



PALADIN ENERGY LTD

ACN 061 681 098

Ref: 424528

16 May 2017

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

By Electronic Lodgement

Dear Sir/Madam

March Quarter 2017 Conference Call and Investor Update Presentation

Attached please find the presentation in relation to the 31 March 2017 quarterly report conference call and investor update to be held tomorrow morning at 7:30am Perth time. Full details in relation to the call were announced on 8 May 2017.

Yours faithfully
Paladin Energy Ltd

ALEXANDER MOLYNEUX
CEO



PALADIN ENERGY LTD
March Quarter Results
Conference Call and
Investor Update

17 May 2017



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

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

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

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

In the following presentation, for those deposits that are reported as conforming to the Joint Ore Reserves Committee (JORC) 2004 or 2012 code, the terms Inferred Mineral Resources, Indicated Mineral Resources, Measured Mineral Resources, Ore Reserves, Proved Ore Reserves, Probable Ore Reserves and Competent Person are equivalent to the terms Inferred Mineral Resources, Indicated Mineral Resources, Measured Mineral Resources, Mineral Reserves, Proven Mineral Reserves, Probable Mineral Reserves and Qualified Person, respectively, used in Canadian National Instrument 43-101 (NI 43-101).

The technical information in this presentation that relates to Exploration Results, Mineral Resources and Ore Reserves is based on information compiled by David Princep B.Sc. who is a Fellow of the Australasian Institute of Mining and Metallurgy. Mr. Princep 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”, and as Qualified Person as defined in NI 43-101. Mr. Princep consents to the inclusion of the relevant information in this announcement in the form and context in which it appears.

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



Langer Heinrich A Strategic Tier One Mine

First Quartile

C1 Cash Cost¹

Top 10 Uranium Mine by Production²

4th largest open-pit

+20 Year Mine Life³

39.8mlb

Cumulative production



| Mineral Resources depleted to 30 th June 2016 | | | |
|--|-------------|------------|--------------|
| Class | Tonnes Mt | Grade ppm | Metal Mlb |
| Measured | 64.3 | 516 | 73.23 |
| Indicated | 21.5 | 458 | 21.71 |
| Total M+I | 85.8 | 502 | 94.93 |
| Inferred | 8.7 | 468 | 8.97 |
| Stockpiles | 33.9 | 391 | 29.18 |
| Mineral Reserves depleted to 30 th June 2016 | | | |
| Class | Tonnes Mt | Grade ppm | Metal Mlb |
| Proved | 44.9 | 528 | 52.30 |
| Probable | 13.1 | 484 | 14.02 |
| Stockpiles | 33.9 | 391 | 29.18 |
| Total | 91.9 | 471 | 95.51 |

Source:

1. UxC Uranium Production Cost Study – August 2015
2. TradeTech Uranium Market Study – 2015: Issue 3 (based on 2015 production)
3. At current processing rates



Non-Langer Heinrich Portfolio – An Industry Leading Suite of Development Assets



Michelin (100%)

- 91,500ha mineral licence in Labrador
- 336,130m of cumulative linear drilling
- US\$75m of total historical in ground exploration to-date
- Among largest deposits in North America
- Potential development 2022-2025 timeframe

Status: Pre-development exploration/scoping

Mt Isa (82/91/100%)

- Direct 50% interest in 2,724ha of licences and 82% ownership of ASX-listed Summit Resources
- Largest uranium deposit in Queensland
- Potential for future development of 5-7mlbpa uranium mine

Status: Pre-development exploration/scoping

Manyingee (100%)

- Three mining licences covering 1,307ha
- Over US\$17.9m of cumulative exploration and testing to date including 55,764m of cumulative drilling and field leach trial
- Potential for 1-2mlbpa ISR mine

Status: Moving to pre-feasibility

Kayelekra (85%)

- Fully built mine commissioned in 2008 with 3.3mlbpa capacity
- Produced cumulative 10.9mlb before being placed in care and maintenance in 2014
- Restart implementation plan under preparation incorporating optimised economics

Status: Developed mine on care & maintenance

Carley Bore (100%)

- Three exploration licences covering 1,013km², 100km south of Manyingee
- Acquired in 2015 for US\$13m
- Potential for “stand alone” or satellite ISR to Manyingee ISR project

Status: Pre-development exploration/scoping

Total Non LHM Mineral Resources depleted to 30th June 2016

| Class | Tonnes | Grade | Metal |
|------------------|--------------|------------|--------------|
| | Mt | ppm | Mlb |
| Measured | 33.4 | 905 | 66.7 |
| Indicated | 106.3 | 775 | 182.3 |
| Total M+I | 139.7 | 810 | 249.0 |
| Inferred | 84 | 595 | 110.1 |
| Stockpiles | 1.6 | 755 | 2.6 |



Results Overview and Optimisation Success

1



Quarter to 31 March 2017 Highlights

References below to 2016 are to the equivalent quarter ended 31 March 2016



Production 896,070lb

*Decrease from 1.302mlb in 2016
Mining curtailment fully implemented*

Down 31%



US\$19.54/lb ASP

Decrease from US\$34.67/lb in 2016

Down 44%



**C1 Cash Cost
US\$21.02/lb**

Decrease from US\$24.13/lb in 2016

Down 13%



Sales 730,642lb

Increase from 595,287lb in 2016

Up 23%

**All-in Cash Expenditure
US\$31.71/lb**

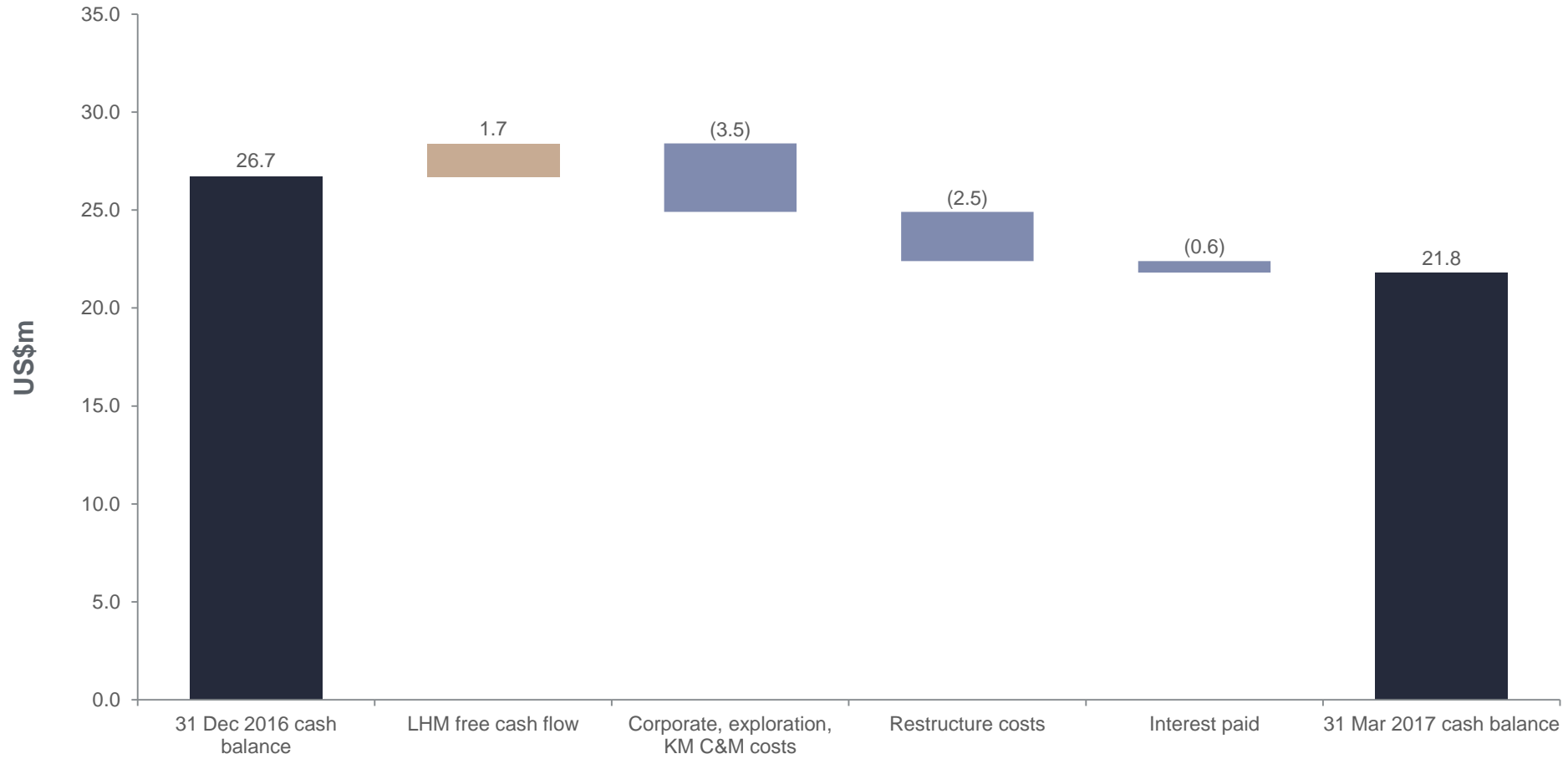
*Largely unchanged from
US\$31.60/lb in 2016*

Cash US\$21.8m

Above guidance range US\$10-20m

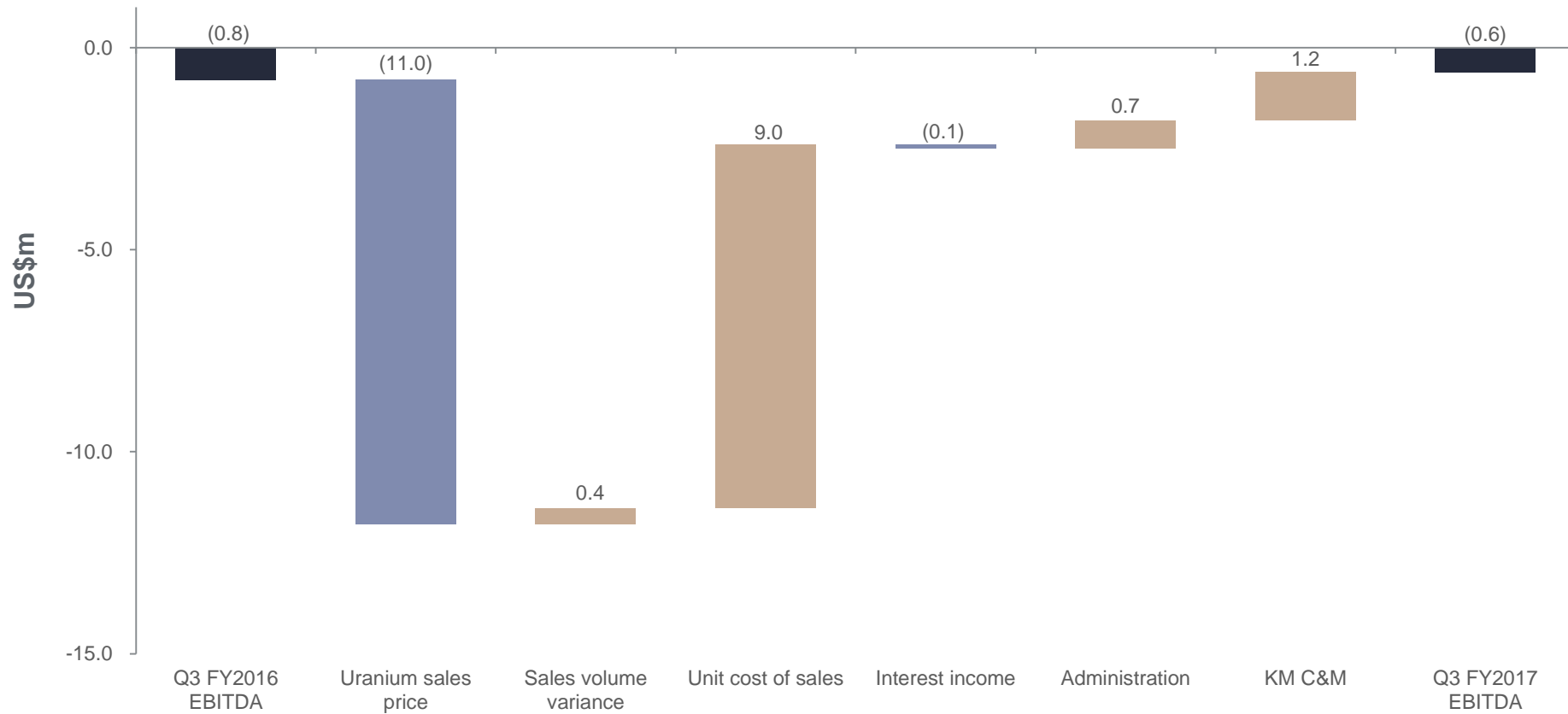


Quarter to 31 March 2017 Cash Flow





Quarter to 31 March 2017 EBITDA Variance Analysis

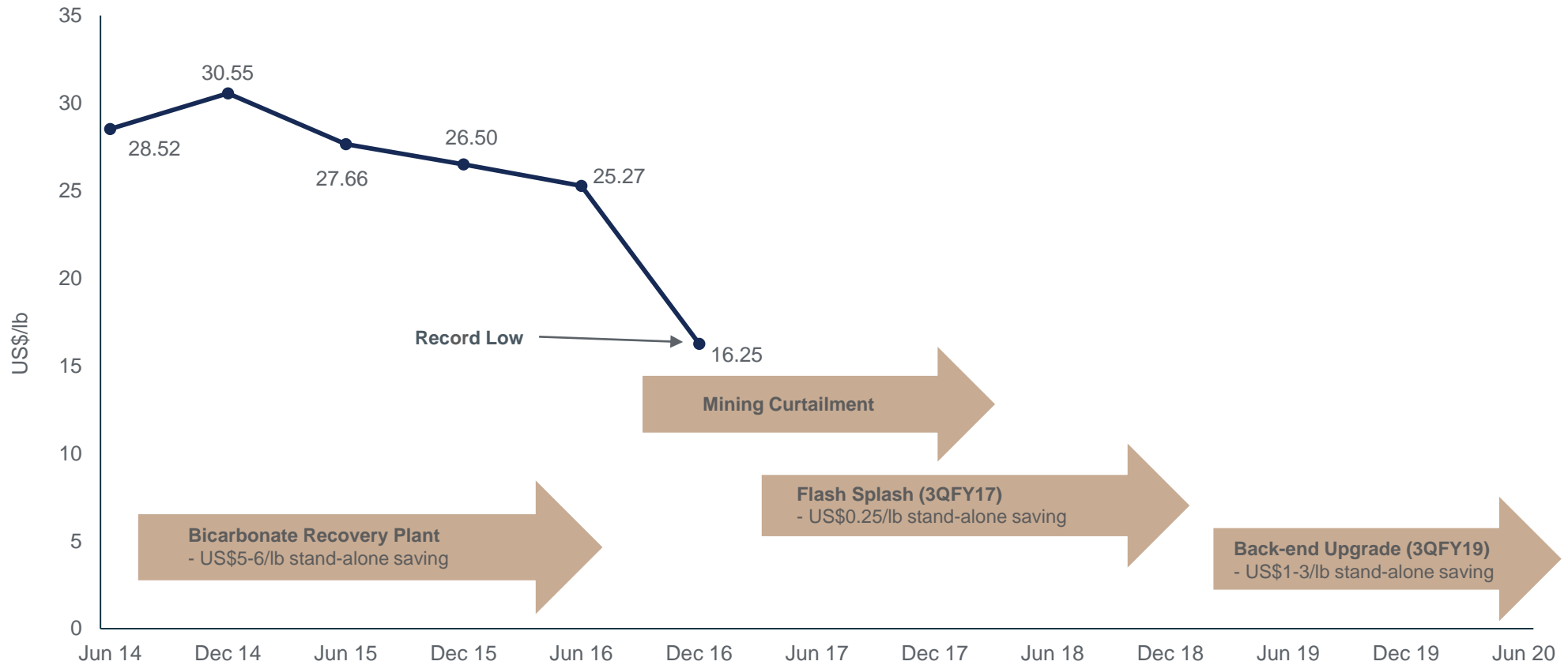




Optimisation Success: Significant C1 Cost Reductions

Optimisation has resulted in a reduction in C1 Cash Costs by around US\$10/lb

C1 Cash Cost (US\$/lb)



Notes:
* Above numbers based on half year results



Optimisation Success: Exploration and Other Controllable Costs

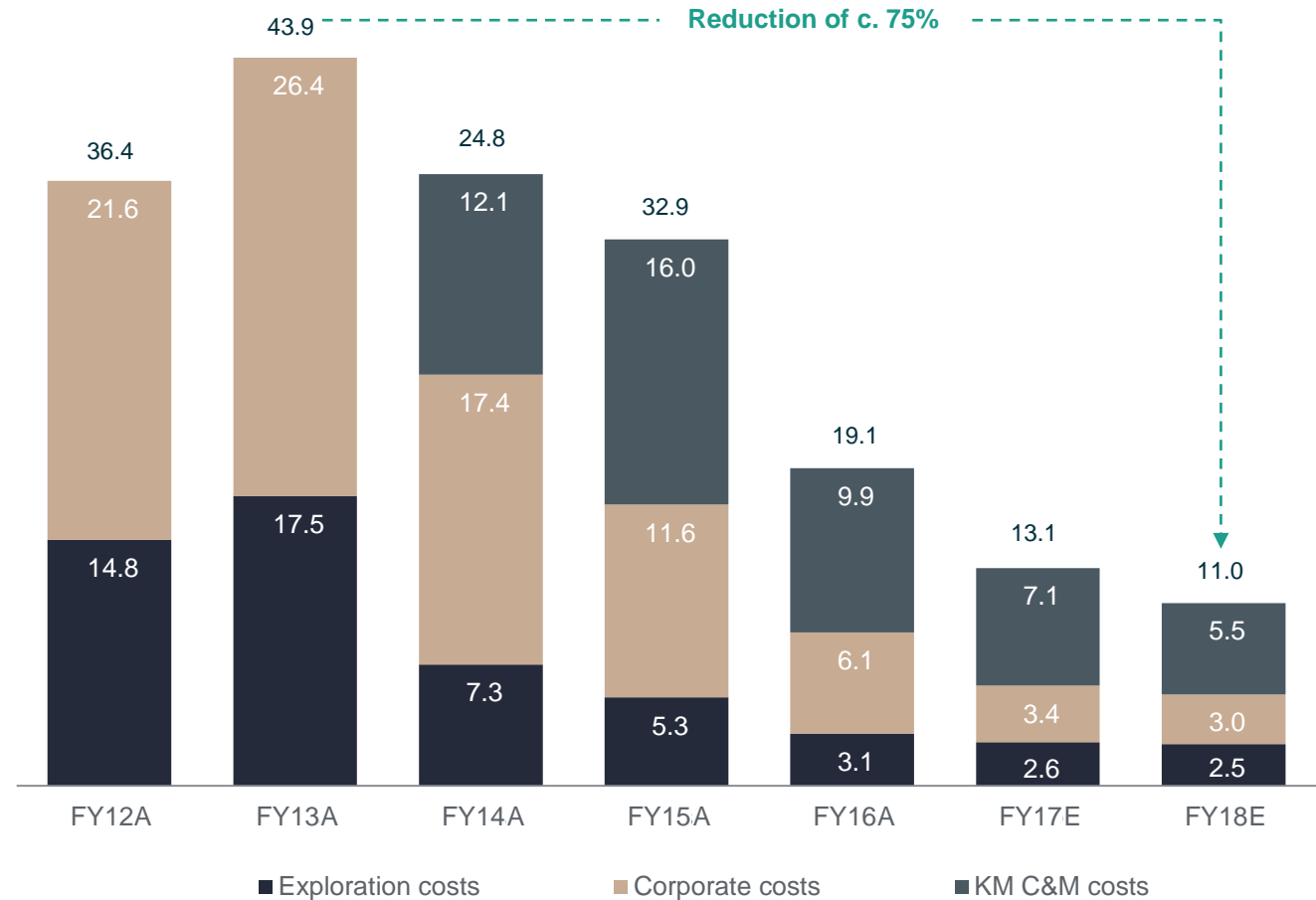
Exploration and other controllable costs have been significantly reduced and are expected to hit a "run rate" of c. US\$11m per year from FY18E

Exploration

- December quarter, sold stake in Deep Yellow and three minor projects in Australia for US\$4.5m
- Exploration carrying cost of c. US\$2-3m until improved uranium market

Corporate Costs and KM

- Corporate head count has been reduced by approximately two thirds since 2015
- All non-essential expenditure continues to be reduced
- Corporate costs will likely plateau around US\$3-4m per year and KM care and maintenance at US\$5-6m per year



Notes:
* Excludes one-off items and working capital requirements.



Restructure Update

2



Restructure Update

10 January 2017

- Announced proposed balance sheet restructuring (Plan A Restructure Proposal)
- The structure contemplated exchanging Paladin's US\$362 million in Convertible Bonds into one new coupon paying Bond and one Convertible Bond maturing in 2022 and 2024, as well as a portion into equity
- The proposal had received widespread support from Bondholders, creditors and shareholders
- The Plan A Restructure Proposal was subject to a number of conditions, including that Paladin continues to own 75% of LHM

9 March 2017

- Existing minority owner of 25% of LHM, CNNC purports to exercise an "event of default" call option to acquire the additional 75% of LHM
- Paladin shares placed in trading halt and subsequently voluntary suspension
- Paladin consults legal counsel, bondholders and other stakeholders to consider appropriate way forward
- Discussions commence on an alternative restructure proposal (without ownership of 75% of LHM)

5 May 2017

- Post consultation process, Paladin agrees to attempt to move forward with independent valuation process
- Decision made having consideration for:
 - the expected valuation range for its interest in LHM;
 - stakeholders' attitude to a protracted and costly arbitration; and
 - potential to agree an alternative solvent restructuring in the event CNNC acquires Paladin's 75% interest in LHM

16 May 2017

- Announcement of alternative restructure proposal (Plan B) that will be pursued in the event CNNC acquires Paladin's 75% interest in LHM
- If CNNC does not acquire Paladin's 75% interest in LHM, Paladin will pursue the Plan A Restructure Proposal



Where to next?

CNNC's action means it is prudent to have broad agreement of a Plan B restructure in case Plan A can't be implemented

- An independent valuation of Paladin's 75% in LHM should be complete in 5-6 weeks.
- Once valuation is known, CNNC will have 30-days to notify Paladin whether it intends to proceed with the acquisition of the Company's 75% interest in LHM.
- If CNNC does not exercise the purported option, then Paladin will seek to pursue the Plan A Restructure Proposal.
- If CNNC does exercise the purported option and such exercise is not contested, then a Plan B Restructure Proposal will be pursued.
- If neither Plan A or Plan B Restructuring Proposals can be implemented and there is no other alternative proposal, then Paladin may not be able to meet its liabilities in the future.



Overview of Plan B Restructure Proposal

Plan B will only be pursued in the event CNNC acquires Paladin's 75% interest in LHM

Key objectives

- **Material deleveraging of the group:** Distribute the proceeds from any sale of Paladin's interest in LHM and LHU to key material creditors (EDF and the Bondholders).
- **Preserve valuable contracts:** Includes preserving EDF offtake agreement.
- **Provide value upside to shareholders:** Through valuation outcome of LHM, continuation of the EDF offtake agreement and upside in uranium prices from balance of Paladin portfolio.

Distribution of proceeds

Debt substantially or potentially completely reduced from proceeds from sale of Paladin's 75% interest in LHM to CNNC

- EDF repaid the full amount of the accrued prepayment amount at closing and in priority to the 2017 and 2020 Bonds (US\$273 million as at 31 March 2017).
- US\$15 million retained by Paladin for general working capital requirements.
- Balance of any proceeds paid to the 2017 and 2020 Bondholders.

2017 and 2020 Bonds

Bondholders receive cash distribution from the sale of Paladin's 75% interest in LHM and any outstanding balance is exchanged into a new secured convertible bond with a 2022 maturity

- **Cash payment:** Accrued value of the 2017 Bonds (US\$217.3 million as at 31 March 2017) and the 2020 Bonds (US\$155.3 million as at 31 March 2017) at closing are reduced by the distribution of the proceeds from the sale of Paladin's 75% interest in LHM to CNNC.
- **New 2022 secured convertible bond:** Any remaining accrued balance owing to the 2017 and 2020 Bondholders on closing will be exchanged into a new 2022 secured convertible bond. PIK interest at 7.5% per annum.
- The new 2022 secured convertible bonds will include standard high-yield and other restrictive covenants, including mandatory purchase of the new secured convertible bonds at the accrued position for cash balances above a certain threshold.
- No conversion right for 12 months to allow the Company the option to repay in full through new equity/debt issuance (warrants will remain).
- **Equity warrants:** 2017 and 2020 Bondholders will also be issued 300 million equity warrants with a strike price of US\$0.0125 (pre-consolidation).

* Returns to EDF should align to final agreed text, subject to ongoing discussions



Overview of Plan B Restructure Proposal

Plan B will only be pursued in the event CNNC acquires Paladin's 75% interest in LHM

| | |
|---------------------------------|--|
| EDF | <p>EDF fully repaid in priority to the 2017 and 2020 Bondholders. In exchange, certain amendments to the EDF LTSC to be agreed for continuation of the offtake agreement</p> <ul style="list-style-type: none">• EDF closing debt balance repaid in full (US\$273 million as at 31 March 2017).• EDF's security over Michelin extinguished at the time of debt repayment.• LTSC to remain on foot on terms acceptable to EDF. |
| Shareholders | <p>Not immediately diluted and ability to capture upside</p> <ul style="list-style-type: none">• No immediate dilution of existing holdings.• Final value to shareholders will depend on the independent valuation of LHM, the continuation of the LTSC and whether they support any future equity raisings to refinance the remaining debt. |
| Key conditions precedent | <ul style="list-style-type: none">• CNNC completing the acquisition of Paladin's 75% interest in LHM for cash consideration which results in net proceeds of at least US\$500 million (being a discount to the sale price previously agreed with CNNC for a 24% interest in LHM);• EDF approval;• Formal approval of holders of the Existing Convertible Bonds;• Approval of shareholders;• Agreement as to the long form version of the document necessary to implement the Plan B Restructure Proposal;• There being no superior proposal; and• All necessary regulatory approvals, including Australia's Foreign Investment Review Board. |



Significant Leverage To Uranium Upside

3



Pipeline Projects

■ Kayelekera Mine, Malawi

Fully built mine on active care and maintenance

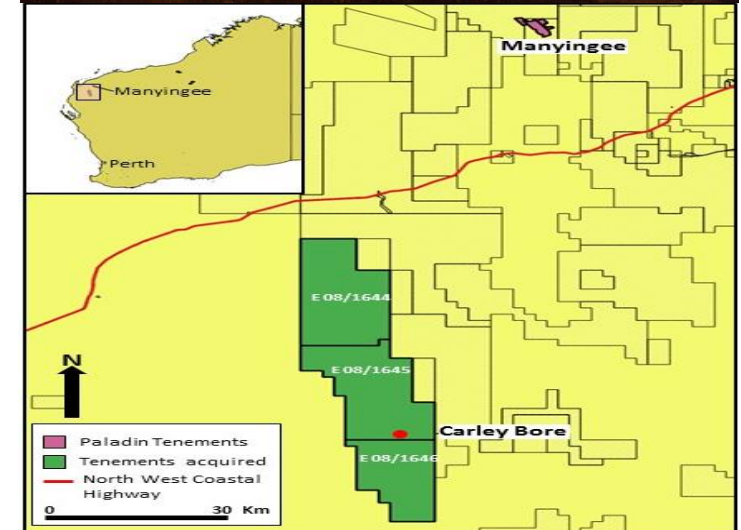
- ownership - Paladin 85% and Government of Malawi 15%
- commenced operations in 2009 – Production capacity 3.3mlbp.a.
- placed on care and maintenance in 2014, having Produced 10.7mlb
- progressing Definitive Feasibility Study for restart



■ Manyingee and Carley Bore, Western Australia

Amenable to low cost ISR production

- ownership – Paladin 100%,
- resource – 20.7mlb Measured & Indicated, 20.8mlb Inferred
- pre-feasibility study work to be commenced





Pipeline Projects

■ Michelin Deposit, Canada

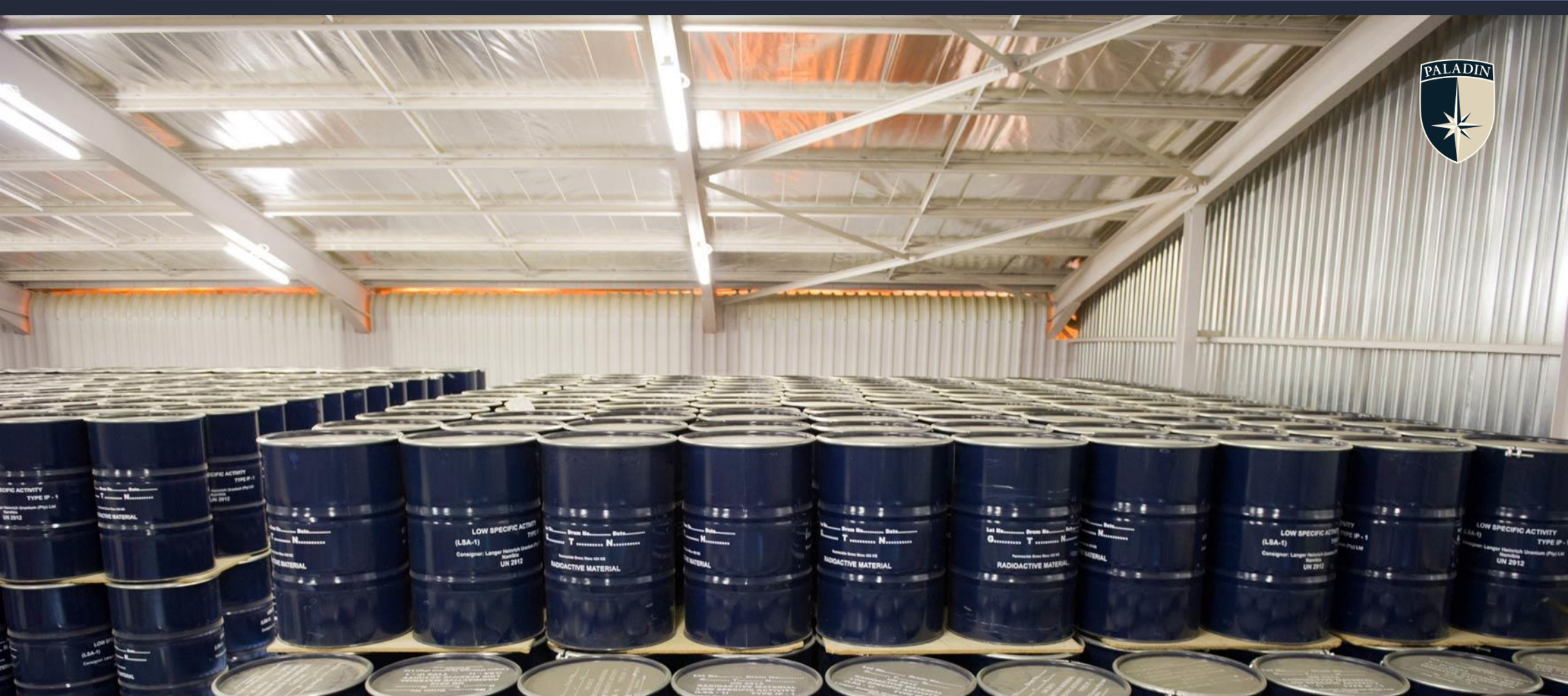
Among the largest undeveloped deposits in North America

- ownership – Paladin 100%, acquired in February 2011
- resource – 84.1mlb Measured & Indicated, 22.9mlb Inferred
- in 2015, received Canadian Government non resident production approval
- additional 16.7mlb Measured & Indicated, 16.9mlb Inferred within the tenement holding
- highly strategic asset in one of the few remaining underexplored uranium districts

■ Mount Isa, Queensland

- ownership – Paladin 82/91/100%
- resource – 106.2mlb Measured & Indicated, 42.2mlb Inferred
- represents one of Australia's larger undeveloped uranium resources
- Paladin has undertaken substantial test work over the years and continues to validate production alternatives





Strategy and Outlook

4



PALADIN

MAXIMISE LHM OPERATING CASH FLOWS THROUGH CONTINUED OPTIMISATION INITIATIVES WHILST PRESERVING THE INTEGRITY OF THE LONG-TERM LIFE OF MINE PLAN

MAINTAIN KM AND EXPLORATION ON A “MINIMAL EXPENDITURE, CARE AND MAINTENANCE BASIS”

MINIMISE CORPORATE AND ADMINISTRATIVE COSTS

COMPLETE BALANCE SHEET STRENGTHENING RESTRUCTURE

PREPARE FOR GROWTH



FY2017 Guidance

Production in excess of 4.0mlb

**Amended LHM mine plan
to enhance operating
level cash flows**

LHM C1 US\$16.50-18.50/lb

“All in” US\$29-31/lb

**US\$14m corporate costs, KM care and
maintenance and exploration**

US\$5m lower than FY2016

(no change)

June Quarter

Sales 1.1mlb-1.3mlb

Production 750,000lb-850,000mlb

LHM C1 cash cost US\$21-23/lb



Paladin Energy Ltd – Contact Details

Head Office

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

Telephone: +61 (0) 8 9381 4366

Facsimile: +61 (0) 8 9381 4978

Email: paladin@paladinenergy.com.au

Website: www.paladinenergy.com.au

Investor Relations

Andrew Mirco

Telephone: +61 (0) 8 9423 8162

Mobile: +61-409-087-171