PALADIN ENERGY LTD

ACN 061 681 098

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16 February 2016

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

By Electronic Lodgement

Dear Sir/Madam

31 December 2015 Half Year Financial Report

Attached please find Half Year Financial Report for the six months ended 31 December 2015 including News Release, Appendix 4D, Management Discussion and Analysis, Interim Financial Statements and Certifications as required in accordance with Canadian reporting requirements. Additionally the Half Year Report includes an Independence Declaration and Review Opinion from the Company's Auditors.

Yours faithfully
Paladin Energy Ltd

RANKO MATIC
Company Secretary

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PALADIN ENERGY LTD
ACN 061 681 098

NEWS RELEASE

FINANCIAL REPORT FOR THE SIX MONTHS ENDED 31 DECEMBER 2015, OUTLOOK AND CEO APPOINTMENT

Perth, Western Australia – 16 February 2015: Paladin Energy Ltd ("Paladin" or "the Company") **(ASX:PDN / TSX:PDN)** announces the release of its Unaudited Consolidated Financial Report for the six months ended 31 December 2015. The Unaudited Consolidated Financial Report is appended to this News Release.

HIGHLIGHTS

Operations

- **Langer Heinrich Mine (LHM) produced[1] 1.259Mlb U_3O_8 for the three months ended 31 December 2015, up 16% from the September 2015 quarter.**
- **C1 unit cash cost of production[2] for the December 2015 quarter of US$25.38/lb (vs. guidance of US$25.00/lb to US$27.00/lb), a decrease of 9% from US$27.82/lb in the September 2015 quarter.**
- **Record monthly C1 cash cost achieved during the month of December 2015 of US$23.73/lb and continuation of low C1 cash cost running rate in January 2016 of US$24.36/lb.**

Sales and revenue

- **Sales revenue of US$64.4M for the three months ended 31 December 2015, selling 1.699Mlb U_3O_8.**
- **Average realised uranium sales price for the quarter was US$37.90/lb U_3O_8 compared to the average TradeTech weekly spot price for the quarter of US$36.03/lb U_3O_8.**

Corporate

- **Underlying EBITDA[3] for the three months ended 31 December 2015 of US$10.6M, a US$17.2M turnaround from a negative underlying EBITDA of US$6.6M for the three months ended 31 December 2014.**
- **Underlying all-in cash expenditure[4] per pound of uranium production for the three months ended 31 December 2015 of US$39.58/lb, a decrease of 14% compared to the three months ended 30 September 2015 of US$46.25/lb.**
- **Repurchased an additional US$17M of Convertible Bonds due April 2017 to reduce outstanding amount to US$237M.**

[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.
[4] Underlying All-In Cash Expenditure = total cash cost of production plus capital expenditure, KM care & maintenance expenses, corporate costs, exploration costs and debt servicing costs and repayments. Underlying All-In Cash Expenditure, which is a non-IFRS measure, is widely used in the mining industry as a benchmark to reflect operating performance.

- **Cash and cash equivalents at 31 December 2015 of US$136.8M (an increase of US$28.4M from 30 September 2015 and better vs. guidance pro-forma US$122.5M to US$132.5M after adjusting for the additional repurchase of Convertible Bonds due in April 2017 and sales proceeds from the last physical delivery of the quarter).**

Outlook

- **Upgrade / update to key elements of FY2016 guidance:**
  - **LHM production 5.0Mlb to 5.2Mlb U_3O_8 (vs. previous range 5.0Mlb to 5.4Mlb).**
  - **Weighted average sales price premium to spot of approximately US$4/lb (no change).**
  - **LHM C1 cash costs in the range of US$24/lb to US$26/lb (i.e., reduction of US$1/lb vs. previous range of US$25/lb to US$27/lb).**
- **Lower C1 cash costs at LHM combined with non-LHM costs being within guidance is resulting in reduced 'all in' cash expenditure levels for the Company. Running rate for second half of FY2016 is expected to be in the range of US$35/lb to US$37/lb, which would result in full-year FY2016 range of US$38/lb to US$40/lb (vs. previously presented US$39/lb to US$41/lb).**
- **Company continues to be on track to be cash flow neutral[5] on an 'all in' basis at current spot uranium price and foreign exchange rates excluding one-off restructuring costs and capital management or strategic initiatives for FY2016 full-year.**
- **Key elements of guidance for quarter to 31 March 2016 include:**
  - **Uranium sales in the range of 450,000lb to 650,000lb.**
  - **C1 cash costs in the range of US$23/lb to US$25/lb.**
  - **Quarter-end cash balance in the range of US$100M to US$110M.**

Paladin CEO

- **Alexander Molyneux has been appointed CEO following his six-month engagement as Interim CEO.**

Results

(References below to 2015 and 2014 are to the equivalent six months ended 31 December 2015 and 2014 respectively).

Safety and sustainability

The Company's 12 month moving average Lost Time Injury Frequency Rate[6] (LTIFR) was 2.10 as compared to 1.39 at the end of the last quarter and 4.14 for the quarter to 31 December 2014. The increase in the LTIFR in this quarter was a result of two lost time injuries at LHM.

Langer Heinrich Mine (LHM)

Langer Heinrich Mine (LHM) produced 1.259Mlb U_3O_8 for the three months ended 31 December 2015, down 9% from 2014. Key production drivers included:

- Average plant feed grade of 714ppm U_3O_8 (2014: 773ppm U_3O_8).
- Ore processed of 903,187t (2014: 916,576t).
- Overall recovery of 88.5% (2014: 88.2%).
- Record low quarterly C1 cash cost of production of US$25.38/lb (vs. guidance of US$25.00/lb to US$27.00/lb).
- Record low monthly C1 cash cost of production achieved during the month of December 2015 of US$23.73/lb and continuation of low C1 cash cost running rate in January 2016 of US$24.36/lb.

[5] 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$37M of the Convertible Bonds due April 2017.
[6] All frequency rates are per million personnel hours.

Kayelekera Mine (KM) remains on care and maintenance

- Newly commissioned Nano-filtration unit provided treated water meeting all discharge licence criteria and World Health Organisation, Malawi, and Australia drinking water guidelines.
- A licence to discharge treated water was issued on 20 January 2016, backdated to 9 December 2015.

Profit and Loss

Total sales volume for the quarter was 1.699Mlb U_3O_8 (2014: 1.911Mlb). 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 7% from US$69.6M in 2014 to US$64.4M in 2015, as a result of an 11% decrease in sales volume, which was partially offset by a 4% increase in realised sales price. There were no sales from KM in this quarter (2014: 0.104Mlb). The last of KM finished goods were sold in December 2014.

The average realised uranium sales price for the three months ended 31 December 2015 was US$37.90/lb U_3O_8 (2014: US$36.43/lb U_3O_8), compared to the TradeTech weekly spot price average for the quarter of US$36.03/lb U_3O_8.

Gross Profit for the quarter increased by 396% from US$2.5M in 2014 to US$12.4M in 2015.

Underlying EBITDA for the three months ended 31 December 2015 of US$10.6M, a US$17.2M turnaround from a negative underlying EBITDA of US$6.6M for the three months ended 31 December 2014.

Net loss after tax attributable to members of the Parent for the quarter of US$7.8M (2014: Net loss US$20.5M).

Cash flow

Cash inflow from operating activities for the quarter was US$49.4M, primarily due to receipts from customers of US$101.3M which were partially offset by payments to suppliers and employees of US$42.8M and net interest paid of US$9.0M.

Cash outflow from investing activities for the quarter totalled US$1.1M:

- plant and equipment acquisitions of US$1.0M;
- capitalised exploration expenditure of US$0.6M;
- partially offset by receipt of US$0.5M deposit received for sale of aircraft.

Cash outflow from financing activities for the quarter of US$20.0M is attributable to the repurchase of additional US$17M April 2017 Convertible Bonds for US$15.4M (excluding accrued interest).

Cash position and capital management

Cash of US$136.8M at 31 December 2015 (vs. guidance pro-forma US$122.5M to US$132.5M after adjusting for the additional repurchase of Convertible Bonds due in April 2017 and sales proceeds from the last physical delivery of the quarter).

Repurchased an additional US$17M of the US$254M Convertible Bonds due April 2017, during the quarter ended 31 December 2015, for approximately US$15.5M (including accrued interest). US$37M was repurchased in total during the half-year for approximately US$34.0M (including accrued interest).

The documents comprising the Appendix 4D - Unaudited Consolidated Financial Report for the six months ended 31 December 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 December quarter was US$36.03/lb, representing a 1% decrease compared to US$36.48/lb for the prior quarter and a 4% decrease compared to US$37.66/lb for the quarter to 31 December 2014.

In late December, the Fukui District Court lifted an injunction that had prevented the re-start of Units 3 and 4 at Kansai's Takahama nuclear power plant in Japan. The court decision cleared the way for resumption of operations at the two units and Takahama Unit 3 has already restarted and Unit 4 is expected to follow in late February. Shikoku Electric's Ikata Unit 3 is also expected to resume operations in the first half of 2016. With the Japanese reactor re-start programme finally gathering some momentum, at least eight units are expected to be operating by the end of 2016.

2015 was a strong year for development of nuclear power in China with 8 new units entering commercial operation. China had 30 reactors in operation at the end of 2015 providing almost 27GWe of installed capacity. Another 24 units are currently under construction, with as many as 15 additional reactors planned to start construction during 2016. China is targeting 58GWe installed nuclear capacity by 2020 and a minimum of 110GWe by 2030.

China's nuclear power ambitions extend beyond its own borders. In addition to ongoing projects in Pakistan, Chinese companies announced agreements in November 2015 to construct two new units in Romania and a further two in Argentina. Chinese companies will also compete for new projects in Turkey and South Africa and have also taken a one-third stake in the project to construct two new reactors in the UK. China General Nuclear's stake in the Hinkley Point C consortium represented a major step forward for the UK project.

In early December, 195 nations reached agreement on a new Climate Change treaty in Paris. The new treaty to reduce greenhouse gas emissions is expected to mark an accelerated move away from fossil fuels and towards carbon dioxide free energy sources. Nuclear power is the only major source of base load electricity generation that is largely carbon dioxide free and stands to be a key beneficiary from the anticipated change in the global energy mix.

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 have been updated and include:

- LHM Production – Incorporating operating performance for the first half of FY16, annual production guidance has been revised to be in the range of 5.0Mlb to 5.2Mlb.
- 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 approximately US$4/lb for its FY2016 received selling price.

- LHM C1 cash costs – Paladin revises its full-year average FY16 C1 unit cash cost guidance range down by US$1/lb. Under the Company's current operating plan C1 unit cash cost for the second half of FY2016 is expected to be in the range of US$23.50/lb to US$25.50/lb, which when combined with the first half year performance results in a forecast FY2016 full-year average range of US$24/lb to US$26/lb (vs. previous guidance of US$25/lb to US$27/lb). Key factors leading to the positive revision are better performance on re-agent usage and depreciation of the US$ to Namibian Dollar (NAD) exchange rate.
- Corporate costs, exploration and KM – Guidance for combined expenditure on corporate costs, exploration and KM care and maintenance remains unchanged and 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 the outset of the financial year, Paladin provided guidance to be cash flow neutral on an 'all in' basis at current spot uranium price and foreign exchange rates excluding one-off restructuring costs and capital management (e.g., convertible bond repurchases) or strategic initiatives. The Company continues to expect the remainder of FY16 to be cash generative and for it to achieve this guidance under current conditions, with the expectation that the running rate for 'all in' cash expenditure for the second half of FY16 will be in the range of US$35/lb to US$37/lb.

Key relevant guidance items for the quarter to 31 March 2016 include:

- Uranium Sales – Anticipated to be in the range of 450,000lb to 650,000Mlb U_3O_8.
- LHM C1 cash costs – Expected to be within the range of US$23/lb to US$25/lb.
- Cash and cash equivalents balance as at 31 March 2016 – Forecast to be in the range of US$100M to US$110M, with the reduction in cash mainly due to the timing of sales receipts resulting in an anticipated cash build in the following quarter.

CEO

Following a six-month period in which Alexander Molyneux acted as Interim CEO, Paladin's board believes Mr. Molyneux has demonstrated the requisite skill-set to lead Paladin at this time and has determined to appoint him as the Company's CEO. To reflect the changed nature of his assignment, the following changes have been made to the key terms of Mr. Molyneux's engagement:

- Monthly fee – US$32,000.
- Bonus – Up to 100% of base salary. Payable having consideration to operational, financial, environmental and health and safety outcomes achieved during the calendar year as determined by the Remuneration Committee.
- Change of material influence – Mr. Molyneux will be entitled to the full amount of the bonus plus an additional bonus of US$225,000 in the event that during the current calendar year a transaction results in a change of material influence, being: (a) approximately 20% or more equity issuance to a party which is not an existing shareholder, with rights of director appointments; (b) a change of control (defined as greater than a 50% change in Paladin Energy Ltd shareholding); or (c) sale of a material asset or assets, requiring shareholder approval, with such bonus only pertaining to transactions that are recommended by the board of directors.
- Termination – Mr. Molyneux's engagement may be terminated by either party at any time by six months notice. However, in the case of termination by the Company within 12-months following a change of control, the Company must give 12-months notice.

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, P.Geo 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 07:30 Perth & Hong Kong, Wednesday 17 February 2016; 18:30 Toronto and 23:30 London, Tuesday 16 February 2016. Details are included in a separate news release dated 8 February 2016.

CONTACTS

For additional information, please contact:

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Appendix 4D - Financial Report
Half year ended 31 December 2015

Paladin Energy Ltd

ABN or equivalent company reference

ACN. 061 681 098

Results for announcement to the market

				31 December 2015 US$M	31 December 2014 US$M
Revenue from sales of uranium oxide	Down	7%	to	101.3	108.6
Total revenue	Down	7%	to	101.6	109.7
Loss after tax attributable to members	Down	59%	to	(24.2)	(59.3)
Net loss for the year attributable to members	Down	59%	to	(24.2)	(59.3)
Loss per share (US cents)	Down	75%		(1.4)	(5.5)

Dividends	**Amount per security**	**Franked amount per security**
It is not proposed to pay dividends for the year	N/A	N/A
Previous corresponding year: No dividend paid	N/A	N/A

An explanation of the results is included in the Management Discussion & Analysis and the Financial Report attached.

	31 December 2015	31 December 2014
Net tangible assets per share	US$0.08	US$0.27

Other

Previous corresponding period is the half year ended 31 December 2014.

All foreign subsidiaries are prepared using IFRS.

Commentary on Results for the Year

A commentary on the results for the year is contained in the press release dated 16 February 2016.

PALADIN ENERGY LTD

A.C.N. 061 681 098

FINANCIAL REPORT

FOR THE SIX MONTHS ENDED

31 DECEMBER 2015

Table of Contents – Financial Report for the six months ended 31 December 2015

The 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 six months ended 31 December 2015. The effective date of this unaudited report is 16 February 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 March 2015, 30 September 2015, and 31 December 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 31 December 2015 were:

OPERATIONS*

- Langer Heinrich Mine (LHM) produced 1.259Mlb U_3O_8 for the three months ended 31 December 2015, up 16% from the last quarter.
  - Average plant feed grade of 714ppm U_3O_8.
  - Overall recovery of 88.5%.
  - Record low quarterly C1 cash cost of production of US$25.38/lb (vs. guidance of US$25.00/lb to US$27.00/lb).
  - Record low monthly C1 cash cost of production achieved during the month of December 2015 of US$23.73/lb.

- Kayelekera Mine (KM) remains on care and maintenance.
  - Newly commissioned Nano-filtration unit provided treated water meeting all discharge licence criteria and World Health Organisation, Malawi, and Australia drinking water guidelines.
  - A licence to discharge treated water was issued on 20 January 2016, backdated to 9 December 2015.

- C1 cost of production:
  - LHM unit C1 cost of production for the quarter decreased by 9% from US$27.82/lb in the September quarter to US$25.38/lb in the December quarter due to higher production mentioned above.

- The Company is reviewing its annual production guidance for FY16, which was previously in the range of 5.0Mlb to 5.4Mlb U_3O_8 and included a planned 10% reduction in milled ore grade to 694ppm U_3O_8. Incorporating performance for the first half of FY16, annual production is more likely to be in the range of 5.0Mlb to 5.2Mlb.

- The Company's 12 month moving average Lost Time Injury Frequency Rate (LTIFR) was 2.10 as compared to 1.39 at the end of the last quarter and 4.14 for the quarter to 31 December 2014. The increase in the LTIFR in this quarter was a result of two lost time injuries at LHM. The lost time injuries were as follows:
  - A process operator sustained caustic burns when his Tyvek protective suit became torn and or saturated while moving in and out of a caustic tank.
  - A cleaning contractor slipped and fractured a bone in her foot whilst changing clothes in the change house.

SALES AND REVENUE

- Sales revenue of US$64.4M for the quarter, selling 1.699Mlb U_3O_8 at an average price of US$37.90/lb U_3O_8 (vs. average spot price of US$36.03/lb). Sales revenue of US$101.3M for the half-year, selling 2.499Mlb U_3O_8 at an average price of US$40.54/lb U_3O_8 (vs. average spot price of US$36.26/lb).

CORPORATE INITIATIVES

- Repurchased an additional US$17M of the US$254M Convertible Bonds due April 2017, during the quarter ended 31 December 2015, for approximately US$15.5M (including accrued interest). US$37M was repurchased in total during the half-year for approximately US$34.0M (including accrued interest).

OTHER

- Underlying EBITDA for the three months ended 31 December 2015 of US$10.6M, a US$17.2M turnaround from a negative underlying EBITDA of US$6.6M for the three months ended 31 December 2014.
- Underlying EBITDA for the six months ended 31 December 2015 of US$17.0M, a US$38.7M turnaround from a negative underlying EBITDA of US$21.7M for the six months ended 31 December 2014.

- Underlying all-in cash expenditure per pound of uranium production for the three months ended 31 December 2015 of US$39.58/lb, a decrease of 19% compared to the three months ended 31 December 2014 of US$48.91/lb.
- The TradeTech weekly spot price average for the December 2015 quarter was US$36.03/lb, representing a 1% decrease compared to US$36.48/lb for the prior quarter and a 4% decrease compared to US$37.66/lb for the quarter to 31 December 2014.
- An additional three Japanese reactors (Takahama 3 & 4 and Ikata 3) were cleared for re-start in the December quarter and are expected to commence operations in early 2016.
- Cash and cash equivalents at 31 December 2015 of US$136.8M (an increase of US$28.4M from 30 September 2015 and better vs. guidance pro-forma US$122.5M to US$132.5M after adjusting for the additional repurchase of Convertible Bonds due in April 2017 and sales proceeds from the last physical delivery of the quarter).
- Company continues to be on track to be cash flow neutral on an 'all in' basis at current spot uranium price and foreign exchange rates excluding one-off restructuring costs and capital management or strategic initiatives for FY16 full-year.

* 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 and 12 for reconciliation.

Underlying EBITDA

The Company's Earnings Before Interest, Tax, Depreciation and Amortisation (Underlying 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 underlying EBITDA may be helpful in analysing the operating results of a mining company like itself. Although underlying 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 8 and 11 for reconciliation.

Underlying All-In Cash Expenditure per Pound

Underlying All-In Cash Expenditure = total cash cost of production plus capital expenditure, KM care & maintenance expenses, corporate costs, exploration costs and debt servicing costs and repayments. Underlying All-In Cash Expenditure, which is a non-IFRS measure, is widely used in the mining industry as a benchmark to reflect operating performance. We use this measure as a meaningful way to compare our performance from period to period as it provides a more comprehensive view of costs than the cash cost approach. Refer to page 9 and 12 for reconciliation.

FINANCIAL RESULTS

FINANCIAL RESULTS FOR THE THREE MONTHS

	% Change from 2014 to 2015	THREE MONTHS ENDED 31 DECEMBER 2015	2014	2013
Production volume (Mlb)	(9)%	1.259	1.377	2.291
Sales volume (Mlb)	(11)%	1.699	1.911	2.775
Realised sales price (US$/lb)	4%	37.9/lb	36.4/lb	36.7/lb
		US$M	**US$M**	**US$M**
Revenue	(8)%	64.6	70.4	102.0
Cost of Sales	23%	(52.2)	(67.9)	(103.5)
Impairment – inventory, stores and consumables	-%	-	-	(12.9)
Gross profit/(loss)	**396%**	**12.4**	**2.5**	**(14.4)**
Impairments	59%	(0.7)	(1.7)	(324.4)
Loss after tax attributable to members of the parent	**62%**	**(7.8)**	**(20.5)**	**(215.0)**
Other comprehensive loss for the period, net of tax		(1.7)	(30.1)	(35.6)
Total comprehensive loss attributable to the members of the parent	**81%**	**(9.5)**	**(50.6)**	**(250.6)**
Loss per share - basic & diluted (US cents)	71%	(0.5)	(1.7)	(21.2)

References below to 2015 and 2014 are to the equivalent three months ended 31 December 2015 and 2014 respectively.

Revenue decreased by 8%, due to a 11% decrease in sales volume, which was partially offset by a 4% increase in realised sales price. There were no sales from KM (2014: 0.104Mlb). The last of KM finished goods were sold in December 2014.

Gross Profit in 2015 of US$12.4M is higher than the gross profit in 2014 of US$2.5M due to a 4% increase in realised sales price and a 23% decrease in total cost of sales.

Impairments of US$0.7M were recognised in 2015 (2014: US$1.7M). US$0.3M impairment of the aircraft ahead of the sale in January 2016 and US$0.4M (2014: US$1.7M) relating to the impairment of available-for-sale financial assets due to the impairment of the investment in Deep Yellow Ltd (DYL).

Loss after Tax Attributable to the Members of the Parent for 2015 of US$7.8M is lower than the loss of US$20.5M in 2014, and is predominantly due to the US$9.9M increase in gross profit, a US$2.5M decrease in corporate and marketing costs, a decrease in KM care and maintenance expenses of US$0.5M, and a profit on convertible bonds buyback of US$0.7M which have been partially offset by restructure costs of US$0.3M (2014: US$Nil) and a higher tax expense of US$4.5M (2014: income tax benefit US$1.6M) which has arisen as a result of deferred tax recognised on foreign exchange temporary differences in Namibia.

Three Year Trend
Revenue has decreased by 37% since 2013 due to a 39% decrease in sales volume which was partially offset by a 3% increase in realised sales price. Gross profit in 2015 of US$12.4M is a turnaround from a US$14.4M gross loss in 2013 due to there being no impairment of inventory,

stores and consumables in 2015 (2013: US$12.9M impairment of KM inventory, stores and consumables). In addition, the gross loss in 2013 included a gross loss before impairments from KM of US$1.1M.

Underlying EBITDA

	Note	THREE MONTHS ENDED 31 DECEMBER 2015 US$M	2014 US$M
Profit/(loss) before interest and tax		9.5	(8.6)
Depreciation and amortisation	**11**	8.1	11.1
Impairment loss reversed on sale of inventory	**11**	(4.4)	(11.1)
Foreign exchange gains	**11**	(3.6)	(0.7)
Restructure costs	**11**	0.3	-
Impairment of assets	**11**	0.7	3.1
Gain on disposal of investment	**11**	-	(0.4)
Underlying EBITDA		**10.6**	**(6.6)**

Underlying EBITDA has improved by US$17.2M.

ANALYSIS OF REALISED SALES PRICE AND SALES & PRODUCTION VOLUMES

	THREE MONTHS ENDED 31 DECEMBER % Change	2015 US$	2014 US$
LHM realised uranium sales price	4%	US$37.9/lb	US$36.4/lb
KM realised uranium sales price	-%	-	US$36.9/lb
Group realised uranium sales price	**4%**	**US$37.9/lb**	**US$36.4/lb**
		Mlb U_3O_8	**Mlb U_3O_8**
LHM sales volume	(6)%	1.699	1.807
KM sales volume	(100)%	-	0.104
Total sales volume	**(11)%**	**1.699**	**1.911**
LHM production	**(9)%**	**1.259**	**1.377**

The average realised uranium sales price for the three months ended 31 December 2015 was US$37.9/lb U_3O_8 compared to the TradeTech weekly spot price average for the quarter of US$36.0/lb U_3O_8.

RECONCILIATION OF C1 COST OF PRODUCTION TO COST OF GOODS SOLD

	THREE MONTHS ENDED 31 DECEMBER 2015 LHM	KM	TOTAL	THREE MONTHS ENDED 31 DECEMBER 2014 LHM	KM	TOTAL
Volume Produced (Mlb)	*1.259*	-	*1.259*	*1.377*	-	*1.377*
Cost of Production/lb (C1)	*US$25.4 /lb*	-		*US$28.6/lb*	-	
	US$M	US$M	US$M	US$M	US$M	US$M
Cost of Production (C1)	31.9	-	31.9	39.3	-	39.3
Depreciation & amortisation	5.7	-	5.7	6.7	-	6.7
Production distribution costs	0.9	-	0.9	1.0	-	1.0
Royalties	1.9	-	1.9	2.3	-	2.3
Inventory movement	11.8	-	11.8	15.0	3.8	18.8
Other	-	-	-	(0.2)	-	(0.2)
Cost of goods sold	**52.2**	**-**	**52.2**	**64.1**	**3.8**	**67.9**

The C1 cost of production for the three months ended 31 December 2015 for LHM decreased by 11% to US$25.4/lb U_3O_8 (2014: US$28.6/lb U_3O_8); and, total C1 cost of production for the quarter decreased by 19%, to US$31.9M.

Production ceased at KM on 6 May 2014.

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

	% Change	THREE MONTHS ENDED 31 DECEMBER	
		2015 US$/lb	**2014 US$/lb**
LHM – C1 cost of production	**11%**	25.38	28.58
Mining – (decrease)/increase in ore stockpiles		(2.13)	1.84
Royalties		1.55	1.64
Product distribution costs		0.68	0.74
Commercial & administration – non production		0.53	0.55
Social development		0.04	0.09
LHM – total cash cost of production	**22%**	26.05	33.44
Capex		0.69	1.25
LHM – total cash cost of production after capex	**23%**	26.74	34.69
KM – care & maintenance expenses		2.00	2.58
Corporate costs		1.29	2.17
Exploration costs		0.32	0.94
Debt servicing costs and repayments		9.23	8.53
Underlying all-in cash expenditure	**19%**	**39.58**	**48.91**

Underlying all-in cash expenditure per pound of uranium production for the three months ended 31 December 2015 was US$39.58/lb, a decrease of 19% compared to the three months ended 31 December 2014 of US$48.91/lb.

ANALYSIS OF ADMINISTRATION, MARKETING & NON-PRODUCTION COSTS

	% Change	THREE MONTHS ENDED 31 DECEMBER	
		2015 US$M	**2014 US$M**
Total	**42.9%**	**(3.2)**	**(5.6)**

Costs for the three months ended 31 December 2015 decreased by US$2.4M, due to a US$2.5M decrease in corporate and marketing costs which was partially offset by restructure costs of US$0.3M.

FINANCIAL RESULTS FOR THE SIX MONTHS

		SIX MONTHS ENDED 31 DECEMBER		
	Change from 2014 to 2015	**2015**	**2014**	**2013**
Production volume (Mlb)	(5)%	2.342	2.467	4.335
Sales volume (Mlb)	(21)%	2.499	3.161	4.448
Realised sales price (US$/lb)	18%	40.5/lb	34.3/lb	38.4/lb
		US$M	**US$M**	**US$M**
Revenue	(7)%	101.6	109.7	171.4
Cost of Sales	26%	(77.9)	(105.8)	(175.8)
Impairment – inventory	-%	-	-	(24.9)
Gross profit/(loss)	**508%**	**23.7**	**3.9**	**(29.3)**
Impairments	59%	(0.7)	(1.7)	(327.9)
Loss after tax attributable to members of the parent	**59%**	**(24.2)**	**(59.3)**	**(255.0)**
Other comprehensive loss for the period, net of tax		(30.5)	(67.6)	(20.1)
Total comprehensive loss attributable to the members of the parent	**57%**	**(54.7)**	**(126.9)**	**(275.1)**
Loss per share - basic & diluted (US cents)	75%	(1.4)	(5.5)	(25.1)

References below to 2015 and 2014 are to the equivalent six months ended 31 December 2015 and 2014 respectively.

Revenue in 2015 decreased by 7%, mainly due to a 21% decrease in sales volume which has been partially offset by an 18% increase in realised sales price. There were no sales from KM (2014: 0.204Mlb. The last of KM finished goods were sold in December 2014.

Gross Profit in 2015 of US$23.7M is higher than the gross profit in 2014 of US$3.9M due to an 18% increase in realised sales price and a 26% decrease in total cost of sales.

Impairments of US$0.7M were recognised in 2015 (2014: US$1.7M). US$0.3M impairment of the aircraft ahead of the sale in January 2016 and US$0.4M (2014: US$1.7M) relating to the impairment of available-for-sale financial assets due to the impairment of the investment in DYL.

Loss after Tax Attributable to the Members of the Parent for 2015 of US$24.2M is lower than the loss of US$59.3M in 2014, and is predominantly due to the US$19.8M increase in gross profit, a US$4.2M decrease in corporate and marketing costs, a decrease in KM care and maintenance expenses of US$3.0M, a profit on convertible bonds buyback of US$1.4M, and a lower tax expense of US$15.3M (2014: US$20.4M) which has arisen as a result of deferred tax recognised on foreign exchange temporary differences in Namibia, which have been partially offset by restructure costs of US$4.6M (2014: US$Nil).

Segment Information
The Namibian segment profit of US$10.4M is a turnaround from the loss in 2014 of US$22.6M, due mainly to an 18% increase in realised sales price and a 26% decrease in total cost of sales. The Malawian segment loss decreased by US$5.8M as a result of lower care and maintenance costs. Exploration activities loss has decreased by US$1.1M predominantly due to the 2014 write off of all capitalised costs (US$1.4M) relating to the surrender of the licence of Spinifex Well. In the Unallocated portion, the Group reflected the remaining Income Statement activities, which for 2015

comprise mainly marketing, corporate, finance and administration costs. The loss (costs) in this area has decreased by US$4.4M through a cost rationalisation review.

Three Year Trend
Revenue has decreased by 41% since 2013, due to a 44% decrease in sales volume which was partially offset by a 5% increase in realised sales price. Gross profit in 2015 of US$23.7M is a turnaround from a US$29.3M gross loss in 2013 due to there being no impairment of inventory, stores and consumables in 2015 (2013: US$24.9M impairment of KM inventory, stores and consumables). In addition, the gross loss in 2013 included a gross loss before impairments from KM of US$6.5M.

Underlying EBITDA

		SIX MONTHS ENDED 31 DECEMBER	
		2015	**2014**
	Note	**US$M**	**US$M**
Profit/(loss) before interest and tax		16.0	(17.3)
Depreciation and amortisation	**11**	11.8	19.5
Impairment loss reversed on sale of inventory	**11**	(6.3)	(23.3)
Foreign exchange gains	**11**	(9.8)	(3.1)
Restructure costs	**11**	4.6	-
Impairment of assets	**11**	0.7	3.1
Gain on disposal of investment	**11**	-	(0.6)
Underlying EBITDA		**17.0**	**(21.7)**

Underlying EBITDA has improved by US$38.7M.

ANALYSIS OF REALISED SALES PRICE AND SALES & PRODUCTION VOLUMES

	SIX MONTHS ENDED 31 DECEMBER		
	% Change	**2015 US$**	**2014 US$**
LHM realised uranium sales price	17%	US$40.5/lb	US$34.5/lb
KM realised uranium sales price	(100)%	-	US$32.8/lb
Group realised uranium sales price	**18%**	**US$40.5/lb**	**US$34.3/lb**
		Mlb U_3O_8	**Mlb U_3O_8**
LHM sales volume	(15)%	2.499	2.957
KM sales volume	(100)%	-	0.204
Total sales volume	**(21)%**	**2.499**	**3.161**
LHM production	**(5)%**	**2.342**	**2.467**

The average realised uranium sales price for the six months ended 31 December 2015 was US$40.5/lb U_3O_8 compared to the TradeTech weekly spot price average for the six months of US$36.26/lb U_3O_8.

RECONCILIATION OF C1 COST OF PRODUCTION TO COST OF GOODS SOLD (UNAUDITED)

	SIX MONTHS ENDED 31 DECEMBER 2015			**SIX MONTHS ENDED 31 DECEMBER 2014**		
	LHM	**KM**	**TOTAL**	**LHM**	**KM**	**TOTAL**
Volume Produced (Mlb)	*2.342*	-	*2.342*	*2.467*	-	*2.467*
Cost of Production/lb (C1)	*US$26.5/lb*	-		*US$30.5/lb*	-	
	US$M	US$M	US$M	US$M	US$M	US$M
Cost of Production (C1)	62.1	-	62.1	75.3	-	75.3
Depreciation	11.2	-	11.2	12.5	-	12.5
Production distribution costs	1.3	-	1.3	3.0	-	3.0
Royalties	3.0	-	3.0	3.3	-	3.3
Inventory movement	0.3	-	0.3	5.4	6.7	12.1
Other	-	-	-	(0.4)	-	(0.4)
Cost of goods sold	**77.9**	**-**	**77.9**	**99.1**	**6.7**	**105.8**

The unit C1 cost of production for the six months for LHM decreased by 13% to US$26.5/lb U_3O_8 (2014: US$30.5/lb U_3O_8); and, total C1 cost of production decreased by 18%, to US$62.1M.

Production ceased at KM on 6 May 2014.

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

	% Change	**SIX MONTHS ENDED 31 DECEMBER 2015 US$/lb**	**2014 US$/lb**
LHM – C1 cost of production	**13%**	26.50	30.55
Mining – (decrease)/increase in ore stockpiles		(0.26)	2.73
Royalties		1.31	1.34
Product distribution costs		0.56	1.19
Commercial & administration – non production		0.98	1.55
Social development		0.05	0.06
LHM – total cash cost of production	**22%**	29.14	37.42
Capex		0.76	2.73
LHM – total cash cost of production after capex	**26%**	29.90	40.15
KM – care & maintenance expenses		2.00	3.65
Corporate costs		1.61	2.51
Exploration costs		1.04	1.15
Debt servicing costs and repayments		8.12	8.06
Underlying all-in cash expenditure	**23%**	**42.67**	**55.52**

Underlying all-in cash expenditure per pound of uranium production for the six months ended 31 December 2015 was US$42.67/lb, a decrease of 23% compared to the six months ended 31 December 2014 of US$55.52/lb.

ANALYSIS OF ADMINISTRATION, MARKETING & NON-PRODUCTION COSTS

	% Change	SIX MONTHS ENDED 31 DECEMBER 2015 US$M	2014 US$M
Total	**(3)%**	**(10.5)**	**(10.2)**

Costs for the six months ended 31 December 2015 increased by US$0.3M, due to restructure costs of US$4.6M which has been partially offset by a US$4.2M decrease in corporate and marketing costs.

SUMMARY OF QUARTERLY FINANCIAL RESULTS

		2015 Dec Qtr	2015 Sep Qtr	2015 Jun Qtr	2015 Mar Qtr
LHM					
Production U_3O_8	**Mlb**	1.259	1.083	1.336	1.234
C1 cost of production	**US$/lb**	25.4	27.8	26.0	29.4
Underlying all-in cash expenditure	**US$/lb**	39.58	46.25	45.48	46.87
Total revenues	**US$M**	64.6	37.0	73.9	17.1
Sales volume	**Mlb**	1.699	0.800	1.766	0.440
Realised uranium sales price	**US$/lb**	37.9	46.1	41.5	38.0
Impairments	**US$M**	(0.7)	-	(247.7)	-
Loss after tax attributable to members	**US$M**	(7.8)	(16.4)	(195.9)	(12.6)
Basic and diluted loss per share	**US cents**	(0.5)	(1.0)	(11.7)	(0.8)
Underlying EBITDA	**US$M**	10.6	6.4	6.8	(6.2)

		2014 Dec Qtr	2014 Sep Qtr	2014 Jun Qtr	2014 Mar Qtr
LHM					
Production U_3O_8*	**Mlb**	1.377	1.090	1.416	1.463
C1 cost of production*	**US$/lb**	28.6	33.0	29.5	27.6
KM					
Production U_3O_8	**Mlb**	-	-	0.262	0.697
C1 cost of production	**US$/lb**	-	-	44.7	32.9
Underlying all-in cash expenditure	**US$/lb**	48.91	63.86	N/A	N/A
Total revenues	**US$M**	70.4	39.3	69.4	88.6
Sales volume	**Mlb**	1.911	1.250	1.812	2.405
Realised uranium sales price	**US$/lb**	36.4	31.2	38.2	36.8
Impairments	**US$M**	(1.7)	-	(40.6)	-
Loss after tax attributable to members	**US$M**	(20.5)	(38.8)	(63.5)	(19.9)
Basic and diluted loss per share	**US cents**	(1.7)	(3.8)	(6.2)	(2.0)
Underlying EBITDA	**US$M**	(6.6)	(15.1)	(5.2)	(3.0)

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

The unit C1 cost of production for LHM decreased 11% over the last year, from US$28.6/lb in the December 2014 quarter to US$25.4/lb in the December 2015 quarter, due to a combination of a weaker Namibian dollar and cost saving initiatives.

An external review of LHM's processing operations was undertaken by a third-party consultant during the quarter, resulting in a number of action items. Such items include a heavy focus on initiatives to increase plant operating uptime, which combined with other innovations already in the implementation or design phase, will be rolled out in the remainder of FY16 and FY17.

Total revenue for the quarters ended December 2015 and September 2015 were lower than the comparative quarters, 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 revenue for the quarter ended March 2015 was lower than the comparative quarter, 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 DEC 2015 UNAUDITED US$M	30 JUNE 2015 AUDITED US$M	30 JUNE 2014 AUDITED US$M
Cash and cash equivalents	136.8	183.7	88.8
Inventories	237.8	231.6	238.3
Total assets	1,029.9	1,100.0	1,565.7
Interest bearing loans and borrowings	504.0	534.5	725.6
Total long-term liabilities	835.5	859.3	1,049.1
Net Assets	**151.0**	**198.3**	**432.4**

Cash and Cash Equivalents have decreased by US$46.9M, mainly as a result of the repurchase of US$37.0M of April 2017 Convertible Bonds for US$33.4M (excluding accrued interest), a US$4.6M repayment of the LHM syndicated loan facility and restructure costs of US$4.6M.

Inventories have increased by US$6.2M, predominantly due to a short-term loan of 180,000lb U_3O_8 in December 2015. Product was delivered to the converter in December 2015 however it did not arrive in time to be assayed and available for delivery to a customer. The 180,000lb U_3O_8 was delivered to the loaner in early January 2016 once it had been assayed. The short-term loan of U_3O_8 was required to fulfil a December sale from a specified converter.

Interest Bearing Loans and Borrowings have decreased by US$30.5M, primarily as a result of the repurchase of US$37.0M of April 2017 Convertible Bonds for US$33.4M, and a US$4.6M repayment of the LHM syndicated loan facility which has been partially offset by the non-cash accretion of the convertible bonds of US$7.6M.

Segment Assets: Namibian assets have remained relatively stable. 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$37.0M of April 2017 Convertible Bonds for US$33.4M (excluding accrued interest) and restructure costs of US$4.6M.

LIQUIDITY AND CAPITAL RESOURCES

The Group's principal source of liquidity as at 31 December 2015, was cash of US$136.8M (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$132.0M is held in US dollars.

Cash flow – three months ended 31 December 2015

Net Cash Inflow from Operating Activities was US$49.4M in 2015 (2014: outflow US$33.8M), primarily due to receipts from customers of US$101.3M (2014: US$34.1M) which were partially offset by payments to suppliers and employees of US$42.8M (2014: US$53.2M) and net interest paid of US$9.0M (2014: US$14.8M).

Net Cash Outflow from Investing Activities was US$1.1M in 2015 and is due primarily to plant and equipment acquisitions of US$1.0M at LHM, as well as capitalised exploration expenditure of US$0.6M. This has been partially offset by the receipt of a US$0.5M deposit received for the sale of the aircraft which was completed in January 2016. The net cash outflow of US$2.6M in 2014 was due primarily to plant and equipment acquisitions of US$1.8M at LHM, as well as capitalised exploration expenditure of US$0.9M.

Net Cash Outflow from Financing Activities of US$20.0M in 2015 is attributable to the repurchase of US$17M April 2017 Convertible Bonds for US$15.4M (excluding accrued interest) and a US$4.6M repayment of the LHM syndicated loan facility. The net inflow in 2014 of US$162.0M in 2014 is attributable to the proceeds received from the entitlement offer of US$119.7M and the share placement to HOPU of US$52.7M, partially offset by a US$4.6M repayment of the LHM syndicated loan facility and US$5.5M in equity capital raising costs.

Cash flow – six months ended 31 December 2015

Net Cash Outflow from Operating Activities was US$2.9M in 2015 (2014: outflow US$40.5M), primarily due to payments to suppliers and employees of US$90.1M (2014: US$117.1M) and net interest paid of US$14.7M (2014: US$15.1M), which were partially offset by receipts from customers of US$102.1M (2014: US$91.9M).

Net Cash Outflow from Investing Activities was US$5.3M in 2015 and is due primarily to plant and equipment acquisitions of US$1.9M at LHM, as well as capitalised exploration expenditure of US$3.9M (including US$1.2M for the acquisition of the Carley Bore Uranium Deposit). This has been partially offset by the receipt of a US$0.5M deposit received for the sale of the aircraft which was completed in January 2016. The net cash outflow of US$9.7M in 2014 was due primarily to plant and equipment acquisitions of US$7.4M, predominantly the nano-filtration equipment and spiral heat exchangers at LHM, as well as capitalised exploration expenditure of US$2.4M.

Net Cash Outflow from Financing Activities of US$38.0M in 2015 is attributable to the repurchase of US$37M April 2017 Convertible Bonds for US$33.4M (excluding accrued interest) and a US$4.6M repayment of the LHM syndicated loan facility. The net inflow in 2014 of US$297.0M in 2014 is attributable to the proceeds received from the sale of a 25% interest in LHM of US$170M, proceeds from the entitlement offer of US$119.7M and the share placement to HOPU of US$52.7M, and has been partially offset by a US$35.4M repayment of the LHM project finance and syndicated loan facility, US$1.5M in syndicated loan facility establishment costs, US$3.0M in costs attributable to sale of the non controlling interest in LHM and US$5.5M in equity capital raising costs.

GOING CONCERN

As at 31 December 2015, the Group had a net working capital surplus of US$188.3M (30 June 2015: US$231.8M), including cash on hand of US$136.8M (30 June 2015: US$183.7M). Included within this cash on hand is US$36.3M (30 June 2015: US$31.2M), which is restricted for use in respect of the LHM syndicated loan facility, supplier guarantees provided by LHM and guarantees supplied by Paladin.

The amount outstanding at 31 December 2015 on the syndicated loan facility was US$56.4M.

Repayment obligations during the next twelve months to 31 December 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$27.1M for syndicated loan facility and 2012 (due 2017) and 2015 (due 2020) unsecured convertible bonds.

The Board of Directors is currently reviewing a range of financing options. The financing is expected to be finalised within the short term to allow the repayment of the US$237M unsecured convertible bonds maturing on 30 April 2017. At the date of this 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 expenditure commitments as at 31 December 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	20.1	0.9	9.1	10.1
Operating leases	0.3	0.3	-	-
Mining, transport and reagents	16.5	15.0	1.5	-
Manyingee acquisition costs	0.5	-	-	0.5
Total commitments	**37.4**	**16.2**	**10.6**	**10.6**

In relation to the Manyingee Uranium Project, the acquisition terms provide for a payment of A$0.75M (US$0.54M) by the Group to the vendors when all project development approvals are obtained.

The Group has no other material off balance sheet arrangements.

(All figures are in US dollars unless otherwise indicated)

OUTSTANDING SHARE INFORMATION

As at 16 February 2016, Paladin had 1,712,716,422 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 16 February 2016	Number
Ordinary shares	1,712,716,422
Issuable under Employee Performance Share Rights Plan	-
Issuable under Performance Share Rights Plan (SARs)*	-
Issuable under Executive Share Option Plan	3,000,000
Issuable in relation to the US$237 million Convertible Bonds	129,508,197
Issuable in relation to the US$150 million Convertible Bonds	421,348,315
Total	**2,266,572,934**

*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 15 February 2016 of A$0.185.

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 31 December 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 31 December 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 31 December, 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 31 December 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 31 December 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

Other than disclosed below, since 31 December 2015, the Directors are not aware of any other matter or circumstance not otherwise dealt with in this 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 with the exception of the following, the financial effects of which have not been provided for in the 31 December 2015 Financial Report.

Appointment of CEO

Following a six-month period in which Alexander Molyneux acted as Interim CEO, Paladin's board believes Mr. Molyneux has demonstrated the requisite skill-set to lead Paladin at this time and has determined to appoint him as the Company's CEO. To reflect the changed nature of his assignment, the following changes have been made to the key terms of Mr. Molyneux's engagement:

- Monthly fee – US$32,000.
- Bonus – Up to 100% of base salary. Payable having consideration to operational, financial, environmental and health and safety outcomes achieved during the calendar year as determined by the Remuneration Committee.
- Change of material influence – Mr. Molyneux will be entitled to the full amount of the bonus plus an additional bonus of US$225,000 in the event that during the current calendar year a transaction results in a change of material influence, being: (a) approximately 20% or more equity issuance to a party which is not an existing shareholder, with rights of director appointments; (b) a change of control (defined as greater than a 50% change in Paladin Energy Ltd shareholding); or (c) sale of a material asset or assets, requiring shareholder approval, with such bonus only pertaining to transactions that are recommended by the board of directors.
- Termination – Mr. Molyneux's engagement may be terminated by either party at any time by six months notice. However, in the case of termination by the Company within 12-months following a change of control, the Company must give 12-months notice.

The Directors present their report on the Company consisting of Paladin Energy Ltd ("Company") and the entities it controlled ("Group") at the end of, or during, the six months ended 31 December 2015.

Directors

The following persons were Directors of Paladin Energy Ltd during the whole of the six months and up to the date of this report unless otherwise indicated:

Mr Rick Wayne Crabb (Non-executive Chairman)
Mr John Borshoff (Managing Director/CEO) - resigned 10 August 2015
Mr Sean Llewelyn (Non-executive Director) - resigned 21 August 2015
Mr Donald Shumka (Non-executive Director)
Mr Peter Donkin (Non-executive Director)
Mr Philip Baily (Non-executive Director)
Mr Wendong Zhang (Non-executive Director)

Review of Operations

A detailed operational and financial review of the Group is set out on pages 3 to 19 under the section titled Management Discussion and Analysis.

The loss after tax attributable to the ordinary equity holders for the six months ended 31 December 2015 was US$24.2M (loss after tax of US$59.3M for the six months ended 31 December 2014).

Auditor's Independence Declaration

A copy of the auditor's independence declaration as required under Section 307C of the Corporations Act 2001 is set out on page 21, which forms part of the Directors' Report.

Rounding

The Company is of a kind referred to in Class Order 98/0100 issued by the Australian Securities and Investments Commission, relating to the "rounding off" of amounts in the Directors' Report and Financial Report. Amounts in the Directors' Report and Financial Report have been rounded off to the nearest US$100,000 in accordance with that class order.

Signed in accordance with a resolution of the Directors.

Mr Rick Crabb
Chairman
Perth, Western Australia
16 February 2015

Ernst & Young
11 Mounts Bay Road
Perth WA 6000 Australia
GPO Box M939 Perth WA 6843

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Auditor's Independence Declaration to the Directors of Paladin Energy Limited

As lead auditor for the review of Paladin Energy Limited for the half-year ended 31 December 2015, I declare to the best of my knowledge and belief, there have been:

a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and

b) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Paladin Energy Limited and the entities it controlled during the financial period.

Ernst & Young

Ernst & Young

D S Lewsen
Partner
16 February 2016

DL: AJ: PALADIN16:005

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

	Notes	Three months ended 31 December 2015 US$M	Three months ended 31 December 2014 US$M	Six months ended 31 December 2015 US$M	Six months ended 31 December 2014 US$M
Revenue					
Revenue	10	64.6	70.4	101.6	109.7
Cost of sales	11	(52.2)	(67.9)	(77.9)	(105.8)
Gross profit		12.4	2.5	23.7	3.9
Other income	11	3.6	1.1	9.8	3.7
Exploration and evaluation expenses	19	(0.1)	(0.5)	(0.5)	(0.9)
Administration, marketing and non-production costs	11	(3.2)	(5.6)	(10.5)	(10.2)
Other expenses	11	(3.2)	(6.1)	(6.5)	(13.8)
Profit/(loss) before interest and tax		9.5	(8.6)	16.0	(17.3)
Finance costs	11	(11.4)	(14.4)	(23.6)	(29.5)
Net loss before income tax		**(1.9)**	**(23.0)**	**(7.6)**	**(46.8)**
Income tax (expense)/benefit	12	(4.5)	1.6	(15.3)	(20.4)
Net loss after tax		**(6.4)**	**(21.4)**	**(22.9)**	**(67.2)**
Attributable to:					
Non-controlling interests		1.4	(0.9)	1.3	(7.9)
Members of the parent		(7.8)	(20.5)	(24.2)	(59.3)
Net loss after tax		**(6.4)**	**(21.4)**	**(22.9)**	**(67.2)**
Loss per share (US cents)[(1)]					
Loss after tax from operations attributable to ordinary equity holders of the Company - basic and diluted (US cents)		(0.5)	(1.7)	(1.4)	(5.5)

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

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

	Three months ended 31 December		Six months ended 31 December	
	2015 US$M	2014 US$M	2015 US$M	2014 US$M
Net loss after tax from operations	**(6.4)**	**(21.4)**	**(22.9)**	**(67.2)**
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)	-	(0.4)
Net loss on available-for-sale financial assets	(0.1)	(1.1)	(0.3)	(2.3)
Transfer of impairment loss on available-for-sale financial assets to income statement	0.3	1.7	0.3	1.7
Foreign currency translation	(4.4)	(30.5)	(30.5)	(66.9)
Income tax on items of other comprehensive income	2.5	0.1	-	0.3
Items that will not be subsequently reclassified to profit or loss:				
Foreign currency translation attributable to non-controlling interests	0.2	(1.8)	(0.1)	(4.1)
Other comprehensive loss for the period, net of tax	**(1.5)**	**(31.8)**	**(30.6)**	**(71.7)**
Total comprehensive loss for the period	**(7.9)**	**(53.2)**	**(53.5)**	**(138.9)**
Total comprehensive loss attributable to:				
Non-controlling interests	1.6	(2.6)	1.2	(12.0)
Members of the parent	(9.5)	(50.6)	(54.7)	(126.9)
	(7.9)	(53.2)	(53.5)	(138.9)

The above 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
EXPRESSED IN US DOLLARS

	Notes	As at 31 December 2015 Unaudited US$M	As at 30 June 2015 Audited US$M
ASSETS			
Current assets			
Cash and cash equivalents	5	136.8	183.7
Trade and other receivables	13	10.2	9.5
Prepayments		4.3	2.9
Inventories	14	77.9	75.3
Assets classified as held for sale	15	2.5	2.8
TOTAL CURRENT ASSETS		231.7	274.2
Non current assets			
Trade and other receivables	13	0.6	0.6
Inventories	14	159.9	156.3
Other financial assets	16	2.1	2.6
Property, plant and equipment	17	265.0	273.7
Mine development	18	41.7	43.0
Exploration and evaluation expenditure	19	317.5	337.9
Intangible assets	20	11.4	11.7
TOTAL NON CURRENT ASSETS		798.2	825.8
TOTAL ASSETS		1,029.9	1,100.0
LIABILITIES			
Current liabilities			
Trade and other payables		32.7	30.4
Interest bearing loans and borrowings	6	8.5	8.5
Provisions	21	2.2	3.5
TOTAL CURRENT LIABILITIES		43.4	42.4
Non current liabilities			
Interest bearing loans and borrowings	6	395.2	427.3
Other interest bearing loans - CNNC	7	100.3	98.7
Deferred tax liabilities		63.1	47.9
Provisions	21	76.9	85.4
Unearned revenue	22	200.0	200.0
TOTAL NON CURRENT LIABILITIES		835.5	859.3
TOTAL LIABILITIES		878.9	901.7
NET ASSETS		**151.0**	**198.3**
EQUITY			
Contributed equity	8(a)	2,101.0	2,094.9
Reserves		30.7	61.1
Accumulated losses		(1,925.9)	(1,901.7)
Parent interests		205.8	254.3
Non-controlling interests		(54.8)	(56.0)
TOTAL EQUITY		**151.0**	**198.3**

The above 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
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	-	-	-	-	-	-	-	-	(59.3)	(59.3)	(7.9)	(67.2)
Other comprehensive income	-	(0.7)	-	-	(66.9)	-	-	-	-	(67.6)	(4.1)	(71.7)
Total comprehensive loss for the period, net of tax	-	(0.7)	-	-	(66.9)	-	-	-	(59.3)	(126.9)	(12.0)	(138.9)
Contributions of equity, net of transaction costs	166.9	-	-	-	-	-	-	-	-	166.9	-	166.9
Allotment of 15% interest in Paladin (Africa) to maintain Govt of Malawi's 15% ownership	-	-	-	-	-	-	-	(4.5)	-	(4.5)	4.5	-
Sale of 25% interest in Langer Heinrich to CNNC, net of costs	-	-	-	-	-	-	-	(3.0)	-	(3.0)	-	(3.0)
Share-based payment	-	-	0.6	-	-	-	-	-	-	0.6	-	0.6
Vesting of performance rights	1.8	-	(1.8)	-	-	-	-	-	-	-	-	-
Balance at 31 December 2014	**2,095.6**	**(4.3)**	**46.4**	**85.5**	**(105.3)**	**14.9**	**0.1**	**48.3**	**(1,693.2)**	**488.0**	**(30.0)**	**458.0**
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	-	-	-	-	-	-	-	-	(24.2)	(24.2)	1.3	(22.9)
Other comprehensive income	-	0.4	-	-	(30.9)	-	-	-	-	(30.5)	(0.1)	(30.6)
Total comprehensive loss for the period, net of tax	-	0.4	-	-	(30.9)	-	-	-	(24.2)	(54.7)	1.2	(53.5)
Share-based payment	5.9	-	0.3	-	-	-	-	-	-	6.2	-	6.2
Vesting of performance rights	0.2	-	(0.2)	-	-	-	-	-	-	-	-	-
Balance at 31 December 2015	**2,101.0**	**(5.0)**	**46.5**	**94.3**	**(168.5)**	**14.9**	**0.1**	**48.4**	**(1,925.9)**	**205.8**	**(54.8)**	**151.0**

The above 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
EXPRESSED IN US DOLLARS

	Three months ended 31 December		Six months ended 31 December	
	2015	**2014**	**2015**	**2014**
	US$M	**US$M**	**US$M**	**US$M**
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	101.3	34.1	102.1	91.9
Payments to suppliers and employees	(42.8)	(53.2)	(90.1)	(117.1)
Exploration and evaluation expenditure	(0.1)	(0.5)	(0.5)	(0.9)
Other income	-	0.6	0.3	0.7
Interest received	0.2	0.2	0.3	0.4
Interest paid	(9.2)	(15.0)	(15.0)	(15.5)
NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES	49.4	(33.8)	(2.9)	(40.5)
CASH FLOWS FROM INVESTING ACTIVITIES				
Payments for property, plant and equipment	(1.0)	(1.8)	(1.9)	(7.4)
Proceeds from sale of property, plant and equipment	0.5	-	0.5	-
Proceeds from sale of investments	-	0.1	-	0.3
Payments for available-for-sale investments	-	-	-	(0.2)
Capitalised exploration expenditure	(0.6)	(0.9)	(3.9)	(2.4)
NET CASH OUTFLOW FROM INVESTING ACTIVITIES	(1.1)	(2.6)	(5.3)	(9.7)
CASH FLOWS FROM FINANCING ACTIVITIES				
Syndicated loan facility establishment costs	-	(0.2)	-	(1.5)
Repayment of borrowings	(4.6)	(4.6)	(4.6)	(35.4)
Proceeds from sale of non controlling interest	-	-	-	170.0
Costs relating to sale of non controlling interest	-	(0.1)	-	(3.0)
Share placement	-	52.7	-	52.7
Proceeds from entitlement issue	-	119.7	-	119.7
Equity capital raising costs	-	(5.5)	-	(5.5)
Repurchase of convertible bonds	(15.4)	-	(33.4)	-
NET CASH (OUTFLOW)/INFLOW FROM FINANCING ACTIVITIES	(20.0)	162.0	(38.0)	297.0
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	28.3	125.6	(46.2)	246.8
Cash and cash equivalents at the beginning of the period	108.4	209.5	183.7	88.8
Effects of exchange rate changes on cash and cash equivalents	0.1	(1.2)	(0.7)	(1.7)
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL PERIOD	136.8	333.9	136.8	333.9

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

NOTE 1. CORPORATE INFORMATION

The Interim Financial Report of the Group for the six months ended 31 December 2015 was authorised for issue in accordance with a resolution of the Directors on 16 February 2016.

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 19.

NOTE 2. BASIS OF PREPARATION

This unaudited general purpose condensed financial report for the six months ended 31 December 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 31 December 2015, the Group had a net working capital surplus of US$188.3M (30 June 2015: US$231.8M), including cash on hand of US$136.8M (30 June 2015: US$183.7M). Included within this cash on hand is US$36.3M (30 June 2015: US$31.2M), which is restricted for use in respect of the LHM syndicated loan facility, supplier guarantees provided by LHM and guarantees supplied by Paladin.

The amount outstanding at 31 December 2015 on the syndicated loan facility was US$56.4M.

Repayment obligations during the next twelve months to 31 December 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$27.1M for syndicated loan facility and 2012 (due 2017) and 2015 (due 2020) unsecured convertible bonds.

The Board of Directors is currently reviewing a range of financing options. The financing is expected to be finalised within the short term to allow the repayment of the US$237M unsecured convertible bonds maturing on 30 April 2017. At the date of this 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 six months ended 31 December 2015 and 31 December 2014.

Six months ended 31 December 2015	**Exploration US$M**	**Namibia US$M**	**Malawi US$M**	**Unallocated US$M**	**Consolidated US$M**
Sales to external customers	-	101.3	-	-	101.3
Other revenue	-	-	-	0.3	0.3
Total consolidated revenue	-	101.3	-	0.3	101.6
Cost of goods sold	-	(77.9)	-	-	(77.9)
Gross profit	-	23.4	-	0.3	23.7
Impairment of asset	-	-	-	(0.7)	(0.7)
Other income and expenses	(0.5)	7.4	(4.9)	(9.0)	(7.0)
Segment (loss)/profit before income tax and finance costs	(0.5)	30.8	(4.9)	(9.4)	16.0
Finance costs	-	(5.1)	-	(18.5)	(23.6)
Loss before income tax	(0.5)	25.7	(4.9)	(27.9)	(7.6)
Income tax benefit/(expense)	-	(15.3)	-	-	(15.3)
Loss after income tax	(0.5)	10.4	(4.9)	(27.9)	(22.9)
At 31 December 2015					
Segment total assets	**320.2**	**617.3**	**6.9**	**85.5**	**1,029.9**

Six months ended 31 December 2014	**Exploration US$M**	**Namibia US$M**	**Malawi US$M**	**Unallocated US$M**	**Consolidated US$M**
Sales to external customers	-	101.9	6.7	-	108.6
Other revenue	-	-	0.1	1.0	1.1
Total consolidated revenue	-	101.9	6.8	1.0	109.7
Cost of goods sold	-	(99.1)	(6.7)	-	(105.8)
Gross profit	-	2.8	0.1	1.0	3.9
Write off of exploration and evaluation expenditure	(1.4)	-	-	-	(1.4)
Impairment of asset	-	-	-	(1.7)	(1.7)
Other income and expenses	(0.9)	(0.9)	(9.6)	(6.7)	(18.1)
Segment (loss)/profit before income tax and finance costs	(2.3)	1.9	(9.5)	(7.4)	(17.3)
Finance costs	-	(5.0)	(1.2)	(23.3)	(29.5)
Loss before income tax	(2.3)	(3.1)	(10.7)	(30.7)	(46.8)
Income tax benefit/(expense)	0.7	(19.5)	-	(1.6)	(20.4)
Loss after income tax	(1.6)	(22.6)	(10.7)	(32.3)	(67.2)
At 30 June 2015					
Segment total assets	**340.9**	**622.8**	**12.6**	**123.7**	**1,100.0**

NOTE 5. CASH AND CASH EQUIVALENTS

	31 December 2015 US$M	30 June 2015 US$M
Cash at bank and on hand	3.2	3.1
Short-term bank deposits	133.6	180.6
Total cash and cash equivalents	**136.8**	**183.7**

Total cash and cash equivalents includes US$36.3M (2015: US$31.2M) restricted for use in respect of the project finance facilities (refer to Note 6), supplier guarantees provided by LHM and guarantees supplied by Paladin.

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	224.3	254.3
Unsecured convertible bonds[(2)]	2020	125.6	123.4
Secured bank loan	amortised to 2019	45.3	49.6
Total non current interest bearing loans and borrowings		**395.2**	**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. During the six months ended 31 December 2015, the Company repurchased a principal amount of US$37M thereby reducing the principal amount outstanding to US$237M. The cash expenditure for the repurchase was approximately US$34.0M (including accrued interest) as the bonds were bought back at an average price of 90.4 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).

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 calculation 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 31 December 2015, US$56.4M (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	31 December 2015 US$M	30 June 2015 US$M
Intercompany loan assigned to CNNC	2016 to 2020	100.3	98.7
		100.3	**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, under the Shareholders’ Agreement between CNNC and PFPL, each shareholder has agreed not to demand repayment without the prior written consent of the other shareholder. As neither CNNC nor PFPL can demand repayment, the repayment of the loans can be deferred. 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).

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$100.3M to CNNC is recognised on the unaudited consolidated statement of financial position.

NOTE 8. CONTRIBUTED EQUITY

(a) Issued and paid up capital

Ordinary shares	31 December 2015	30 June 2015	31 December 2015	30 June 2015
	Number of Shares		US$M	US$M
Issued and fully paid	1,712,716,422	1,666,927,668	2,101.0	2,094.9

(b) Movements in ordinary shares on issue

Date		Number of Shares	Issue	Exchange	Total
				Price	Rate
			A$	US$: A$	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	Acquisition of Carley Bore Project	45,000,000	0.18	1.36273	5.9
September 2015	Rights vested	163,265	-	-	-
October 2015	Rights vested	78,047	-	-	-
December 2015	Rights vested	547,442	-	-	-
	Transfer from share-based payments reserve				0.2
Balance 31 December 2015		**1,712,716,422** (1)			**2,101.0**

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

EXPRESSED IN US DOLLARS

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:

	31 December 2015 Number	30 June 2015 Number
Number of unlisted employee share rights	-	788,754

(d) Options

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

	31 December 2015 Number	30 June 2015 Number
Number of unlisted employee options	3,000,000	-

Consisting of the following:

Date granted	Exercisable date	Expiry date	Fair value	Exercise price	Number
10 August 2015	10 August 2015	10 August 2018	A$0.07	A$0.20	1,000,000
10 August 2015	8 November 2015	8 November 2018	A$0.06	A$0.30	1,000,000
10 August 2015	23 December 2015	23 December 2018	A$0.06	A$0.40	1,000,000
Total					3,000,000

(e) Share Appreciation Rights (SARs)

Issued unlisted employee share appreciation 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:

	31 December 2015 Number	30 June 2015 Number
Number of unlisted employee share appreciation rights	7,437,500	-

Consisting of the following:

Date granted	Exercisable date	Expiry date	Fair value	Exercise price	Number
20 October 2015	1 November 2016	1 November 2021	A$0.13	A$0.20	3,718,750
20 October 2015	1 November 2017	1 November 2022	A$0.13	A$0.20	1,859,375
20 October 2015	1 November 2018	1 November 2023	A$0.13	A$0.20	1,859,375
Total					7,437,500

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 held by the Group:

	As at 31 December 2015 Unaudited US$M	As at 30 June 2015 Audited US$M
Financial assets:		
Cash and cash equivalents	136.8	183.7
Trade and other receivables – at amortised cost	10.2	9.5
Total current	**147.0**	**193.2**
Trade and other receivables - at amortised cost	0.6	0.6
Available-for-sale financial assets - at fair value	2.1	2.6
Total non-current	**2.7**	**3.2**
Total	**149.7**	**196.4**
Financial liabilities:		
Trade and other payables - at amortised cost	32.7	30.4
Interest bearing loans and borrowings - at amortised cost	8.5	8.5
Total current	**41.2**	**38.9**
Interest bearing loans and borrowings - at amortised cost	395.2	427.3
Other interest bearing loans - CNNC - at amortised cost	100.3	98.7
Total non-current	**495.5**	**526.0**
Total	**536.7**	**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 31 December 2015:

	As at 31 December 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	45.3[1]	47.3	49.6[1]	51.8
- Unsecured convertible bonds	349.9[1]	357.6[2]	377.7[1]	401.1[2]
Total non-current	395.2	404.9	427.3	452.9
Total	403.7	414.0	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:

	As at 31 December 2015				As at 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	2.1	-	-	2.1	2.6	-	-	2.6
	2.1	-	-	2.1	2.6	-	-	2.6
Financial liabilities for which fair values are disclosed								
Interest bearing loans and borrowings								
Floating rate borrowings(1)	-	56.4	-	56.4	-	60.9	-	60.9
Convertible bonds(2)	-	357.6	-	357.6	-	401.1	-	401.1
	-	414.0	-	414.0	-	462.0	-	462.0

(1) The fair value has been determined by discounting the future cash flows using 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 equity component attributable to the conversion feature, which was valued using an option pricing model.

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 31 December		Six months ended 31 December	
	2015 US$M	2014 US$M	2015 US$M	2014 US$M
Revenue				
Sale of uranium	64.4	69.6	101.3	108.6
Interest income from non-related parties	0.2	0.2	0.3	0.4
Other revenue	-	0.6	-	0.7
Total	**64.6**	**70.4**	**101.6**	**109.7**

NOTE 11. OTHER INCOME AND EXPENSES

	Three months ended 31 December		Six months ended 31 December	
	2015 US$M	2014 US$M	2015 US$M	2014 US$M
Cost of Sales				
Costs before depreciation and amortisation	(46.1)	(63.3)	(68.2)	(102.0)
Depreciation and amortisation	(7.8)	(10.9)	(11.4)	(18.9)
Impairment loss reversed on sale of inventory	4.4	11.1	6.3	23.3
Product distribution costs	(0.8)	(2.5)	(1.5)	(4.6)
Royalties	(1.9)	(2.3)	(3.1)	(3.6)
Total	**(52.2)**	**(67.9)**	**(77.9)**	**(105.8)**
Other income				
Foreign exchange gain (net)	3.6	0.7	9.8	3.1
Gain on disposal of investment	-	0.4	-	0.6
Total	**3.6**	**1.1**	**9.8**	**3.7**

NOTE 11. OTHER INCOME AND EXPENSES (continued)

	Three months ended 31 December		Six months ended 31 December	
	2015 US$M	**2014 US$M**	**2015 US$M**	**2014 US$M**
Administration, marketing and non-production costs				
Corporate and marketing	(1.6)	(4.1)	(3.8)	(8.0)
Restructure costs	(0.3)	-	(4.6)	-
LHM mine site	(0.9)	(0.9)	(1.6)	(1.3)
Depreciation and amortisation	(0.2)	(0.2)	(0.3)	(0.4)
Other	(0.2)	(0.4)	(0.2)	(0.5)
Total	**(3.2)**	**(5.6)**	**(10.5)**	**(10.2)**

	Three months 2015 US$M	Three months 2014 US$M	Six months 2015 US$M	Six months 2014 US$M
Other expenses				
Write off of exploration assets [1]	-	(1.4)	-	(1.4)
Impairment of aircraft [2]	(0.3)	-	(0.3)	-
Impairment of available-for-sale financial assets	(0.4)	(1.7)	(0.4)	(1.7)
LHM fixed costs during plant shutdown	-	-	(0.8)	(2.7)
KM care and maintenance expenses	(2.5)	(3.0)	(5.0)	(8.0)
Total	**(3.2)**	**(6.1)**	**(6.5)**	**(13.8)**

[1] 2014, the licence for Spinifex Well was surrendered on 22 September 2014. All capitalised costs were written off.

[2] As a result of KM being placed on care and maintenance, the Company made a decision to sell its aircraft and on 23 November 2015 a sale agreement was signed. The sale was completed in January 2016. An impairment expense of US$0.3M has been recorded in the 'Unallocated' portion of the segment information.

	Three months 2015 US$M	Three months 2014 US$M	Six months 2015 US$M	Six months 2014 US$M
Finance costs				
Interest expense	(7.8)	(8.0)	(16.1)	(16.8)
Accretion relating to convertible bonds (non-cash)	(3.4)	(4.9)	(6.9)	(9.7)
Profit on convertible bond buyback	0.7	-	1.4	-
Unwind of discount on mine closure provision	(0.8)	(1.3)	(1.7)	(2.7)
Facility costs	(0.1)	(0.2)	(0.3)	(0.3)
Total	**(11.4)**	**(14.4)**	**(23.6)**	**(29.5)**

NOTE 12. INCOME TAX

Reconciliation of accounting loss to income tax benefit/expense

	Three months ended 31 December		Six months ended 31 December	
	2015 US$M	**2014 US$M**	**2015 US$M**	**2014 US$M**
Loss before income tax expense	(1.9)	(23.0)	(7.6)	(46.8)
Tax at the Australian rate of 30% (2014 – 30%)	0.6	6.9	2.3	14.0
Difference in overseas tax rates	(0.9)	(0.1)	(2.0)	-
Non-deductible items	(53.8)	29.7	(4.8)	26.1
Under/(over) prior year adjustment	-	-	0.5	(6.7)
Foreign exchange differences	78.2	(2.9)	55.5	(26.0)
Other	(28.6)	(32.0)	(66.8)	(27.8)
Income tax (expense)/benefit reported in Income Statement	**(4.5)**	**1.6**	**(15.3)**	**(20.4)**

NOTE 13. TRADE AND OTHER RECEIVABLES

	31 December 2015 US$M	**30 June 2015 US$M**
Current		
Trade receivables	1.2	2.1
GST and VAT	7.1	5.6
Sundry debtors	1.9	1.8
Total current receivables	**10.2**	**9.5**
Non Current		
Sundry debtors	0.6	0.6
Total non current receivables	**0.6**	**0.6**

NOTE 14. INVENTORIES

	31 December 2015 US$M	30 June 2015 US$M
Current		
Stores and consumables (at cost)	10.6	11.1
Ore stockpiles (at cost)	15.6	19.8
Work-in-progress (at cost)	14.2	-
Work-in-progress (at net realisable value)	-	9.4
Finished goods (at cost)	37.5	35.0
Total current inventories at the lower of cost and net realisable value	**77.9**	**75.3**
Non Current		
Ore stockpiles (at cost)	159.9	156.3
Total non current inventories at the lower of cost and net realisable value	**159.9**	**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

	31 December 2015 US$M	30 June 2015 US$M
Plant and equipment	2.5	2.8
Total assets classified as held for sale	**2.5**	**2.8**

As a result of KM being placed on care and maintenance, the Company made a decision to sell its aircraft and on 23 November 2015 a sale agreement was signed. The sale was completed in January 2016. An impairment expense of US$0.3M has been recorded in the 'Unallocated' portion of the segment information.

NOTE 16. OTHER FINANCIAL ASSETS

	31 December 2015 US$M	30 June 2015 US$M
Available-for-sale financial assets	**2.1**	**2.6**

The Group has an investment in DYL and at 31 December 2015 held 319,106,156 shares with a market value of US$2.1M (30 June 2015: 319,106,156 shares with a market value of US$2.4M).

NOTE 17. PROPERTY, PLANT AND EQUIPMENT

	31 December 2015 US$M	**30 June 2015 US$M**
Plant and equipment (at cost) (1)	720.5	720.6
Less accumulated depreciation and impairment	(464.8)	(456.2)
Total plant and equipment	255.7	264.4
Land and buildings (at cost) (2)	10.4	10.6
Less accumulated depreciation	(2.8)	(2.7)
Total land and buildings	7.6	7.9
Construction work in progress (at cost) (3)	1.7	1.4
Less impairment	-	-
Total construction work in progress	1.7	1.4
Total property, plant and equipment	**265.0**	**273.7**

(1) Includes additions of US$0.3M (30 June 2015: US$2.0M)
(2) Includes additions of US$NIL (30 June 2015: US$Nil)
(3) Includes additions of US$1.7M (30 June 2015: US$8.5M)

NOTE 18. MINE DEVELOPMENT

	31 December 2015 US$M	**30 June 2015 US$M**
Mine development (at cost) (1)	214.2	213.1
Less accumulated depreciation and impairment	(172.5)	(170.1)
Total mine development	**41.7**	**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 six months ended 31 December 2015:

Areas of interest	Valhalla/ Skal [(1)] US$M	Isa North US$M	Fusion US$M	Angela/ Pamela US$M	Bigrlyi US$M	Carley Bore[(2)] US$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	0.7	0.1	0.9
Outside services	-	0.1	-	-	-	-	0.2	0.1	0.4
Other expenses	0.1	0.1	0.1	-	-	0.2	0.7	0.1	1.3
Total expenditure	0.1	0.2	0.1	-	-	0.3	1.6	0.3	2.6
Expenditure expensed	(0.1)	(0.2)	(0.1)	-	-	-	(0.1)	-	(0.5)
Expenditure capitalised	-	-	-	-	-	0.3	1.5	0.3	2.1
Foreign exchange differences	(4.0)	(0.7)	-	-	-	-	(25.2)	(0.4)	(30.3)
Impairment of exploration and evaluation	-	-	-	-	-	-	-	-	-
Balance 31 December 2015	**85.6**	**9.7**	**-**	**-**	**-**	**8.1**	**206.7**	**7.4**	**317.5**

(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.

(2) On 7 August 2015, Paladin acquired the Carley Bore Uranium Deposit in Western Australia for consideration comprising US$1.2M (A$1.6M) cash and 45 million Paladin Energy Ltd shares. US$0.6M acquisition costs were capitalised to the exploration and evaluation asset.

NOTE 20. INTANGIBLE ASSETS

	31 December 2015 US$M	30 June 2015 US$M
Intangible assets – at cost	27.8	27.8
Less accumulated depreciation and impairment	(16.4)	(16.1)
Net carrying value – intangible assets	**11.4**	**11.7**

NOTE 21. PROVISIONS

	31 December 2015 US$M	30 June 2015 US$M
Current		
Employee benefits	2.2	3.5
Total current provisions	**2.2**	**3.5**
Non Current		
Employee benefits	-	1.4
Rehabilitation provision	75.6	82.5
Demobilisation provision	1.3	1.5
Total non current provisions	**76.9**	**85.4**

NOTE 22. UNEARNED REVENUE

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

In 2012, Paladin entered into 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 sold to EdF under the contract will be at prevailing spot prices at the time of delivery, subject to escalating floor and ceiling prices, with the floor price being at a significant premium to both current spot and long term reference prices. The off-take is an obligation of the Company and it is intended to be fulfilled through the acquisition of U_3O_8 from the Company's operating assets and joint ventures at the time of delivery.

Under this agreement, a US$200M cash prepayment was received in 2012. The prepayment related to 44.51% of the total volume to be delivered under the contract, at the present value of the contracted floor price, determined using an imputed interest rate of 7.619%.

Under the Group's accounting policy, the unearned revenue is not accreted to the future value of the contracted floor price that has been prepaid. When the product is delivered to the customer, the unearned revenue will be released to the income statement at its original carrying value.

The Company has granted Edf security over 60.1% of the Michelin project in Canada. Under certain circumstances, the company may elect, or be required to replace the Michelin security with other appropriate security.

NOTE 23. COMMITMENTS AND CONTINGENCIES

There were no outstanding commitments or contingencies, which are not disclosed in the Financial Report of the Group as at 31 December 2015 other than:

	31 December 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	0.9	0.6
Later than one year but not later than 5 years	9.1	9.8
More than 5 years	10.1	11.2
Total tenements commitment	**20.1**	**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 5 years. 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 31 December are as follows:

	31 December 2015 US$M	30 June 2015 US$M
Within one year	0.3	0.8
Later than one year but not later than 5 years	-	0.1
More than 5 years	-	-
Total operating lease commitment	**0.3**	**0.9**

NOTE 23. COMMITMENTS AND CONTINGENCIES (continued)

	31 December 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	1.5	1.9
More than 5 years	-	-
Total other commitments	**16.5**	**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$0.54M) (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 31 December 2015 the Group has outstanding US$442,827 / (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$123,888 / (A$170,000) (30 June 2015: US$143,538 / A$187,500) guarantee for tenements, a US$93,739 / (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$9.8M (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

Other than disclosed below, since 31 December 2015, the Directors are not aware of any other matter or circumstance not otherwise dealt with in this 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 with the exception of the following, the financial effects of which have not been provided for in the 31 December 2015 Financial Report.

Appointment of CEO

Following a six-month period in which Alexander Molyneux acted as Interim CEO, Paladin's board believes Mr. Molyneux has demonstrated the requisite skill-set to lead Paladin at this time and has determined to appoint him as the Company's CEO. To reflect the changed nature of his assignment, the following changes have been made to the key terms of Mr. Molyneux's engagement:

- Monthly fee – US$32,000.
- Bonus – Up to 100% of base salary. Payable having consideration to operational, financial, environmental and health and safety outcomes achieved during the calendar year as determined by the Remuneration Committee.
- Change of material influence – Mr. Molyneux will be entitled to the full amount of the bonus plus an additional bonus of US$225,000 in the event that during the current calendar year a transaction results in a change of material influence, being: (a) approximately 20% or more equity issuance to a party which is not an existing shareholder, with rights of director appointments; (b) a change of control (defined as greater than a 50% change in Paladin Energy Ltd shareholding); or (c) sale of a material asset or assets, requiring shareholder approval, with such bonus only pertaining to transactions that are recommended by the board of directors.
- Termination – Mr. Molyneux's engagement may be terminated by either party at any time by six months notice. However, in the case of termination by the Company within 12-months following a change of control, the Company must give 12-months notice.

In accordance with a resolution of the directors of Paladin Energy Ltd, I state that:

In the opinion of the directors:

(a) the financial statements and notes of Paladin Energy Ltd for the half-year ended 31 December 2015 are in accordance with the Corporations Act 2001, including:

 (i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2015 and its performance for the second quarter and half year ended on that date; and

 (ii) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting,* International Financial Reporting Standard, IAS 34 Interim Financial Reporting and the Corporations Regulations 2001; and

(b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

On behalf of the Board

Mr Rick Crabb
Chairman
Perth, Western Australia
16 February 2016

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Perth WA 6000 Australia
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Independent review report to members of Paladin Energy Ltd

Report on the second quarter and half-year financial report

We have reviewed the accompanying second quarter and half-year financial report of Paladin Energy Ltd, which comprises the statement of financial position as at 31 December 2015, the income statements, statements of comprehensive income and statements of cash flows for the second quarter and half-year ended on that date and the statement of changes in equity for the half-year ended on that date and other explanatory information and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

Directors' responsibility for the second quarter and half-year financial report

The directors of the company are responsible for the preparation of the second quarter and half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal controls as the directors determine are necessary to enable the preparation of the second quarter and half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the second quarter and half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2015 and its performance for the second quarter and half year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001* . As the auditor of Paladin Energy Ltd and the entities it controlled during the half-year, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of an interim financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the Directors' Report.

Building a better working world

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the second quarter and half-year financial report of Paladin Energy Ltd is not in accordance with the *Corporations Act 2001*, including:

a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2015 and of its performance for the second quarter and half-year ended on that date

b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Ernst & Young

Ernst & Young

Lewsen

D S Lewsen
Partner
Perth
16 February 2015

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

I, Alexander Molyneux, the certifying officer and 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 31 December 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 31 December 2015 that has materially affected, or is reasonably likely to materially affect, the issuer's ICFR.

Dated: 16 February 2015

Alexander Molyneux
Chief Executive Officer

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 31 December 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 31 December 2015 that has materially affected, or is reasonably likely to materially affect, the issuer's ICFR.

Dated: 16 February 2015

Craig Barnes
Chief Financial Officer