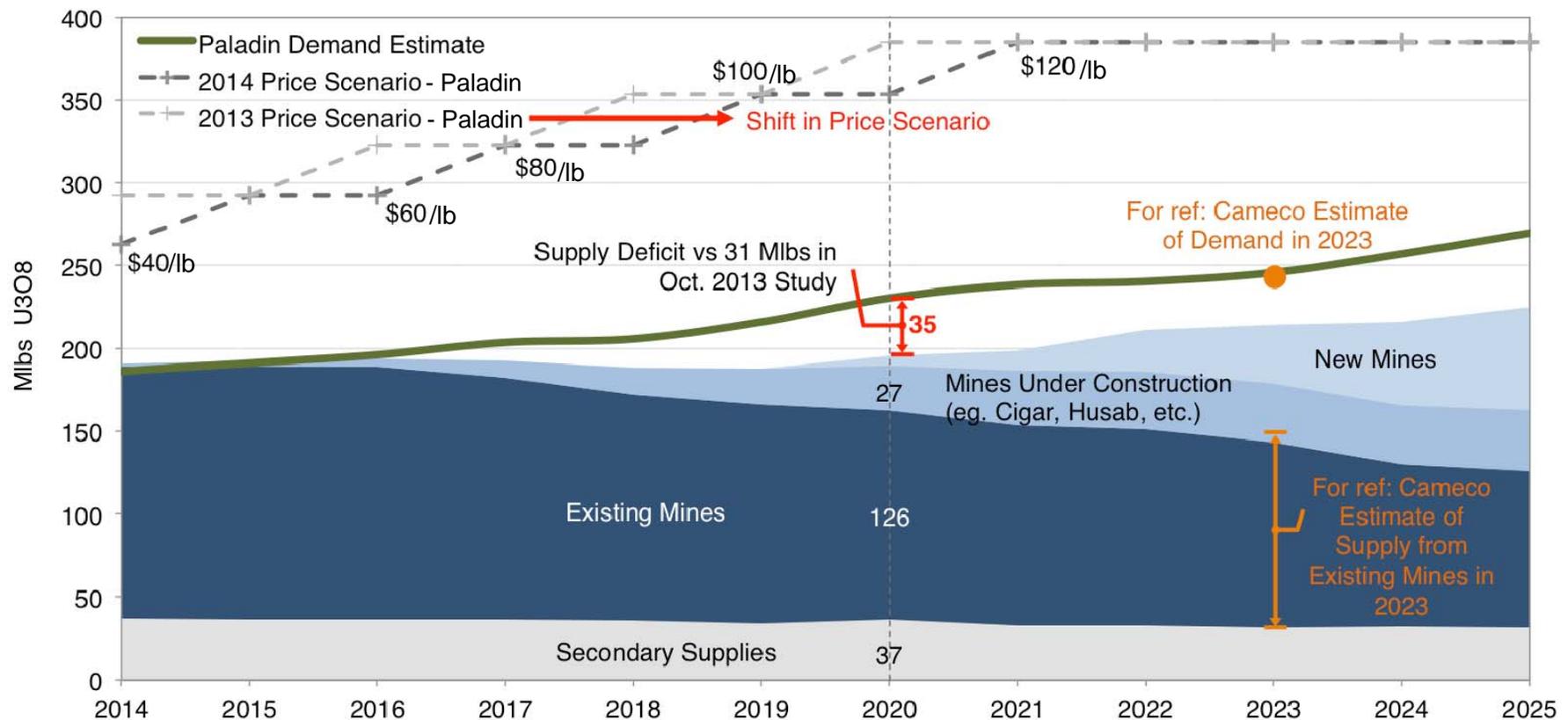
- ✦ **Solid production and cost results being maintained at Langer Heinrich**
 - record production of 4.253Mlb (1,929t) U_3O_8 for nine months to March 2014
 - unit costs trending lower and production optimisation continues
- ✦ **Kayelekera transition to Care and Maintenance without issue and on track**
- ✦ **Production guidance for FY14 at upper end of range**
- ✦ **Langer Heinrich refinancing**
- ✦ **Minority sale of Langer Heinrich scheduled to close end June 2014 and US\$20M non refundable deposit paid**

Uranium Market Updated Supply-Demand Status



Summary results under delayed incentive price scenario:

- lack of incentive price delaying substantial mine development
- supply deficit increased by 13% on 2020 reference point despite slight increase in secondary supply
- shortfall now structurally imbedded in supply outcome for the mid to longer term



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Financial Summary



- ✦ **Strong production and sales for quarter and YTD**
 - sales volume up 16% to 6.853 Mlb YTD
- ✦ **Loss for quarter of US\$20M due to low uranium price**
- ✦ **Loss YTD of US\$323M due to Mt Isa impairment of US\$227M in December quarter and low uranium price**
- ✦ **Strong cash flow from operations for the quarter of US\$29M**
 - cash on hand US\$103M
- ✦ **Refinanced LHM project finance resulting in significant cash flow benefits in CY14 and CY15**
- ✦ **Post quarter end received US\$20M CNNC non refundable deposit**
- ✦ **Kayelekera Care & Maintenance positive impact**

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Langer Heinrich Project Update



✦ Strong Operational Results

- record 4.253Mlb for 9 months ended March 2014
- currently producing above budget

✦ Low quartile cost producer

- March Qtr C1 cost US\$29/lb
- C1 cost for 9 months US\$28.1/lb down 8%
- long term C1 target sub US\$25/lb
- further cost reductions achievable through optimisation

✦ Production optimisation for further unit cost reduction

- hydrosort to improve beneficiation recovery
- improve wash and IX performance
- improve product precipitation and washing
- reduce reagent consumption

	Actual Mar' 14 YTD	Actual Mar'14 Qtr
Ore processed	2.82Mt	0.98Mt
Ore feed grade	784ppm	748ppm
Recovery	87.4%	85.9%
U ₃ O ₈ production	4.25Mlb	1.39Mlb



Kayelekera Project Update



- ✦ **Strong production results**
 - 2.089Mlb for 9 months to March
 - recoveries remained high at 86.7% March Qtr

- ✦ **C1 cost initiatives better than target**
 - C1 cost March Qtr US\$32.9/lb, down 17%
 - C1 cost for 9 months US\$34.80/lb down 21%
 - acid independence key driver
 - cost targets achieved without US\$4/lb benefit from grid power

- ✦ **Care & Maintenance announced 7 Feb 2014**
 - driven by low uranium price and commitment to preserve project value
 - more than 50% of known orebody still remains
 - further exploration potential
 - mining operations have been suspended
 - rundown completed May 2014
 - sterilisation will be completed by end June 2014
 - maintain at near ready status for quick restart when price warrants
 - potentially a strong cash generator

	Actual Mar' 14 YTD	Actual Mar'14 Qtr
Ore processed	0.91Mt	0.33Mt
Ore feed grade	1,278ppm	1,141ppm
Recovery	85.6%	86.7%
U ₃ O ₈ production	2.09Mlb	0.70Mlb



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Minority 25% JV Sale of LH - Update



JV with CNNC a major fully integrated nuclear organisation

- ✦ **Introduces a strong JV partner at project level**
 - will enable the value of LHM asset to be maximised
 - will provide funding support for future growth

- ✦ **US\$20M non-refundable deposit paid 16 April 2014**
 - consents provided from project financiers and Bank of Namibia

- ✦ **Sale now subject only to certain Chinese regulatory approvals**
 - including National Development and Reform Commission

- ✦ **Sale process expected to close by 30 June 2014**

Conclusion



- ✦ **Paladin on track to continue solid production results**
 - stated guidance of 7.8Mlb to 8Mlb for FY14, expect in upper range

- ✦ **Focused on further cost rationalisation and production optimisation for FY15**

- ✦ **Strategic initiatives achieving balance sheet objectives and ability to leverage growth**

- ✦ **Focus will maintain on**
 - strong operational performance
 - deleveraging the balance sheet
 - establishing sustainable cash flows
 - remaining positioned to advantage from the future uranium price resurgence

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