PALADIN ENERGY LTD

ACN 061 681 098

Ref: 402368_1.DOC

12 November 2015

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

By Electronic Lodgement

Dear Sir/Madam

30 September 2015 Quarterly Financial Report and MD&A

Attached please find the Quarterly Financial Report for the three months ended 30 September 2015 including News Release, Management Discussion and Analysis, Interim Financial Statements and Certifications as required in accordance with Canadian reporting requirements.

Yours faithfully
Paladin Energy Ltd

ALEXANDER MOLYNEUX
Interim CEO

Level 4, 502 Hay Street, Subiaco, Western Australia 6008   Postal: PO Box 201, Subiaco, Western Australia 6904
Tel: +61 (8) 9381 4366   Fax: +61 (8) 9381 4978   Email: paladin@paladinenergy.com.au   Website: www.paladinenergy.com.au

PALADIN ENERGY LTD
ACN 061 681 098

NEWS RELEASE

FINANCIAL REPORT FOR THE THREE MONTHS ENDED 30 SEPTEMBER 2015 AND OUTLOOK

Perth, Western Australia – 12 November 2015: Paladin Energy Ltd ("Paladin" or "the Company") **(ASX:PDN / TSX:PDN)** announces the release of its Unaudited Consolidated Financial Report for the three months ended 30 September 2015. The Unaudited Consolidated Financial Report is appended to this News Release.

HIGHLIGHTS

Operations

- **Langer Heinrich Mine (LHM) produced[1] 1.083Mlb U_3O_8 for the three months ended 30 September 2015, down 1% from the September 2014 quarter.**
- **C1 cost of production[2]:**
  - **C1 unit cash cost of production of US$27.82/lb (vs. September quarter guidance of US$27.00/lb to US$30.00/lb).**
  - **C1 unit cash cost of production decreased by 16% from US$33.03/lb in the September 2014 quarter to US$27.82/lb in the September 2015 quarter.**

Sales and revenue

- **Sales revenue of US$36.9M for the three months ended 30 September 2015, selling 0.800Mlb U_3O_8.**
- **Average realised uranium sales price for the quarter was US$46.12/lb U_3O_8 compared to the average TradeTech weekly spot price for the quarter of US$36.48/lb U_3O_8.**

Corporate

- **Repurchased US$20M of the US$274M Convertible Bonds due April 2017 for approximately US$18.5M.**
- **Cash flow optimisation initiatives implemented.**
- **Cash and cash equivalents at 30 September 2015 of US$108.4M (vs. guidance pro-forma for repurchase of Convertible Bonds due in April 2017 of US$101.5M to US$111.5M).**
- **Underlying EBITDA[3] for the three months ended 30 September 2015 of US$6.4M, a US$21.5M turnaround from a negative underlying EBITDA of US$15.1M for the three months ended 30 September 2014.**

[1] LHM production volumes and unit C1 cost of production include an adjustment to in-circuit inventory relating to leached uranium within process circuit.
[2] C1 cost of production = cost of production excluding product distribution costs, sales royalties and depreciation and amortisation before adjustment for impairment. C1 cost, which is non-IFRS information, is a widely used 'industry standard' term.
[3] EBITDA = The Company's Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) represents profit before finance costs, taxation, depreciation and amortisation, impairments, foreign exchange gains/losses, restructure costs and other income. EBITDA, which is non-IFRS information, is a widely used 'industry standard' term.

Level 4, 502 Hay Street, Subiaco, Western Australia 6008 Postal: PO Box 201, Subiaco, Western Australia 6904
Tel: +61 (8) 9381 4366 Fax: +61 (8) 9381 4978 Email: paladin@paladinenergy.com.au Website: www.paladinenergy.com.au

- **Underlying all-in cash expenditure per pound of uranium production for the three months ended 30 September 2015 of US$46.25/lb, a decrease of 27% compared to the three months ended 30 September 2014 of US$63.86/lb.**

Outlook

- **Subsequent quarters to be cash flow positive at current spot uranium prices and foreign exchange rates in line with forecast to be cash flow neutral[4] for FY2016 on an 'all-in' basis.**
- **Key elements of FY2016 guidance maintained including:**
  - **LHM production 5.0Mlb to 5.4Mlb U_3O_8.**
  - **Weighted average sales price premium to spot of approximately US$4/lb.**
  - **LHM C1 cash costs in the range of US$25/lb to US$27/lb (i.e., 7-14% lower than FY2015).**
- **Key elements of guidance for quarter to 31 December 2015 include:**
  - **Uranium sales in the range of 1.5Mlb to 1.7Mlb.**
  - **C1 cash costs within the full-year guidance range (i.e., US$25/lb to US$27/lb).**
  - **Quarter-end cash balance in the range of US$110M to US$120M.**

Results

(References below to 2015 and 2014 are to the equivalent three months ended 30 September 2015 and 2014 respectively).

Safety and sustainability

Safety performance continues to improve. The Company's 12 month moving average Lost Time Injury Frequency Rate[5] (LTIFR) was 1.39 as compared to 2.41 last quarter and 4.10 for the three months ended 30 September 2014.

Langer Heinrich Mine (LHM)

LHM produced 1.083Mlb U_3O_8 for the three months ended 30 September 2015, down 1% from the September 2014 quarter. Key production drivers included:

- Ore milled: 847,016t (2014: 734,226)
- Feed grade: 706ppm U_3O_8 (2014: 786ppm U_3O_8).
- Overall recovery: 82.2% (2014: 85.6%).
- Bicarbonate Recovery Plant (BRP) operating at greater than 200% of design.

C1 cost of production for the quarter decreased by 16% from US$33.03/lb in the September 2014 quarter to US$27.82/lb in the September 2015 quarter due to lower production volume.

Kayelekera Mine (KM) remains on care and maintenance

- Nano-filtration unit commissioned at water treatment plant at the end of September 2015.
- Application for renewal of licence to discharge treated water submitted in September 2015 with the renewal expected to be granted by 30 November 2015.

[4] *Excluding one-off restructuring and implementation costs of approximately US$6M and not taking into account any capital management or strategic initiatives, such as the repurchase of US$20M of the Convertible Bonds due April 2017.*
[5] *All frequency rates are per million personnel hours.*

Profit and Loss

Total sales volume for the quarter was 0.800Mlb U_3O_8 (2014: 1.250Mlb). Sales volumes are expected to fluctuate quarter-on-quarter due to the uneven timing of contractual commitments and resultant delivery scheduling to customers, and also fluctuations between U_3O_8 production and U_3O_8 drummed. Sales, U_3O_8 production and U_3O_8 drummed volumes, and inventories are expected to be comparable on an annualised basis.

Sales revenue for the quarter decreased by 5% from US$39.0M in 2014 to US$36.9M in 2015, as a result of a 36% decrease in sales volume, which was partially offset by a 47% increase in realised sales price. There were no sales from KM in this quarter (2014: 0.100Mlb). The last of KM finished goods were sold in December 2014.

The average realised uranium sales price for the three months ended 30 September 2015 was US$46.12/lb U_3O_8 (2014: US$31.16/lb U_3O_8), compared to the TradeTech weekly spot price average for the quarter of US$36.48/lb U_3O_8.

Gross Profit for the quarter increased by 707% from US$1.4M in 2014 to US$11.3M in 2015.

Underlying EBITDA for the three months ended 30 September 2015 of US$6.4M, a US$21.5M turnaround from a negative underlying EBITDA of US$15.1M for the three months ended 30 September 2014.

Net loss after tax attributable to members of the Parent for the quarter of US$16.4M (2014: Net loss US$38.8M).

Cash flow

Cash outflow from operating activities for the quarter was US$52.3M, after net interest payments of US$5.7M and exploration expenditure of US$0.4M. Cash receipts from customers was only US$0.8M as the cash from the sales for the quarter of US$36.9M was only received in October 2015.

Cash outflow from investing activities for the quarter totalled US$4.2M:

- plant and equipment acquisitions of US$0.9M; and
- capitalised exploration expenditure of US$3.3M (including US$1.2M for the acquisition of the Carely Bore Uranium Deposit).

Cash outflow from financing activities for the quarter of US$18.0M is attributable to the repurchase of US$20M April 2017 Convertible Bonds for US$18.0M (excluding accrued interest).

Cash position and capital management

Cash of US$108.4M at 30 September 2015 (vs. guidance pro-forma for repurchase of Convertible Bonds due in April 2017 of US$101.5M to US$111.5M).

Repurchased US$20M of the US$274M Convertible Bonds due April 2017 for approximately US$18.5M (including accrued interest).

The documents comprising the Unaudited Consolidated Financial Report for the three months ended 30 September 2015, including the Management Discussion and Analysis, Financial Statements and Certifications are attached and will be filed with the Company's other documents on Sedar (sedar.com) and on the Company's website (paladinenergy.com.au).

Outlook

Uranium market

The TradeTech weekly spot price average for the September 2015 quarter was US$36.48/lb, representing a 1% decrease compared to US$36.80/lb for the prior quarter and an increase of 17% compared to US$31.17/lb for the September 2014 quarter.

Kyushu Electric's Sendai Unit 1 restarted on 11th August, becoming the first Japanese reactor to return to service since September 2013. Sendai Unit 1 reached full commercial operation in September paving the way for the restart of Unit 2, which restarted on 15 October 2015.

In August, Japan's Ministry of Economy Trade and Industry (METI) confirmed Japan's "Strategic Energy Plan" calling for nuclear power to provide 20 – 22% of total electricity generation by 2030. METI also advised of planned cuts to greenhouse gas emissions, reversing the effect of increases observed since the extended shutdowns of the country's nuclear fleet.

In China, milestones reported in the September quarter included the start of construction of Honghanye Unit 6, initial core loading at Changjiang Unit 1 and connection to the grid of Fuqing Unit 2. The country now has 26 reactors in operation with a further 25 under construction. In further positive news, media reports in September suggested that development of inland nuclear power plants, which were put on hold following Fukushima, would resume in the near term.

During an October visit to the UK by China's President, China General Nuclear agreed to invest GBP6Bn for a one third stake in EdF's Hinkley Point nuclear project, the first nuclear project in that country for more than thirty years.

South Africa's procurement process for up to 9.6 GWe of new nuclear capacity commenced in July and is expected to be completed by the end of April 2016. The new reactors would supply some 23% of overall electricity generation in the country with the first reactor due to come on line in 2023.

Company strategy

Despite the Company's belief that a uranium industry turnaround is tentatively underway, its current strategies are focused on optimising actions to maximise cash flow whilst also prudently enacting capital management actions. Paladin's strategies are aimed at maximising shareholder value through the uranium price downturn whilst remaining positioned for a future normalisation of the uranium market and price. Key elements of the Company's strategy include:

- Maximising LHM operating cash flows through optimisation initiatives that preserve the integrity of the long-term life of mine plan.
- Maintaining KM and the Company's exploration assets on a minimal expenditure, care and maintenance basis.
- Minimise corporate and administrative costs.
- Progress strategic initiatives with respect to partnerships, strategic investment, funding and corporate transactions, that result in de-risking Paladin's funding structure or provide clear value accretion for shareholders.

Company outlook

Key relevant guidance items for FY2016 include:

- LHM Production – Production guidance remains in the previously stated range of 5.0Mlb to 5.4Mlb U_3O_8.
- Sales price premium – The Company has a number of contracts for FY2016 with a fixed price element. Based on current spot uranium price, the Company would anticipate a weighted average premium of US$4/lb for its FY2016 received selling price.

- LHM C1 cash costs – Paladin is targeting LHM C1 cash costs in the range of US$25/lb to US$27/lb on average for FY2016 (i.e., 7-14% lower than FY2015).
- Corporate costs, exploration and KM – Combined expenditure on corporate costs, exploration and KM care and maintenance is forecast to be approximately US$19M excluding one off costs associated with retrenchments and contract cancellations. This is a reduction of US$14M compared to FY2015.
- At current spot uranium price and foreign exchange rates, Paladin expects the three quarters subsequent to the quarter ending 30 September 2015 to be substantially cash flow positive on an 'all-in' basis, resulting in a cash flow neutral position by 30 June 2016 compared to 30 June 2015 (excluding one-off restructuring and cost saving implementation costs of approximately US$6M and not taking into account any capital management or strategic initiatives, such as the re-purchase of US$20M of the Convertible Bonds due April 2017.

Key relevant guidance items for the quarter to 31 December 2015 include:

- Uranium Sales – Anticipated to be in the range of 1.5Mlb to 1.7Mlb U_3O_8.
- LHM C1 cash costs – Expected to be within the FY2016 full year guidance range (i.e., US$25/lb to US$27/lb).
- Cash and cash equivalents balance as at 31 December 2015 – Forecast to be in the range of US$110M to US$120M. However, that balance could be substantially higher when exact delivery date and timing of payment for the last physical delivery of the quarter (approximately US$28M in value) becomes certain.

GENERALLY ACCEPTED ACCOUNTING PRACTICE

The news release includes non-GAAP performance measures: C1 cost of production, EBITDA, non-cash costs as well as other income and expenses. The Company believes that, in addition to the conventional measures prepared in accordance with GAAP, the Company and certain investors use this information to evaluate the Company's performance and ability to generate cash flow. The additional information provided herein should not be considered in isolation or as a substitute for measures of performance prepared in accordance with GAAP.

DECLARATION

The information in this announcement that relates to minerals exploration and mineral resources is based on information compiled by David Princep BSc, FAusIMM (CP) who has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity that he is undertaking to qualify as Competent Person as defined in the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code). Mr Princep is a full-time employee of Paladin Energy Ltd. Mr. Princep consents to the inclusion of the information in this announcement in the form and context in which it appears.

CONFERENCE CALL

Conference Call and Investor Update is scheduled for 07:00 Perth & Hong Kong, Friday 13 November 2015; 18:00 Toronto and 23:00 London, Thursday 12 November 2015. Details are included in a separate news release dated 11 November 2015.

CONTACTS

For additional information, please contact:

Andrew Mirco
Investor Relations Contact (Perth)
Tel: +61-8-9423-8162 or Mobile: +61-409-087-171
Email: andrew.mirco@paladinenergy.com.au

PALADIN ENERGY LTD

A.C.N. 061 681 098

FINANCIAL REPORT

FOR THE THREE MONTHS ENDED

30 SEPTEMBER 2015

UNAUDITED

Table of Contents – First Quarter Report 30 September 2015 (Unaudited)

The unaudited financial report covers the Group consisting of Paladin Energy Ltd (referred throughout as the Company or Paladin) and its controlled entities.

The following Management Discussion and Analysis ("MD&A") for Paladin Energy Ltd ("Company") and its controlled entities ("Group") should be read in conjunction with the Unaudited Consolidated Financial Statements for the three months ended 30 September 2015. The effective date of this unaudited report is 12 November 2015.

The financial information presented in this MD&A has been extracted from the attached financial statements. For the purpose of preparing our MD&A, we consider the materiality of information. Information is considered material if: (i) such information results in, or would reasonably be expected to result in, a significant change in market price or value of our shares; or (ii) there is a substantial likelihood that a reasonable investor would consider it important in making an investment decision; or (iii) it would significantly alter the total mix of information available to investors. We evaluate materiality with reference to all relevant circumstances, including potential market sensitivity.

Additional information relating to the Company, including public announcements, is available at www.paladinenergy.com.au.

Additional information relating to the Company and its operations, including the Company's Quarterly Activities Report for each of the periods ended 31 December 2014, 31 March 2015 and 30 September 2015, and the most recent Audited Annual Report for the year ended 30 June 2015 and other public announcements are available at www.paladinenergy.com.au.

FORWARD LOOKING STATEMENTS

Some of the statements contained in this MD&A, including those relating to strategies and other statements, are predictive in nature, and depend upon or refer to future events or conditions, or include words such as "expects", "intends", "plans", "anticipates", "believes", "estimates", "with an expectation of", "is expected", "are expected", or similar expressions that are forward looking statements. Forward looking statements include, without limitation, the information concerning possible or assumed further results of operations as set forth herein. These statements are not historical facts but instead represent only expectations, estimates and projections regarding future events and are qualified in their entirety by the inherent risks and uncertainties surrounding future expectations generally.

The forward looking statements contained in this MD&A are not guarantees of future performance and involve certain risks and uncertainties that are difficult to predict. The future results of the Group may differ materially from those expressed in the forward looking statements contained in this MD&A due to, among other factors, the risks and uncertainties inherent in the business of the Group. The Company does not undertake any obligation to update or release any revisions to these forward looking statements to reflect events or circumstances after the date of this MD&A or to reflect the occurrence of anticipated events.

OVERVIEW

The Group has two uranium mines in Africa[1], uranium exploration projects in Australia, Africa and Canada, and a strategy to become a major uranium mining house. The Company is incorporated under the laws of Western Australia with a primary share market listing on the Australian Securities Exchange (“ASX”) and additional listings on the Toronto Stock Exchange (“TSX”) in Canada; as well as the Munich, Berlin, Stuttgart and Frankfurt Stock Exchanges in Europe; and the Namibian Stock Exchange in Africa.

[1] Langer Heinrich Mine, Namibia (operating). Kayelekera Mine, Malawi (on care and maintenance).

The main activities and results during the three months ended 30 September 2015 were:

OPERATIONS*

- Langer Heinrich Mine (LHM) produced 1.083Mlb U_3O_8 for the three months ended 30 September 2015, down 19% from the last quarter.
  - Average plant feed grade of 706ppm U_3O_8.
  - Overall recovery of 82.2%.
  - C1 cash cost of production of US$27.82/lb (vs. guidance of US$27.00/lb to US$30.00/lb).
  - Bicarbonate Recovery Plant (BRP) operating at greater than 200% of design.

- Kayelekera Mine (KM) remains on care and maintenance.
  - Nano-filtration unit commissioned at water treatment plant at the end of September 2015.
  - Application for renewal of licence to discharge treated water submitted in September 2015, with the renewal expected to be granted by 30 November 2015.

- C1 cost of production:
  - LHM unit C1 cost of production for the quarter increased by 7% from US$26.03/lb in the June 2015 quarter to US$27.82/lb in the September quarter due to lower production mentioned above.

- Paladin's FY2016 production guidance remains in the range of 5.0Mlb to 5.4Mlb U_3O_8, which includes a planned 10% reduction in milled ore grade to 694ppm U_3O_8.

- Safety performance continues to improve. The Company's 12 month moving average Lost Time Injury Frequency Rate (LTIFR) was 1.39 as compared to 2.41 last quarter and 4.10 for the three months ended 30 September 2014.

SALES AND REVENUE

- Sales revenue of US$36.9M for the quarter, selling 0.800Mlb U_3O_8 at an average price of US$46.12/lb U_3O_8 (vs. average spot price of US$36.48/lb).

CORPORATE INITIATIVES

- Repurchased US$20M of the US$274M Convertible Bonds due April 2017 for approximately US$18.5M (including accrued interest).

OTHER

- Underlying EBITDA for the three months ended 30 September 2015 of US$6.4M, a US$21.5M turnaround from a negative underlying EBITDA of US$15.1M for the three months ended 30 September 2014.
- Underlying all-in cash expenditure per pound of uranium production for the three months ended 30 September 2015 of US$46.25/lb, a decrease of 27% compared to the three months ended 30 September 2014 of US$63.86/lb.
- The TradeTech weekly spot price average for the September quarter was US$36.48/lb, representing a 1% decrease compared to US$36.80/lb for the prior quarter and an increase of 17% compared to US$31.17/lb for the FY15 September quarter.
- First two Japanese reactors (post Fukushima) commenced operations in August and October 2015 respectively.
- Cash flow optimisation initiatives implemented.
- Cash and cash equivalents at 30 September 2015 of US$108.4M (vs. guidance pro-forma for repurchase of Convertible Bonds due in April 2017 of US$101.5M to US$111.5M).
- Annual guidance reaffirmed with the Company expecting each subsequent quarter of FY16 to be cash flow positive at current spot uranium prices and foreign exchange rates.

* LHM production volumes and unit C1 cost of production for the quarters ended December 2014, September 2014, June 2014, March 2014 and December 2013 include an adjustment to in-circuit inventory relating to leached uranium within the process circuit.

NON IFRS MEASURES

C1 cost of production
C1 cost of production = cost of production excluding product distribution costs, sales royalties and depreciation and amortisation before adjustment for impairment. C1 cost, which is a non-IFRS measure, is a widely used 'industry standard' term. We use this measure as a meaningful way to compare our performance from period to period. We believe that, in addition to conventional measures prepared in accordance with IFRS, certain investors use this information to evaluate our performance. C1 cost information (unaudited) has been extracted from the financial statements. For an analysis of total cost of sales refer to Note 11 to the financial statements. Refer to page 8 for reconciliation.

EBITDA
The Company's Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) represents profit before finance costs, taxation, depreciation and amortisation, impairments, foreign exchange gains/losses, restructure costs and other income. As the mining industry is a capital-intensive industry, capital expenditures, the level of gearing and finance costs may have a significant impact on the net profit of companies with similar operating results. Therefore, the Company believes EBITDA may be helpful in analysing the operating results of a mining company like itself. Although EBITDA is widely used in the mining industry as a benchmark to reflect operating performance, financing capability and liquidity, it is not regarded as a measure of operating performance and liquidity under IFRS. Refer to page 7 for reconciliation.

FINANCIAL RESULTS

FIRST QUARTER FINANCIAL RESULTS

		THREE MONTHS ENDED 30 SEPTEMBER		
	% Change	**2015**	**2014**	**2013**
Production volume (Mlb)	(1)%	1.083	1.090	2.044
Sales volume (Mlb)	(36)%	0.800	1.250	1.673
Realised sales price (US$/lb)	47%	46.1/lb	31.2/lb	41.4/lb
		US$M	**US$M**	**US$M**
Revenue	(6)%	37.0	39.3	69.4
Cost of Sales	32%	(25.7)	(37.9)	(72.3)
Impairment – inventory, stores and consumables	-%	-	-	(12.0)
Gross profit/(loss)	**707%**	**11.3**	**1.4**	**(14.9)**
Impairments	-%	-	-	(3.5)
Loss after tax attributable to members of the parent	**58%**	**(16.4)**	**(38.8)**	**(40.0)**
Other comprehensive income/(loss) for the period, net of tax		(28.8)	(37.6)	15.7
Total comprehensive loss attributable to the members of the parent	**41%**	**(45.2)**	**(76.4)**	**(24.2)**
Loss per share - basic & diluted (US cents)	75%	(1.0)	(3.8)	(4.3)

References below to 2015 and 2014 are to the equivalent three months ended 30 September 2015 and 2014 respectively.

Revenue decreased by 6%, due to a 36% decrease in sales volume, which was partially offset by a 47% increase in realised sales price. There were no sales from KM (2014: 0.100Mlb). The last of KM finished goods were sold in December 2014.

Gross Profit in 2015 of US$11.3M is higher than the gross profit in 2014 of US$1.4M due to a 47% increase in realised sales price and a 32% decrease in total cost of sales.

Loss after Tax Attributable to the Members of the Parent for 2015 of US$16.4M is lower than the loss of US$38.8M in 2014, and is predominantly due to the US$9.9M increase in gross profit, a lower tax expense of US$10.8M (2014: US$22.0M) which has arisen as a result of deferred tax recognised on foreign exchange temporary differences in Namibia and a decrease in both KM care and maintenance expenses of US$2.5M and LHM fixed costs during plant shutdown of US$1.9M.

Three Year Trend
Revenue has decreased by 47% since 2013 due to a 52% decrease in sales volume which was partially offset by an 11% increase in realised sales price. Gross profit in 2015 of US$11.3M is a turnaround from a US$14.9M gross loss in 2013 due to there being no impairment of inventory, stores and consumables in 2015 (2013: US$12.0M impairment of KM inventory, stores and consumables). In addition, the gross loss in 2013 included a gross loss before impairments from KM of US$5.4M.

EBITDA

		THREE MONTHS ENDED 30 SEPTEMBER	
		2015	**2014**
	Note	**US$M**	**US$M**
Profit/(loss) before interest and tax		6.5	(8.7)
Depreciation and amortisation	**11**	3.8	8.4
Impairment loss reversed on sale of inventory	**11**	(2.0)	(12.2)
Foreign exchange gains	**11**	(6.2)	(2.4)
Restructure costs	**11**	4.3	-
Gain on disposal of investment	**11**	-	(0.2)
Underlying EBITDA		**6.4**	**(15.1)**

Underlying EBITDA has improved by US$21.5M.

ANALYSIS OF REALISED SALES PRICE AND SALES & PRODUCTION VOLUMES

	THREE MONTHS ENDED 30 SEPTEMBER		
	% Change	**2015 US$**	**2014 US$**
LHM realised uranium sales price	47%	US$46.1/lb	US$31.4/lb
KM realised uranium sales price	-%	-	US$28.5/lb
Group realised uranium sales price	**47%**	**US$46.1/lb**	**US$31.2/lb**
		Mlb U_3O_8	**Mlb U_3O_8**
LHM sales volume	(30)%	0.800	1.150
KM sales volume	(100)%	-	0.100
Total sales volume	**(36)%**	**0.800**	**1.250**
LHM production	**(1)%**	**1.083**	**1.090**

The average realised uranium sales price for the three months ended 30 September 2015 was US$46.1/lb U_3O_8 compared to the TradeTech weekly spot price average for the quarter of US$36.5/lb U_3O_8.

RECONCILIATION OF C1 COST OF PRODUCTION TO COST OF GOODS SOLD

	THREE MONTHS ENDED 30 SEPTEMBER 2015			THREE MONTHS ENDED 30 SEPTEMBER 2014		
	LHM	**KM**	**TOTAL**	**LHM**	**KM**	**TOTAL**
Volume Produced (Mlb)	*1.083*	-	*1.083*	*1.090*	-	*1.090*
Cost of Production/lb (C1)	*US$27.8/lb*	-		*US$33.0/lb*	-	
	US$M	US$M	US$M	US$M	US$M	US$M
Cost of Production (C1)	30.1	-	30.1	36.0	-	36.0
Depreciation & amortisation	5.5	-	5.5	5.8	-	5.8
Production distribution costs	0.5	-	0.5	1.9	-	1.9
Royalties	1.1	-	1.1	1.1	-	1.1
Inventory movement	(11.5)	-	(11.5)	(9.6)	3.0	(6.6)
Other	-	-	-	(0.3)	-	(0.3)
Cost of goods sold	**25.7**	**-**	**25.7**	**34.9**	**3.0**	**37.9**

The C1 cost of production for the three months ended 30 September 2015 for LHM decreased by 16% to US$27.8/lb U_3O_8 (2014: US$33.0/lb U_3O_8); and, total C1 cost of production for the quarter decreased by 16%, to US$30.1M.

Production ceased at KM on 6 May 2014.

ANALYSIS OF UNDERLYING ALL-IN CASH EXPENDITURE PER POUND OF URANIUM PRODUCTION

	% Change	**THREE MONTHS ENDED 30 SEPTEMBER**	
		2015	**2014**
		US$/lb	**US$/lb**
LHM – C1 cost of production	**16%**	27.82	33.03
Mining – growth in stockpiles		1.90	3.84
Royalties		1.04	0.97
Product distribution costs		0.42	1.76
Commercial & administration – non production		1.50	2.78
Exploration		-	0.02
Social development		0.06	0.04
LHM – total cash cost of production	**23%**	32.74	42.44
Capex		0.82	4.61
LHM – total cash cost of production after capex	**29%**	33.56	47.05
KM – care & maintenance expenses		1.99	5.01
Corporate costs		1.98	2.94
Exploration costs		1.87	1.43
Debt servicing costs and repayments		6.85	7.43
Underlying all-in cash expenditure	**27%**	**46.25**	**63.86**

Underlying all-in cash expenditure per pound of uranium production for the three months ended 30 September 2015 was US$46.25/lb, a decrease of 27% compared to the three months ended 30 September 2014 of US$63.86/lb.

ANALYSIS OF ADMINISTRATION, MARKETING & NON-PRODUCTION COSTS

	% Change	QUARTER ENDED 30 SEPTEMBER 2015 US$M	2014 US$M
Total	**(59.0)%**	**(7.3)**	**(4.6)**

Costs for the three months ended 30 September 2015 increased by US$2.7M, due to restructure costs of US$4.3M which has been partially offset by a US$1.7M decrease in corporate and marketing costs.

SUMMARY OF QUARTERLY FINANCIAL RESULTS

		2015 Sep Qtr	2015 Jun Qtr	2015 Mar Qtr	2014 Dec Qtr
LHM					
Production U_3O_8*	**Mlb**	1.083	1.336	1.234	1.377
C1 cost of production*	**US$/lb**	27.8	26.0	29.4	28.6
Underlying all-in cash expenditure	**US$/lb**	46.25	45.48	46.87	48.91
Total revenues	**US$M**	37.0	73.9	17.1	70.4
Sales volume	**Mlb**	0.800	1.766	0.440	1.911
Realised uranium sales price	**US$/lb**	46.1	41.5	38.0	36.4
Impairments	**US$M**	-	(247.7)	-	(1.7)
Loss after tax attributable to members	**US$M**	(16.4)	(195.9)	(12.6)	(20.5)
Basic and diluted loss per share	**US cents**	(1.0)	(11.7)	(0.8)	(1.7)
Underlying EBITDA	**US$M**	6.4	6.8	(6.2)	(6.6)

		2014 Sep Qtr	2014 Jun Qtr	2014 Mar Qtr	2013 Dec Qtr
LHM					
Production U_3O_8*	**Mlb**	1.090	1.416	1.463	1.514
C1 cost of production*	**US$/lb**	33.0	29.5	27.6	26.0
KM					
Production U_3O_8	**Mlb**	-	0.262	0.697	0.777
C1 cost of production	**US$/lb**	-	44.7	32.9	33.1
Underlying all-in cash expenditure	**US$/lb**	63.86	N/A	N/A	N/A
Total revenues	**US$M**	39.3	69.4	88.6	102.1
Sales volume	**Mlb**	1.250	1.812	2.405	2.775
Realised uranium sales price	**US$/lb**	31.2	38.2	36.8	36.7
Impairments	**US$M**	-	(40.6)	-	(337.3)
Loss after tax attributable to members	**US$M**	(38.8)	(63.5)	(19.9)	(215.0)
Basic and diluted loss per share	**US cents**	(3.8)	(6.2)	(2.0)	(21.2)
Underlying EBITDA	**US$M**	(15.1)	(5.2)	(3.0)	(6.9)

* LHM production volumes and unit C1 cost of production for the quarters ended December 2014, September 2014, June 2014, March 2014 and December 2013 include an adjustment to in-circuit inventory relating to leached uranium within the process circuit.

The unit C1 cost of production for LHM decreased 16% over the last year, from US$33.0/lb in the September 2014 quarter to US$27.8/lb in the September 2015 quarter, due to a combination of a weaker Namibian dollar and cost saving initiatives.

The further optimisation of the BRP described in the June quarterly report was completed during this quarter and has lifted BRP performance to greater than 200% of design (in terms of sodium bicarbonate recycled and caustic savings).

Further associated innovations remain either in the implementation or design phase and scheduled for both FY16 and FY17.

Total revenue for the quarter ended September 2015 was lower than the comparative quarter, due to lower sales volumes which was partially offset by higher realised uranium prices. Total revenue for the quarter ended June 2015 was higher than the comparative quarter, due to higher realised uranium prices. Total revenues for the quarters ended March 2015 and December 2014 were lower than the comparative quarters, due mainly to lower sales volumes. Additionally, KM is now in care and maintenance with production ceasing on 6 May 2014.

Certain Balance Sheet items are set out below:

SUMMARISED STATEMENT OF FINANCIAL POSITION

	30 SEPT 2015 UNAUDITED US$M	**30 JUNE 2015 AUDITED US$M**	**30 JUNE 2014 AUDITED US$M**
Cash and cash equivalents	108.4	183.7	88.8
Inventories	245.1	231.6	238.3
Total assets	1,051.3	1,100.0	1,565.7
Interest bearing loans and borrowings	520.2	534.5	725.6
Total long-term liabilities	851.0	859.3	1,049.1
Net Assets	**159.1**	**198.3**	**432.4**

Cash and Cash Equivalents have decreased by US$75.3M, mainly as a result of payments to suppliers and employees of US$47.3M, the repurchase of US$20M April 2017 Convertible Bonds for US$18.0M (excluding accrued interest), payments for plant and equipment of US$0.9M, exploration and evaluation project expenditure of US$3.7M and net interest paid of US$5.7M.

Inventories have increased by US$13.5M, predominantly due to an increase in the number of pounds of finished goods at 30 September 2015 as LHM produced 1.083Mlb and sold 0.800Mlb during the quarter.

Interest Bearing Loans and Borrowings have decreased by US$14.3M, primarily as a result of the repurchase of US$20M of the US$274M April 2017 Convertible Bonds, which has been partially offset by the non-cash accretion of the convertible bonds of US$3.5M.

Segment Assets: Namibian assets have increased predominantly due to an increase in inventory and trade and other receivables which was partially offset by a decrease in cash. Malawian assets have decreased predominantly as a result of a decrease in cash. KM is on care and maintenance. The Exploration segment assets have decreased predominantly as a result of a decrease in the US dollar value of exploration assets, which is due to the weakening of the Australian and Canadian dollar currencies against the US dollar. In the Unallocated portion, assets decreased primarily due to a decrease in cash and cash equivalents, which included the repurchase of US$20M of the US$274M Convertible Bonds due in April 2017 for US$18.5M (including accrued interest), restructure costs of US$4.3M and US$5.3M convertible bond interest.

LIQUIDITY AND CAPITAL RESOURCES

The Group's principal source of liquidity as at 30 September 2015, was cash of US$108.4M (30 June 2015: US$183.7M). Any cash available to be invested is held with Australian banks with a minimum AA- Standard & Poor's credit rating over a range of maturities. Of this, US$101.2M is held in US dollars.

Net Cash Outflow from Operating Activities was US$52.3M in 2015 (2014: outflow US$9.5M), primarily due to payments to suppliers and employees of US$47.3M (2014: US$66.8M) and net interest paid of US$5.7M (2014: US$0.2M), which were partially offset by receipts from customers of US$0.8M (2014: US$57.8M).

Net Cash Outflow from Investing Activities was US$4.2M in 2015 and is due primarily to plant and equipment acquisitions of US$0.9M at LHM, as well as capitalised exploration expenditure of US$3.3M (including US$1.2M for the acquisition of the Carely Bore Uranium Deposit). The net cash outflow of US$7.1M in 2014 was due primarily to plant and equipment acquisitions of US$5.5M, predominantly the nano-filtration equipment and spiral heat exchangers at LHM, as well as capitalised exploration expenditure of US$1.6M.

Net Cash Outflow from Financing Activities of US$18.0M in 2015 is attributable to the repurchase of US$20M April 2017 Convertible Bonds for US$18.0M (excluding accrued interest). The net inflow in 2014 of US$137.9M is attributable to the proceeds received from the sale of a 25% interest in LHM for US$170M, which has been partially offset by a US$30.8M repayment of the LHM project finance and US$1.3M in syndicated loan facility establishment costs.

GOING CONCERN

As at 30 September 2015, the Group had a net working capital surplus of US$206.7M (30 June 2015: US$231.8M), including cash on hand of US$108.4M (30 June 2015: US$183.7M). Included within this cash on hand is US$31.1M (30 June 2015: US$31.2M), which is restricted for use in respect of the LHM syndicated loan facility and supplier guarantees provided by LHM.

The amount outstanding at 30 September 2015 on the syndicated loan facility was US$60.9M.

Repayment obligations during the next twelve months to 30 September 2016 in respect of interest bearing loans and borrowings are summarised as follows:

- secured bank loan principal repayments of US$9.1M for syndicated loan facility; and
- interest payments of US$28.5M for syndicated loan facility and 2012 (due 2017) and 2015 (due 2020) unsecured convertible bonds.

At the date of this unaudited report, the Directors are satisfied there are reasonable grounds to believe that, having regard to the Group's position and its available financing options, the Group will be able to meet its obligations as and when they fall due.

The following is a summary of the Group's outstanding commitments as at 30 September 2015:

Payments due by period	Total US$M	Less than 1 yr US$M	1 to 5yrs US$M	5yrs+ or Unknown US$M
Tenements	20.7	1.1	9.3	10.3
Operating leases	0.5	0.5	2.1	-
Mining, transport and reagents	17.1	15.0	-	-
Manyingee acquisition costs	0.5	-	-	0.5
Total commitments	**38.8**	**16.6**	**11.4**	**10.8**

In relation to the Manyingee Uranium Project, the acquisition terms provide for a payment of A$0.75M (US$0.52M) by the Group to the vendors when all project development approvals are obtained.

The Group has no other material off balance sheet arrangements.

OUTSTANDING SHARE INFORMATION

As at 12 November 2015, Paladin had 1,712,168,980 fully paid ordinary shares issued. The following table sets out the fully paid ordinary shares and those issuable under the Group Employee Performance Share Rights Plan and in relation to the Convertible Bonds:

As at 12 November 2015	Number
Ordinary shares	1,712,168,980
Issuable under Employee Performance Share Rights Plan	547,442
Issuable under Performance Share Rights Plan (SARs)*	1,928,241
Issuable under Executive Share Option Plan	2,000,000
Issuable in relation to the US$254 million Convertible Bonds	135,797,814
Issuable in relation to the US$150 million Convertible Bonds	421,348,315
Total	**2,273,790,792**

* The number of ordinary shares ultimately issuable upon vesting of the Share Appreciation Rights will vary as the number of ordinary shares to be issued is based upon Paladin's relative share price growth over the relevant vesting periods. The number disclosed in the table above is based on the closing share price at 11 November 2015 of A$0.27.

CRITICAL ACCOUNTING ESTIMATES

The preparation of the Unaudited Financial Report requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Significant areas requiring the use of management estimates relate to the determination of the following: carrying value or impairment of inventories, financial investments, property, plant and equipment, intangibles, mineral properties and deferred tax assets; carrying value of rehabilitation, mine closure, sales contracts provisions and deferred tax liabilities; and the calculation of share-based payments.

FINANCIAL INSTRUMENTS

At 30 September 2015, the Group has exposure to interest rate risk, which is the risk that the Group's financial position will be adversely affected by movements in interest rates that will increase the cost of floating rate project finance debt or opportunity losses that may arise on fixed rate convertible bonds in a falling interest rate environment. Interest rate risk on cash and short-term deposits is not considered to be a material risk due to the historically low US dollar interest rates of these financial instruments.

The Group has no significant monetary foreign currency assets or liabilities apart from Namibian Dollar cash, receivables, payables and provisions and Australian dollar cash and payables and Canadian Dollar payables.

The Group currently does not engage in any hedging or derivative transactions to manage uranium price movements, interest rate or foreign currency risks.

The Group's credit risk is the risk that a contracting entity will not complete its obligation under a financial instrument that will result in a financial loss to the Group. The carrying amount of financial assets represents the maximum credit exposure. The Group trades only with recognised, credit worthy third parties. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not material.

The Group's treasury function is responsible for the Group's capital management, including management of the long-term debt and cash as part of the capital structure. This involves the use of corporate forecasting models which enable analysis of the Group's financial position, including cash flow forecasts, to determine the future capital management requirements. To ensure sufficient funding for operational expenditure and growth activities, a range of assumptions are modelled so as to provide the flexibility in determining the Group's optimal future capital structure.

OTHER RISKS AND UNCERTAINTIES

Risk Factors

The Group is subject to other risks that are outlined in the Annual Information Form 51-102F2, which is available on SEDAR at sedar.com

TRANSACTIONS WITH RELATED PARTIES

During the period ended 30 September 2015, no payments were made to Director related entities. Directors of the Company receive fees as outlined in the Company's management circular forming part of the Company's Notice of AGM.

DISCLOSURE CONTROLS

The Group has applied its Disclosure Control Policy to the preparation of the Unaudited Consolidated Financial Report for period ended 30 September 2015, associated Management Discussion and Analysis and Report to Shareholders. An evaluation of the Group's disclosure controls and procedures used has been undertaken and concluded that the disclosure controls and procedures were effective.

INTERNAL CONTROLS

The Group has designed appropriate Internal Controls over Financial Reporting (ICFR) and ensured that these were in place for the period ended 30 September 2015. An evaluation of the design of ICFR has concluded that it is adequate to prevent a material misstatement of the Group's Unaudited Consolidated Financial Report as at 30 September 2015.

During the year, the Group continued to have an internal audit function externally contracted to Deloitte Touche Tohmatsu. Internal audit reports and follow-up reviews were completed during the year and the Group continues to address their recommendations. The resultant changes to the

ICFR have improved and will continue to improve the Group's framework of internal control in relation to financial reporting.

CHANGES IN ACCOUNTING POLICIES

The Group has adopted all new and amended Australian Accounting Standards and AASB Interpretations effective from 1 July 2015. The nature and impact of each new standard and amendment is described in Note 2 – Basis of Preparation.

DESIGNATED FOREIGN ISSUER PURSUANT TO CANADIAN SECURITY LAWS

Pursuant to Canadian National Instrument 71-102 Continuous Disclosure and Other Exemptions Relating to Foreign Issuers, Paladin Energy Ltd hereby discloses that it is a Designated Foreign Issuer as such term is defined in the Instrument and is subject to the regulatory requirements of Australian Securities laws and the rules and regulations of the Australian Securities Exchange.

SUBSEQUENT EVENTS

Since 30 September 2015, the Directors are not aware of any other matter or circumstance not otherwise dealt with in this unaudited report, that has significantly or may significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in subsequent periods.

PALADIN ENERGY LTD AND CONTROLLED ENTITIES
CONSOLIDATED INCOME STATEMENT (UNAUDITED)
EXPRESSED IN US DOLLARS

	Notes	Three months ended 30 September 2015 US$M	Three months ended 30 September 2014 US$M
Revenue			
Revenue	**10**	37.0	39.3
Cost of sales	**11**	(25.7)	(37.9)
Impairment – inventory		-	-
Gross profit		11.3	1.4
Other income	**11**	6.2	2.6
Exploration and evaluation expenses	**19**	(0.4)	(0.4)
Administration, marketing and non-production costs	**11**	(7.3)	(4.6)
Other expenses	**11**	(3.3)	(7.7)
Profit/(loss) before interest and tax		6.5	(8.7)
Finance costs	**11**	(12.2)	(15.1)
Net loss before income tax		**(5.7)**	**(23.8)**
Income tax expense	**12**	(10.8)	(22.0)
Net loss after tax		**(16.5)**	**(45.8)**
Attributable to:			
Non-controlling interests		(0.1)	(7.0)
Members of the parent		(16.4)	(38.8)
Net loss after tax		**(16.5)**	**(45.8)**
Loss per share (US cents)[(1)]			
Loss after tax from operations attributable to ordinary equity holders of the Company - basic and diluted (US cents)		(1.0)	(3.8)

The above Unaudited Consolidated Income Statement should be read in conjunction with the accompanying notes.

(1) The loss per share calculations for all periods prior to 31 March 2015 have been adjusted by factors of 1.03 and 1.02 to reflect the bonus element of the institutional and retail entitlement offers.

PALADIN ENERGY LTD AND CONTROLLED ENTITIES
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)
EXPRESSED IN US DOLLARS

	Three months ended 30 September 2015 US$M	Three months ended 30 September 2014 US$M
Net loss after tax from operations	**(16.5)**	**(45.8)**
Other comprehensive income		
Items that may be reclassified subsequently to profit or loss:		
Transfer of realised gains to other income on disposal of available-for-sale financial assets	-	(0.2)
Net loss on available-for-sale financial assets	(0.2)	(1.2)
Foreign currency translation	(26.1)	(36.4)
Income tax on items of other comprehensive income	(2.5)	0.2
Items that will not be subsequently reclassified to profit or loss:		
Foreign currency translation attributable to non-controlling interests	(0.3)	(2.3)
Other comprehensive loss for the period, net of tax	**(29.1)**	**(39.9)**
Total comprehensive loss for the period	**(45.6)**	**(85.7)**
Total comprehensive loss attributable to:		
Non-controlling interests	(0.4)	(9.3)
Members of the parent	(45.2)	(76.4)
	(45.6)	(85.7)

The above Unaudited Consolidated Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

PALADIN ENERGY LTD AND CONTROLLED ENTITIES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)
EXPRESSED IN US DOLLARS

	Notes	As at 30 September 2015 Unaudited US$M	As at 30 June 2015 Audited US$M
ASSETS			
Current assets			
Cash and cash equivalents	5	108.4	183.7
Trade and other receivables	13	47.3	9.5
Prepayments		2.1	2.9
Inventories	14	87.3	75.3
Assets classified as held for sale	15	2.8	2.8
TOTAL CURRENT ASSETS		247.9	274.2
Non current assets			
Trade and other receivables	13	0.6	0.6
Inventories	14	157.8	156.3
Other financial assets	16	2.4	2.6
Property, plant and equipment	17	268.6	273.7
Mine development	18	42.9	43.0
Exploration and evaluation expenditure	19	319.6	337.9
Intangible assets	20	11.5	11.7
TOTAL NON CURRENT ASSETS		803.4	825.8
TOTAL ASSETS		1,051.3	1,100.0
LIABILITIES			
Current liabilities			
Trade and other payables		30.2	30.4
Interest bearing loans and borrowings	6	8.5	8.5
Provisions	21	2.5	3.5
TOTAL CURRENT LIABILITIES		41.2	42.4
Non current liabilities			
Interest bearing loans and borrowings	6	412.2	427.3
Other interest bearing loans - CNNC	7	99.5	98.7
Deferred tax liabilities		58.7	47.9
Provisions	21	80.6	85.4
Unearned revenue	22	200.0	200.0
TOTAL NON CURRENT LIABILITIES		851.0	859.3
TOTAL LIABILITIES		892.2	901.7
NET ASSETS		**159.1**	**198.3**
EQUITY			
Contributed equity	8(a)	2,100.8	2,094.9
Reserves		32.8	61.1
Accumulated losses		(1,918.1)	(1,901.7)
Parent interests		215.5	254.3
Non-controlling interests		(56.4)	(56.0)
TOTAL EQUITY		**159.1**	**198.3**

The above Unaudited Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

PALADIN ENERGY LTD AND CONTROLLED ENTITIES
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
EXPRESSED IN US DOLLARS

	Contributed Equity US$M	Available for Sale Reserve US$M	Share-Based Payments Reserve US$M	Convertible Bond Non-Distrib-utable Reserve US$M	Foreign Exchange Revaluation Reserve US$M	Acquisition Reserve US$M	Option Application Reserve US$M	Consoli -dation Reserve US$M	Accumu-lated Losses US$M	Owners of the Parent US$M	Non-Controlling Interests US$M	Total US$M
Balance at 1 July 2014	**1,926.9**	**(3.6)**	**47.6**	**85.5**	**(38.4)**	**14.9**	**0.1**	**55.8**	**(1,633.9)**	**454.9**	**(22.5)**	**432.4**
Loss for the period	-	-	-	-	-	-	-	-	(38.8)	(38.8)	(7.0)	(45.8)
Other comprehensive income	-	(1.2)	-	-	(36.4)	-	-	-	-	(37.6)	(2.3)	(39.9)
Total comprehensive loss for the period, net of tax	-	(1.2)	-	-	(36.4)	-	-	-	(38.8)	(76.4)	(9.3)	(85.7)
Allotment of 15% interest in Paladin (Africa) to Govt of Malawi	-	-	-	-	-	-	-	(4.5)	-	(4.5)	4.5	-
Sale of 25% interest in Langer Heinrich to CNNC	-	-	-	-	-	-	-	(2.9)	-	(2.9)	-	(2.9)
Share-based payment	-	-	0.1	-	-	-	-	-	-	0.1	-	0.1
Vesting of performance rights	0.9	-	(0.9)	-	-	-	-	-	-	-	-	-
Balance at 30 September 2014	**1,927.8**	**(4.8)**	**46.8**	**85.5**	**(74.8)**	**14.9**	**0.1**	**48.4**	**(1,672.7)**	**371.2**	**(27.3)**	**343.9**
Balance at 1 July 2015	**2,094.9**	**(5.4)**	**46.4**	**94.3**	**(137.6)**	**14.9**	**0.1**	**48.4**	**(1,901.7)**	**254.3**	**(56.0)**	**198.3**
Loss for the period	-	-	-	-	-	-	-	-	(16.4)	(16.4)	(0.1)	(16.5)
Other comprehensive income	-	(2.7)	-	-	(26.1)	-	-	-	-	(28.8)	(0.3)	(29.1)
Total comprehensive loss for the period, net of tax	-	(2.7)	-	-	(26.1)	-	-	-	(16.4)	(45.2)	(0.4)	(45.6)
Contributions of equity, net of transaction costs	5.9	-	-	-	-	-	-	-	-	5.9	-	5.9
Convertible bond, equity component – net of transaction costs	-	-	-	0.5	-	-	-	-	-	0.5	-	0.5
Balance at 30 September 2015	**2,100.8**	**(8.1)**	**46.4**	**94.8**	**(163.7)**	**14.9**	**0.1**	**48.4**	**(1,918.1)**	**215.5**	**(56.4)**	**159.1**

The above Unaudited Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

PALADIN ENERGY LTD AND CONTROLLED ENTITIES
CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)
EXPRESSED IN US DOLLARS

	Three months ended 30 September	
	2015	**2014**
	US$M	**US$M**
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	0.8	57.8
Payments to suppliers and employees	(47.3)	(66.8)
Exploration and evaluation expenditure	(0.4)	(0.4)
Other income	0.3	0.1
Interest received	0.1	0.2
Interest paid	(5.8)	(0.4)
NET CASH OUTFLOW FROM OPERATING ACTIVITIES	(52.3)	(9.5)
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for property, plant and equipment	(0.9)	(5.5)
Proceeds from sale of investments	-	0.2
Payments for available-for-sale investments	-	(0.2)
Capitalised exploration expenditure	(3.3)	(1.6)
NET CASH OUTFLOW FROM INVESTING ACTIVITIES	(4.2)	(7.1)
CASH FLOWS FROM FINANCING ACTIVITIES		
Syndicated loan facility establishment costs	-	(1.3)
Repayment of borrowings	-	(30.8)
Proceeds from sale of non controlling interest	-	170.0
Repurchase of convertible bonds	(18.0)	-
NET CASH (OUTFLOW)/INFLOW FROM FINANCING ACTIVITIES	(18.0)	137.9
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(74.5)	121.3
Cash and cash equivalents at the beginning of the period	183.7	88.8
Effects of exchange rate changes on cash and cash equivalents	(0.8)	(0.6)
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL PERIOD	108.4	209.5

The above Unaudited Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

NOTE 1. CORPORATE INFORMATION

The Unaudited Interim Financial Report of the Group for the three months ended 30 September 2015 was authorised for issue in accordance with a resolution of the Directors on 12 November 2015.

Paladin Energy Ltd is a company limited by shares, incorporated and domiciled in Australia whose shares are publicly traded on the ASX, with additional listings on the Toronto Stock Exchange in Canada, the Munich, Berlin, Stuttgart and Frankfurt Stock Exchanges in Europe, as well as the Namibian Stock Exchange in Africa.

The Group's principal place of business is Hay Street, Subiaco, Western Australia. The nature of the operations and principal activities of the Group are described in the Management Discussion and Analysis on pages 3 to 14.

NOTE 2. BASIS OF PREPARATION

This unaudited general purpose condensed financial report for the three months ended 30 September 2015 has been prepared in accordance with Australian Accounting Standards Board ("AASB") 134 *Interim Financial Reporting,* International Financial Reporting Standard, IAS 34 Interim Financial Reporting and the Corporations Act.

This unaudited financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this unaudited report is to be read in conjunction with the Audited Annual Report for the year ended 30 June 2015 and any public announcements made by Paladin during the interim reporting period in accordance with the continuous disclosure requirements of ASX listing rules.

The unaudited financial report is presented in United States dollars and all values are rounded to the nearest hundred thousand dollars (US$100,000) unless otherwise stated under the option available to the Company under Australian Securities and Investments Commission ("ASIC") Class Order 98/100. The Company is an entity to which the class order applies.

The accounting policies adopted are consistent with those of the previous financial year unless otherwise stated.

New and amended accounting standards and interpretations

From 1 July 2015 the Group has adopted all Australian Accounting Standards and Interpretations effective for annual periods beginning on or before 1 July 2015. The Group has not elected to early adopt any new accounting standards and interpretations.

New standards adopted by the Group include:

<u>AASB 2015-3 - Amendments to Australian Accounting Standards arising from the Withdrawal of AASB 1031 Materiality</u>
AASB 2015-3: This standard completes the AASB's project to remove Australian guidance on materiality from Australian Accounting Standards.

AASB 2015-3 has had no impact on the financial position and performance of the Group.

NOTE 3. GOING CONCERN

As at 30 September 2015, the Group had a net working capital surplus of US$206.7M (30 June 2015: US$231.8M), including cash on hand of US$108.4M (30 June 2015: US$183.7M). Included within this cash on hand is US$31.1M (30 June 2015: US$31.2M), which is restricted for use in respect of the LHM syndicated loan facility and supplier guarantees provided by LHM.

The amount outstanding at 30 September 2015 on the syndicated loan facility was US$60.9M.

Repayment obligations during the next twelve months to 30 September 2016 in respect of interest bearing loans and borrowings are summarised as follows:

- secured bank loan principal repayments of US$9.1M for syndicated loan facility; and
- interest payments of US$28.5M for syndicated loan facility and 2012 (due 2017) and 2015 (due 2020) unsecured convertible bonds.

At the date of this unaudited report, the Directors are satisfied there are reasonable grounds to believe that, having regard to the Group's position and its available financing options, the Group will be able to meet its obligations as and when they fall due.

NOTE 4. SEGMENT INFORMATION

Identification of reportable segments

The Company has identified its operating segments to be Exploration, Namibia and Malawi, on the basis of the nature of the activity and geographical location and different regulatory environments. The main segment activity in Namibia and Malawi(1) is the production and sale of uranium from the mines located in these geographic regions. The Exploration segment is focused on developing exploration and evaluation projects in Australia, Niger and Canada. Unallocated portion covers the Company's sales and marketing, treasury, corporate and administration.

Discrete financial information about each of these operating segments is reported to the Group's executive management team (chief operating decision makers) on at least a monthly basis.

The accounting policies used by the Group in reporting segments internally are the same as those contained in the accounts and in the prior period.

Inter-entity sales are priced with reference to the spot rate.

Corporate charges comprise non-segmental expenses such as corporate office expenses. A proportion of the corporate charges are allocated to Namibia and Malawi on the basis of timesheet allocations with the balance remaining in Unallocated.

The Group's customers are major utilities and other entities located mainly in USA, Australia, China, Taiwan and UK. These revenues are attributed to the geographic location of the mines being the reporting segments Namibia and Malawi.

(1) Currently on care and maintenance due to low uranium price. Production ceased on 6 May 2014.

NOTE 4. SEGMENT INFORMATION (continued)

The following tables present revenue, expenditure and asset information regarding operating segments for the three months ended 30 September 2015 and 30 September 2014.

Three months ended 30 September 2015	**Exploration US$M**	**Namibia US$M**	**Malawi US$M**	**Unallocated US$M**	**Consolidated US$M**
Sales to external customers	-	36.9	-	-	36.9
Other revenue	-	-	-	0.1	0.1
Total consolidated revenue	-	36.9	-	0.1	37.0
Cost of goods sold	-	(25.7)	-	-	(25.7)
Gross profit	-	11.2	-	0.1	11.3
Other income and expenses	(0.4)	4.7	(2.5)	(6.6)	(4.8)
Segment (loss)/profit before income tax and finance costs	(0.4)	15.9	(2.5)	(6.5)	6.5
Finance costs	-	(2.6)	-	(9.6)	(12.2)
Profit/(Loss) before income tax	(0.4)	13.3	(2.5)	(16.1)	(5.7)
Income tax expense	-	(10.8)	-	-	(10.8)
(Loss)/Profit after income tax	(0.4)	2.5	(2.5)	(16.1)	(16.5)
At 30 September 2015					
Segment total assets	322.2	630.6	9.5	89.0	1,051.3

Three months ended 30 September 2014	**Exploration US$M**	**Namibia US$M**	**Malawi US$M**	**Unallocated US$M**	**Consolidated US$M**
Sales to external customers	-	36.1	2.9	-	39.0
Other revenue	-	-	0.1	0.2	0.3
Total consolidated revenue	-	36.1	3.0	0.2	39.3
Cost of goods sold	-	(34.9)	(3.0)	-	(37.9)
Gross profit	-	1.2	-	0.2	1.4
Other income and expenses	(0.4)	(1.1)	(5.5)	(3.1)	(10.1)
Segment (loss)/profit before income tax and finance costs	(0.4)	0.1	(5.5)	(2.9)	(8.7)
Finance costs	-	(2.7)	(0.6)	(11.8)	(15.1)
Loss before income tax	(0.4)	(2.6)	(6.1)	(14.7)	(23.8)
Income tax benefit/(expense)	0.1	(21.5)	-	(0.6)	(22.0)
Loss after income tax	(0.3)	(24.1)	(6.1)	(15.3)	(45.8)
At 30 June 2015					
Segment total assets	340.9	622.8	12.6	123.7	1,100.0

NOTE 5. CASH AND CASH EQUIVALENTS

	30 September 2015 US$M	30 June 2015 US$M
Cash at bank and on hand	5.4	3.1
Short-term bank deposits	103.0	180.6
Total cash and cash equivalents	**108.4**	**183.7**

Total cash and cash equivalents includes US$31.1M (2014: US$31.2M) restricted for use in respect of the project finance facilities (refer to Note 6) and supplier guarantees provided by LHM.

NOTE 6. INTEREST BEARING LOANS AND BORROWINGS

Current	**Maturity**		
Secured bank loans		8.5	8.5
Total current interest bearing loans and borrowings		**8.5**	**8.5**
Non Current			
Unsecured convertible bonds[1]	2017	238.0	254.3
Unsecured convertible bonds[2]	2020	124.5	123.4
Secured bank loan	amortised to 2019	49.7	49.6
Total non current interest bearing loans and borrowings		**412.2**	**427.3**

The above figures include transaction costs which offset the balance in accordance with the requirements of Accounting Standards.

Unsecured convertible bonds

(1) On 30 April 2012, the Company issued US$274M in convertible bonds with a coupon rate of 6% (underlying effective interest rate of 10.68%) maturing on 30 April 2017 with a conversion price of US$1.83 for Company shares. On 9 September 2015, the Company repurchased a principal amount of US$20M thereby reducing the principal amount outstanding to US$254M. The cash expenditure for the repurchase was approximately US$18.5M (including accrued interest) as the bonds were bought back at an average price of 90.2 per cent.

(2) On 31 March 2015, the Company issued US$150M in convertible bonds with a coupon rate of 7% (underlying effective interest rate of 12.37%) maturing on 31 March 2020 with a conversion price of US$0.356 for Company shares.

In disclosing the convertible bonds in the Unaudited Consolidated Financial Statements, the Company has accounted for them in accordance with Australian Accounting Standards. Under these standards, the convertible bonds consist of both a liability (underlying debt) and equity component (conversion rights into Company shares).

EXPRESSED IN US DOLLARS

NOTE 6. INTEREST BEARING LOANS AND BORROWINGS (continued)

Secured bank loans

Langer Heinrich Mine, Namibia - US$70M Syndicated Loan Facility.
The Borrower - Paladin Finance Pty Ltd ("PFPL"). The facility is secured by a Share Pledge Agreement from PFPL over its 75% interest in LHMHL. The facility has a financial covenant holiday for the first four 6-monthly calculations periods commencing 31 December 2014. The first debt covenant ratios calculation date is 31 December 2016. The facility is provided by Nedbank Capital, a division of Nedbank Limited, Nedbank Namibia Limited, along with the Standard Bank of South Africa Limited and Standard Bank Namibia Limited. The facility is repayable on a semi-annual basis over the term of the loan (five and a half years) commencing 31 December 2014 with seven instalments of US$4.454M and 3 instalments of US$9.545M and one of US$9.550M and bears interest at the LIBOR plus 5.50%. Under the terms of the facility, 50% of any distributions from LHU to PFPL are repayable to the financiers.

At 30 September 2015, US$60.9M (30 June 2015: US$60.9M) was outstanding under the syndicated loan facility.

Transaction costs relating to the establishment of the facility have been included as part of interest bearing loans and borrowings.

NOTE 7. OTHER INTEREST BEARING LOANS AND BORROWINGS - CNNC

Non Current	**Maturity**		
Intercompany loan assigned to CNNC	2016 to 2021	99.5	98.7
		99.5	**98.7**

As part of the sale of a 25% interest in the Langer Heinrich mining operation, US$96M (representing 25%) of the intercompany shareholder loans owing by LHU to PFPL were assigned to CNNC under the same interest rate (LIBOR plus a margin between 2% and 4.25%) and conditions as those presently existing.

Pursuant to the intercompany shareholder loan agreements, repayment dates range from 2016 to 2021, however, repayment is dependent on LHU generating sufficient free cash flows to repay the loans and the loans have not been guaranteed by Paladin Energy Ltd (Paladin). If LHU does not have sufficient funds to repay the intercompany shareholder loans, neither CNNC nor PFPL can demand repayment and repayment of the loans will be deferred.

All loan repayments from LHU will be paid on a pro rata basis against the outstanding balances, (i.e. 75% to PFPL and 25% to CNNC).

On consolidation, PFPL's 75% share of the LHU intercompany shareholder loans are eliminated against the intercompany shareholder loans receivable recorded in PFPL and therefore, they do not appear on Paladin's unaudited consolidated statement of financial position. As a result of the consolidation of 100% of LHU's assets and liabilities, LHU's liability of US$99.5M to CNNC is recognised on the unaudited consolidated statement of financial position.

NOTE 8. CONTRIBUTED EQUITY

(a) Issued and paid up capital

Ordinary shares	30 September 2015	30 June 2015	30 September 2015	30 June 2015
	Number of Shares		US$M	US$M
Issued and fully paid	1,712,090,933	1,666,927,668	2,100.8	2,094.9

(b) Movements in ordinary shares on issue

Date		Number of Shares	Issue A$	Exchange Price US$: A$	Total Rate US$M
Balance 30 June 2014		964,367,284			**1,926.9**
September 2014	Rights vested	390,950	-	-	-
September 2014	Rights vested	136,340	-	-	-
November 2014	Rights vested	857,544	-	-	-
November 2014	Share placement	144,862,817	0.42	1.15423	52.7
December 2014	Rights vested	1,003,238			
December 2014	Institutional entitlement offer	191,530,053	0.26	1.18827	41.9
December 2014	Retail entitlement offer	363,779,442	0.26	1.21563	77.8
	Transfer from share-based payments reserves				1.8
	Transaction costs				(6.2)
Balance 30 June 2015		**1,666,927,668** (1)			**2,094.9**
August 2015	Carley Bore Project	45,000,000	0.18	1.36273	5.9
September 2015	Rights vested	163,265	-	-	-
	Transfer from share-based payments reserve				-
Balance 30 September 2015		**1,712,090,933** (1)			**2,100.8**

(1) Includes 184 shares held by Paladin Employee Plan Pty Ltd.

NOTE 8. CONTRIBUTED EQUITY (continued)

(c) Performance Share Rights

Issued unlisted employee share rights outstanding to the employees and consultants directly engaged in corporate, mine construction, operations and exploration and evaluation work for the Company are as follows:

	30 September 2015 Number	30 June 2015 Number
Number of unlisted employee share rights	625,489	788,754

Consisting of the following:

Date rights granted	Vesting date	Vesting performance conditions	Number
1 December 2014	1 December 2015	Time based	625,489

NOTE 9. FINANCIAL INSTRUMENTS

Risk Management Activities

The risk management activities are consistent with those of the previous financial year unless otherwise stated.

Financial Instruments

Set out below is an overview of financial instruments, other than cash and short-term deposits, held by the Group:

	As at 30 September 2015 Unaudited US$M	As at 30 June 2015 Audited US$M
Financial assets:		
Cash and cash equivalents	108.4	183.7
Trade and other receivables – at amortised cost	47.3	9.5
Total current	**155.7**	**193.2**
Trade and other receivables - at amortised cost	0.6	0.6
Available-for-sale financial assets - at fair value	2.4	2.6
Total non-current	**3.0**	**3.2**
Total	**158.7**	**196.4**
Financial liabilities:		
Trade and other payables - at amortised cost	30.2	30.4
Interest bearing loans and borrowings - at amortised cost	8.5	8.5
Total current	**38.7**	**38.9**
Interest bearing loans and borrowings - at amortised cost	412.2	427.3
Other interest bearing loans - CNNC	99.5	98.7
Total non-current	**511.7**	**526.0**
Total	**550.4**	**564.9**

NOTE 9. FINANCIAL INSTRUMENTS (continued)

Fair Values

Set out below is a comparison by class of the carrying amounts and fair value of the Group's financial instruments, other than those with carrying amounts that are reasonable approximations of fair values as at 30 September 2015:

	As at 30 September 2015		As at 30 June 2015	
	Carrying amount US$M	Fair value US$M	Carrying amount US$M	Fair value US$M
Financial liabilities				
Interest bearing loans and borrowings:				
- Secured bank loan	8.5[1]	9.1	8.5[1]	9.1
Total current	8.5	9.1	8.5	9.1
Interest bearing loans and borrowings				
- Secured bank loan	49.7[1]	51.8	49.6[1]	51.8
- Unsecured convertible bonds	362.5[1]	366.0[2]	377.7[1]	401.1[2]
Total non-current	412.2	417.8	427.3	452.9
Total	420.7	426.9	435.8	462.0

[1] This figure includes transaction costs, which offset the balance in accordance with the requirements of Accounting Standards.
[2] The fair value is calculated using quoted prices in an active market.

NOTE 9. FINANCIAL INSTRUMENTS (continued)

Fair value hierarchy

The Group uses various methods in estimating the fair value of a financial instrument. The methods comprise:

Level 1 – the fair value is calculated using quoted prices in active markets.
Level 2 – the fair value is estimated using inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices).
Level 3 – the fair value is estimated using inputs for the asset or liability that are not based on observable market data.

The fair value of the financial instruments as well as the methods used to estimate the fair value are summarised in the table below:

The Group classifies its investments and other financial assets in the following categories: loans and receivables, held-to-maturity investments, available-for-sale financial assets and financial assets held for trading. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition.

	Quarter ended 30 September 2015				Year ended 30 June 2015			
	Quoted market price (Level 1)	Valuation technique-market observable inputs (Level 2)	Valuation technique-non market observable inputs (Level 3)	Total	Quoted market price (Level 1)	Valuation technique-market observable inputs (Level 2)	Valuation technique-non market observable inputs (Level 3)	Total
	US$M	US$M	US$M	US$M	US$M	US$M	US$M	US$M
Financial assets measured at fair value								
Available-for-sale investments								
Listed investments	2.4	-	-	2.4	2.6	-	-	2.6
	2.4	-	-	2.4	2.6	-	-	2.6
Financial liabilities for which fair values are disclosed								
Interest bearing loans and borrowings								
Floating rate borrowings(1)	-	60.9	-	60.9	-	60.9	-	60.9
Debt component of convertible bonds(2)	-	366.0	-	366.0	-	401.1	-	401.1
	-	426.9	-	426.9	-	462.0	-	462.0

(1) The fair value has been determined by discounting the future cash flows using market rates currently available for debt on similar terms, credit risk and remaining maturities.
(2) The fair value has been determined using a valuation technique based on the quoted market price of the bonds less the estimated fair value of the equity component attributable to the conversion feature, which was valued using an option pricing model. The estimated fair value of the equity component was not considered material at 30 September 2015.

Quoted market price represents the fair value determined based on quoted prices on active markets as at the reporting date without any deduction for transaction costs. The fair value of the listed equity investments are based on quoted market prices.

NOTE 9. FINANCIAL INSTRUMENTS (continued)

Fair value hierarchy (continued)

For financial instruments not quoted in active markets, the Group uses valuation techniques such as present value techniques, comparison to similar instruments for which market observable prices exist and other relevant models used by market participants. These valuation techniques use both observable and unobservable market inputs.

For financial instruments that are recognised at fair value on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

NOTE 10. REVENUE

	Three months ended 30 September 2015 US$M	**Three months ended 30 September 2014 US$M**
Revenue		
Sale of uranium	36.9	39.0
Interest income from non-related parties	0.1	0.2
Other revenue	-	0.1
Total	**37.0**	**39.3**

NOTE 11. OTHER INCOME AND EXPENSES

	2015 US$M	**2014 US$M**
Cost of sales		
Costs before depreciation and amortisation	(22.2)	(38.7)
Depreciation and amortisation	(3.7)	(8.1)
Impairment loss reversed on sale of inventory	2.0	12.2
Product distribution costs	(0.7)	(2.1)
Royalties	(1.1)	(1.2)
Total	**(25.7)**	**(37.9)**
Other income		
Foreign exchange gain (net)	6.2	2.4
Gain on disposal of investment	-	0.2
Total	**6.2**	**2.6**

NOTE 11. OTHER INCOME AND EXPENSES (continued)

	Three months ended 30 September 2015 US$M	Three months ended 30 September 2014 US$M
Administration, marketing and non-production costs		
Corporate and marketing	(2.2)	(3.9)
Restructure costs	(4.3)	-
LHM mine site	(0.7)	(0.4)
Depreciation and amortisation	(0.1)	(0.2)
Other	-	(0.1)
Total	**(7.3)**	**(4.6)**
Other expenses		
LHM fixed costs during plant shutdown	(0.8)	(2.7)
KM care and maintenance expenses	(2.5)	(5.0)
Total	**(3.3)**	**(7.7)**
Finance costs		
Interest expense	(8.3)	(8.8)
Accretion relating to convertible bonds (non-cash)	(3.5)	(4.8)
Profit on convertible bond buyback	0.7	-
Unwind of discount on mine closure provision (non-cash)	(0.9)	(1.4)
Facility costs	(0.2)	(0.1)
Total	**(12.2)**	**(15.1)**

NOTE 12. INCOME TAX

Reconciliation of accounting loss to income tax expense

	Three months ended 30 September 2015 US$M	Three months ended 30 September 2014 US$M
Loss before income tax expense	(5.7)	(23.8)
Tax at the Australian rate of 30% (2014 – 30%)	1.7	7.1
Tax effect of amounts which are taxable/(non-deductible) in calculating taxable income	49.0	(3.6)
	50.7	3.5
Difference in overseas tax rates	(1.1)	0.1
Under/(over) prior year adjustment	0.5	(6.7)
Foreign exchange differences	(22.7)	(23.1)
Other – deferred tax asset recognised/derecognised	(38.2)	4.2
Income tax expense reported in Income Statement	**(10.8)**	**(22.0)**

NOTE 13. TRADE AND OTHER RECEIVABLES

	30 September 2015 US$M	30 June 2015 US$M
Current		
Trade receivables	38.2	2.1
GST and VAT	6.9	5.6
Sundry debtors	2.2	1.8
Total current receivables	**47.3**	**9.5**
Non Current		
Sundry debtors	0.6	0.6
Total non current receivables	**0.6**	**0.6**

NOTE 14. INVENTORIES

	30 September 2015 US$M	30 June 2015 US$M
Current		
Stores and consumables (at cost)	11.0	11.1
Ore stockpiles (at cost)	20.3	19.8
Work-in-progress (at net realisable value)	14.4	9.4
Finished goods (at cost)	41.6	35.0
Total current inventories at the lower of cost and net realisable value	**87.3**	**75.3**
Non Current		
Ore stockpiles (at cost)	157.8	156.3
Total non current inventories at the lower of cost and net realisable value	**157.8**	**156.3**

Ore stockpiles at LHM that are unlikely to be processed within 12 months of the balance sheet date.

NOTE 15. ASSETS CLASSIFIED AS HELD FOR SALE

	30 September 2015 US$M	30 June 2014 US$M
Plant and equipment	2.8	2.8
Total assets classified as held for sale	**2.8**	**2.8**

As a result of KM being placed on care and maintenance, the Company has made a decision to sell its aircraft and on 3 July 2014 a brokering agreement was signed for the sale of the aircraft. It is highly probable that the sale will be completed within the next twelve months.

NOTE 16. OTHER FINANCIAL ASSETS

	30 September 2015 US$M	30 June 2015 US$M
Available-for-sale financial assets	**2.4**	**2.6**

The Group has an investment in DYL and at 30 September 2015 held 319,106,156 (30 June 2015: 319,106,156) fully paid ordinary shares. The holding of these fully paid ordinary shares represents a 16.6% interest at 30 September 2015 (30 June 2015: 16.7%) of the ordinary shares of DYL, a uranium explorer listed on ASX. The market value of the shares in DYL at 30 September 2015 is A$3.2M (US$2.2M) (30 June 2015: A$3.2M / US$2.4M) based on a share price of 1.0 Australian cents per share (30 June 2015: 1.0 Australian cents). The Group also holds minor investments in other companies.

NOTE 17. PROPERTY, PLANT AND EQUIPMENT

	30 September 2015 US$M	30 June 2014 US$M
Plant and equipment (at cost) (1)	720.8	720.6
Less accumulated depreciation and impairment	(460.6)	(456.2)
Total plant and equipment	260.2	264.4
Land and buildings (at cost) (2)	10.3	10.6
Less accumulated depreciation	(2.7)	(2.7)
Total land and buildings	7.6	7.9
Construction work in progress (at cost) (3)	0.8	1.4
Less impairment	-	-
Total construction work in progress	0.8	1.4
Total property, plant and equipment	**268.6**	**273.7**

(1) Includes additions of US$0.2M (30 June 2015: US$2.0M)
(2) Includes additions of US$Nil (30 June 2015: US$Nil)
(3) Includes additions of US$0.8M (30 June 2015: US$8.5M)

NOTE 18. MINE DEVELOPMENT

	30 September 2015 US$M	30 June 2015 US$M
Mine development (at cost) (1)	214.2	213.1
Less accumulated depreciation and impairment	(171.3)	(170.1)
Total mine development	**42.9**	**43.0**

(1) Includes additions of US$Nil (30 June 2015: US$Nil)

NOTE 19. EXPLORATION AND EVALUATION EXPENDITURE

The following table details the expenditures on interests in mineral properties by area of interest for the three months ended 30 September 2015:

Areas of interest	**Valhalla/ Skal** [(1)] **US$M**	**Isa North US$M**	**Fusion US$M**	**Angela/ Pamela US$M**	**Bigrlyi US$M**	**Carley Bore US$M**	**Canada US$M**	**Other Uranium Projects US$M**	**Total US$M**
Balance 30 June 2015	**89.6**	**10.4**	**-**	**-**	**-**	**-**	**230.4**	**7.5**	**337.9**
Acquisition property payments	**-**	**-**	**-**	**-**	**-**	7.8	**-**	-	**7.8**
Project exploration and evaluation expenditure									
Labour	-	-	-	-	-	0.1	0.6	0.1	0.7
Outside services	0.1	-	-	-	-	-	0.2	0.1	0.5
Other expenses	-	0.1	-	-	-	0.1	0.6	0.1	0.9
Total expenditure	0.1	0.1	-	-	-	0.2	1.4	0.3	2.1
Expenditure expensed	(0.1)	(0.1)	-	-	-	-	(0.1)	(0.1)	(0.4)
Expenditure capitalised	-	-	-	-	-	0.2	1.3	0.2	1.7
Foreign exchange differences	(7.4)	(1.2)	-	-	-	(0.4)	(18.1)	(0.7)	(27.8)
Impairment of exploration and evaluation	-	-	-	-	-	-	-	-	-
Balance 30 September 2015	**82.2**	**9.2**	**-**	**-**	**-**	**7.6**	**213.6**	**7.0**	**319.6**

[(1)] Summit has a 50% interest in the Valhalla/Skal Projects with the other 50% interest held by the Paladin Group. As a consequence of the takeover of the Summit Group, the above table now reflects 100% of the Valhalla/Skal Projects with the non-controlling interest reflected on the face of the Statement of Financial Position.

NOTE 20. INTANGIBLE ASSETS

	30 September 2015 US$M	30 June 2015 US$M
Intangible assets – at cost	27.8	27.8
Less accumulated depreciation and impairment	(16.3)	(16.1)
Net carrying value – intangible assets	**11.5**	**11.7**

NOTE 21. PROVISIONS

	30 September 2015 US$M	30 June 2015 US$M
Current		
Employee benefits	2.5	3.5
Total current provisions	**2.5**	**3.5**
Non Current		
Employee benefits	1.1	1.4
Rehabilitation provision	78.2	82.5
Demobilisation provision	1.3	1.5
Total non current provisions	**80.6**	**85.4**

NOTE 22. UNEARNED REVENUE

	30 September 2015 US$M	30 June 2015 US$M
Non Current		
Unearned revenue	200.0	200.0
Total unearned revenue	**200.0**	**200.0**

Total prepayment of US$200M under a six-year off-take agreement with EdF, a major electricity generator and distribution company in France, to deliver a total of 13.73Mlb U_3O_8 in the period from 2019 to 2024. Uranium delivered under the off-take agreement will be sold to EdF at market prices prevailing at the time of delivery bounded by escalating floor and ceiling prices.

To secure the Company's obligation to deliver product representing the prepayment amount, EdF holds security over 60.1% of the Group's Michelin project in Canada. The percentage of Michelin secured will be reduced by joint agreement as the value of that project is enhanced by the Group's ongoing work. The Michelin security can also be replaced by other appropriate security if required.

NOTE 23. COMMITMENTS AND CONTINGENCIES

There were no outstanding commitments or contingencies, which are not disclosed in the Unaudited Financial Report of the Group as at 30 September 2015 other than:

	30 September 2015 US$M	30 June 2015 US$M
(a) Tenements		
Commitments for tenements contracted for at the reporting date but not recognised as liabilities, payable:		
Within one year	1.1	0.6
Later than one year but not later than 5 years	9.3	9.8
More than 5 years	10.3	11.2
Total tenements commitment	**20.7**	**21.6**

These include commitments relating to tenement lease rentals and the minimum expenditure requirements of the Namibian, Malawian, Canadian, Western Australian, South Australian, Northern Territorian and Queensland Mines Departments attaching to the tenements and are subject to re-negotiation upon expiry of the exploration leases or when application for a mining licence is made.

These are necessary in order to maintain the tenements in which the Group and other parties are involved. All parties are committed to meet the conditions under which the tenements were granted in accordance with the relevant mining legislation in Namibia, Malawi, Australia and Canada.

(b) Operating Lease Commitments

The Group has entered into various property leases relating to rental of offices and residential accommodation.

These non-cancellable leases have remaining terms of between 1 month and 12 months. All leases include a clause to enable upward revision of rental charge on an annual basis according to prevailing market conditions.

Future minimum rentals payable under non-cancellable operating leases as at 30 September are as follows:

	30 September 2015 US$M	30 June 2015 US$M
Within one year	0.5	0.8
Later than one year but not later than 5 years	-	0.1
More than 5 years	-	-
Total operating lease commitment	**0.5**	**0.9**

NOTE 23. COMMITMENTS AND CONTINGENCIES (continued)

	30 September 2015 US$M	30 June 2015 US$M
(c) Other Commitments		
Commitments for mining, transport and reagents contracted for at the reporting date but not recognised as liabilities, payable:		
Within one year	15.0	15.3
Later than one year but not later than 5 years	2.1	1.9
More than 5 years	-	-
Total other commitments	**17.1**	**17.2**

(d) Acquisition Costs

In relation to the Manyingee Uranium Project, the re-negotiated acquisition terms provide for a payment of A$0.75M / (US$0.52M) (30 June 2015: A$0.75M (US$0.57M)) by the Group to the vendors when all project development approvals are obtained.

(e) Bank Guarantees

As at 30 September 2015 the Group has outstanding US$423,917 / (A$607,651) (30 June 2015: US$378,192 / A$494,021) as a current guarantee provided by a bank for the corporate office lease, a US$120,341 / (A$172,500) (30 June 2015: US$143,538 / A$187,500) guarantee for tenements, a US$89,736 / (A$128,630) (30 June 2015: US$86,988 / A$113,630) guarantee for corporate credit cards and a US$10M (30 June 2015: US$10M) KM environmental performance guarantee.

(f) Contingent Liability

A dispute has arisen between a Group company and a contractor in relation to the contract for the Stage 3 expansion at LHM. The contractor is seeking payment of the disputed sum of N$151.1M (30 June 2015: N$151.1M), which is approximately US$10.8M (30 June 2015: US$12.0M). The Group denies the claim and will vigorously defend it. The Group is also counter claiming damages from the contractor and cross-claiming from another contractor. The precise quantum of the counter-claim and cross claim has not yet been established, however the merits of the Company's defences against the claims are considered to be good, and it is expected that in the final result the Company's quantum is likely to exceed any residual entitlement that may be due on the contractors' claims.

NOTE 24. EVENTS AFTER THE REPORTING PERIOD

Since 30 September 2015, the Directors are not aware of any other matter or circumstance not otherwise dealt with in this unaudited report, that has significantly or may significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in subsequent periods.

APPENDIX A
Form 52-109F2 - Certification of interim filings – full certificate

I, Alexander Molyneux, the certifying officer and Interim Chief Executive Officer, Paladin Energy Ltd, certify the following:

1. Review: I have reviewed the interim financial statements and interim MD&A (together, the “interim filings”) of Paladin Energy Ltd for the interim period ended 30 September 2015.

2. No misrepresentations: Based on my knowledge, having exercised reasonable diligence, the interim filings do not contain any untrue statement of a material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made, for the period covered by the interim filings.

3. Fair presentation: Based on my knowledge, having exercised reasonable due diligence, the interim financial statements together with the other financial information included in the interim filings fairly present in all material respects the financial condition, results of operations and cash flows of the issuer, as of the date of and for the periods presented in the interim filings.

4. Responsibility: The issuer’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (DC&P) and internal control over financial reporting (ICFR), as those terms are defined in National Instrument 52-109 Certification of Disclosure in Issuer’s Annual and Interim Filings, for the issuer.

5. Design: Subject to the limitations, if any, described in paragraphs 5.2 and 5.3, the issuer’s other certifying officer and I have, as at the end of the period covered by the interim filings

    (a) designed DC&P, or caused it to be designed under our supervision, to provide reasonable assurance that:

        (i) material information relating to the issuer is made known to us by others, particularly during the period in which the annual filings are being prepared; and
        (ii) information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted by it under securities legislation is recorded, processed, summarised and reported within the time periods specified in securities legislation; and

    (b) designed ICFR, or caused it to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the issuer’s GAAP.

5.1 Control Framework: The control framework the issuer’s other certifying officer and I used to design the issuer’s ICFR is the Internal Control – Integrated Framework issued by the Committee of Sponsoring Organisations of the Treadway Commission (COSO).

5.2 ICFR – material weakness relating to design: N/A

5.3 Limitation on scope of design: N/A

6. Reporting changes in ICFR: The issuer has disclosed in its interim MD&A any change in the issuer’s ICFR that occurred during the period beginning on 1 July 2015 and ended on 30 September 2015 that has materially affected, or is reasonably likely to materially affect, the issuer’s ICFR.

Dated: 12 November 2015

Alexander Molyneux
Interim CEO

Form 52-109F2 - Certification of interim filings – full certificate

I, Craig Barnes, the certifying officer and Chief Financial Officer, Paladin Energy Ltd, certify the following:

1. Review: I have reviewed the interim financial statements and interim MD&A (together, the "interim filings") of Paladin Energy Ltd for the interim period ended 30 September 2015.

2. No misrepresentations: Based on my knowledge, having exercised reasonable diligence, the interim filings do not contain any untrue statement of a material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made, for the period covered by the interim filings.

3. Fair presentation: Based on my knowledge, having exercised reasonable due diligence, the interim financial statements together with the other financial information included in the interim filings fairly present in all material respects the financial condition, results of operations and cash flows of the issuer, as of the date of and for the periods presented in the interim filings.

4. Responsibility: The issuer's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (DC&P) and internal control over financial reporting (ICFR), as those terms are defined in National Instrument 52-109 Certification of Disclosure in Issuer's Annual and Interim Filings, for the issuer.

5. Design: Subject to the limitations, if any, described in paragraphs 5.2 and 5.3, the issuer's other certifying officer and I have, as at the end of the period covered by the interim filings

   (a) designed DC&P, or caused it to be designed under our supervision, to provide reasonable assurance that:

      (i) material information relating to the issuer is made known to us by others, particularly during the period in which the annual filings are being prepared; and
      (ii) information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted by it under securities legislation is recorded, processed, summarised and reported within the time periods specified in securities legislation; and

   (b) designed ICFR, or caused it to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the issuer's GAAP.

5.1 Control Framework: The control framework the issuer's other certifying officer and I used to design the issuer's ICFR is the Internal Control – Integrated Framework issued by the Committee of Sponsoring Organisations of the Treadway Commission (COSO).

5.2 ICFR – material weakness relating to design: N/A

5.3 Limitation on scope of design: N/A

6. Reporting changes in ICFR: The issuer has disclosed in its interim MD&A any change in the issuer's ICFR that occurred during the period beginning on 1 July 2015 and ended on 30 September 2015 that has materially affected, or is reasonably likely to materially affect, the issuer's ICFR.

Dated: 12 November 2015

Craig Barnes
Chief Financial Officer