

Paladin Energy: Financial Report for Three Months Ended 30 September 2013

14.11.2013 | [Marketwired](#)

PERTH, WESTERN AUSTRALIA--(Marketwired - Nov 14, 2013) - [Paladin Energy Ltd.](#) ("Paladin" or "the Company") (**TSX:PDN**)(**ASX:PDN**) announces the release of its consolidated Financial Report for the three months ended 30 September 2013. The Financial Report is appended to this News Release.

HIGHLIGHTS

OPERATIONS

- Combined production of 2.044Mlb (927t) U₃O₈, is on budget and an increase of 6% over the quarter ended 30 September 2012.
- C1 cost of production⁽¹⁾ continued to fall quarter on quarter. Langer Heinrich C1 cost of production has fallen 12% from US\$31.8/lb in the September 2012 quarter to US\$28.0/lb in the September 2013 quarter. Kayelekera C1 cost of production has decreased 20% from US\$49.0/lb U₃O₈ in the September 2012 quarter to US\$39.3/lb in the September 2013 quarter.
- Langer Heinrich produced a record 1.429Mlb (648t) U₃O₈ for the September quarter, achieving 4% above budget and up 11% on the September 2012 quarter.
- Cost savings and optimisation initiatives were announced for FY2014 and FY2015 further improving unit cost profiles for Langer Heinrich and Kayelekera over this period and reducing corporate costs.
- FY2014 production guidance remains at 8.3 - 8.7Mlb U₃O₈.

SALES AND REVENUE

- Sales revenue of US\$69.2M for the quarter from sales of 1.673Mlb U₃O₈.
- Average realised uranium sales price for the quarter was US\$41.38/lb U₃O₈, compared to the average UxC spot price for the quarter of US\$36.0/lb U₃O₈.

CORPORATE

- Successful raising of A\$88M/US\$80.6M through a private placement of 125.6M ordinary shares in August 2013.
- Debt repayments totalling US\$21.9M.
- Strong interest from a variety of parties in the sale of a minority interest in Langer Heinrich has been received and the process to introduce a partner through a partial sale has resumed.
- A number of cost reduction initiatives have been completed with additional measures being explored.
- Appointment of Simon Solomons as Managing Director/General Manager at Langer Heinrich.

⁽¹⁾ 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.

Results

(References below to 2013 and 2012 are to the equivalent three months ended 30 September 2013 and 2012 respectively).

- **Safety and Sustainability:**

- Tragically, on 30 July 2013 a workplace fatality occurred at the Kayelekera Mine. The incident occurred in the mine's motor vehicle workshop where the worker was struck in the chest by a light vehicle wheel he was inflating. Prior to this tragic accident, Kayelekera Mine had operated for 489 days without an LTI.
- Post quarter, on 3 October 2013, there was a serious electrical incident at Langer Heinrich Mine involving one employee and two contractors being hospitalised. Two of the workers received significant burns while the third worker received smoke inhalation and has been discharged. The more seriously injured worker passed away on 29 October 2013.
- The Company is investigating both these incidents, with the findings and outcomes pending. A review of safety procedures within the group was initiated in July and as a result of these serious incidents, this has now been expanded to a full review to examine all aspects of safety.
- The Company's 12-month moving average Lost Time Injury Frequency Rate (LTIFR) continues to be low at 1.1. For the September quarter, there were no other LTIs.

- **Production:**

- Solid and steady production for the quarter of 2.044Mlb U₃O₈, on budget and an increase of 6% on the 30 September 2012 quarter.

- **Langer Heinrich Mine (LHM):**

- Record quarterly production of 1.429Mlb U₃O₈, an increase of 6% over the June 2013 quarter and 11% over the September 2012 quarter:
 - Processing recovery for quarter of 88.7% versus budget of 90% for FY2014 increased from design of 85%.
 - Feed grades for quarter of 837ppm U₃O₈ versus budget of 753ppm.
- Langer Heinrich C1 cost of production has fallen 12% from US\$31.8/lb in the September 2012 quarter to US\$28.0/lb in the September 2013 quarter.
- Langer Heinrich C1 cash costs are targeted to be reduced by a further 15% to approximately US\$25/lb over FY2014 and FY2015 before the impact of inflation. Particular targets will focus on process reagent and water consumption, as well as operating efficiencies and process recovery. Target process recovery is 90%, an increase of 4% from FY2013.
- A reduction in discretionary capital expenditure of US\$10.4M is targeted in FY2014.

- **Kayelekera Mine (KM):**

- Production for the quarter of 0.615Mlb U₃O₈ was 9% below budget due to the extension of the planned shutdown.
 - Production for July and September on budget.
 - Processing recovery of 85.1% versus design of 87%.
 - Feed grades of 1,261ppm U₃O₈ (design is 1,150ppm).
- Kayelekera C1 cost of production has fallen from US\$49.0/lb in the September 2012 quarter to US\$39.3/lb in the September 2013 quarter, a 20% improvement. Kayelekera C1 cash costs are targeted to be reduced by a further 22% to approximately US\$30.6/lb over FY2014 and FY2015 before the impact of inflation. Particular targets will focus on grid power coming on line and a new acid saving nano technology being integrated into the circuit.
- A reduction in discretionary capital expenditure of US\$2M is targeted in FY2014.

- **Cost Reduction Initiative:**

- Post the reporting period, Paladin announced a cost rationalisation review and production optimisation analysis for FY2014 and FY2015. This review aims to further improve operational efficiency and continue on from the 9% and 25% C1 cash cost reductions achieved at Langer Heinrich and Kayelekera respectively during the June 2013 quarter compared with the June 2012 quarter.
- The combined corporate overhead and exploration cash budgets have been cut by US\$10.8M, achieving an overall reduction in forecast cash costs for FY2014 of 24%.
 - Head office rationalisation has included both a 34% reduction in head office personnel in the past two years and a 10% reduction to management personnel base salaries compared to FY2013. These cost reductions will be offset with a one-time allocation of Paladin share rights to those affected. No issues of share rights were made during FY2013. The 10% cut also applies to Paladin Board members, including the Managing Director, with no share rights offset being applied. This latest cut for the Managing Director is in addition to the 25% reduction announced previously. All bonus plans have been suspended and salaries will be frozen until the uranium price demonstrates sustainable improvement.
 - Exploration budgets have been cut by 50%, with activities suspended on all projects except essential work on the Michelin Project in Labrador, Canada and some necessary follow-up work on the Mount Isa, Queensland project.

● **Profit and Loss:**

- Total sales volume for the quarter of 1.673Mlb U₃O₈ reflected a 37% increase over the quarter ended 30 September 2012 sales of 1.224Mlb U₃O₈.
- Sales revenue increased 13% from US\$61.0M in 2012 to US\$69.2M for the quarter ended 30 September 2013, as a result of the higher sales volumes. The average realised uranium sales price in 2013 was US\$41.4/lb U₃O₈ (2012: US\$49.8/lb U₃O₈) compared to the average UxC spot price for the quarter of US\$36.0/lb U₃O₈.
- Gross loss for the quarter of US\$14.9M compared to a gross profit in 2012 of US\$1.7M was due to a 17% lower uranium price achieved in the quarter and a higher impairment of KM inventory of US\$12.0M (2012: US\$2.6M). This has been partially offset by a 37% increase in sales volume.
- Total impairment of US\$15.5M for the quarter:
 - US\$12.0M has been recorded to reduce the cost of Kayelekera Mine inventory held to net realisable value.
 - US\$3.5M impairment of investments.
- Net loss after tax attributable to members of the Group of US\$40.0M was recorded for the quarter.

● **Cash Flow:**

- Positive cashflow from operating activities of US\$3.4M for the quarter was primarily due to receipts from customers of US\$99.6M. Positive cashflow of US\$1.8M was generated by the Langer Heinrich and Kayelekera operations for the quarter before investment in working capital required to support higher production levels and payments for administration, marketing and site non-production costs of US\$19.2M. The remaining expenditure was US\$0.4M for exploration and net interest paid of US\$1.6M.
- Cash outflow from investing activities of US\$13.0M for the quarter:
 - Plant and equipment acquisitions of US\$11.7M, predominantly the new tailings facility at LHM and nano filtration equipment and tailings pipeline at KM; and
 - Capitalised exploration expenditure of US\$1.7M. Exploration expenditure in foreseeable periods will be lower.
- Cash inflow from financing activities of US\$56.3M in the quarter is mainly attributable to the net proceeds received from the share placement of US\$78.2M. This has been partially offset by the repayment of project financing for KM of US\$10.0M and LHM of US\$11.9M which was postponed from its scheduled repayment date of 30 June 2013 due to the minority sale process.

● **Cash Position:**

- Cash of US\$125.0M at 30 September 2013.
- Successful raising of A\$88M/US\$80.6M in August 2013 through a private placement to institutional and accredited investors of 125.6M ordinary shares.
- In a period when the uranium price is at an 8 year historic low all options are being reviewed to ensure the Company's sustainability and extend and preserve current cash levels.

● **Appointment of Managing Director/General Manager - Langer Heinrich:**

- Mr Simon Solomons has been appointed as Managing Director/General Manager of Langer Heinrich Uranium (Pty) Ltd and of the Langer Heinrich Operations, effective 1 January 2014. Simon brings a wealth of mining and operation experience to this role having previously been in charge of the Ranger Uranium Mine in Australia. Simon has been with Paladin since 2008 and prior to this appointment had Group responsibility for technical services including safety, health, environment and radiation. He is very familiar with the operations having been involved in both expansion phases of the mine.

● **Exploration and Development:**

- Aurora - Michelin Uranium Project, Canada - Work concentrated along a highly prospective east-northeast trending 10km corridor centred on the Michelin deposit (referred to as the Michelin Rainbow Trend). Geologic interpretation was significantly enhanced through mapping, assessment of new magnetic data and core logging. Targets for future drilling were identified west and east of Michelin, especially at the Running Rabbit Lake, Mickey Lake and Rainbow prospects. Drill pads were constructed at both Michelin and Rainbow in preparation for the 2014 winter drilling.

● **Guidance FY2014**

- Combined production guidance for FY2014 remains at 8.3 to 8.7Mlb U₃O₈.
- Uranium sales volumes are expected to fluctuate quarter-on-quarter due to the uneven timing of contractual commitments and resultant scheduling by customers. Now that production has reached design levels, sales and production volumes are expected to be comparable on an annualised basis.

● **Langer Heinrich Minority Interest Sale**

- On 1 August 2013 negotiations were terminated for the sale of a minority interest in the Langer Heinrich Mine after the preferred bidder advised at a late stage that because of the recent weakness in the uranium spot price it wanted to renegotiate the terms, including price, to a level that in the Board's view was unacceptable. The Board determined that the proposed revised terms represented value destruction for Paladin shareholders and that a higher price was required that more appropriately reflected Langer Heinrich's intrinsic and strategic value, particularly given its falling operating costs and long mine-life potential.
- Strong interest from a variety of parties has been received subsequently and the process to sell a minority interest in Langer Heinrich has resumed. Paladin offers a unique platform in the uranium supply sector, generating competition from participants in the nuclear industry for an association with Paladin, both for current production and assured growth in an uncertain medium and long-term supply environment. Paladin will provide an update on the status of negotiations in relation to this transaction by the end of November. Based on bids received during the prior process and initial engagement in the new round, Paladin has reasonable confidence in an outcome which will alleviate shareholder concerns regarding cash flow and debt, noting the next tranche of Convertible Bonds is not due for a further two years until November 2015.

The documents comprising the Financial Report for the three months ended 30 September 2013, including the Management Discussion and Analysis, Financial Statements and Certifications [are available here](#) and will be filed with the Company's other documents on Sedar ([sedar.com](#)) and on the Company's website ([paladinenergy.com.au](#)).

Generally Accepted Accounting Practice

The news release includes non-GAAP performance measures: C1 cost of production, 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 relating to exploration and mineral resources is, except where stated, based on information compiled by David Princep B.Sc who is a Fellow of the AusIMM. 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 a Competent Person as defined in the 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves", and as a Qualified Person as defined in NI 43-101. Mr Princep is a full-time employee of [Paladin Energy Ltd.](#) and consents to the inclusion of this information in the form and context in which it appears.

Conference Call

Conference Call and Investor Update is scheduled for 06:30 Perth & Hong Kong, Friday 15 November 2013, 17:30 Toronto and 22:30 London, Thursday 14 November 2013. Details are included in a separate news release dated 11 November 2013.

ACN 061 681 098

Contact

[Paladin Energy Ltd.](#)

John Borshoff

Managing Director/CEO

+61-8-9381-4366 or Mobile: +61-419-912-571

john.borshoff@paladinenergy.com.au

[Paladin Energy Ltd.](#)

Alan Rule

Chief Financial Officer

+61-8-9381-4366 or Mobile: +61-438- 942-144

alan.rule@paladinenergy.com.au

[Paladin Energy Ltd.](#)

Andrew Mirco

Investor Relations Contact

+61-8-9381-4366 or Mobile: +61-409-087-171

andrew.mirco@paladinenergy.com.au

[Paladin Energy Ltd.](#)

Greg Taylor

Investor Relations Contact

+1 905 337-7673 or Mobile: +1 416-605-5120 (Toronto)

greg.taylor@paladinenergy.com.au

www.paladinenergy.com.au

Dieser Artikel stammt von [Rohstoff-Welt.de](#)

Die URL für diesen Artikel lautet:

<https://www.rohstoff-welt.de/news/160776--Paladin-Energy--Financial-Report-for-Three-Months-Ended-30-September-2013.html>

Für den Inhalt des Beitrages ist allein der Autor verantwortlich bzw. die aufgeführte Quelle. Bild- oder Filmrechte liegen beim Autor/Quelle bzw. bei der vom ihm benannten Quelle. Bei Übersetzungen können Fehler nicht ausgeschlossen werden. Der vertretene Standpunkt eines Autors spiegelt generell nicht die Meinung des Webseiten-Betreibers wieder. Mittels der Veröffentlichung will dieser lediglich ein pluralistisches Meinungsbild darstellen. Direkte oder indirekte Aussagen in einem Beitrag stellen keinerlei Aufforderung zum Kauf-/Verkauf von Wertpapieren dar. Wir wehren uns gegen jede Form von Hass, Diskriminierung und Verletzung der Menschenwürde. Beachten Sie bitte auch unsere [AGB/Disclaimer](#)!

Die Reproduktion, Modifikation oder Verwendung der Inhalte ganz oder teilweise ohne schriftliche Genehmigung ist untersagt!
Alle Angaben ohne Gewähr! Copyright © by Rohstoff-Welt.de -1999-2025. Es gelten unsere [AGB](#) und [Datenschutzrichtlinien](#).