



PALADIN ENERGY LTD

**PLACEMENT,
ENTITLEMENT OFFER,
AND COMPANY OUTLOOK**

24 November 2014

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- ✦ Uranium Market Update
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Recapitalisation overview



Paladin announces a number of measures to recapitalise the company and address the medium term funding requirements, including the 2015 CB maturity

Equity raising	- Equity raising totaling ~A\$205 million (~US\$177 million¹) to be applied towards repayment of Paladin's US\$300 million Convertible Bonds due in November 2015 ("2015 CBs"), comprising: ~A\$61 million (~US\$52 million) placement to HOPU Clean Energy (Singapore) Pte. Ltd. ("HOPU") ("Placement"); and ~A\$144 million (~US\$125 million) accelerated non-renounceable entitlement offer ("Entitlement Offer") (together, the "Equity Raising")
Participation of HOPU as cornerstone investor	- HOPU has agreed to invest up to ~A\$80-88 million (~US\$69-76 million) in Paladin - Placement at A\$0.42 per share, a ~15% premium to Paladin's 30-Day VWAP² of A\$0.364, for 15.0% of current issued capital - Commitment to subscribe for full entitlement under the institutional tranche of the Entitlement Offer - Participating in last-in-relief sub-underwriting of the retail tranche of the Entitlement Offer to bring HOPU's shareholding up to a maximum of 15.0% of issued capital following the Equity Raising - Nominee director to be appointed to the Board - Post-Equity Raising shareholding of between 13.0% and up to 15.0%, depending on acceptances under the Entitlement Offer (likely to be up to 15.0% due to nature of sub-underwriting commitment)
Entitlement Offer	- Fully underwritten 1-for-2 Entitlement Offer to raise ~A\$144 million (~US\$125 million) - The Entitlement Offer price of A\$0.26 (~C\$0.25)³ per share ("Entitlement Offer Price") represents a ~23% discount to TERP⁴ - Entitlements of institutional shareholders not taken up (and those of shareholders ineligible to receive entitlements under the Entitlement Offer) will be placed to investors by way of an institutional bookbuild at the same fixed Entitlement Offer Price - Retail tranche of the Entitlement Offer ("Retail Entitlement Offer") has been fully sub-underwritten (including to HOPU). Any retail shortfall will be placed to sub-underwriters at the Entitlement Offer Price
Ongoing initiatives	- Paladin is engaged in discussions on a number of initiatives for which results are expected in early 2015, to provide further longer term funding flexibility. These initiatives include: - Potential strategic investment in Paladin by one or more major international nuclear utilities, who have a strategic interest in Paladin's production assets and development projects, and in Paladin generally; and/or - A potential long-dated convertible bond, the attractiveness of which will be considered against any proposals received from potential strategic partners

¹ Assumes an AUDUSD exchange rate of 0.8625 as at 21 November 2014; ² Volume weighted average price of Paladin shares traded on ASX from 13 October to 21 November 2014; ³ Assumes an AUDCAD exchange rate of 0.9758 as at 21 November 2014; ⁴ TERP is the theoretical price at which Paladin shares should trade immediately after the ex-date for the Entitlement Offer. TERP is a theoretical calculation only and the actual price at which Paladin's shares will trade immediately after the ex-date for the Entitlement Offer will depend on many factors and may not be equal to TERP. TERP is calculated by reference to Paladin's closing price on 21 November 2014.

Offer structure



Sources and uses summary

Sources of capital	A\$mm	US\$mm	Uses of capital	A\$mm	US\$mm
Cash on balance sheet (30 Sep 2014)	243	210	Repayment/tender for 2015 CBs	348	300 ¹
Placement	61	52	Transaction costs	6	5
Entitlement Offer	144	125	Cash on balance sheet	94	81
Total sources of capital	\$448	\$387	Total uses of capital	\$448	\$387

Transaction highlights

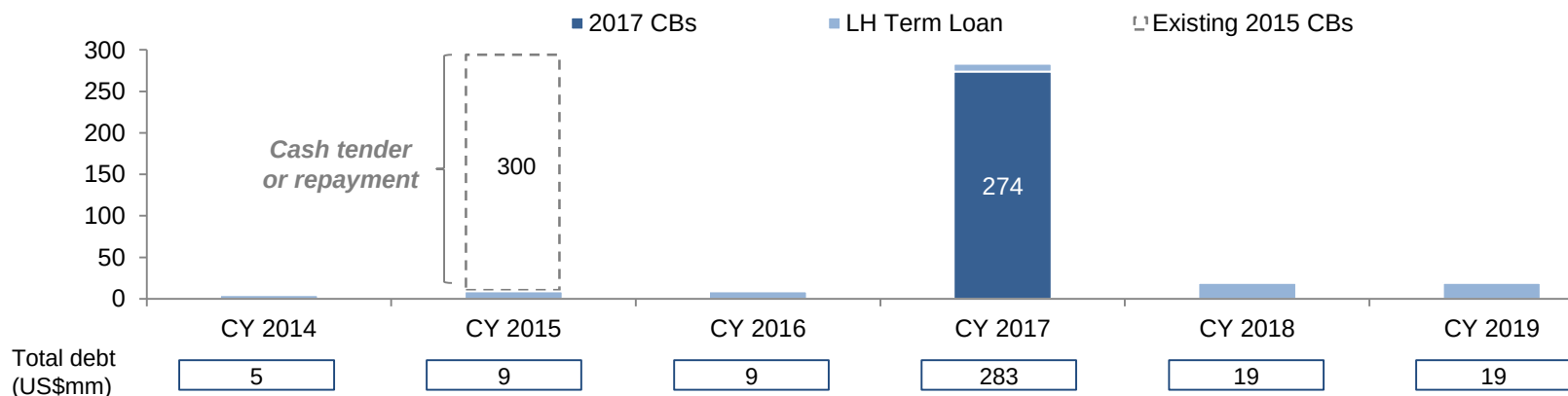
- ✦ **Reduces balance sheet leverage and funding costs**
- ✦ **Introduction of HOPU, a long-term investment partner with financial capacity, to the Paladin share register**
 - the Placement, at a ~15% premium to Paladin's 30-Day VWAP of A\$0.364, reduces dilution for current shareholders and demonstrates HOPU's strong confidence in Paladin's robust asset base
- ✦ **Proceeds from the Placement and Entitlement Offer are intended to address Paladin's existing 2015 Convertible Bonds ("2015 CBs")**
- ✦ **Assuming current spot prices prevail, following the outcomes of the initiatives in early 2015, Paladin will be fully funded to at least June 2016²**
 - cash buffer provides sufficient working capital to fund operations and financing costs
 - no further material liabilities until 2017

Note: Analysis assumes an AUDUSD exchange rate of 0.8625 as at 21 November 2014. ¹ Potential exists to tender for 2015 CBs at a discount; ² Assuming spot uranium prices of approximately US\$38/lb and achievement of current production guidance and budgeted costs.

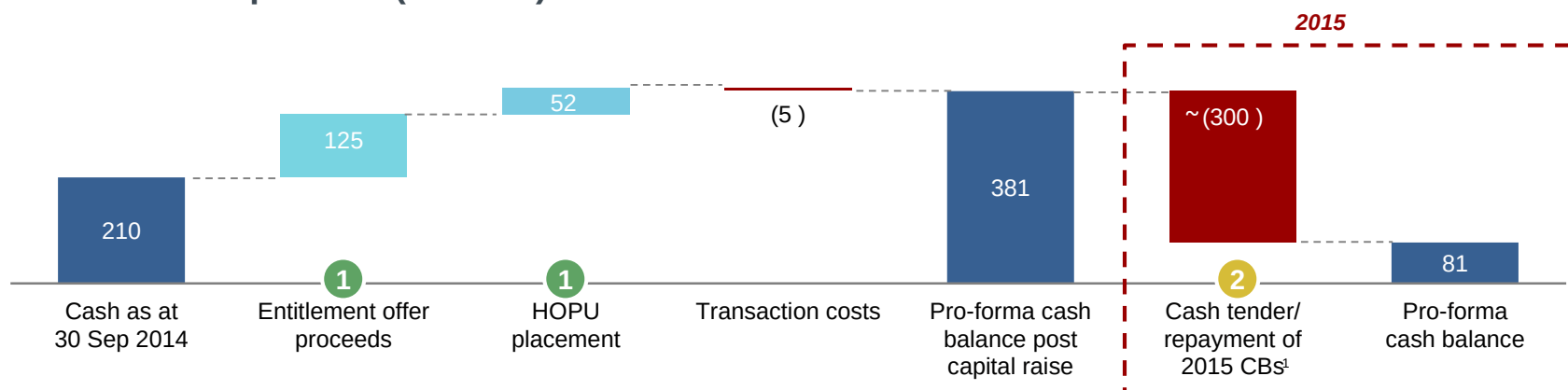
Pro-forma debt profile



Debt maturity profile (US\$mm)



Pro-forma cash position (US\$mm)



¹ Potential exists to tender for 2015 CBs at a discount.

Pro-forma balance sheet



		1		2	
(USD mm)	30 Sep 2014	(+) Equity proceeds (-) Trans. costs	Pro Forma	(-) Repayment of 2015 CBs	Pro forma
Cash	210	171 (177 - 6)	381	(300)	81
LH Facility	70		70		70
2015 CBs	300		300	(300)	-
2017 CBs	274		274		274
New long-dated CBs	-		-		-
Total Debt	644		644		344
Net Debt (ND)	434		263		263
Market value of equity (E) as at 21 November 2014	317	177	494		494
Book value of equity (BE)	344	177	521		521
Total capitalisation (ND + E)	751		757		757
Gearing (ND / (ND + E))	57.9%		34.8%		34.8%
Total capitalisation (ND + BE)	778		784		784
Gearing (ND / (ND + BE))	55.8%		33.6%		33.6%

2015

✦ Following the Equity Raising, Net Debt is expected to decrease from US\$434mm to US\$263mm and gearing will decrease from ~58 to 35% on a (ND / (ND + E)) basis or ~56 to 34% on a (ND / (ND + BE)) basis

Note: Analysis assumes an AUDUSD exchange rate of 0.8625 and Paladin share price of A\$0.38 as at 21 November 2014.

Placement and Entitlement Offer

Indicative timetable



Event	Date ¹
Trading halt on ASX, Placement and Entitlement Offer announcement	Pre-market, Monday, 24 November 2014
Institutional tranche of the Entitlement Offer ("Institutional Entitlement Offer") opens	9:30am, Monday, 24 November 2014
Placement settlement & allotment	Monday, 24 November 2014
Institutional Entitlement Offer closes	Tuesday, 25 November 2014
Institutional Entitlement Offer shortfall bookbuild	Tuesday, 25 November 2014
Trading halt on ASX lifted	Wednesday, 26 November 2014
Entitlement Offer record date	Thursday, 27 November 2014
Retail entitlement offer booklets despatched and Retail Entitlement Offer opens	Monday, 1 December 2014
Institutional Entitlement Offer settlement	Wednesday, 3 December 2014
Institutional Entitlement Offer allotment	Thursday, 4 December 2014
Retail Entitlement Offer closes (cheques only)	Friday, 5 December 2014
Retail Entitlement Offer closes (BPAY only)	Wednesday, 10 December 2014
Retail Entitlement Offer settlement	Tuesday, 16 December 2014
Retail Entitlement Offer allotment	Wednesday, 17 December 2014
Quotation of Retail Entitlement Offer shares	Thursday, 18 December 2014
Retail Entitlement Offer holding statements despatched	Friday, 19 December 2014

¹ Timetable is indicative and subject to change

HOPU – long term strategic investor



About HOPU

- Private equity firm focusing on China-related investment opportunities with offices located in Beijing, Hong Kong, and Singapore
- Key investment focus is to create, develop and pursue investment opportunities that are driven by China's ongoing economic reforms and developments
- HOPU has recently raised US\$1.85 billion committed capital for HOPU USD Master Fund II from investors comprising sovereign wealth and global institutional investors



Investment Rationale

- Strong views on the future of the uranium market and broader Chinese involvement in the sector going forward
- Paladin investment key to realising this value
- Extensive due diligence completed
- Ability to participate in strategic direction via appointment of Board nominee

Key benefits to Paladin

- Long term, strategic investor with financial capacity
- Placement made at a premium, recognising intrinsic/strategic value of Paladin
- Enhances future funding flexibility and funding options
- Investment has the potential to attract other Chinese investment
- Strengthens balance sheet – funds raised will be applied to paydown debt

HOPU's investment demonstrates its confidence in the uranium industry and its understanding of Paladin's unique positioning in the uranium sector

HOPU – subscription agreement



- ✦ **15% placement at A\$0.42 per share, being a premium of ~15% to the 30 day VWAP¹ to 21 November of A\$0.364**
- ✦ **FIRB approval allows for an investment by HOPU in Paladin of up to 19.99%**
- ✦ **Committed to subscribe for full entitlement under institutional component of Entitlement Offer, and sub-underwrite retail tranche**
- ✦ **For so long as HOPU remains a 10% holder:**
 - HOPU has the right to appoint a nominee director to the Board
 - Paladin has consultation rights in relation to disposals of HOPU's shares in Paladin
- ✦ **Arrangements to be put in place to govern information sharing and management with HOPU and the nominee director**

¹ Volume weighted average price of Paladin shares traded on ASX from 13 October to 21 November 2014

Ongoing discussions with strategic partners



Paladin continues to strengthen strategic alliances

- Partnership with HOPU announced
- Discussions ongoing with major nuclear utilities
- Paladin has established a clear and realistic roadmap for discussions
- Decision on preferred utility/strategic partner to be made in the near future



Paladin rationale

- Create strategic alliance with major nuclear utilities
- Paladin holds unique global platform and achievements attracting high interest
- Provides opportunity for funding to deleverage the balance sheet
- Provides a partner to jointly fund new developments



Strategic partner rationale

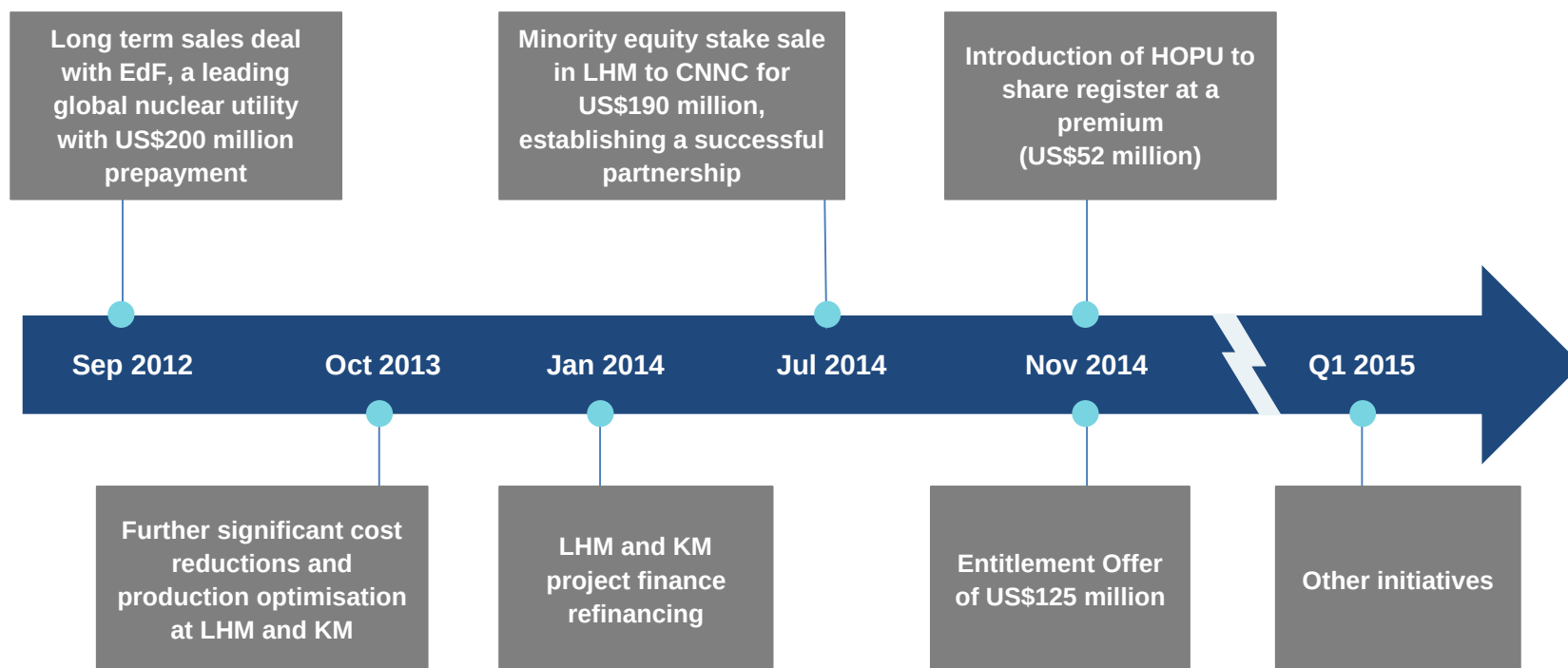
- Opportunity to jointly develop a world class asset pipeline
- Ability to leverage off Paladin's know-how and achievements
- Access to market-leading technical capabilities and intellectual property
- Opportunity to secure arms length off-take agreements



Paladin objective

- Paladin is engaged in discussions on a number of initiatives for which results are expected in early 2015, to provide further longer term funding flexibility

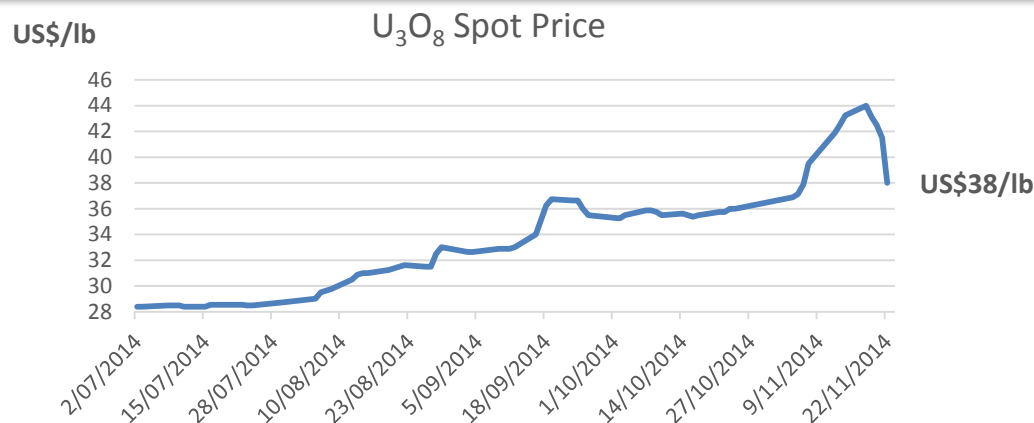
Deleveraging remains a key priority



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Uranium market snapshot



Source: UxC Daily Broker Average Price as at 22 November 2014, Bloomberg

	Current Nuclear Capacity	Under Construction	Planned	Proposed
Reactors / (Capacity)	436 (376.3GWe)	71 (74.6GWe)	174 (191.3GWe)	301 (331.4GWe)

Source: World Nuclear Association (October 2014)

Nuclear Reactor Fleet – Growth Forecast	2014	2020	2025	2030
Reactors	435	504	550	650

Source: World Nuclear Association / Paladin

- Dramatic uranium spot price increase since May (~50%)
- Spot market fundamentals improving as supply tightens and demand rises
- Term market contract volumes already triple that of entire 2013
- Additional term contracting imminent, which is expected to result in term price improvement
- Globally, nuclear focus is strengthening as reactors enter commercial operation
- Japan clears its final hurdle for nuclear restart
- Increasing number of reactors being approved in China
- Exponential global reactor fleet growth forecasted post 2020
- Long-term market demand fundamentals require extraordinary growth in uranium supply



✦ **US Mid-Term elections expected to boost US nuclear power programme**

✦ **Japanese reactor restarts imminent**

- Japanese utilities have submitted applications for safety reviews for 20 reactors
- Sendai 1 & 2 (Kyushu Electric) received restart approval from Prefecture Governor on 7 November; restart expected first quarter CY2015
- recent estimates place a total of 5-6 reactors operating by end of 2015 and 12 reactors by late 2016; more than 20 reactors could be operational by end of 2017

✦ **Reduction in global uranium production underway**

- Kayelekera/Honeymoon (Uranium One) placed on care and maintenance
- restricted operations at Rossing and US-based ISR producers (existing contract deliveries)
- Kazakhstan announced growth in uranium output to slow dramatically to less than 2% in 2014
- global uranium production forecasted to decline from the 2013 level of 154Mlb down to 148Mlb (or less) in 2014

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- ✦ **Only uranium mining company to remain independent and available for association**
- ✦ **Corporate culture and strategy since inception designed for efficiency and growth**
- ✦ **A uranium mining house with a geographically diversified asset base**
- ✦ **Achievements that define Paladin**
 - Successful mine establishment
 - Implementation of highly advantageous technical innovation
 - Established a project pipeline as the nursery for future growth
 - Offers a de-risked platform
- ✦ **Near term opportunities for growth**
 - Langer Heinrich Stage IV (increasing production to 8.2Mlbpa)
 - Restart of Kayelekera (immediate addition of 3.3Mlbpa)
 - Highly prospective pipeline projects
- ✦ **A management and technical team with proven expertise and demonstrated ability**
- ✦ **Vision, commitment and knowledge of both the geology, mining and uranium/nuclear industry generally**

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✦ **Guidance for FY15 of 5.4Mlb to 5.8Mlb U₃O₈**

✦ **FY15 priorities**

- further cost rationalisation at operations and corporate level
- strong operational performance through production optimisation
- deleveraging the balance sheet
- remaining positioned to take advantage of the future uranium price resurgence
- continue improvement in health and safety performance

✦ **Fully committed to preserving Paladin's strategic position**

- Board and management focused on Paladin's sustainability at current prices

✦ **Fully committed to realising value for shareholders**

- capitalise on very high strategic value of Paladin
- ability to increase production quickly when and as required
- capitalise on the innovation and experience developed to date
- exploit the asset base

Conclusion



- ✦ **Funding plan in place to deal with \$300 million 2015 CB maturity, while providing sufficient cash surplus for coming years**
- ✦ **Paladin positioned to meet expanded production target when incentive pricing is sufficient**
- ✦ **Focused on further cost rationalisation and production optimisation**
- ✦ **Focus will be maintained on**
 - Strong operational performance
 - Continuing to develop management team and expertise
 - Becoming a Tier 1 producer
- ✦ **Significant de-risking of balance sheet providing investors with leverage to uranium price upswing and growth**

There will not be another company like Paladin.

Paladin is a unique proposition, having developed from grass roots into an emerging and significant uranium mining house with high strategic value and of interest to emerging and existing nuclear economies.

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Key risks



There are various risks and uncertainties attached to an investment in Paladin, which may affect the future operating and financial performance of Paladin and the market value of Paladin shares. Shareholders should note that many of these risks are partially or completely outside the control of the Company, its Directors and senior management. Please refer to the expanded key risks on the following pages of this presentation for further details.

Potential investors should consider whether the shares offered are a suitable investment having regard to the risk factors detailed in this section as well as their own personal investment objectives and financial circumstances (and following consultation with financial or other professional advisors, where required).

The risks set out in this presentation are not, and should not be considered to be or relied on as, an exhaustive list of the risks relevant to an investment in Paladin. The risks outlined are general in nature in that regard has not been had to the investment objectives, financial situation, tax position or particular needs of any investor.

Additional risks and uncertainties that Paladin is unaware of, or that it currently considers to be immaterial, may also become important factors that adversely affect Paladin's operating and financial performance or market value of shares.

It should be noted that a reference to Paladin in this "Key Risks" section should be taken to include, where relevant, a reference to projects in which Paladin has an interest.

Commodity prices and market dynamics

- Paladin derives the majority of its revenue from the sale of uranium and as such fluctuations in the global uranium market may materially affect the Company's financial performance
- The price of, and demand for, uranium is a significant factor in determining the Company's financial performance, however such price and demand remains sensitive to a number of external economic and political factors beyond Paladin's control, including (amongst others): global uranium supply and demand trends, political developments in uranium producing and nuclear power generating countries/regions, unanticipated destabilising events (such as the "Fukushima incident" and persistent delays in Japanese reactor operations, etc.), currency exchange rates, general economic conditions and other factors. As a result, Paladin cannot provide an assurance as to the prices it will achieve for any of its uranium product in the future
- In addition, difficulties encountered in negotiations with customers may adversely affect Paladin's financial performance if the price that customers are willing to pay and/or the quantity of uranium required by customers are below expectations. Paladin currently does not engage in any hedging or derivative transactions to manage uranium price movements

General operational risks

- Uranium production, as with all mining operations, involves risks or hazards which, even with a combination of experience, knowledge and careful evaluation, may not be able to be adequately mitigated

Key risks (cont'd)



General operational risks (cont'd)

- Paladin's mining operations may be affected by the following (amongst other things): weather/natural disasters and other force majeure events; unexpected maintenance or technical problems; unplanned capital expenditure; variations in geological conditions; increases in labour costs; industrial action and other factors
- Paladin is currently undertaking a number of cost management and optimisation initiatives, but it cannot be assured that these will be delivered fully or in the timeframes intended, or that the extent of the savings delivered will be as anticipated
- Industrial action between the company and unions could disrupt the company's operations. A shortage of skilled personnel may increase Paladin's costs and may adversely affect its production levels and profitability

Risks associated with general indebtedness

- Paladin has debt obligations in the form of unsecured convertible bonds and a project financing facility, in relation to which Langer Heinrich Mauritius Holdings Limited and Langer Heinrich Uranium (Pty) Ltd do not provide guarantees or security over the project assets; the facility will also have a financial covenant holiday for the first four 6-monthly calculations periods commencing 31 December 2014
- Whilst Paladin is proactively working towards deleveraging its balance sheet, the presence of debt obligations increase the company's vulnerability in the event of general and/or industry-specific adverse economic conditions, and may limit the ability to borrow additional funds. Financial and other restrictive covenants contained in the debt governance agreements may also limit Paladin's financial flexibility and could lead to a requirement to repay debt if breached
- If Paladin is not able to complete the further initiatives currently intended for early CY2015 to address its funding requirements, or for whatever reason Paladin is unable to manage its indebtedness and the restrictions applicable to it as a result of this indebtedness, Paladin's financial performance and position may be adversely affected

Joint venture and counterparty risk

- Paladin does not own 100% of all projects in which it is involved. Accordingly, Paladin's financial performance is subject to key customers, contractors, joint venture partners and other counterparties continuing to perform and manage their obligations to a standard acceptable to Paladin and in accordance with the agreed contracts. This is beyond Paladin's control
- The financial performance of Paladin will be exposed to any failure by participants of a joint venture to which Paladin is or may become a party to agree on a plan or any plan to develop a jointly owned asset, or a refusal or inability of any joint owner of an asset to contribute its share of funding of the cost of the development of a jointly owned asset
- In addition, there is a risk of failure or default (financial or otherwise) by a participant to any joint venture to which Paladin is or may become a party. There is also a risk of insolvency or managerial failure by any of the contractors used by Paladin in any of its activities or by any of the other service providers used by Paladin for any activity. There is a risk of legal or other disputes with participants in any joint venture to which Paladin is or may become a party
- Any failure by any counterparty to perform its obligations may have a material adverse effect on Paladin and there can be no assurance that Paladin would be successful in attempting to enforce any of its contractual rights through legal action

Key risks (cont'd)



Securing financing for development of Paladin's projects

- In the ordinary course of operations and development, Paladin is required to issue financial assurances, including insurances and bond/bank guarantee instruments, to secure statutory and environmental performance undertakings and commercial arrangements. Paladin's ability to provide such assurances is subject to external financial and credit market assessments, and its own financial position
- No assurance can be given that any financing required from time to time will be available on terms favourable to Paladin. In such circumstances, if Paladin is either unable to secure financing or secure financing on favourable terms, this may have a material adverse effect on Paladin
- In the event that Paladin decides to undertake an acquisition/s, new projects, further expansions and/or further exploration and feasibility studies additional funds may be required. As such, Paladin may need to raise additional debt or equity in the future, however, there is no assurance that Paladin will be able to obtain the required funding, or that the terms associated with that funding will be favourable, which may have an adverse effect on Paladin

Occupational health and safety risks

- It is Paladin's intention to conduct its activities to the highest standards of occupational health and safety. Paladin has systems in place for the management of risks, however uranium exploration and mining is inherently a high risk environment with little margin for error. In addition, several of the projects in which Paladin has an interest are located in developing countries, and embedding systems for managing occupational health and safety risks, and maintaining and ensuring compliance with these systems, may present challenges for Paladin. Further, some of these interests are in countries where HIV/AIDS, Ebola, malaria and other diseases may represent a threat to maintaining a skilled workforce in Paladin's projects. There can be no assurance that such infections will not affect project staff, and there is the risk that operations would be suspended in the event of such a safety threat. The temporary suspension of operations would have an impact on Paladin's financial position and on the value of its shares
- If there is a failure to comply with necessary occupational health and safety requirements, this could result in safety claims, fines, penalties and compensation for damages against Paladin, as well as reputational damage

Production estimates

- Actual future production may vary from targets and projections of future production for a number of reasons. Further, depending on the prices Paladin is able to achieve for its uranium products, it may not be economically feasible to maintain expected levels of production or to continue commercial production at some or all of Paladin's projects. There is greater risk that actual production will vary from estimates of production made for projects under exploration or not yet in production, or from operations that are to be expanded

Exploration and project development/expansion risks

- Paladin's primary business is the mining, processing and sale of uranium. The Company is also focused on exploration for, and commercial development of, mineral deposits across Australia and in Canada

Key risks (cont'd)



Exploration and project development/expansion risks (cont'd)

- Several of the projects in which Paladin has an interest are currently either in exploration or development stage, or are undergoing expansion. Uranium exploration and mine development generally involves a high degree of risk and is subject to hazards and risks such as (but not limited to): unusual and unexpected geological formations; conditions involved in the drilling and removal of material, any of which could result in damage and/or destruction to plant and equipment, loss of life or property, environmental damage and possible legal liability; obtaining stakeholder approvals; changes in reserves, commodity prices, exchange rates, construction costs and design requirements; delays in construction or expansion plans
- As a result, progressing exploration and development projects into production, as well as expanding existing producing assets, may take longer and/or cost more to develop than planned and expected production rates may not be achieved. There is also a risk that no additional uranium is discovered or able to be delineated
- Exploration activities are speculative by nature and therefore are often unsuccessful. Such activities also require substantial expenditure and can take several years before it is known whether they will result in additional mines being developed. Accordingly, if the exploration activities undertaken by Paladin do not result in additional reserves or identified resources cannot be converted into reserves, there may be an adverse effect on Paladin's financial performance
- In addition, as described in the "Authorisations, permits and licences not obtained" paragraph below, the exploitation of successful discoveries involves obtaining the necessary authorisations, permits and licenses from relevant authorities that may require conditions to be satisfied and the exercise of discretions by such authorities. The decision to proceed to further exploitation may also require the participation of other companies whose interest and objectives may not be the same as those of Paladin
- The information provided in this presentation in relation to Paladin's projects is the current estimate of uranium resources and reserves, capital and operating cost, as determined from geological data obtained from drill holes and other exploration techniques and feasibility studies conducted to date

Mineral resource and ore reserve estimates

- The mineral resources and ore reserves for Paladin's assets are estimates only and no assurance can be given that any particular recovery level will in fact be realised. Paladin's estimates are prepared in accordance with the JORC Code, but they are expressions of judgment from qualified professionals based on knowledge, experience, industry practice and resource modelling. As such, resource and reserve estimates are necessarily imprecise and depend to some extent on interpretations, which may ultimately prove to be inaccurate and require adjustment or revision. Adjustments and revisions to resources and reserves could in turn affect Paladin's development and mining plans, including the ability to sustain or increase levels of production in the longer term
- Often, resources and reserve estimates are appropriate when made, but may change significantly over time as new information becomes available. Should Paladin encounter mineralisation or geological formations different from those predicted by past drilling, sampling and interpretations, estimates may need to be adjusted in a way that could adversely affect Paladin's operations and may have an impact on development and mining plans
- There is also a risk that exploration targets are not met and resources cannot be converted into reserves

Key risks (cont'd)



Changes in capital and operating cost estimates

- Whilst every care has been made in estimating the capital cost and future operating costs for Paladin's projects, including contingency, the actual cost structure experienced in constructing facilities and operating mines or process plants may vary from current estimates. Any such variations could adversely affect Paladin's future financial position and performance
- The board and management of Paladin have discretion concerning the use of Paladin's capital resources as well as the timing of expenditures. Capital resources may be used in ways not previously anticipated or disclosed. The results and effectiveness of the application of capital resources are uncertain. If they are not applied effectively, Paladin's financial and/or operation performance may be affected
- As mentioned in the "general operational risks" paragraph above, Paladin is currently focused on reducing the operating and unit costs at its Langer Heinrich mine, but it cannot be assured that the extent of savings delivered will be as anticipated

Foreign exchange rates risks

- Uranium sales are generally contracted in US\$. Paladin's key assets are located in southern Africa and costs are incurred in Namibian dollars and Malawi Kwacha. Accordingly, fluctuations in the A\$ relative to the US\$, Namibian dollar and Malawi Kwacha may materially affect the cash flow and earnings which Paladin will realise from its operations in A\$ terms
- Paladin currently does not engage in any hedging or derivative transactions to manage currency risks

Dividends

- Paladin expects to retain all earnings and other cash resources in the short term for the future operation and development of its business
- Payment of any future dividends will be at the discretion of Paladin's Board of directors after taking into account many factors, including Paladin's operating results, financial condition and current and anticipated cash needs
- No dividend has been paid during the 2014 financial year and no dividend is recommended for the 2015 financial year. The payment of dividends in the future is not guaranteed

Changes in Government or general Government policy

- Changes in legislative and administrative regimes, taxation laws, interest rates, other legal and government policies in Australia, Namibia, Malawi and other jurisdictions in which Paladin's assets are located within, may have an adverse effect on the assets, operations and ultimately the financial performance of Paladin and the market price of Paladin shares

Changes in accounting policies

- Changes in accounting policies may have an adverse impact on Paladin

Key personnel

- Paladin's future success depends on the expertise and continued service of certain key executives and technical personnel. Although Paladin enters into employment and incentive arrangements with such personnel to secure their services, Paladin cannot guarantee the retention of their services. Should key personnel leave, Paladin's business and financial performance may be adversely affected

Key risks (cont'd)



Environmental and social risk

- Uranium exploration and mine development is an environmentally hazardous activity which may give rise to substantial costs for environmental rehabilitation, damage control and losses. With increasingly heightened government and public sensitivity to environmental sustainability, environmental regulation is becoming more stringent. Paladin could be subject to increasing environmental responsibility and liability, including laws and regulations dealing with discharges of materials into the environment, plant and wildlife, protection, the reclamation and restoration of certain of its properties, the storage, treatment and disposal of wastes and other issues
- Paladin operates in various markets, some of which face greater inherent risks relating to security, enforcement of obligations, fraud, bribery and corruption. Paladin has a comprehensive anti-bribery and corruption compliance guide, and honours the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions (OECD Convention)
- Sanctions for non-compliance with these laws and non regulations may include administrative, civil and criminal penalties, revocation of permits, reputational issues, increased licence conditions and corrective action orders. These laws sometimes apply retroactively. In addition, a party can be liable for environmental damage without regard to that party's negligence or fault. Increased costs associated with regulatory compliance and/or with litigation could have a material and adverse effect on Paladin's financial performance

Authorisations, permits and licences may be withdrawn or not obtained

- Uranium exploration and prospective production are dependent upon the granting and maintenance of appropriate licences, permits and regulatory consents (authorisations) which may not be granted or may be withdrawn or made subject to limitations at the discretion of, inter alia, government or regulatory authorities. Although the authorisations may be renewed following expiry or granted (as the case may be), there can be no assurance that such authorisations will be continued, renewed or granted, or as to the terms of such renewals or grants. If there is a failure to obtain or retain the appropriate authorisations or there is a delay in obtaining or renewing them or they are granted subject to additional onerous conditions, this may adversely affect the ability of Paladin to conduct its exploration or development operations, which may adversely affect Paladin's financial performance

Asset impairments

- Paladin reviews the carrying amounts of its tangible and intangible assets periodically to determine whether there is any indication that the carrying amount of those assets may not be recoverable through continuing use. If any such indication exists, the recoverable amount of the asset is reviewed in order to determine the amount of the impairment, if any
- Changes in assumptions underlying the carrying value of certain assets, including assumptions relating to uranium prices, foreign exchange rates and market conditions, could result in impairment of such assets
- No assurance can be given as to the absence of significant impairment charges in future periods, including as a result of further restructuring activities or changes in assumptions underlying carrying values as a result of adverse market conditions in the industry in which Paladin operates

Reliance on transport facilities

- Paladin depends on the availability and affordability of reliable transportation facilities, infrastructure and certain suppliers to deliver its products to market. A lack of these could impact Paladin's production and development of projects

Key risks (cont'd)



Insurance

- Paladin seeks to maintain a range of insurance covers for business operations. However, Paladin's insurance will not cover every potential risk associated with its operations. The occurrence of a significant adverse event, the risks of which are not fully covered by insurance, could have a material adverse effect on Paladin's financial condition and financial performance

Dependence on key customer and supplier relationships

- Paladin relies on various key customer and supplier relationships, and the loss or deterioration of any of these relationships could have a material adverse effect on Paladin's operations, financial condition and prospects
- Paladin relies on contractors to conduct aspects of its operations including mining operations and projects and is exposed to risks related to their activities
- An interruption in raw material, electricity, gas or water supply, a deterioration in the quality of raw materials or inputs supplied or an increase in the price of those raw materials or inputs could adversely impact the quality, efficiency or cost of production
- Any or all of these events could have an adverse impact on Paladin's operations and its financial condition and financial performance

Litigation and legal matters

- Paladin is exposed to the risk of claims and lawsuits incidental to the ordinary course of business, including claims for damages and commercial disputes relating to its business, products or services, and any claims which are successful could adversely affect Paladin's business or financial position

Underwriting risks

- Paladin has entered into an underwriting agreement which contains customary termination events for arrangements of this type. There is a risk that if the underwriter exercises its rights to terminate the underwriting agreement, the Entitlement Offer will not proceed

Key risks (cont'd)



General risks associated with investment in equity capital

- There are general risks associated with investments in equity capital. The trading price of shares in Paladin is subject to the uncertainty of equity market conditions and may fluctuate with movements in equity capital markets in Australia and internationally. For example, share prices of many companies are affected by broad-based factors which may be entirely unrelated to the specific operations or performance of the relevant company and outside the company's control
- Generally applicable factors which may affect the market price of shares include:
 - general movements in Australian and international capital markets;
 - investor sentiment;
 - Australian and international economic conditions and outlook;
 - changes in interest rates and the rate of inflation;
 - change in government regulation and policies;
 - announcement of new technologies;
 - geo-political stability, including unanticipated political events, international hostilities and acts of terrorism.
- This may result in the market price for new shares offered under the Entitlement Offer being less or more than the Offer Price. No assurances can be given that the new shares offered under the Entitlement Offer will trade at or above the Offer Price.
- The past performance of Paladin is not necessarily an indication as to future performance of Paladin as the trading price of shares can go up or down. None of Paladin, its Board or any other person guarantees the market performance of the new shares or the future performance of Paladin or any return on an investment in Paladin

Presentation Outline

- ✦ Recapitalisation Overview
- ✦ Uranium Market Update
- ✦ Key Investment Highlights
- ✦ Outlook And Conclusion
- ✦ Key Risks
- ✦ Foreign Selling Restrictions

Foreign selling restrictions



International Offer Restrictions

This document does not constitute an offer of new ordinary shares ("New Shares") of the Company in any jurisdiction in which it would be unlawful. In particular, this document may not be distributed to any person, and the New Shares may not be offered or sold, in any country outside Australia except to the extent permitted below.

Canada

The New Shares have not been nor will they be qualified by prospectus for sale to the public under applicable Canadian securities laws and, accordingly, any offer and sale of such securities in Canada is being made on a basis that is exempt from the prospectus requirements of Canadian securities laws.

The information in this document does not and shall not constitute an offer or invitation to, or a solicitation of, the public in any Canadian jurisdiction to subscribe for any securities.

The information in this document may constitute an offering memorandum in certain of the provinces of Canada. Securities legislation in certain of the provinces of Canada provides purchasers with, or requires that purchasers of New Shares be provided with, rights of action for rescission or damages if an offering memorandum contains a misrepresentation. A "misrepresentation" is generally defined under applicable provincial securities laws to mean an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make any statement not misleading in light of the circumstances in which it was made. These remedies must be exercised within the prescribed time limits. The Company is providing these rights to purchasers based on the jurisdiction of residence of purchasers as a term of the Company's acceptance of any offer to purchase New Shares.

The following is a summary of the relevant rights of action for damages or rescission, or both, available to certain purchasers resident in certain of the provinces of Canada. This summary is subject to the express provisions of the securities legislation of the relevant province and the rules, regulations and other instruments thereunder and reference is made to the complete text of such provisions. Such provisions may contain limitations and statutory defences on which the Company may rely. Purchasers should refer to the applicable provisions of securities laws for the complete text of these rights or consult with a legal advisor.

Ontario

The right of action for damages or rescission described herein is conferred by section 130.1 of the Securities Act (Ontario) (the "Ontario Act"). The Ontario Act provides, in relevant part, that every purchaser of securities pursuant to an offering memorandum (such as this document) shall have a statutory right of action for damages or rescission against the issuer and any selling security holder in the event that the offering memorandum contains a misrepresentation, as defined in the Ontario Act.

Foreign selling restrictions (cont'd)



Ontario (cont'd)

A purchaser who purchases securities offered by the offering memorandum during the period of distribution has, without regard to whether the purchaser relied upon the misrepresentation, a statutory right of action for damages or, alternatively, while still the owner of the securities, for rescission against the issuer and any selling security holder provided that:

- (a) if the purchaser exercises its right of rescission, it shall cease to have a right of action for damages as against the issuer and the selling security holders, if any;
- (b) the issuer and the selling security holders, if any, will not be liable if it proves that the purchaser purchased the securities with knowledge of the misrepresentation;
- (c) the issuer and the selling security holders, if any, will not be liable for all or any portion of damages that it proves do not represent the depreciation in value of the securities as a result of the misrepresentation relied upon;
- (d) the issuer and the selling security holders, if any, will not be liable for a misrepresentation in “forward-looking information” (“FLI”), as such term is defined under applicable Canadian securities laws, if it proves that:
 - (i) the offering memorandum contains, proximate to the FLI, reasonable cautionary language identifying the FLI as such, and identifying material factors that could cause actual results to differ materially from a conclusion, forecast or projection set out in the FLI, and a statement of material factors or assumptions that were applied in drawing a conclusion or making a forecast or projection set out in the FLI; and
 - (ii) the issuer had a reasonable basis for drawing the conclusions or making the forecasts and projections set out in the FLI; and
- (e) in no case shall the amount recoverable exceed the price at which the securities were offered.

Section 138 of the Ontario Act provides that no action shall be commenced to enforce these rights more than:

- (a) in the case of an action for rescission, 180 days after the date of the transaction that gave rise to the cause of action; or
- (b) in the case of an action for damages, the earlier of:
 - (i) 180 days after the date that the purchaser first had knowledge of the facts giving rise to the cause of action; or
 - (ii) three years after the date of the transaction that gave rise to the cause of action.

The rights referred to in section 130.1 of the Ontario Act do not apply in respect of an offering memorandum (such as this document) delivered to a prospective purchaser in connection with a distribution made in reliance on the accredited investor exemption if the prospective purchaser is:

- (a) a Canadian financial institution or a Schedule III bank (each as defined in section 1.1 of NI 45-106);
- (b) the Business Development Bank of Canada incorporated under the Business Development Bank of Canada Act (Canada); or
- (c) a subsidiary of any person referred to in paragraphs (a) and (b), if the person owns all of the voting securities of the subsidiary, except the voting securities required by law to be owned by directors of that subsidiary.

Alberta and British Columbia

Purchasers in Alberta and British Columbia are not entitled to the statutory rights described above.

Foreign selling restrictions (cont'd)



General

The foregoing summary is subject to the express provisions of the securities legislation of the applicable provinces and the rules, regulations and other instruments thereunder, and reference should be made to the complete text of such provisions. Such provisions may contain limitations and statutory defences on which the issuer, the initial purchasers and other parties may rely, including limitations and statutory defences not described herein.

The rights of action described above are in addition to and without derogation from any other right or remedy available at law to the investor. Canadian investors should refer to the applicable provisions of the securities legislation of their province of residence for the particulars of these rights and consult with their own legal advisers prior to deciding whether to invest in securities of the Company.

Cayman Islands

No offer or invitation to subscribe for New Shares may be made to the public in the Cayman Islands.

China

The information in this document does not constitute a public offer of the New Shares, whether by way of sale or subscription, in the People's Republic of China (excluding, for purposes of this paragraph, Hong Kong Special Administrative Region, Macau Special Administrative Region and Taiwan). The New Shares may not be offered or sold directly or indirectly in the PRC to legal or natural persons other than directly to "qualified domestic institutional investors".

Hong Kong

WARNING: This document has not been, and will not be, registered as a prospectus under the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong, nor has it been authorised by the Securities and Futures Commission in Hong Kong pursuant to the Securities and Futures Ordinance (Cap. 571) of the Laws of Hong Kong (the "SFO"). No action has been taken in Hong Kong to authorise or register this document or to permit the distribution of this document or any documents issued in connection with it. Accordingly, the New Shares have not been and will not be offered or sold in Hong Kong other than to "professional investors" (as defined in the SFO).

No advertisement, invitation or document relating to the New Shares has been or will be issued, or has been or will be in the possession of any person for the purpose of issue, in Hong Kong or elsewhere that is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to New Shares that are or are intended to be disposed of only to persons outside Hong Kong or only to professional investors (as defined in the SFO and any rules made under that ordinance). No person allotted New Shares may sell, or offer to sell, such securities in circumstances that amount to an offer to the public in Hong Kong within six months following the date of issue of such securities.

The contents of this document have not been reviewed by any Hong Kong regulatory authority. You are advised to exercise caution in relation to the offer. If you are in doubt about any contents of this document, you should obtain independent professional advice.

Foreign selling restrictions (cont'd)



Norway

This document has not been approved by, or registered with, any Norwegian securities regulator under the Norwegian Securities Trading Act of 29 June 2007. Accordingly, this document shall not be deemed to constitute an offer to the public in Norway within the meaning of the Norwegian Securities Trading Act of 2007.

The New Shares may not be offered or sold, directly or indirectly, in Norway except to "professional clients" (as defined in Norwegian Securities Regulation of 29 June 2007 no. 876 and including non-professional clients having met the criteria for being deemed to be professional and for which an investment firm has waived the protection as non-professional in accordance with the procedures in this regulation).

Singapore

This document and any other materials relating to the New Shares have not been, and will not be, lodged or registered as a prospectus in Singapore with the Monetary Authority of Singapore. Accordingly, this document and any other document or materials in connection with the offer or sale, or invitation for subscription or purchase, of New Shares, may not be issued, circulated or distributed, nor may the New Shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore except pursuant to and in accordance with exemptions in Subdivision (4) Division 1, Part XIII of the Securities and Futures Act, Chapter 289 of Singapore (the "SFA"), or as otherwise pursuant to, and in accordance with the conditions of any other applicable provisions of the SFA.

This document has been given to you on the basis that you are (i) an existing holder of the Company's shares, (ii) an "institutional investor" (as defined in the SFA) or (iii) a "relevant person" (as defined in section 275(2) of the SFA). In the event that you are not an investor falling within any of the categories set out above, please return this document immediately. You may not forward or circulate this document to any other person in Singapore.

Any offer is not made to you with a view to the New Shares being subsequently offered for sale to any other party. There are on-sale restrictions in Singapore that may be applicable to investors who acquire New Shares. As such, investors are advised to acquaint themselves with the SFA provisions relating to resale restrictions in Singapore and comply accordingly.

Foreign selling restrictions (cont'd)



United Kingdom

Neither the information in this document nor any other document relating to the offer has been delivered for approval to the Financial Conduct Authority in the United Kingdom and no prospectus (within the meaning of section 85 of the Financial Services and Markets Act 2000, as amended ("FSMA")) has been published or is intended to be published in respect of the New Shares. This document is issued on a confidential basis to "qualified investors" (within the meaning of section 86(7) of FSMA) in the United Kingdom, and the New Shares may not be offered or sold in the United Kingdom by means of this document, any accompanying letter or any other document, except in circumstances which do not require the publication of a prospectus pursuant to section 86(1) FSMA.

This document should not be distributed, published or reproduced, in whole or in part, nor may its contents be disclosed by recipients to any other person in the United Kingdom.

Any invitation or inducement to engage in investment activity (within the meaning of section 21 of FSMA) received in connection with the issue or sale of the New Shares has only been communicated or caused to be communicated and will only be communicated or caused to be communicated in the United Kingdom in circumstances in which section 21(1) of FSMA does not apply to the Company.

In the United Kingdom, this document is being distributed only to, and is directed at, persons (i) who have professional experience in matters relating to investments falling within Article 19(5) (investment professionals) of the Financial Services and Markets Act 2000 (Financial Promotions) Order 2005 ("FPO"), (ii) who fall within the categories of persons referred to in Article 49(2)(a) to (d) (high net worth companies, unincorporated associations, etc.) of the FPO or (iii) to whom it may otherwise be lawfully communicated (together "relevant persons"). The investments to which this document relates are available only to, and any invitation, offer or agreement to purchase will be engaged in only with, relevant persons. Any person who is not a relevant person should not act or rely on this document or any of its contents.

United States

The New Shares have not been and will not be registered under the United States Securities Act of 1933, as amended (the "Securities Act"), or any applicable state securities laws. The New Shares are being offered and sold (A) within the United States only to "qualified institutional buyers" within the meaning of Rule 144A under the Securities Act and (B) outside of the United States in reliance on Regulation S under the Securities Act.



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