



# PALADIN ENERGY LTD

ACN 061 681 098

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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 Conference Call Presentation**

Attached please find the presentation in relation to the quarter ended 30 September 2015 conference call and investor update to be held tomorrow morning at 7.00am Perth time. Full details in relation to the call were announced on 11 November 2015.

Yours faithfully  
Paladin Energy Ltd

**ALEXANDER MOLYNEUX**  
Interim CEO



PALADIN ENERGY LTD

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

**13 November 2015**

**Alexander Molyneux – Interim Chief Executive Officer**

**Craig Barnes – Chief Financial Officer**

**Darryl Butcher – EGM Technical and Project Development**

**Andrew Mirco – GM Corporate Development and Investor Relations**

# 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.



**PALADIN**

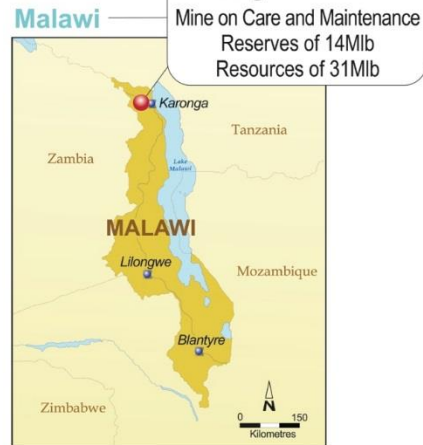
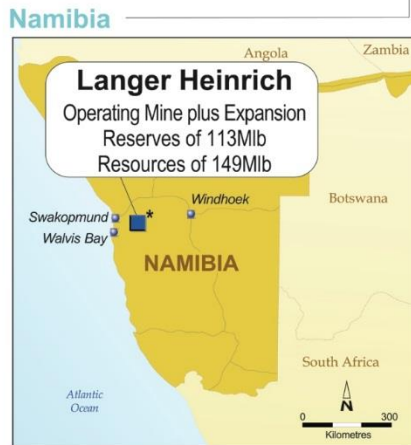
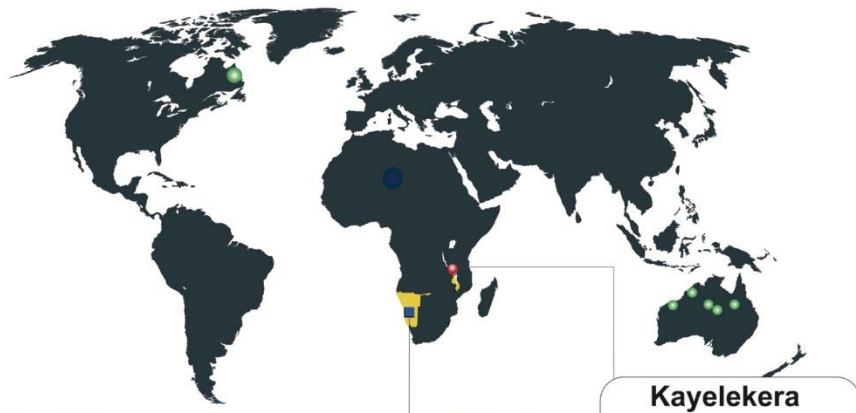
**A GLOBAL URANIUM LEADER**

**OWNS LANGER HEINRICH, A STRATEGIC TIER ONE MINE**

**HAS OPTIMISATION AS A CORE COMPETENCY**

**PROVIDES BEST SENIOR LEVERAGE TO URANIUM UPSIDE**

# Global Uranium Leader

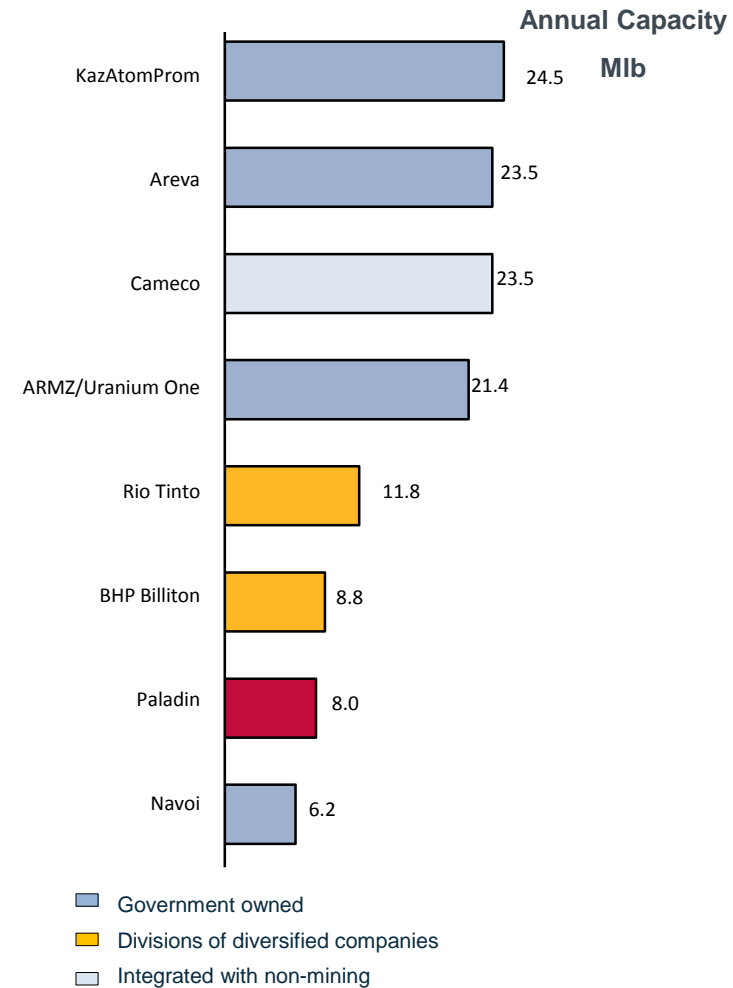


Attributable Reserves and Resources	
Proved + Probable	98.5Mlb U <sub>3</sub> O <sub>8</sub>
Measured + Indicated	239.3Mlb U <sub>3</sub> O <sub>8</sub>
Inferred	156.3Mlb U <sub>3</sub> O <sub>8</sub>
Historic	21.9Mlb U <sub>3</sub> O <sub>8</sub>

- 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 Cost<sup>1</sup>

Top 10 Uranium Mine by  
Production<sup>2</sup>

*4th largest open-pit*

+20 Year Mine Life<sup>3</sup>

**32.7Mlbs**

*Cumulative production*

<sup>1</sup> Source – UxC Uranium Production Cost Study – August 2015

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

<sup>3</sup> At current processing rates



# Quarter to 30 September 2015 Highlights



**Production 1.083Mlbs**

*Drummed Production 1.2Mlbs*

**LTIFR 1.39**

*Compared to 2.41 last quarter and 4.10 for 3 months ended 30 September 2014*

**US\$46.12/lb ASP**

*26.4% above average spot*

**C1 Cash Cost US\$27.82/lb**

*Vs September quarter guidance US\$26/lb to US\$30/lb*

**US\$11.3M Gross Profit**

*Increase of 707% from US\$1.4M in 2014*

**Cash US\$108.4M**

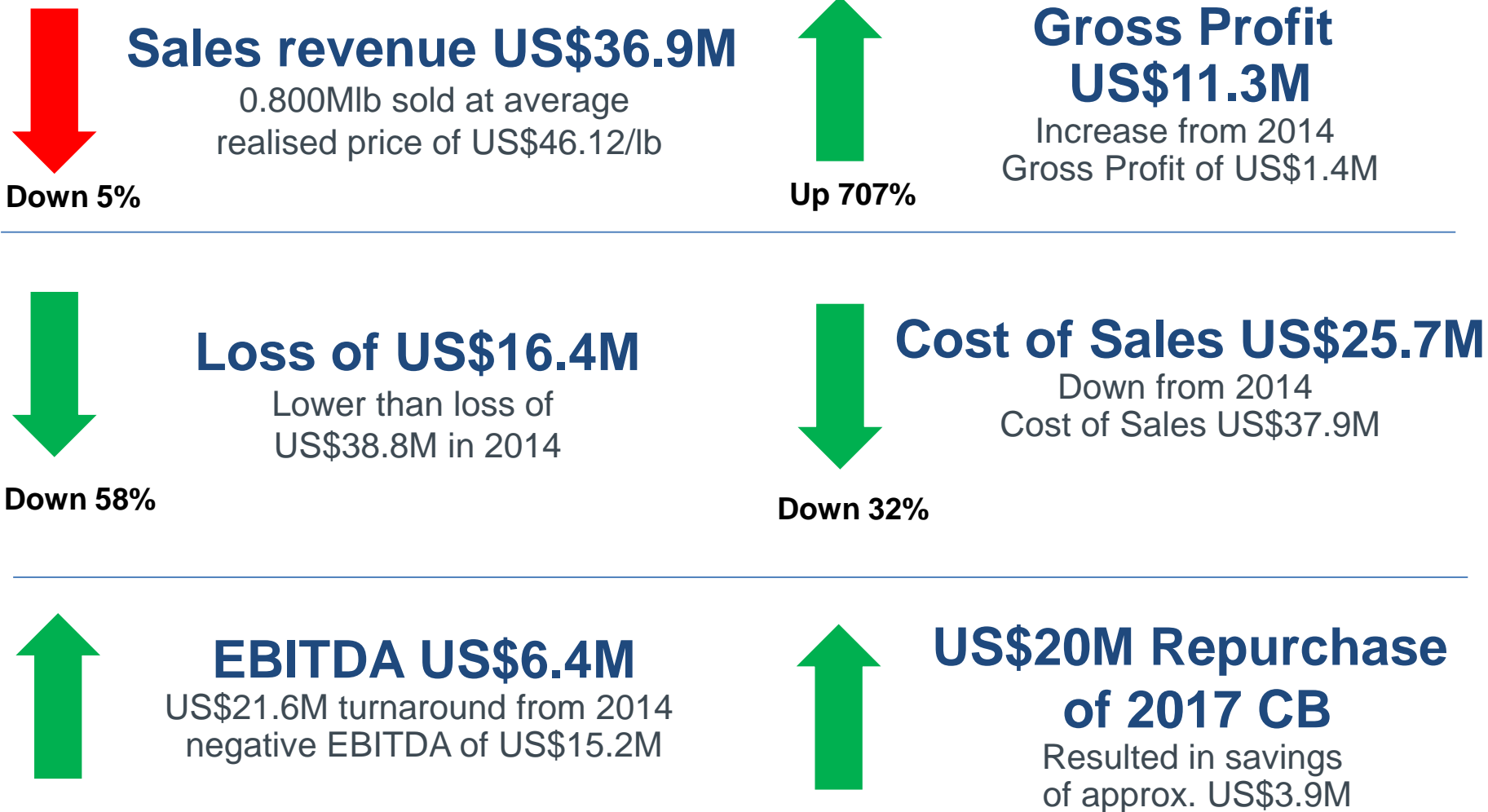
*Vs pro forma guidance for repurchase of CB's US\$101.5M to US\$111.5M*

- ✓ **Bicarbonate Recovery Plant (BRP) implemented and operating 200% of design**
- ✓ **Repurchased US\$20M of the US\$274M Convertible Bond due 2017 for US\$18.5M**
- ✓ **Cash flow optimisation initiatives substantially implemented**
- ✓ **C1 cash cost decreased 16% from US\$33.03/lb in September 2014**

# Quarter to 30 September 2015 Highlights



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

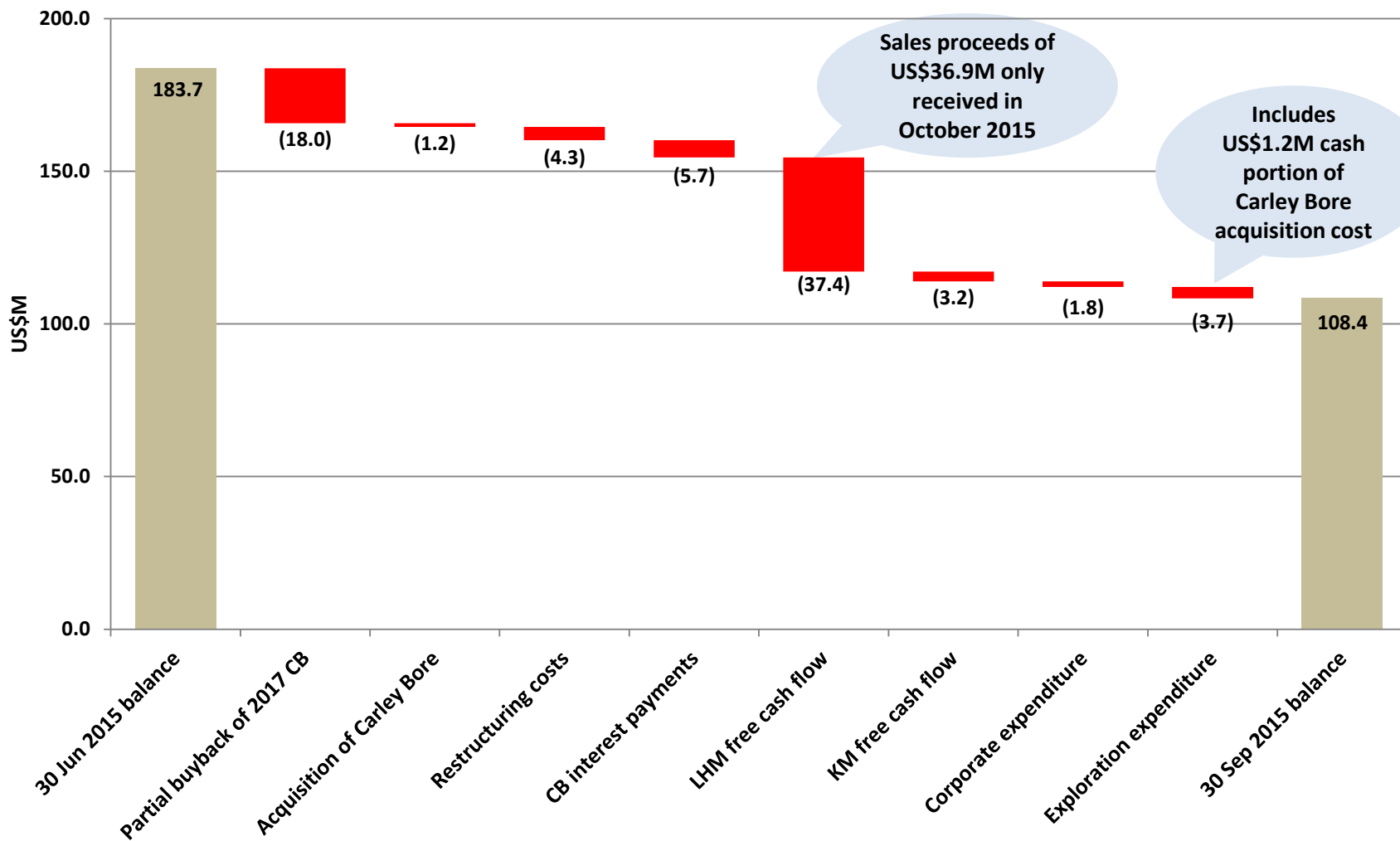






# Quarter to 30 September 2015 Cash Flow

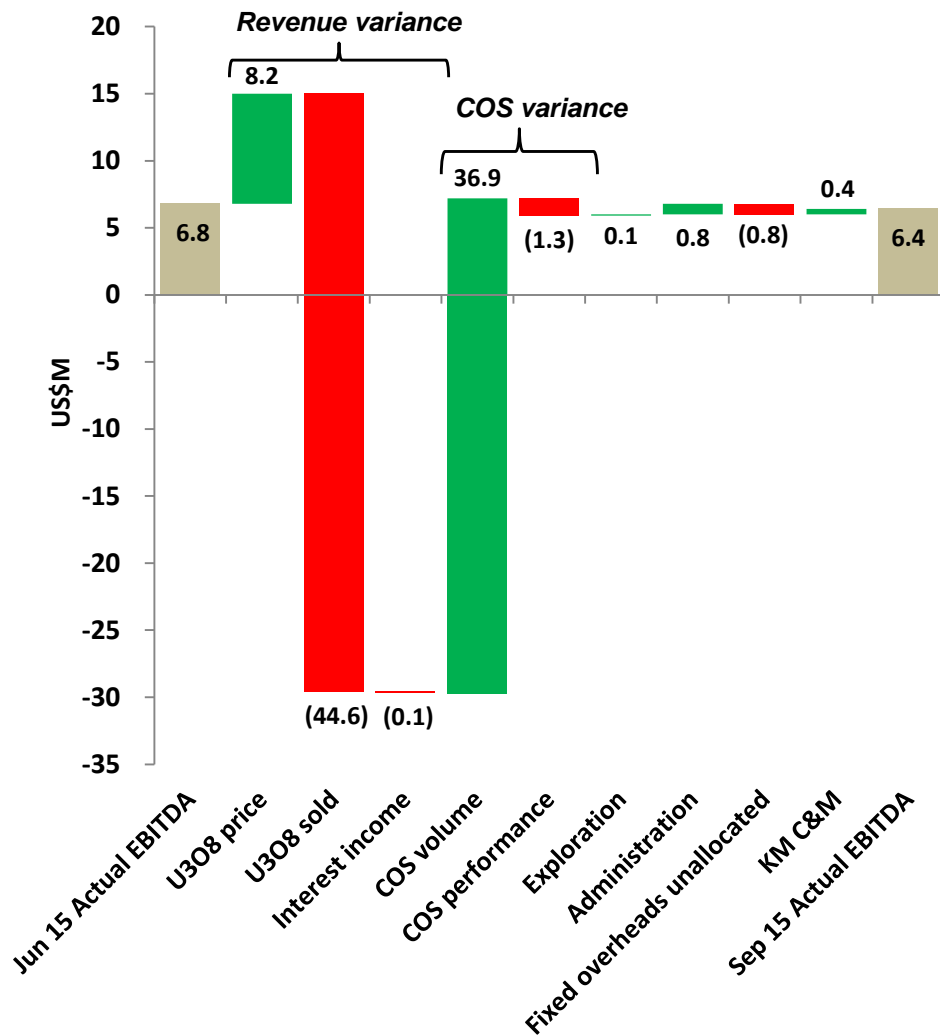
## Q1 FY2016 change in cash and cash equivalents



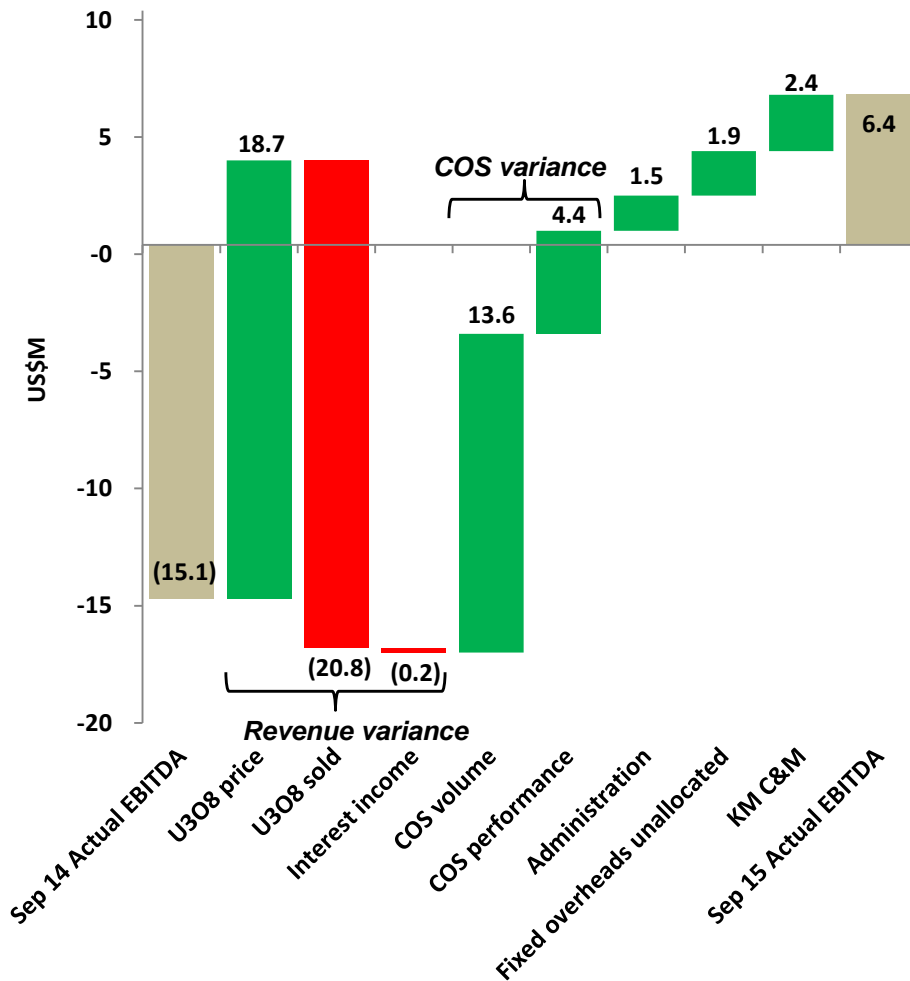


# EBITDA Variance Analysis

Quarter to 30 September 2015 vs. Quarter to 30 June 2015



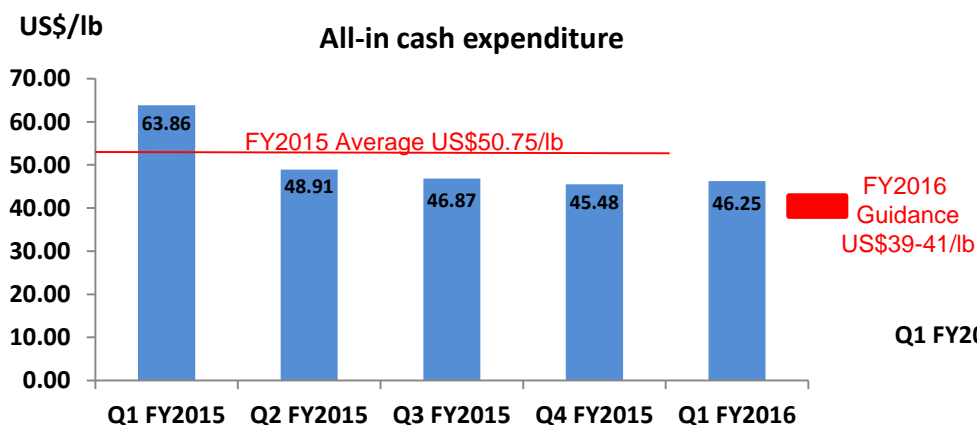
Quarter to 30 September 2015 vs. Quarter to 30 September 2014



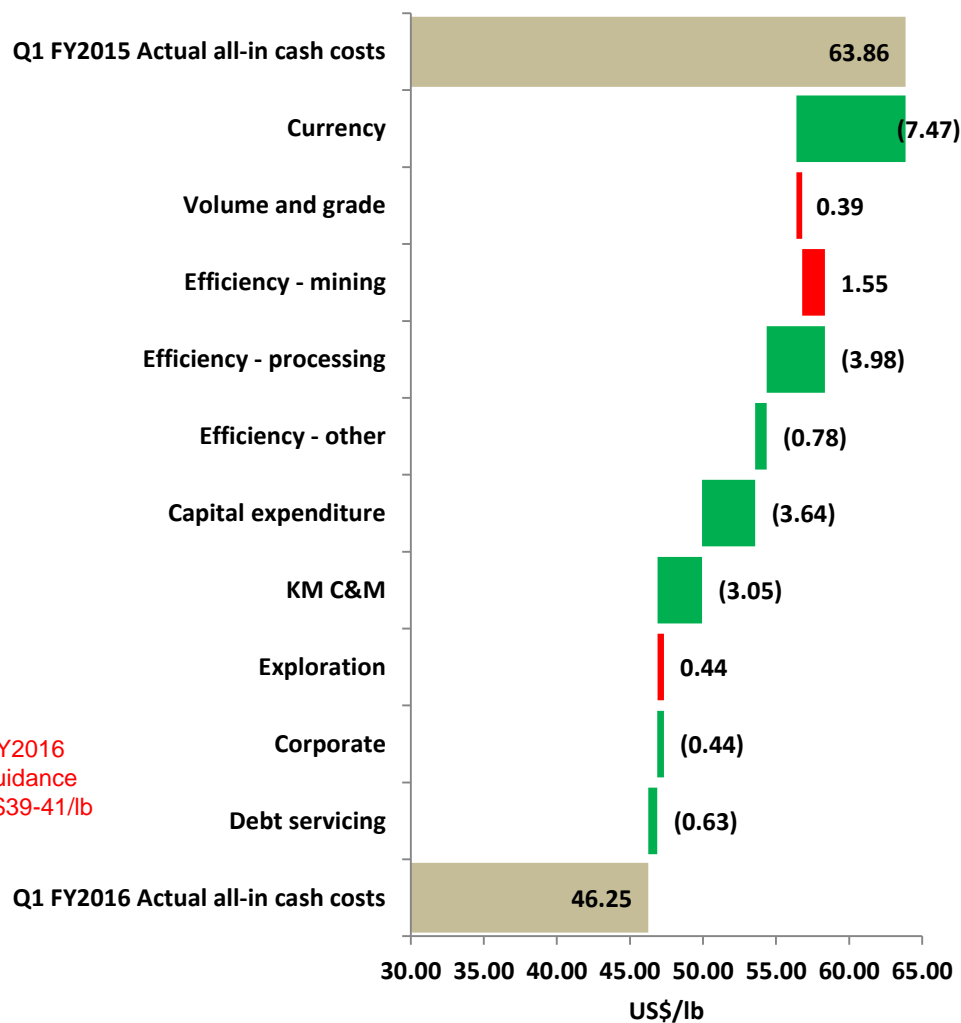


# All-in Cash Spending (Breakeven Price)

- All-in spending reduced by US\$17.61/lb Vs. equivalent quarter last year (excluding one off items)
- Volume effect Vs. the quarter to 30 June 2015
- All-in spending in-line with plan for US\$39-41/lb range on full year FY 2016 basis



## Quarter to 30 September 2015 vs. Quarter to 30 September 2014





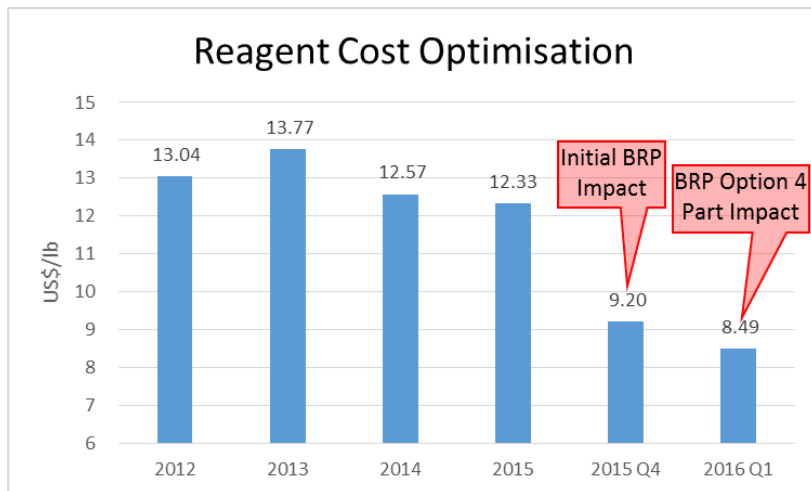
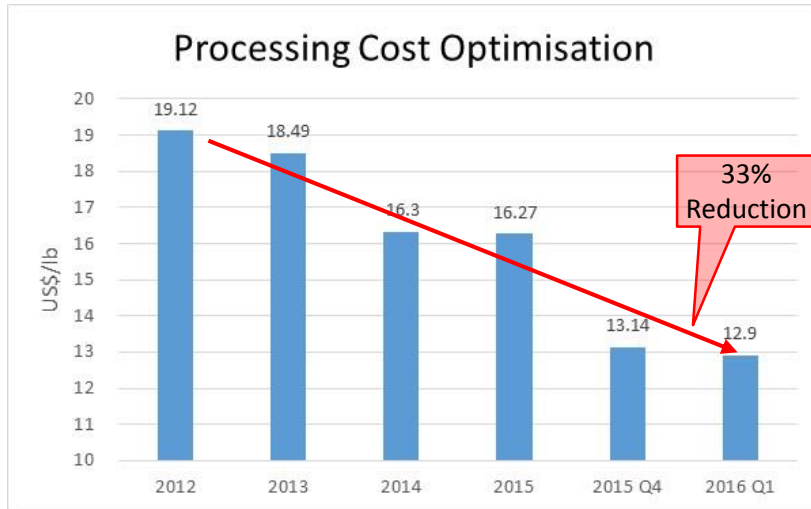
# Capital Management

- Total debt reduction<sup>1</sup>
  - US\$449.6M since June 2012
  - US\$20M during Sep Quarter
- Next maturity is April 2017
- Outlook for improved operating cash flows
- Strategic initiatives being considered
- 2017 CB Funding Gap Reduced to US\$150- US\$180M

Breakdown of Key Debt Instruments <sup>1</sup>	US\$M
LHM Syndicated Facility Agreement	61
Convertible Bonds due April 2017	254
Convertible Bonds due March 2020	150
<b>Total Debt</b>	<b>465</b>

<sup>1</sup> Reductions based on face value of debt

# Optimisation a Core Competency



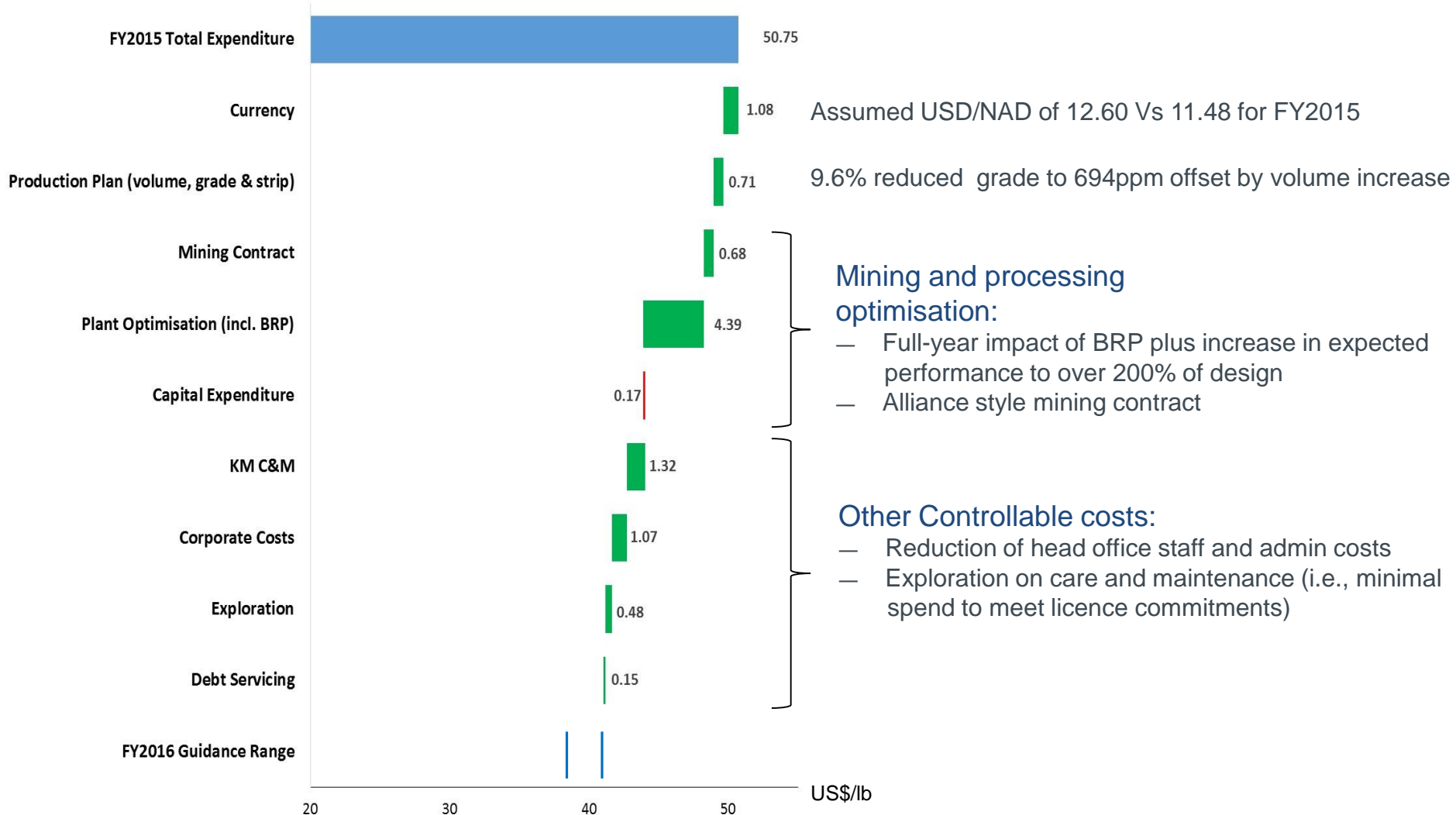
- Paladin maintains a world class technical services team focused on cash flow optimisation
- BRP Enhancement 4 now operational
  - ✓ Capital Cost of additional <US\$100k of our original capital cost of US\$6.8M
  - ✓ Recovery of sodium bicarbonate now exceeds 200% of design
  - ✓ Total operating cost saving now >US\$6/lb (>US\$30Mpa)
  - ✓ Additional secondary benefits

# Optimisation a Core Competency

## FY2016 Cash Flow Optimisation Initiatives



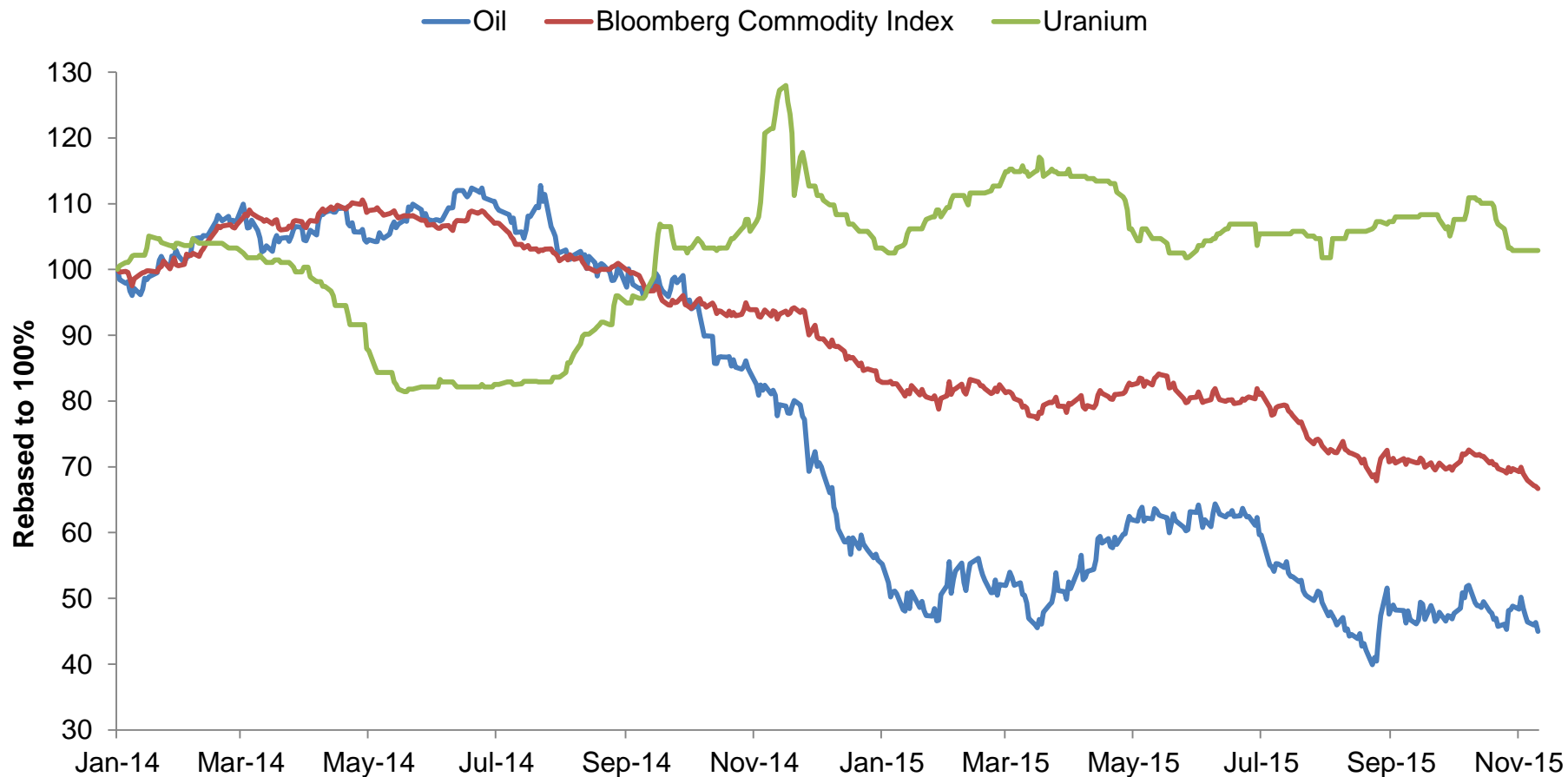
All in total expenditure including annualised impact and optimisation initiatives<sup>1</sup>



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

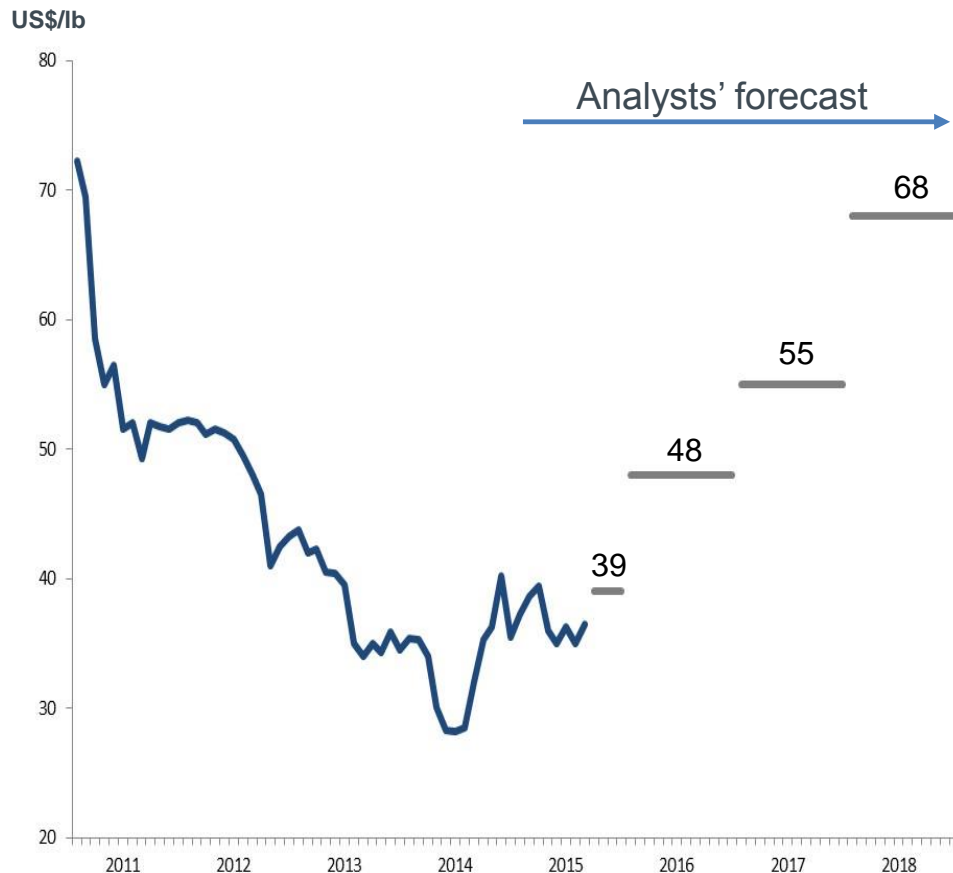
# Best Leverage to Uranium Upside

*Uranium is not affected by recent commodity rout*



# Best Leverage to Uranium Upside

*Uranium has a positive outlook and Paladin has leverage*



Source: TradeTech for historical spot. Analysts' forecast is based on average of 16 analyst forecasts as shown in latest available reports (analysts include: BAML; BMO; Cantor; CIBC; CIMB; Cormark; CS; Dundee; JPM; Raymond James; RBC; RFC Ambrian; Salman; Scotiabank; TD; and UBS).

- Current situation is positive
  - Japan 2 reactors restarted and 25 have applied to follow
  - 2017 will see record nuclear power generation
  - 65 reactors under construction
    - 59% in Asia
  - Mined supply reduced 10% in 2014
  - Higher prices are needed
- Paladin is leveraged
  - Publicly-listed uranium pure play exposure
  - FY2016 85% spot-related exposure
  - FY2017 & FY2018 almost 100% spot related





## PALADIN

1. Maximise LHM operating cash flows through optimisation initiatives that preserve 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



**5.0 - 5.4Mlbs  
Production**

**US\$4/lb**

*ASP Premium to spot*

**LHM C1 US\$25-27/lb**

*7-14% lower than FY2015*

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

*US\$14M lower than FY2015*

**Cash flow neutral  
for FY2016**

*Subsequent quarters to  
be cash flow positive*

**December Quarter**

- *Sales 1.5 - 1.7Mlb*
- *LHM C1 US\$25-27/lb*
- *Cash build to US\$110-120M*



# Appendix

# Langer Heinrich Project Update



- **Production September Quarter**
  - 1.083Mlb (drummed 1.200Mlb)
  - recovery 82% (has now improved with reversion to typical ore)
  - Bicarbonate Recovery Project (BRP) Enhancement 1 now operational at >200% of design
    - further significant reduction in reagent usage
    - further consequential benefits but one adverse (leach extraction)
  
- **C1 Cost US\$27.82/lb, on track to achieve \$25-27/lb for FY2016**
  
- **Optimisation and innovation for further unit cost reduction**
  - further application of membranes
  - other focal areas:
    - process recovery
    - operator training and operating systems
    - process plant utilisation
  
- **Guidance FY2016 of 5.0 - 5.4Mlb**

	Actual Sept Qtr FY2015	Actual Sept Qtr FY2016
Ore processed	0.734Mt	0.847Mt
Ore feed grade	786ppm	706ppm
Recovery	85.6%	82.2%
U <sub>3</sub> O <sub>8</sub> production	1.090Mlb	1.083Mlb



# Pipeline Projects



- **Kayelekera Mine**
  - now stable in C&M
  - restart feasibility study near completion and current focus
  - site stable in terms of water and other environmental issues for the long term
- **Michelin Deposit Canada**
  - minimum expenditure planned for FY2016
- **Manyingee WA**
  - Minimum activity planned for FY2016





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