



PALADIN ENERGY LTD

**September Quarter Results
Conference Call and Investor Update**

14 November 2014

John Borshoff – Managing Director/CEO

Craig Barnes – Chief Financial Officer

Mark Chalmers – Executive General Manager, Production



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.

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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.

Presentation Outline

- ✦ Key Achievements and Update
- ✦ Uranium Market Update
- ✦ Financial Review
- ✦ Project Update
- ✦ Outlook



- ✦ **Paladin has delivered on its strategic and operational objectives**
 - EdF (US\$200M) and CNNC (US\$190M)
 - Kayelekera on C&M – preserving ore body, asset value and production optionality
 - Langer Heinrich (LHM) production and cost efficiencies continue being achieved

- ✦ **Focus remains on deleveraging the balance sheet**
 - July 2014 LHM refinancing – reduced debt payments and covenant holiday to Dec 2016
 - total project finance debt reductions of US\$68M in CY14
 - current funding initiatives designed to strengthen balance sheet and provide leverage to the improving uranium price
 - well advanced in discussions on a number of deleveraging and moving closer to delivering positive outcomes

- ✦ **Key objective to be optimally positioned for the future and deliver shareholder value**
 - Paladin's market analysis determines significant future increase in uranium price
 - expanded production ready for speedy delivery – KM restart and LHM Stage 4
 - pipeline of world class assets available to be exploited at right time

Operational Update



- ✦ **Langer Heinrich production post quarter back on track**
 - flagged 23% shortfall during quarter (ASX 16 Sept 2014)
 - production shortfall due to planned maintenance and dealing with unexpected pipe scaling
 - C1 costs increased to US\$35.1/lb purely production volume related
 - reagent reducing nano-filtration project commissioning Jan 2015
 - on track to achieve US\$26/lb by end FY15

- ✦ **Quarterly uranium sales**
 - sales totaled 1.25Mlb U₃O₈ generating US\$39.95M
 - uranium deliveries scheduled for Dec quarter of 1.9Mlb

- ✦ **Langer Heinrich JV minority sale for US\$190M completed 23 July**
 - CNC now formally in Joint Venture with Paladin

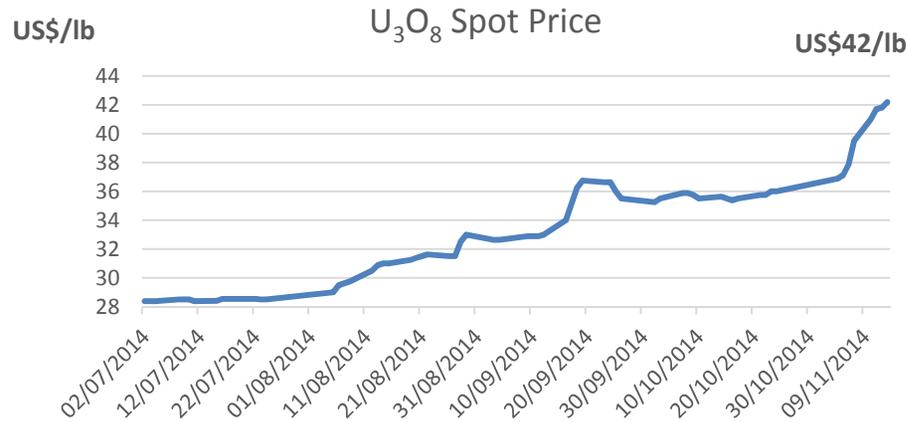
- ✦ **Successful refinancing of Langer Heinrich facility**
 - reduces repayments by US\$32.4M over 3.5 years

- ✦ **Kayelekera restart feasibility study initiated**
 - Targeting completion during March quarter 2015

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Uranium Market Snapshot



Source: UxC Daily Broker Average Price

	Current Nuclear Capacity	Under Construction	Planned	Proposed
Reactors / (Capacity)	436 (376.3GWe)	71 (74.6GWe)	174 (191.3GWe)	301 (331.4GWe)

Source: World Nuclear Association (October 2014)

Nuclear Reactor Fleet – Growth Forecast	2014	2020	2025	2030
Reactors	435	504	550	650

Source: World Nuclear Association / Paladin Nuclear

- Dramatic uranium spot price increase since May (~50%)
- Spot market fundamentals improving as supply tightens and demand rises
- Term market contract volumes already triple that of entire 2013;
- Additional term contracting imminent which is expected to result in term price improvement
- Globally, nuclear power strengthening as reactors enter commercial operation
- Japan clears final hurdle for nuclear restart
- Increasing number of reactors being approved in China
- Exponential global reactor fleet growth post 2020
- Long-term market demand fundamentals require extraordinary growth in uranium supply



- ✦ **US Mid-Term elections expected to boost US nuclear power programme**
- ✦ **Japanese reactor restarts imminent**
 - Japanese utilities have submitted applications for safety reviews for 20 reactors
 - Sendai 1 & 2 (Kyushu Electric) received restart approval from Prefecture Governor 7th November; restart expected first quarter CY2015
 - recent estimates place a total of 5-6 reactors operating by end of 2015 and 12 reactors by late 2016; more than 20 reactors could be operational by end of 2017
- ✦ **Reduction in global uranium production underway**
 - Kayelekera/Honeymoon (Uranium One) placed on C&M
 - restricted operations at Rossing and US-based ISR producers (existing contract deliveries)
 - Kazakhstan announced growth in uranium output to slow dramatically to less than 2% in 2014
 - global uranium production forecast to decline from 2013 level of 154Mlb down to 148Mlb (or less) in 2014

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Profit & Loss

Quarter Ended 30 September 2014



- ✦ **Sales revenue of US\$39.0M – down 44% on 2013***
 - 1.250Mlb sold at average realised price of US\$31.16/lb
 - anticipated sales of approximately 1.9Mlb in the Dec quarter

- ✦ **Gross profit from operations of US\$1.4M (2013*: gross loss of US\$14.9M)**
 - average unit C1 costs for quarter increased to US\$35.1/lb due to decrease in production
 - total C1 costs for the quarter were 10% lower than 2013*

- ✦ **Admin, marketing and non-production costs of US\$4.6M – down 27% on 2013***
 - cost savings from KM C&M
 - LHM Stage 4 expansion study costs ceased in 2013

- ✦ **Total exploration expenditure of US\$1.7M – down 19% on 2013***

- ✦ **Finance costs of US\$15.1M – up 6% on 2013***
 - increase of US\$0.9M due to unwinding of discount on mine closure provision

- ✦ **Income tax of US\$22.0M**
 - deferred tax recognised on foreign exchange temporary differences

**references to 2013 are to the equivalent three months ended 30 Sept 2013*

Cost Reductions for FY15



✦ **Corporate and exploration cost reductions**

- corporate costs cut by US\$2.4M, reduction of 17% over FY14
- exploration costs cut by US\$1.0M, reduction of 12% over FY14
- executive/senior management 10% pay reduction to be extended for another 12 months
- corporate cost review ongoing

✦ **Cost reductions and optimisation at LHM**

- total C1 costs for the quarter down by 10% to US\$36.0M
- targeting total C1 cost reductions of 6% over FY15
- other costs reduction initiatives
 - reducing warehouse inventory costs
 - reducing contractors
 - negotiating lower reagent prices
 - negotiating cost savings with mining contractor
- targeting processing cost reductions with the Bi-Carbonate Recovery Project

Cash Flow

Quarter ended 30 September 2014



✦ **Cash and cash equivalents of US\$209.5M**

- receipt of US\$170M balance of proceeds from LHM minority sale in July
- restructuring of LHM project finance facility, US\$30.8M repayment (non-recurring)
- net cash outflow from LHM of US\$12.7M
- corporate, exploration and other expenditure of US\$5.8M

✦ **Cash outflow from operating activities of US\$9.5M**

- LHM & KM utilised cash before working capital of US\$0.2M
- US\$4.3M invested in working capital
- US\$0.4M exploration expenditure

✦ **Cash outflow from investing activities of US\$7.1M**

- US\$5.5M capex including nano filtration, resin and spiral heat exchangers at LHM
- US\$1.6M investment in exploration

✦ **Cash inflow from financing activities of US\$137.9M**

- comprises US\$170.0M received from LHM minority sale
- less US\$30.8M repayment of LHM project finance facility
- less US\$1.3M syndicated loan facility costs

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Langer Heinrich Project Update



✦ Production down as reported

- production for quarter of 1.027Mlb U_3O_8
- down as a result of planned maintenance and unexpected scaling (now resolved)
- recovery 82.7% (older resin and scaling)
- well positioned for remainder of year
 - fresh resin
 - major maintenance completed
 - implementation of further operational improvements
 - targeting overall recovery of 88%

✦ Guidance remains 5.4–5.8Mlb U_3O_8

✦ Optimisation and innovation for further unit cost reduction

- main initiative nano-filtration circuit (bicarbonate recovery project similar to Kayelekera) – commissioning Jan 2015
- other focal areas:
 - beneficiation recovery
 - IX performance
 - product precipitation and washing

	Last June Qtr	Actual Sept Qtr
Ore processed	0.9081Mt	0.734Mt
Ore feed grade	781ppm	786ppm
Recovery	85.6%	82.7%
U_3O_8 production	1.34Mlb	1.03Mlb



Kayelekera Project Strategically Placed



- ✦ **Transition to C&M smoothly completed**
 - manning/contractor levels reduced
 - C&M procedures well established
- ✦ **C&M water management plan well advanced**
 - involves controlled release of surplus run-off into local inland waters
 - treatment to internationally recognised discharge standards
 - plant modifications completed and successfully tested
 - provisional discharge permit and release criteria agreed
 - stakeholder consultations undertaken
 - process expected to commence in January 2015
- ✦ **Restart feasibility study underway**
 - operational performance proven
 - approximately 50% of resource remaining
 - further exploration potential
 - C&M ensures a quick restart
 - a potentially strong cash generator fully written down
- ✦ **Government of Malawi support solid**
 - commitment to securing restart of operations/further exploration
 - future grid power now top government priority (further savings of ~US\$4/lb)

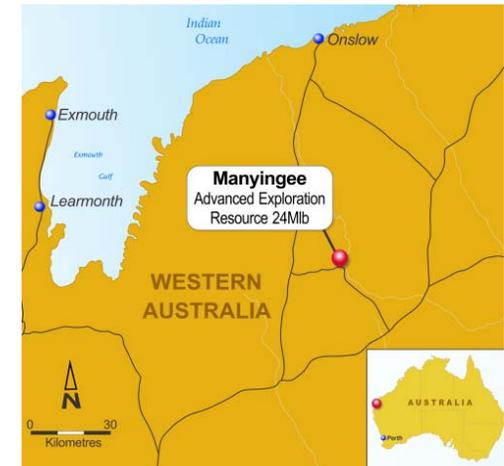


Key Pipeline Projects (being advanced)



MANYINGEE WA

- ✦ **Advancing toward Field Leach Trial (FLT)**
- ✦ **Low-cost ISR project targeting 2Mlb pa U_3O_8 production**
 - existing mining lease
 - Paladin has the expertise to develop
- ✦ **2018 development target (price dependent)**
 - field leach testing planned for 2015/16
- ✦ **Significant room for resource expansion in the region**
 - targeting 40Mlb of resources



MICHELIN DEPOSIT Canada

- ✦ **Drilling commenced August 2013 winter campaign completed March 2014**
 - successfully upgraded Michelin deposit Measured & Indicated mineral resource by 25% to 84Mlb U_3O_8 , with 23Mlb U_3O_8 remaining in Inferred
- ✦ **2021 development target (price dependent)**
 - Paladin believes the project has the potential to be placed amongst the world's largest economically viable uranium projects – likely to start at around 5Mlb pa with expansion potential
- ✦ **Michelin project area mineral resources 100.8Mlb U_3O_8 Measured and Indicated and 39.8Mlb U_3O_8 Inferred**
- ✦ **Targeting 200Mlb of mineral resources within tenements**



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Strategic Partner Discussions



✦ **Paladin Rationale**

- create strategic alliance with major utilities
- Paladin holds unique global platform and achievements attracting high interest
- provides opportunity for funding to deleverage the balance sheet
- provides a partner to jointly fund new developments

✦ **Strategic Partner Rationale**

- opportunity to jointly develop a world class asset pipeline
- ability to leverage off Paladin's know-how and achievements
- access to market-leading technical capabilities and intellectual property
- opportunity to secure arms length offtake agreements

✦ **Outcome**

- a partnership with a truly global partner
- a platform/partnership for growth
- access to funding and support where and when necessary

Conclusion



- ✦ **Guidance for FY2015 remains 5.4Mlb to 5.8Mlb**
- ✦ **FY15 priorities**
 - further cost rationalisation at operations and corporate level
 - strong operational performance through production optimisation
 - deleveraging the balance sheet
 - remaining positioned to take advantage of the future uranium price resurgence
- ✦ **Fully committed to preserving Paladin's strategic position**
 - Board and management focused on Paladin's sustainability at current prices
- ✦ **Fully committed to realising value for shareholders**
 - capitalise on very high strategic value of Paladin
 - ability to increase production quickly when and as required
 - capitalise on the innovation and experience developed to date
 - exploit the asset base

There will not be another company like Paladin developed from grass roots into an emerging uranium mining house with high strategic value and of interest to emerging and existing nuclear economies



Head Office

Level 4, 502 Hay Street
Subiaco Western Australia 6008
PO Box 201, Subiaco
Western Australia 6904

Telephone: +61 (0) 8 9381 4366

Facsimile: +61 (0) 8 9381 4978

Email: paladin@paladinenergy.com.au

Website: www.paladinenergy.com.au

Investor Relations Team

Andrew Mirco
+61 (0) 8 9381 4366

North America:
Greg Taylor
+1 (905) 337 7673