



PALADIN ENERGY LTD

ACN 061 681 098

Ref: 414909

24 August 2016

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

By Electronic Lodgement

Dear Sir/Madam

June 2016 Full Year Conference Call Presentation

Attached please find the presentation in relation to the year end and June quarter results conference call and investor update to be held tomorrow morning at 7.30am Perth time. Full details in relation to the call were announced on 15 August 2016.

Yours faithfully
Paladin Energy Ltd

ALEXANDER MOLYNEUX
CEO



PALADIN ENERGY LTD

Annual Results Conference Call and Investor Update 25 August 2016

Alexander Molyneux – Chief Executive Officer
Craig Barnes – Chief Financial Officer

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



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

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

Investors are cautioned that any such statements are not guarantees of future performance and actual results or developments may differ materially from those projected in the forward-looking statements. Readers should not place undue reliance on forward-looking information. The Company does not assume any obligation to update or revise its forward-looking statements, whether as a result of new information, future events or otherwise.

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 Stephanie Raiseborough B.E., both of whom are Fellows of the Australasian Institute of Mining and Metallurgy. Mr. Princep and Ms. Raiseborough 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. Mr. Princep and Ms. Raiseborough are full-time employees of the Company and consent to the inclusion of the relevant information in this announcement in the form and context in which it appears.

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

Some of the information in this presentation, in relation to the mineral resources and ore reserves for all deposits except Manyingee and Michelin, was prepared and first disclosed under the JORC Code 2004. It has not been updated since to comply with JORC Code 2012 on the basis that the information that the estimates are derived from has not materially changed since it was last reported.



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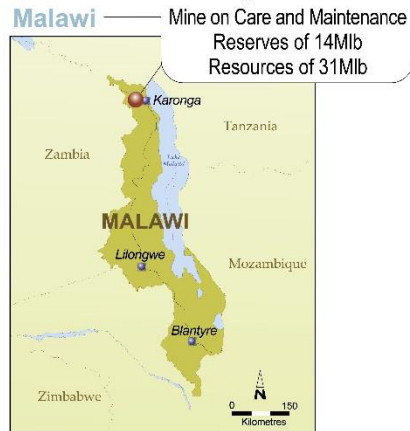
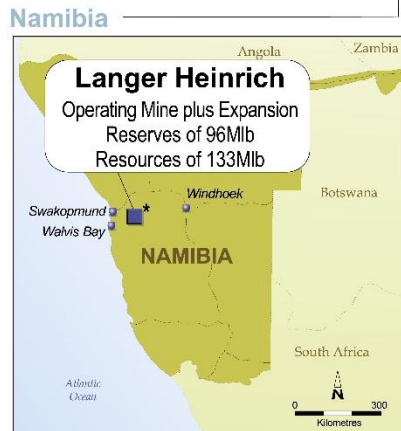
A GLOBAL URANIUM LEADER

OWNS LANGER HEINRICH, A STRATEGIC TIER ONE MINE

HAS OPTIMISATION AS A CORE COMPETENCY

PROVIDES BEST SENIOR LEVERAGE TO URANIUM UPSIDE

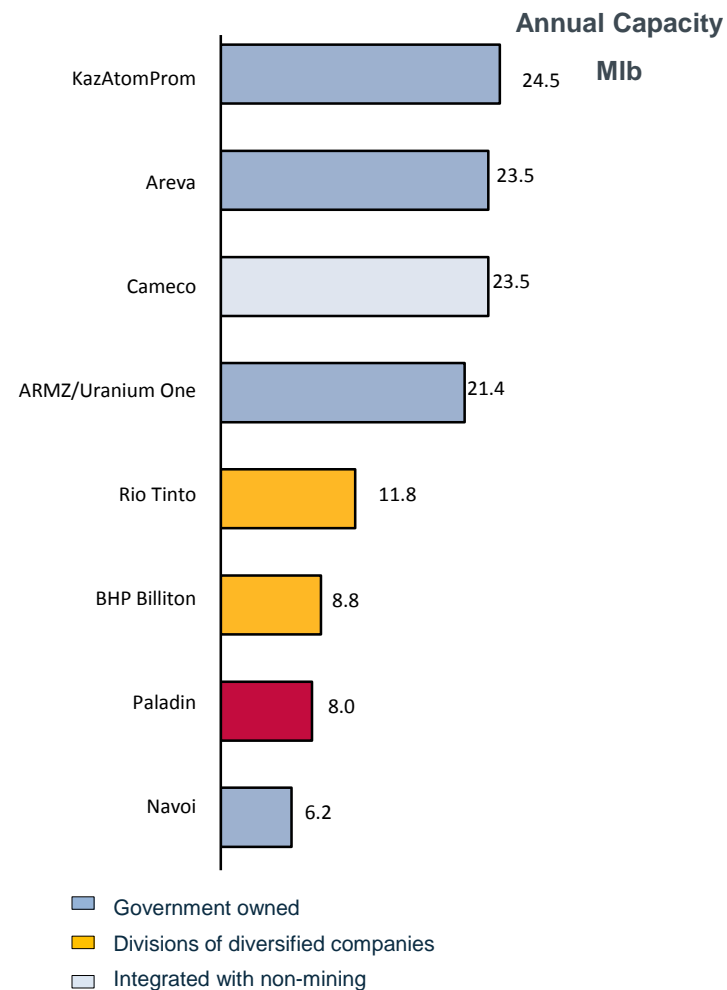
Global Uranium Leader



Attributable Reserves and Resources	
Proved + Probable	85.7Mlb U_3O_8
Measured + Indicated	254.6Mlb U_3O_8
Inferred	150.7Mlb U_3O_8
Historic	21.9Mlb U_3O_8

- Paladin 100%
 - Paladin 75%
 - Geological Assets
- Resources and Reserves shown on the map represent 100% of the Resource of Reserve - not the participant's share, and are depleted for mining where appropriate.

Paladin is the world's leading independent pure play uranium miner





First Quartile

C1 Cash Cost¹

Top 10 Uranium Mine by
Production²

4th largest open-pit

+20 Year Mine Life³

36.4Mlb

Cumulative production

¹ Source – UxC Uranium Production Cost Study – August 2015

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

³ At current processing rates



Year to 30 June 2016 Highlights



References below to 2016 and 2015 are to the equivalent twelve months ended 30 June 2016 and 2015 respectively.

Production 4.763Mlb
Drummed Production 4.737Mlb

LTIFR 1.8
Compared to 2.4 in 2015

US\$37.75/lb ASP
*4.56/lb above average spot
US\$33.19/lb for 2016*

C1 Cash Cost US\$25.88/lb
Within guidance and record low

**All-in Cash Expenditure
US\$38.75/lb**
*Decrease of 24% from
US\$50.75/lb in 2015*

Cash US\$59.2M
vs guidance of US\$45M to US\$65M

- ✓ Achieved objective of being cash flow positive excluding one-off items
- ✓ Cost reduction initiatives deliver 24% decrease in all-in cash expenditure
- ✓ Debt reduced by US\$122.9M during the year
- ✓ US\$25.0M LHM Revolving Credit Facility in place and undrawn at 30 June 2016
- ✓ Strategic Process results in agreements to raise in excess of US\$200M



Year to 30 June 2016 Highlights

References below to 2016 and 2015 are to the equivalent twelve months ended 30 June 2016 and 2015 respectively.



Down 7%

Sales revenue
US\$184.9M

4.899Mlb sold at average
realised price of US\$37.75/lb



Down 20%

Cost of Sales
US\$152.5M

Decrease from 2015
Cost of Sales of US\$189.7M



Up 661%

Gross Profit
US\$13.7M

Increase from 2015
Gross Profit of US\$1.8M



Up 219%

EBITDA US\$24.8M

Improved from 2015
negative EBITDA of US\$20.9M



US\$122.9M Debt
Reduction

Repurchased US\$62.0M of 2017 CB
Repaid and terminated the US\$60.9M
LHM Syndicated Facility

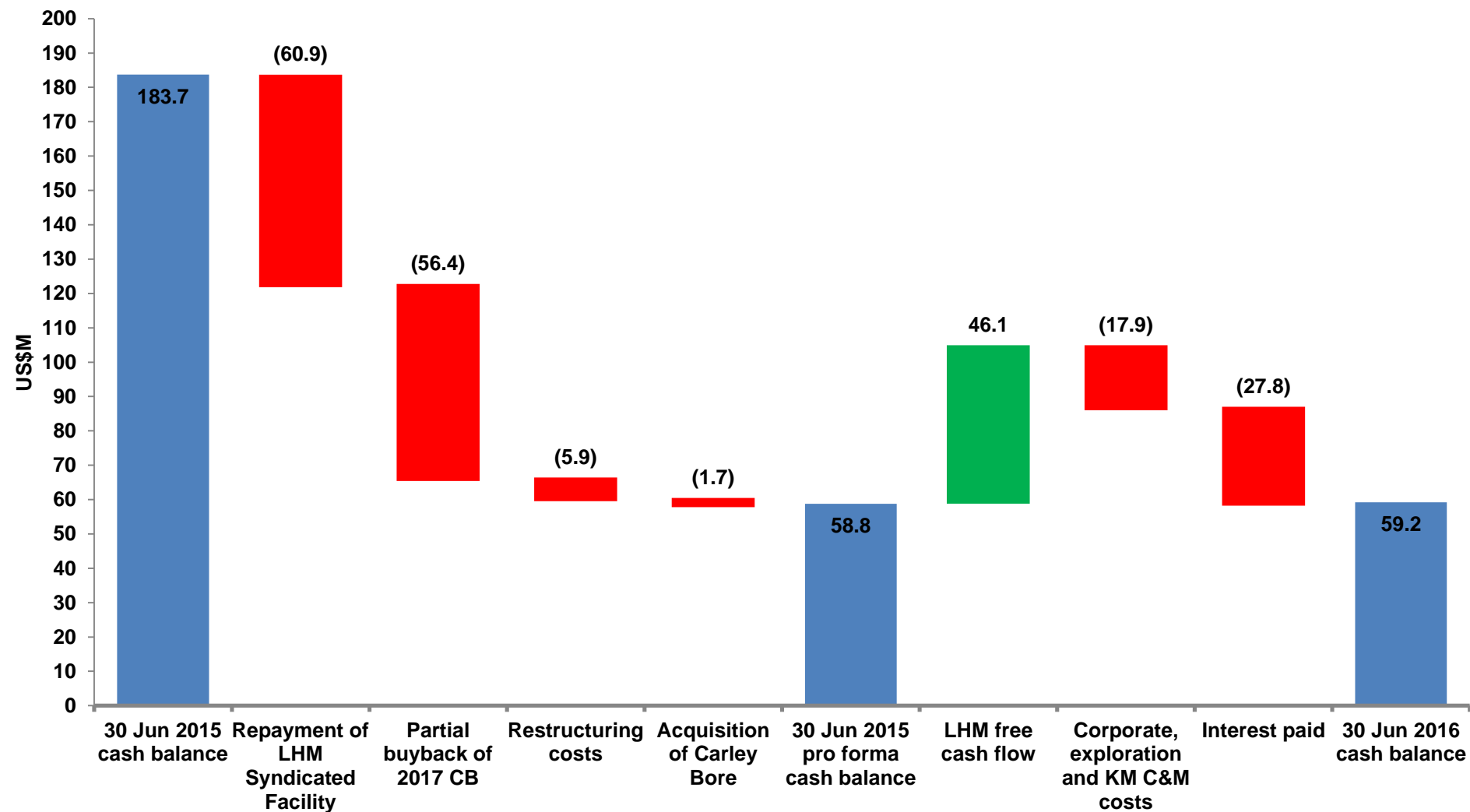
US\$25M Revolving
Credit Facility

New US\$25.0M LHM Revolving Credit
Facility undrawn at 30 June 2016



Year to 30 June 2016 Cash Flow

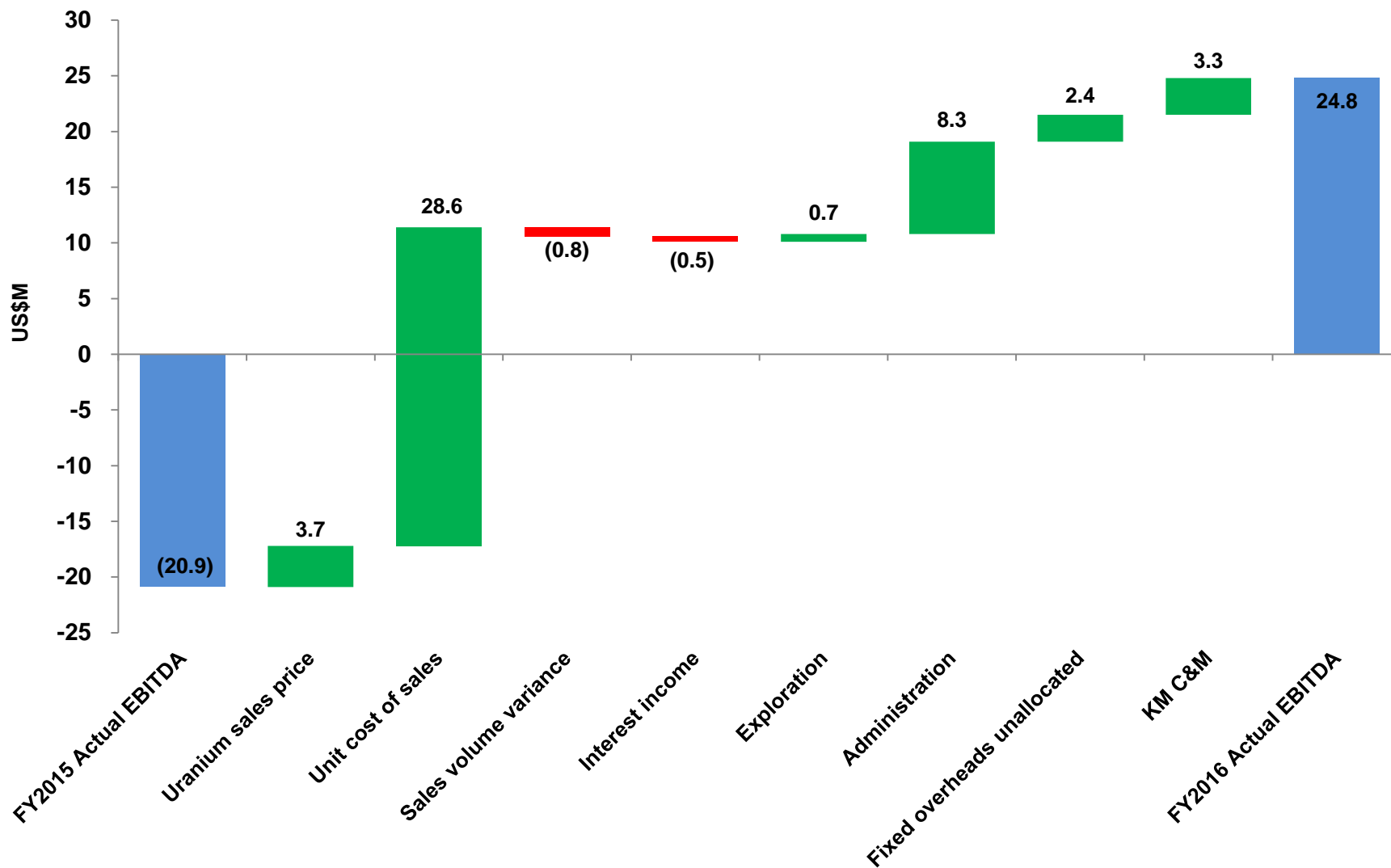
Cash flow Analysis





EBITDA Variance Analysis

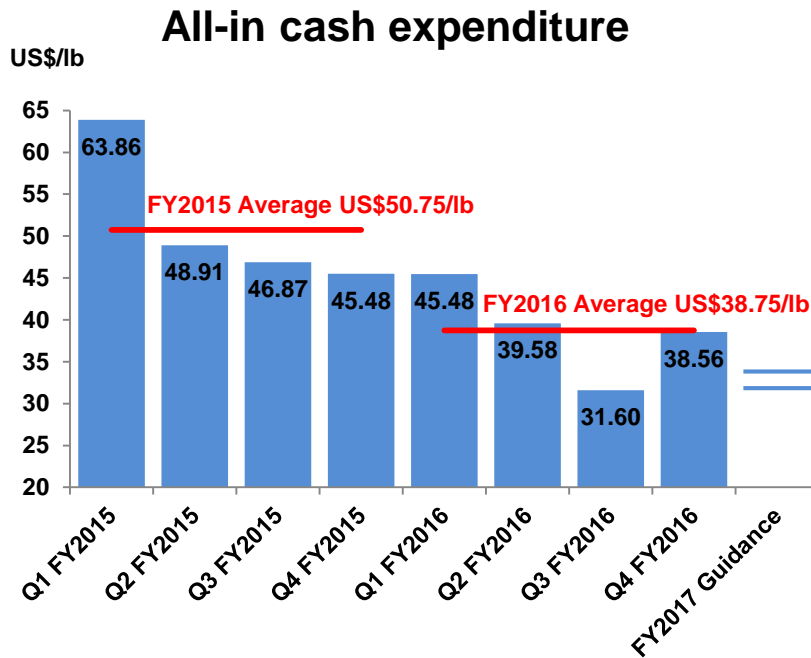
Year to 30 June 2016 vs. Year to 30 June 2015



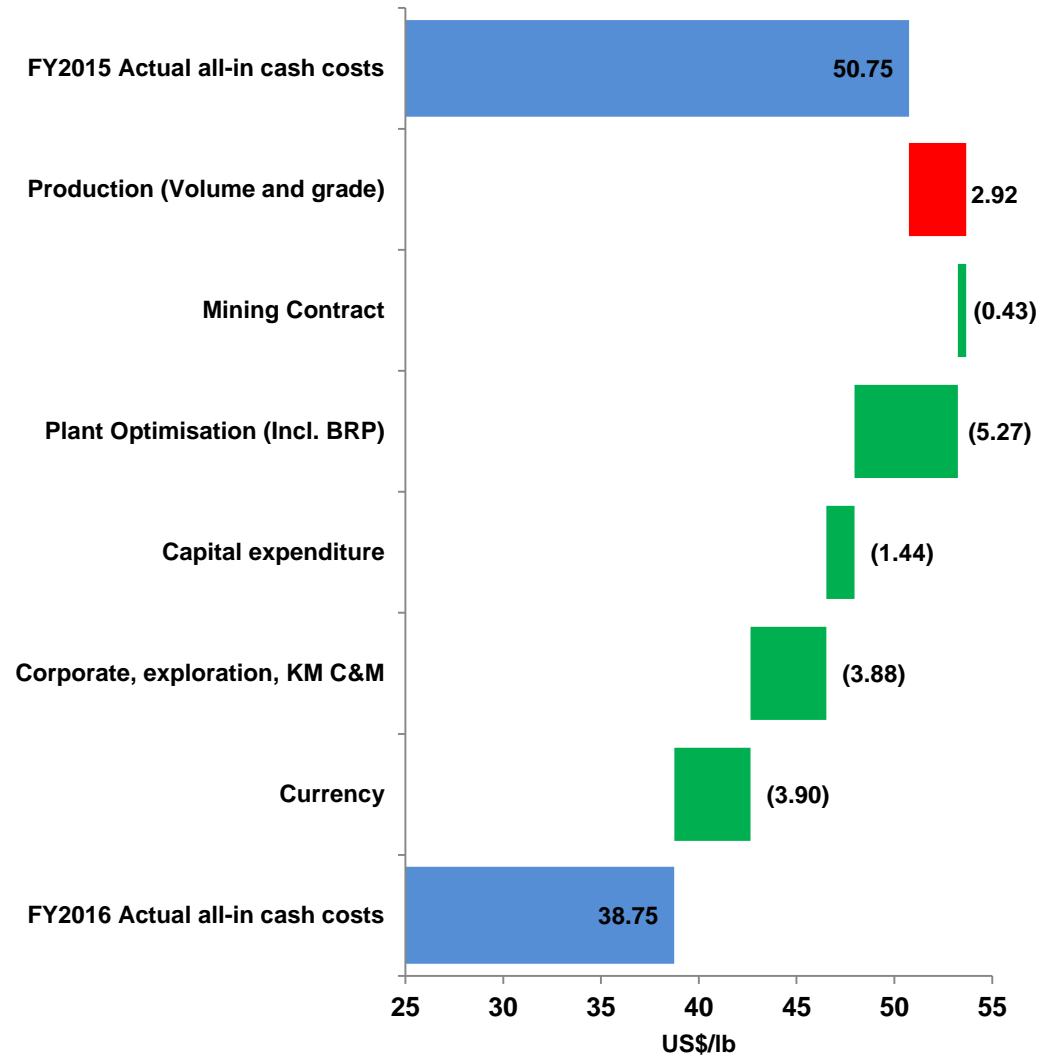


All-in Cash Expenditure (Breakeven Price)

- Defined to include all spending
- Ahead on plans to reduce expenditure with low uranium price
- Reduced by US\$12/lb vs. last year (excluding one off items)



Year to 30 June 2016 vs. Year to 30 June 2015





Strategic Outcomes

- Sale of 24% of LHM
 - Non-binding term sheet executed
 - Expected to raise **US\$175M**
 - Long-term arrangements for uranium off-take
 - Formal close of the transaction in fourth quarter of 2016 calendar year
- Sale of 75% of Manyingee
 - Binding terms sheet with MGT Resources Limited (**MGT**)
 - Initial investment:
 - **US\$10M** for 30% interest in Manyingee
 - Stage 2 investment option:
 - **US\$20M** for 45% interest in Manyingee
 - exercisable 12-months following preparation FLT plan

- Proceeds, combined with cash on hand will fully retire 2017 CB
- Paladin retains superior leverage to uranium upside through Kayelekera and world class development pipeline



Capital Management

- Debt reduction¹
 - US\$552.5M since June 2012
 - US\$123M during year to 30 June 2016
 - US\$62M reduction in 2017 CB
 - US\$61M repayment of LHM Syndicated Facility
- Next maturity is April 2017
- Implemented US\$25M Revolving Credit Facility (undrawn as at 30 June)
- Strategic initiatives to raise in excess of US\$200M
- Proceeds from strategic initiatives to be applied against repayment of April 2017 CB

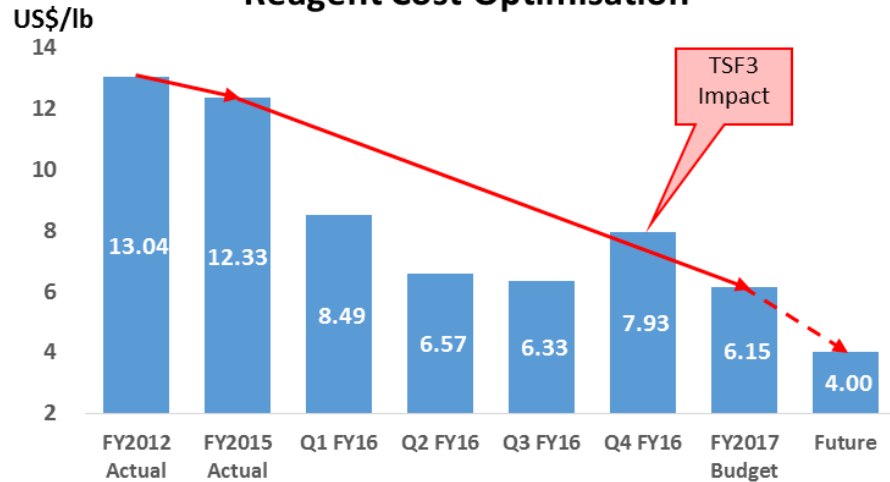
Breakdown of Key Debt Instruments ¹	US\$M
Convertible Bonds due April 2017	212
Convertible Bonds due March 2020	150
Total Debt	362

¹ Reductions based on face value of debt

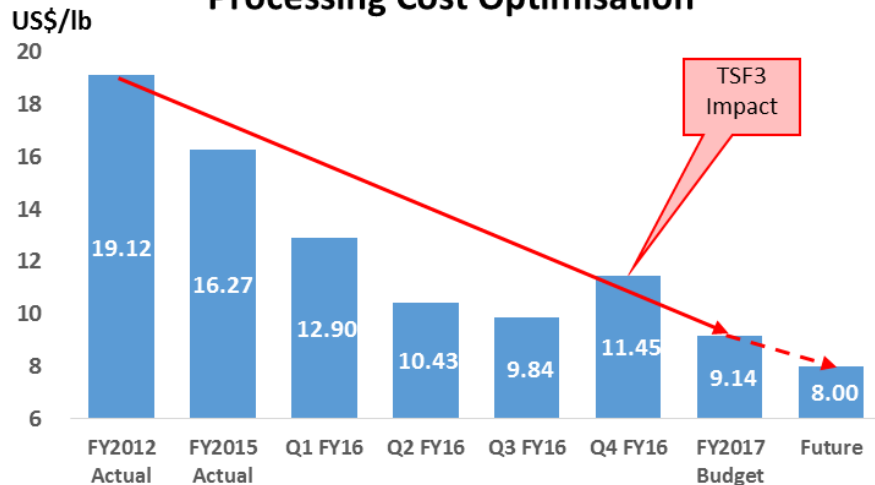
Optimisation a Core Competency



Reagent Cost Optimisation



Processing Cost Optimisation



Paladin maintains a world class technical services team focused on cash flow optimisation

BRP continues to operate well above design

Future outlook for processing costs still US\$8/lb

TSF3 return water issue is now resolved and the circuit absorbed the impact, but costs were elevated last quarter due to reagent cost increase and reduced production

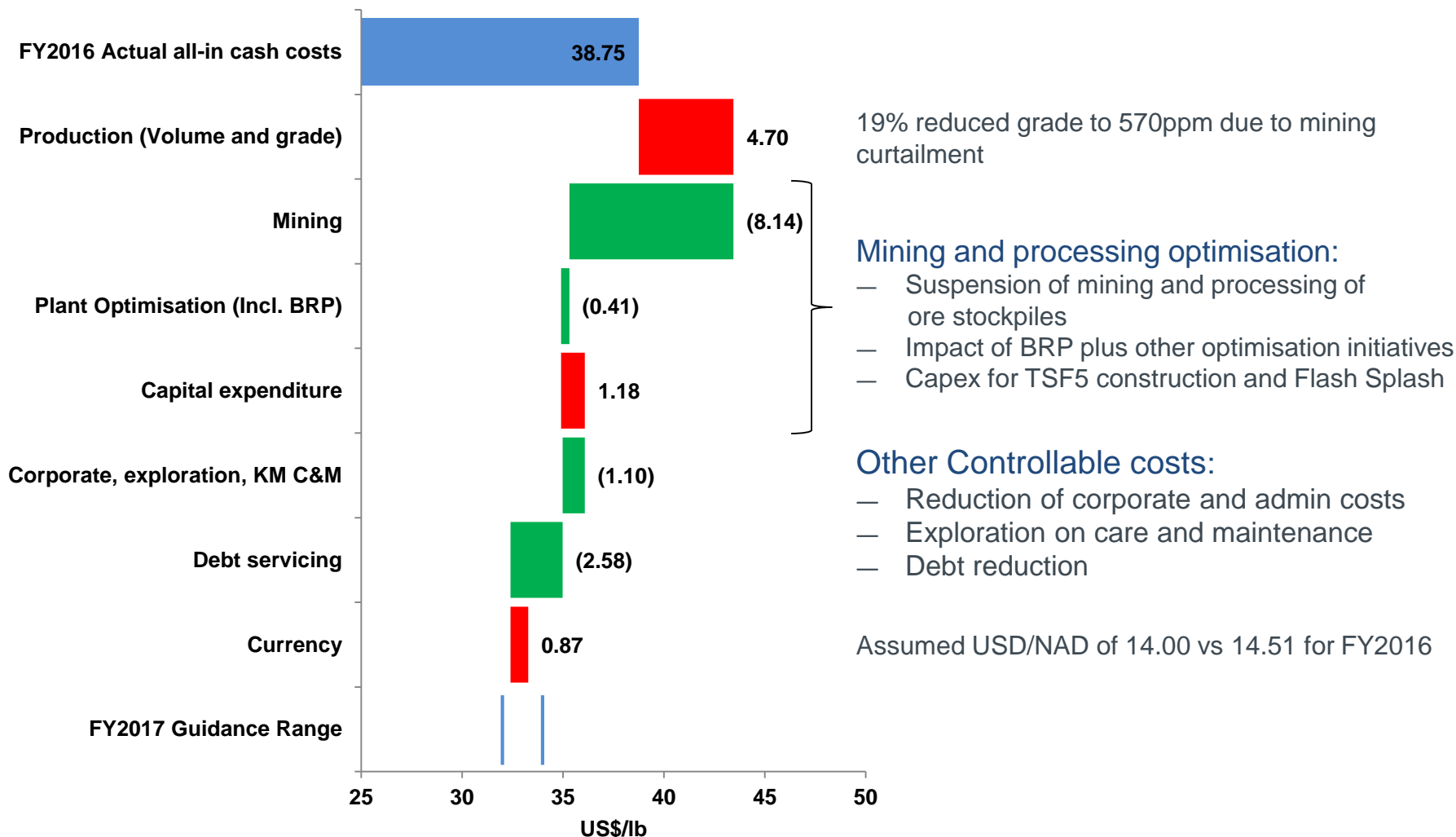
Focus of technical services now on:

- U/V separation enhancement;
- vanadium production;
- cash flow optimisation initiatives; and
- potential future Stage 4 expansion of LHM.

Optimisation a Core Competency



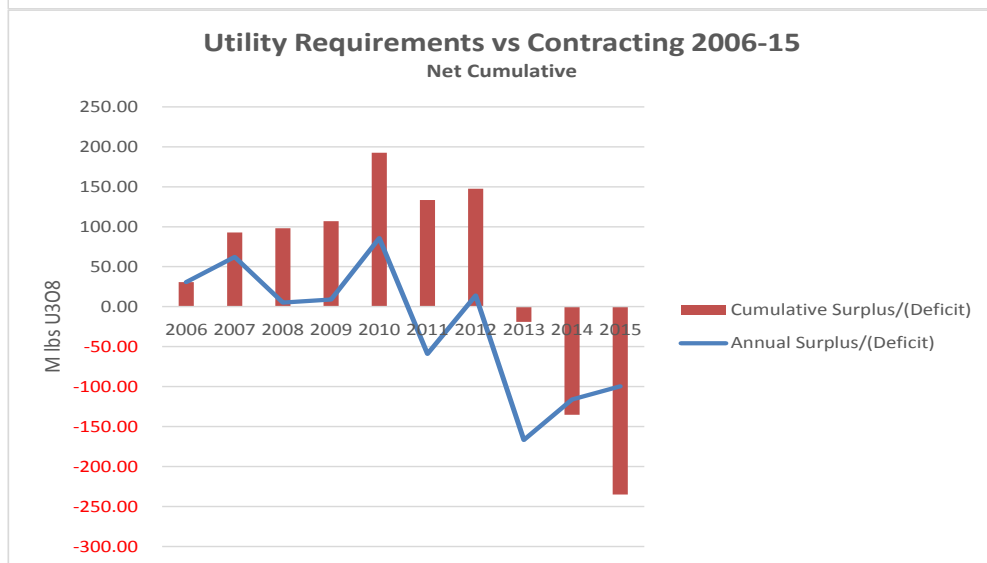
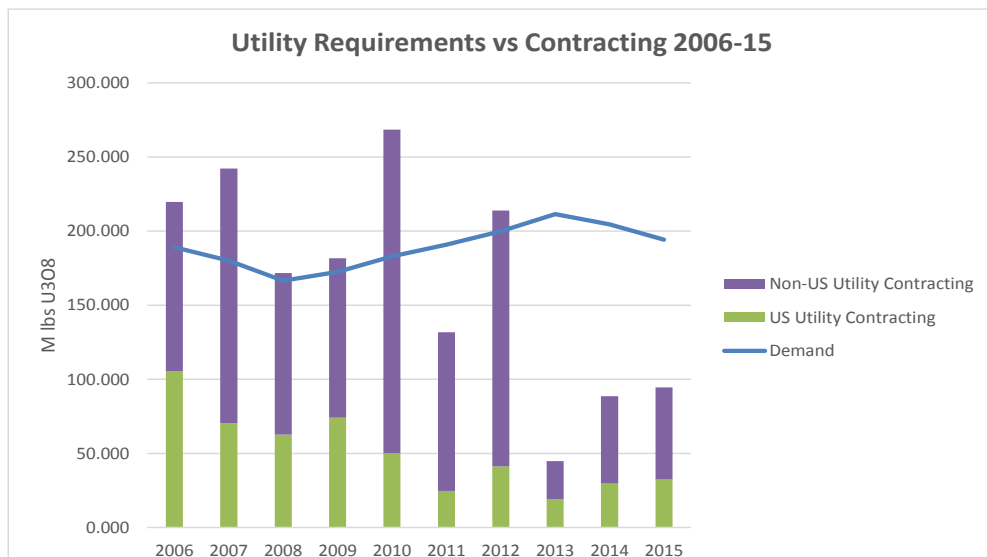
All-in cash costs variance analysis (FY2017 current guidance vs. FY2016 actual)¹



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

Best Leverage to Uranium upside

Global utilities are creating a gap that needs to be filled



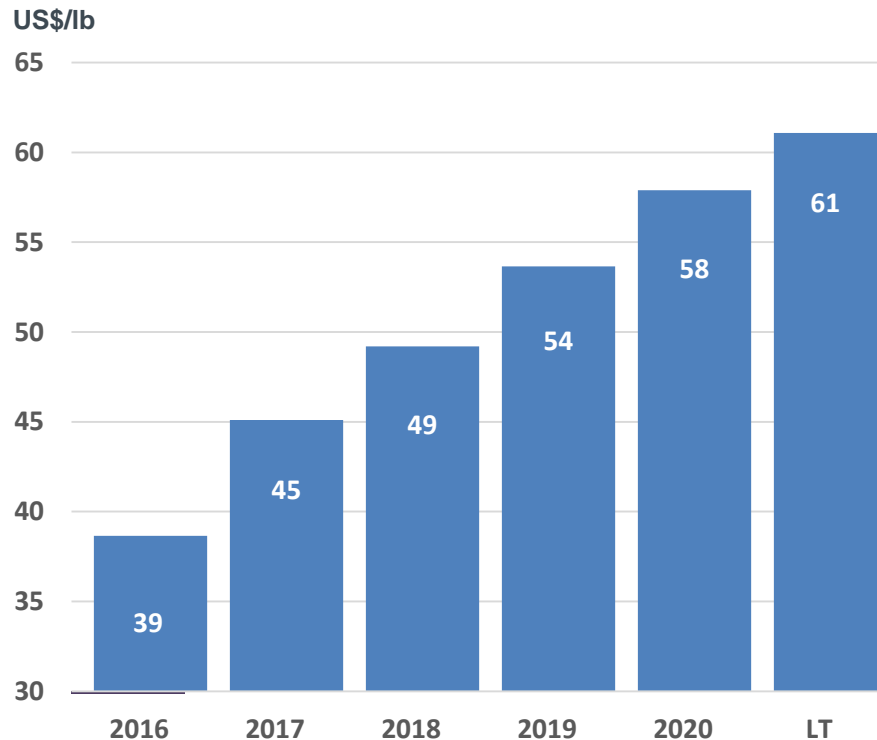
- **Utility contracting strong through 2010**
- **Weak buying levels observed since 2010**
- **Cumulative inventory drawdown 2006-15 of 235Mlb**
- **Inventory drawdown 2013-15 of 382Mlb**
- **2016 ytd procurement volume just 28Mlb**

Best Leverage to Uranium Upside

Uranium market liquidity improving and outlook remains robust



Broker Uranium Price Forecast¹



■ Demand

- Japan restarts continue – Ikata 3 just restarted
- USA has been a short-term issue last 5-6 months:
 - Historically low natural gas prices
 - Absence of certainty over policies for clean energy
- USA situation resolving now:
 - Gas prices rising
 - States (e.g. New York on 1 August) passing clean energy rules to support nuclear

■ Supply

- Producers finally reacting
- Juniors deferring projects
- Cameco announced cut-backs of circa 7Mlb on annualised basis
- Other reductions:
 - Sibanye Gold
 - Paladin's mine plan adjustment
 - USA production

¹ Based on the average uranium price forecast by RBC, Argonaut, Scotiabank, TD, Citi, Morgan Stanley, JPMorgan, Dundee Securities, Macquarie, Deutsche Bank, BAML, Cannacord, Credit Suisse, BMO, Raymond James, UBS, Hartleys



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



Production 3.8-4.0Mlb

**Review of LHM mine plan
to reduce costs
substantially**

LHM C1 US\$19-22/lb

“All in” US\$32-34/lb
*Potentially lower post new plan and
repayment of 2017 CB*

**US\$14M corporate costs,
KM care and maintenance
and exploration**
US\$5M lower than FY2016

September Quarter:

- *Sales 650,000lb-750,000lb*
- *LHM C1 cash cost US\$20-22/lb*
- *Cash balance US\$35-55M*



Appendix

Langer Heinrich Project Update

- **Production June Quarter**
 - 1.119 Mlb (4.763 Mlb full year)
 - recovery 89.2%

- **C1 Cost US\$26.60/lb, within guidance at \$25.88/lb for FY2016**

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

Actuals	Jun Quarter		Full Year	
	FY2015	FY2016	FY2015	FY2016
Ore treated (Mt)	0.887	0.843	3.398	3.574
Ore grade (ppm)	778	670	768	699
Recovery (%)	87.8	89.2	87.6	86.3
U ₃ O ₈ prod'n (Mlb)	1.337	1.119	5.037	4.763
C1 (US\$/lb)	26.03	26.60	29.07	25.88



Pipeline Projects



- **Kayelekera Mine**
 - now stable in C&M
 - site stable in terms of water and other environmental issues for the long term
- **Michelin Deposit Canada**
 - minimum expenditure planned for FY2017
- **Manyingee WA**
 - minimum activity planned for FY2017
 - FLT application to be lodged in next half





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