



PALADIN ENERGY LTD

ACN 061 681 098

Ref: 306306

14 May 2013

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

By Electronic Lodgement

Dear Sir/Madam

March 2013 Quarter Investor Call Presentation

Attached please find the presentation in relation to the March quarter results conference call and investor update to be held tomorrow morning at 6.30am Perth time. Full details in relation to the call were announced on 10 May 2013.

Yours faithfully
Paladin Energy Ltd

JOHN BORSHOFF
Managing Director/CEO



Langer Heinrich
Mining Operation



PALADIN ENERGY LTD

March Quarter Results Conference Call and Investor Update

15 May 2013

John Borshoff – Managing Director/CEO

Alan Rule – CFO

Mark Chalmers – EGM, Production



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. 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 code, the terms Inferred Mineral Resources, Indicated Mineral Resources, Measured Mineral Resources, Ore Reserves, Proved Ore Reserves, Probable Ore Reserves and Competent Person are equivalent to the terms Inferred Mineral Resources, Indicated Mineral Resources, Measured Mineral Resources, Mineral Reserves, Proven Mineral Reserves, Probable Mineral Reserves and Qualified Person, respectively, used in Canadian National Instrument 43-101 (NI 43-101).

The technical information in this presentation that relates to Exploration Results, Mineral Resources and Ore Reserves is based on information compiled by David Princep B.Sc. and Simon Solomons M.Eng, both of whom are Fellows of the Australasian Institute of Mining and Metallurgy. Messrs Princep and Solomons each have sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity that they are undertaking to qualify as Competent Persons as defined in the 2004 Edition of the “Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves”, and as Qualified Persons as defined in NI 43-101. Messrs Princep and Solomons are full-time employees of the Company and consent to the inclusion of the relevant information in this announcement in the form and context in which it appears.

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

Presentation Outline

- ✦ Company Status & Market Outlook – *John Borshoff*
- ✦ Financial Review – *Alan Rule*
- ✦ Operations Update – *Mark Chalmers*
- ✦ Conclusions – *John Borshoff*

Company Status and Highlights



✦ **Safety Performance**

- continued high safety performance
- Kayelekera achieved a milestone 365 days LTI free 28 March 2013

✦ **Operational Highlights**

- combined production for 9 months 6.112Mlb, up 26%
- positive March quarter results

✦ **Sustainable Cost Savings**

- average C1 cost of production for the quarter at a record low across both sites
production optimisation projects at both sites will deliver further cost savings
- focus remains on reducing costs across all facets of the business

Company Status and Highlights (*cont*)



✦ **Guidance**

- production guidance remains 8.0Mlb to 8.5Mlb U_3O_8
- clear opportunities for continued production improvement – beyond FY13

✦ **Strategic Initiatives**

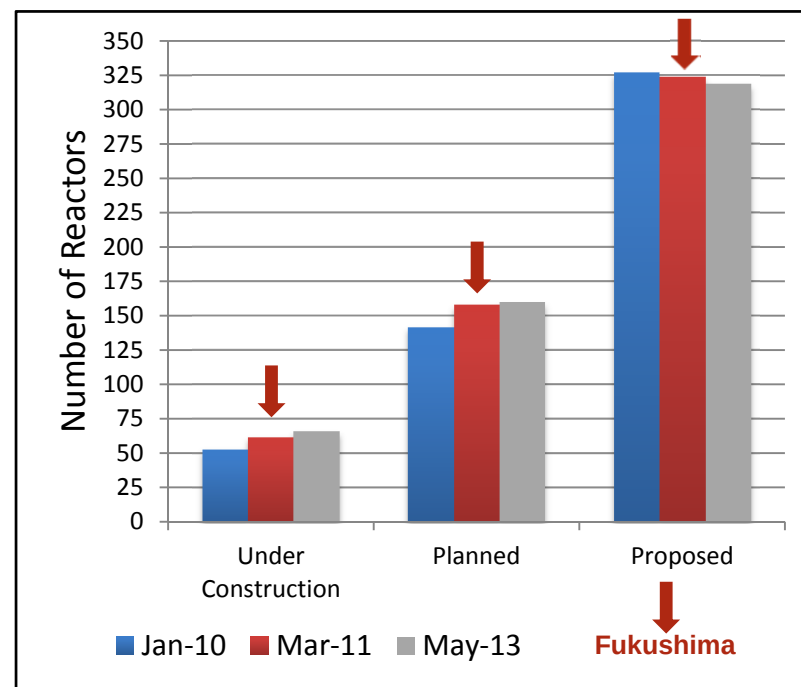
- sales process on schedule and results expected June quarter 2013

World Nuclear Capacity – May 2013

“Fukushima is behind us”



	Current Nuclear Capacity	Under Construction	Planned	Proposed
Reactors / (Capacity)	435 (374.5GWe)	66 (68.3GWe)	160 (176.6GWe)	319 (361.1GWe)
Countries	30	13	28	37
China	17 (14.0GWe)	28 (30.6GWe)	49 (56.0GWe)	120 (123.0GWe)
Russia	33 (24.2GWe)	10 (9.2GWe)	24 (24.2GWe)	20 (20.0GWe)
India	20 (4.4GWe)	7 (5.3GWe)	18 (15.1GWe)	39 (45.0GWe)
South Korea	23 (20.8GWe)	4 (5.4GWe)	6 (8.7GWe)	-
Japan	50 (44.4GWe)	3 (3.0GWe)	9 (13.0GWe)	3 (4.1GWe)
United States	103 (101.6GWe)	3 (3.6GWe)	9 (10.9GWe)	15 (24.0GWe)



Nuclear Outlook Positive

key drivers



Japan – sorting out schedule for re-starts

- ✦ **Liberal Democratic Party (LDP) elected Dec 2012 reversed 2040 phase out policy**
 - LDP expected to win upper house July 2013. Unique opportunity to accelerate reactors starts
- ✦ **Paladin's detailed assessment of Japanese reactor restarts**
 - 3-6 reactors return to service during 2HCY13
 - increasing to 75-80% by CY15/16

China - back to building the fleet

- ✦ **Post Fukushima 2020 target 58GWe (could reach 70-75Gwe)**
 - construction activities initiated at 4 reactor sites
- ✦ **Currently 28 reactors under construction**

Russia - aggressive repositioning for supply

- ✦ **ARMZ acquiring Uranium One giving complete Russia control over production**
 - could take all uncommitted future Uranium One production
- ✦ **ARMZ require significant additional primary uranium to meet 2020/22 target**
 - Russia will cease HEU down-blending programme as scheduled ending Dec 2013

Supply/Demand Unbalanced

supply shortfall will widen



- ✦ **A supply shortage is unavoidable post 2013-14**
- ✦ **Long lead times will severely limit achieving 2020 supply targets**
 - average lead time to full production 6 to 9 years
 - insufficient projects able to bring sufficient new production online rapidly
- ✦ **Prices in the range of \$80/lb to \$120/lb needed to incentivise new production**
 - supply shortfall remains under all of Paladin's pricing scenarios
 - extreme costly measures needed resulting in uncertainty and high volatility
- ✦ **Increasing constraints for supply growth**
 - technical, political, regulatory, financing
 - decreasing quality of available deposits (grade/metallurgy)

Impossible task ahead to meet 2020 forecasted demand

- circa 15 new mines are required within the next 7 years to achieve target

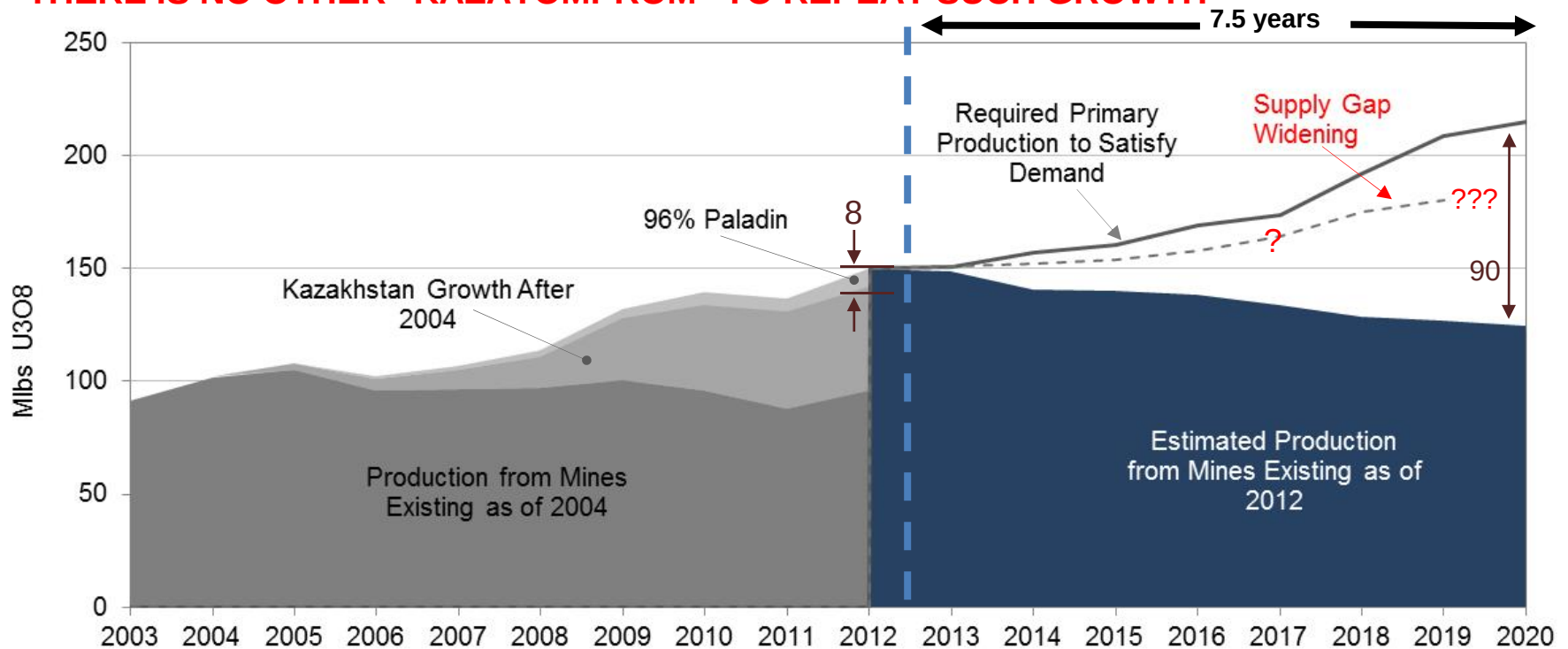
Supply Growth Uncertainty



The impossible challenge :

- ✦ Primary supply will have to increase by circa 90Mlb U_3O_8 pa to meet 2020 requirements (in 7 years)
- ✦ In previous 7-year period (2005 – 2012), production increased only by 48Mlb, and Kazakhstan accounted for ~40Mlb

THERE IS NO OTHER “KAZATOMPROM” TO REPEAT SUCH GROWTH



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Profit & Loss

quarter ended 31 March 2013



	Change	31 March 2013 US\$M	31 March 2012 US\$M
Revenue			
Sales Revenue	↑	106.1	67.3
Other Revenue		0.3	0.5
Total Revenue	↑	106.4	67.8
Cost of Sales		(86.7)	(52.6)
Impairment of inventory		(3.3)	(11.9)
Gross Profit	↑	16.4	3.3
Other income		1.1	-
Exploration and evaluation		(0.3)	(0.2)
Administration, marketing and non-production costs		(9.4)	(6.4)
Other costs		(2.7)	(8.1)
Impairment of asset		(44.8)	-
Operating loss before interest and tax	↓	(39.7)	(11.4)
Finance costs	↓	(16.0)	(10.7)
Operating loss before tax		(55.7)	(22.1)
Tax Benefit		(4.8)	2.7
Net loss after tax		(60.5)	(19.4)
Loss attributable to members of the parent	↓	(54.1)	(17.5)

Profit & Loss

quarter ended 31 March 2013



- ✦ **Sales Revenue of US\$106.1M**
 - 1.920Mlb sold at average realised price of US\$55.2/lb
- ✦ **Gross margin from operations of US\$16.4M**
 - average cost of sales of US\$45/lb before KM inventory impairment
 - KM inventory impairment of US\$3.3M
- ✦ **Administration, marketing and non production costs of US\$12.1M**
- ✦ **KM impairment of US\$44.8M**
- ✦ **Loss attributable to members of the parent of US\$54.1M**

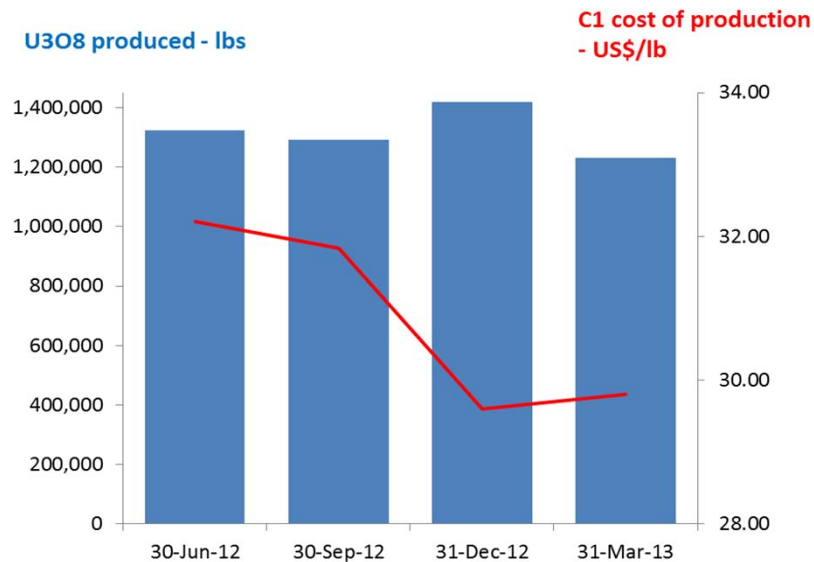
Sustainable Cost Savings



- ✦ **Cost reductions are now embedded into operations**
- ✦ **Focus remains on reducing costs across organisation**
- ✦ **Continuing to identify additional cost saving opportunities**

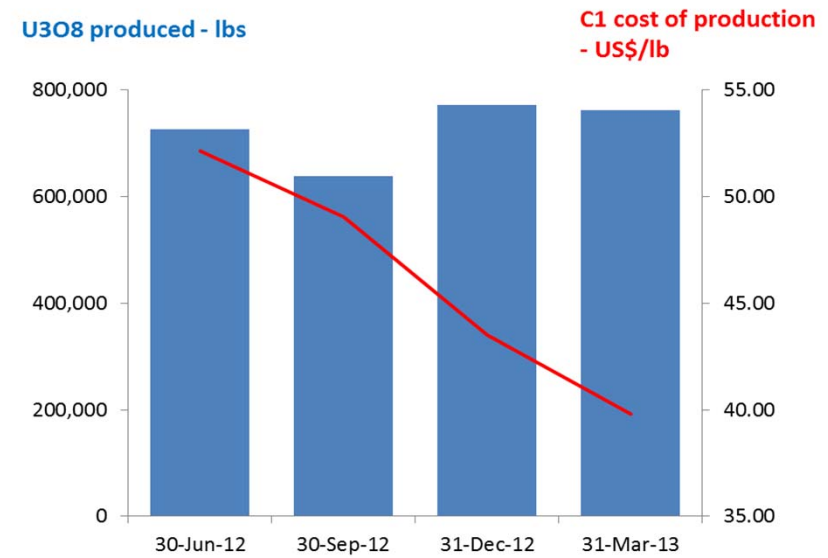
Langer Heinrich

- remainder of FY13 target US\$29/lb
- FY14 to target additional cost savings



Kayelekera

- remainder of FY13 target sub US\$40/lb
- FY14 to target additional cost savings



Balance Sheet & Cash Flow

quarter ended 31 March 2013



- ✦ **Cash and cash equivalents of US\$112.9M**
- ✦ **Cash inflow from operating activities of US\$167.6M**
 - customer receipts of US\$109.0M
 - proceeds from EdF off-take agreement US\$150M
- ✦ **Cash outflow from investing activities of US\$9.3M**
 - US\$4.1M exploration expenditure
 - US\$6.1M capex
- ✦ **Cash outflow from financing activities of US\$149.8M**
 - US\$134M repayment of remaining US\$325M CB issued 11 March 2008
 - US\$15.7M repayment of project financing facilities

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Quarterly Highlights



Safety

- ✦ Maintained low Lost Time Injury Frequency Rate of 1.2

Production

- ✦ Combined production 1.992Mlb
- ✦ 95% nameplate production for the quarter
- ✦ 96% nameplate production for first 9 months FY2013

LHM

- ✦ Production of 1.23Mlb (96% of nameplate)
- ✦ Water constraints and operational issues resolved
- ✦ Overall recovery improving

KM

- ✦ Production of 0.762Mlb (94% of nameplate)
- ✦ C1 cost of production down to US\$39.80/lb
- ✦ Record recovery of 87.1%

Continuous Improvement

- ✦ KM - grid power at KM forecast December quarter
- ✦ KM - continuous resin advance trialled in coming quarter
- ✦ LHM & KM - mine plan optimisations underway

Langer Heinrich Project Overview



✦ Three successful production capacity expansions completed:

- 2.6Mlb (Stage 1) - 2008
- 3.7Mlb (Stage 2) - late 2009
- 5.2Mlb (Stage 3) - early 2012

✦ Lower quartile cost producer

- long term target US\$28/lb

✦ Further expansion potential

- Stage 4 expansion will only be considered if price incentive is sufficient
- expansion optimisation work ongoing

✦ +20 years project life at current production rate

Design Criteria	Stage 2	Stage 3
Ore Throughput	2.5Mtpa	3.5Mtpa
Leach Throughput	1.5Mtpa	2.1Mtpa
Ore Feed Grade	850ppm	800ppm
Recovery	82%	85%
U ₃ O ₈ Production	3.7Mlbpa	5.2Mlbpa



Langer Heinrich: Operational Update



Consistently producing at or above Stage 3 nameplate rate

- four full quarters at Stage 3 or better (over nameplate for 9 months FY13)
- feed grades of 810ppm for March quarter consistent with design
- recoveries above design at 86.7% continue to be achieved



Water issues resolved

- conservation measures in place
- desalinated water scheduled to be introduced mid May
- upgrade to Swakop river delivery
- combined efforts ensure above nameplate capabilities going forward



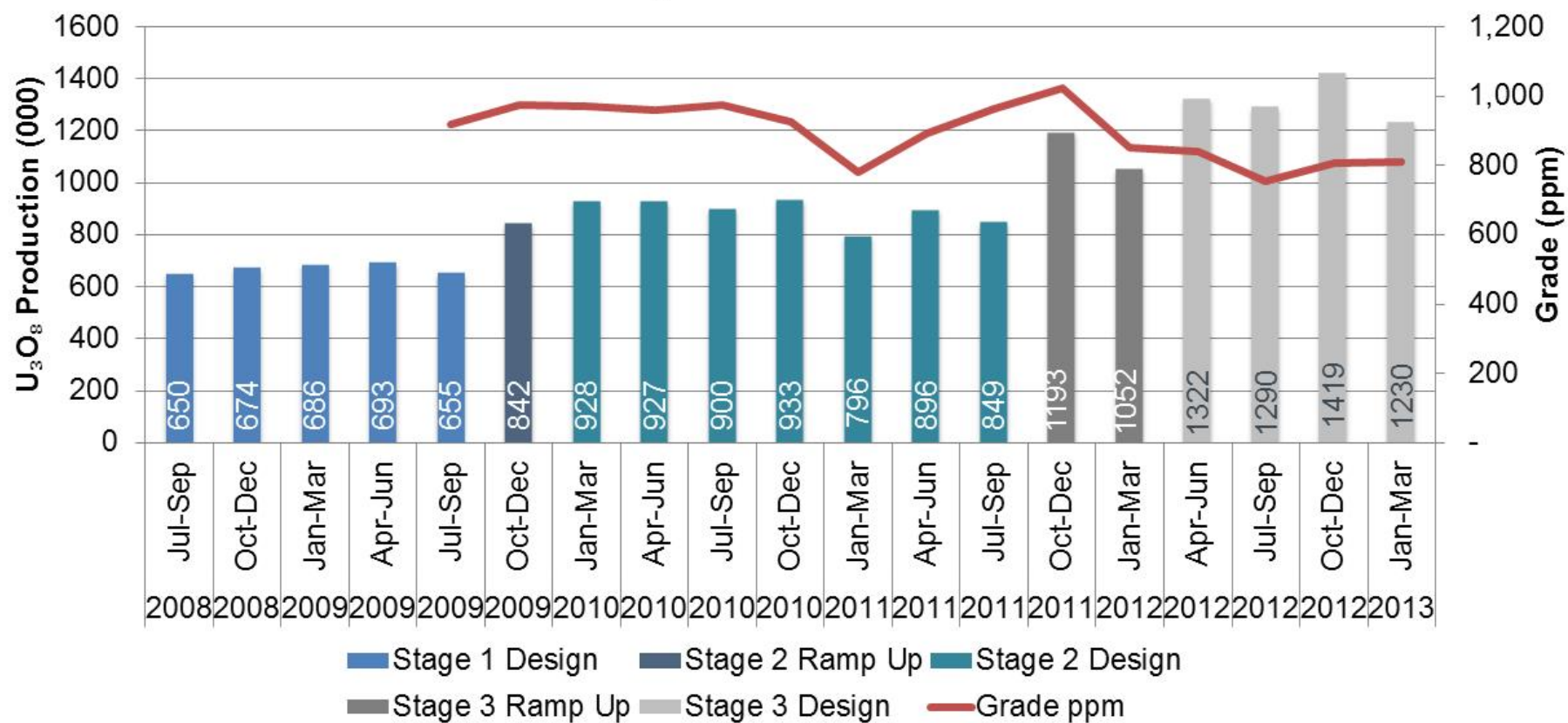
Optimisation focus

- CCD performance improving, with further improvements expected
- heat recovery/management has improved with higher leach temperatures giving higher leach extractions
- installation of the Hydrosort classification unit remains on track for commissioning early in the September quarter

Langer Heinrich Production



LHM Quarterly Production & Feed Grade



Kayelekera Project Overview



- ✦ **Production capacity of 3.3Mlb U₃O₈ pa**
- ✦ **Project ramp-up complete and running at or near nameplate**
- ✦ **First modern resin-in-pulp (RIP) uranium processing facility**
- ✦ **C1 cost US\$39.80/lb for March quarter. Aiming to maintain sub US\$40's and a further 12% reduction expected by end of FY14**
 - cost initiatives are coming through as predicted
 - optimisation projects on track for 2013
 - targeting mid \$30's/lb by end of FY14 with high confidence

Design Criteria	
Ore Throughput	1.5Mtpa
Leach Throughput	1.5Mtpa
Ore Feed Grade	1100ppm
Recovery	87%
U ₃ O ₈ Production	3.3Mlbpa



Kayelekera: Operational update



✦ **Maintained high production levels in March 2013 quarter**

- production of 761,992lb
- plant ran steady at 94% of nameplate with a slight bottleneck in RIP/Elution which is being addressed
- record recoveries 87.2% and improving, particularly in both leach and RIP

✦ **Acid independence largely established**

- increased acid plant production continues post August 2012 shutdown
- ore blending to reduce acid consumption successful
- trucked acid now less than 5% of requirements
- annual acid plant shutdown scheduled for August 2013

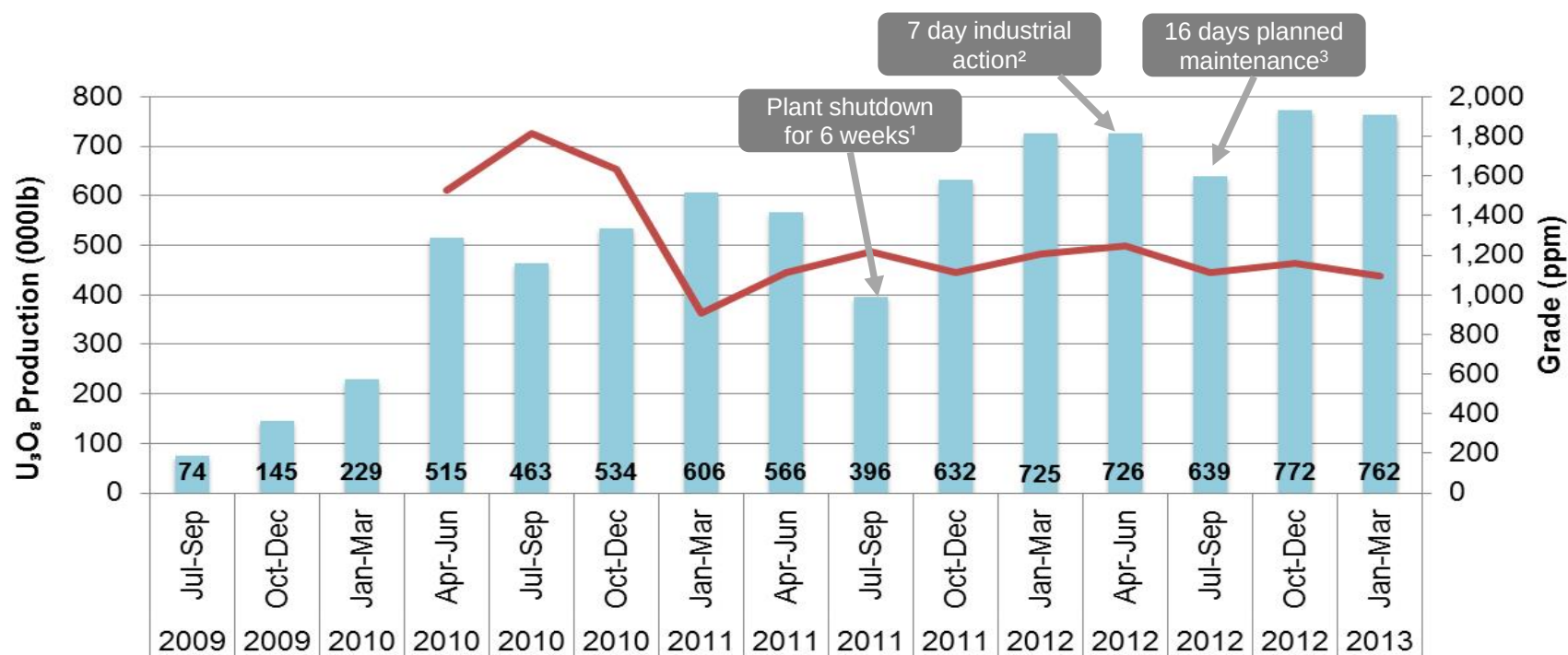
✦ **Optimisation projects**

- improvements in “RIP” efficiency continued with 96.6% efficiency
- grid power and acid recycling, are progressing well
- continuous resin advance trialling starting coming quarter for further recovery improvement
- milling classification circuit upgraded to reduce milling power consumption and grind size to improve leach efficiency

Kayelekera Quarterly Production



KM Quarterly Production and Grade Profile



¹ Plant offline for 3 weeks planned maintenance and 3 weeks remedial repairs to acid plant and drying and packaging plant

² 7 days industrial action resulting in a production loss of ~35,000 to 45,000lb

³ Equates to 135,000lb reduced production

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Strategic Initiative



The Paladin platform becoming increasingly more attractive as uranium supply stagnates

✦ Key objectives from the strategic initiatives

- EdF deal in Aug 12 contributed \$200M to value unlocking
- unlock value from Paladin's extensive uranium asset base and accomplishments
- utilise current platform for future growth leverage with the assistance of a strategic partner
- reduce debt and strengthen the balance sheet

✦ High interest from participants reflects future supply concerns

✦ Good progress with key milestones achieved during the quarter

- keen interest shown – final bids being assessed

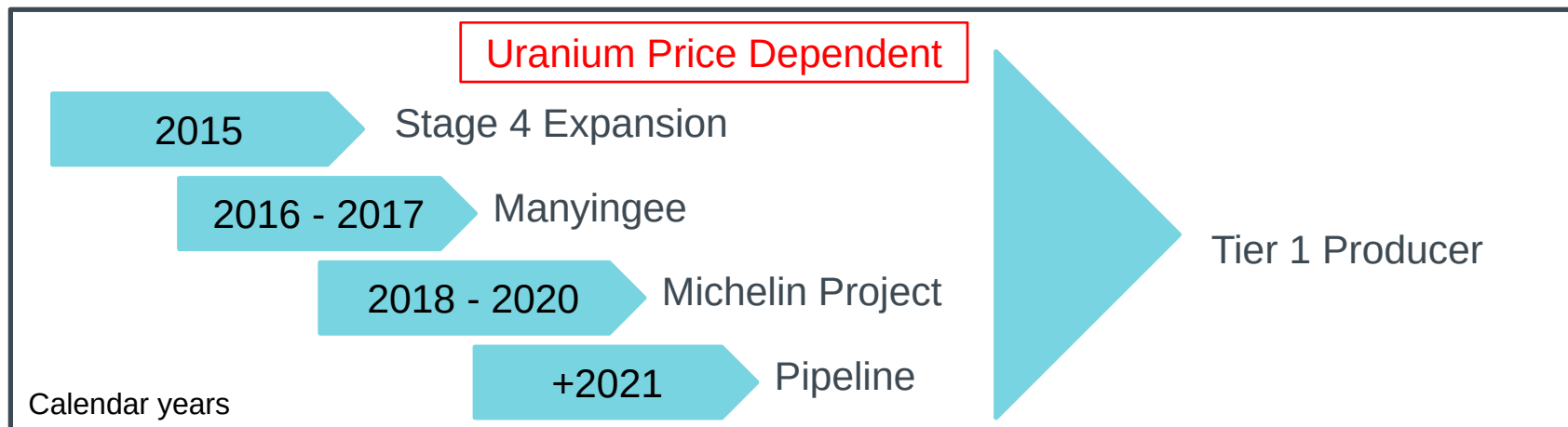
✦ Results expected during the June quarter

“On completion of the strategic initiatives, Paladin is confident this will address market concerns regarding sustainability and Paladin’s ability to service or repay its debt”

Conclusion



- ✦ **Paladin on track to continue solid production results**
 - stated guidance FY13 on track 8.0-8.5Mlb
- ✦ **Focused on further cost rationalisation**
- ✦ **Production optimisation through innovation to improve efficiency**
- ✦ **Strategic initiatives to reduce debt and strengthen the balance sheet**
- ✦ **Paladin's pipeline projects**
 - ready for expansion when incentive prices are sufficient
 - ability to leverage growth via strategic partner
 - plenty of expansion capability contained in the project pipeline



Paladin Energy Ltd

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