

PERTH, WESTERN AUSTRALIA--(Marketwired - November 12, 2015) - [Paladin Energy Ltd.](#) ("Paladin" or "the Company") (ASX: PDN)(TSX: PDN) announces the release of its Unaudited Consolidated Financial Report for the three months ended 30 September 2015. The Unaudited Consolidated Financial Report is appended to this News Release.

HIGHLIGHTS

Operations

- Langer Heinrich Mine (LHM) produced¹ 1.083Mlb U₃O₈ for the three months ended 30 September 2015, down 1% from the September 2014 quarter.
- C1 cost of production²:
 - C1 unit cash cost of production of US\$27.82/lb (vs. September quarter guidance of US\$27.00/lb to US\$30.00/lb).
 - C1 unit cash cost of production decreased by 16% from US\$33.03/lb in the September 2014 quarter to US\$27.82/lb in the September 2015 quarter.

Sales and revenue

- Sales revenue of US\$36.9M for the three months ended 30 September 2015, selling 0.800Mlb U₃O₈.
- Average realised uranium sales price for the quarter was US\$46.12/lb U₃O₈ compared to the average TradeTech weekly spot price for the quarter of US\$36.48/lb U₃O₈.

Corporate

- Repurchased US\$20M of the US\$274M Convertible Bonds due April 2017 for approximately US\$18.5M.
- Cash flow optimisation initiatives implemented.
- Cash and cash equivalents at 30 September 2015 of US\$108.4M (vs. guidance pro-forma for repurchase of Convertible Bonds due in April 2017 of US\$101.5M to US\$111.5M).
- Underlying EBITDA³ for the three months ended 30 September 2015 of US\$6.4M, a US\$21.5M turnaround from a negative underlying EBITDA of US\$15.1M for the three months ended 30 September 2014.
- Underlying all-in cash expenditure per pound of uranium production for the three months ended 30 September 2015 of US\$46.25/lb, a decrease of 27% compared to the three months ended 30 September 2014 of US\$63.86/lb.

Outlook

- Subsequent quarters to be cash flow positive at current spot uranium prices and foreign exchange rates in line with forecast to be cash flow neutral⁴ for FY2016 on an 'all-in' basis.
- Key elements of FY2016 guidance maintained including:
 - LHM production 5.0Mlb to 5.4Mlb U₃O₈.
 - Weighted average sales price premium to spot of approximately US\$4/lb.
 - LHM C1 cash costs in the range of US\$25/lb to US\$27/lb (i.e., 7-14% lower than FY2015).
- Key elements of guidance for quarter to 31 December 2015 include:
 - Uranium sales in the range of 1.5Mlb to 1.7Mlb.
 - C1 cash costs within the full-year guidance range (i.e., US\$25/lb to US\$27/lb).
 - Quarter-end cash balance in the range of US\$110M to US\$120M.

Results

(References below to 2015 and 2014 are to the equivalent three months ended 30 September 2015 and 2014 respectively).

Safety and sustainability

Safety performance continues to improve. The Company's 12 month moving average Lost Time Injury Frequency Rate⁵ (LTIFR) was 1.39 as compared to 2.41 last quarter and 4.10 for the three months ended 30 September 2014.

Langer Heinrich Mine (LHM)

LHM produced 1.083Mlb U₃O₈ for the three months ended 30 September 2015, down 1% from the September 2014 quarter. Key production drivers included:

- Ore milled: 847,016t (2014: 734,226)
- Feed grade: 706ppm U₃O₈ (2014: 786ppm U₃O₈).
- Overall recovery: 82.2% (2014: 85.6%).
- Bicarbonate Recovery Plant (BRP) operating at greater than 200% of design.

C1 cost of production for the quarter decreased by 16% from US\$33.03/lb in the September 2014 quarter to US\$27.82/lb in the September 2015 quarter due to lower production volume.

Kayelekera Mine (KM) remains on care and maintenance

- Nano-filtration unit commissioned at water treatment plant at the end of September 2015.
- Application for renewal of licence to discharge treated water submitted in September 2015 with the renewal expected to be granted by 30 November 2015.

Profit and Loss

Total sales volume for the quarter was 0.800Mlb U₃O₈ (2014: 1.250Mlb). Sales volumes are expected to fluctuate quarter-on-quarter due to the uneven timing of contractual commitments and resultant delivery scheduling to customers, and also fluctuations between U₃O₈ production and U₃O₈ drummed. Sales, U₃O₈ production and U₃O₈ drummed volumes, and inventories are expected to be comparable on an annualised basis.

Sales revenue for the quarter decreased by 5% from US\$39.0M in 2014 to US\$36.9M in 2015, as a result of a 36% decrease in sales volume, which was partially offset by a 47% increase in realised sales price. There were no sales from KM in this quarter (2014: 0.100Mlb). The last of KM finished goods were sold in December 2014.

The average realised uranium sales price for the three months ended 30 September 2015 was US\$46.12/lb U₃O₈ (2014: US\$31.16/lb U₃O₈), compared to the TradeTech weekly spot price average for the quarter of US\$36.48/lb U₃O₈.

Gross Profit for the quarter increased by 707% from US\$1.4M in 2014 to US\$11.3M in 2015.

Underlying EBITDA for the three months ended 30 September 2015 of US\$6.4M, a US\$21.5M turnaround from a negative underlying EBITDA of US\$15.1M for the three months ended 30 September 2014.

Net loss after tax attributable to members of the Parent for the quarter of US\$16.4M (2014: Net loss US\$38.8M).

Cash flow

Cash outflow from operating activities for the quarter was US\$52.3M, after net interest payments of US\$5.7M and exploration expenditure of US\$0.4M. Cash receipts from customers was only US\$0.8M as the cash from the sales for the quarter of US\$36.9M was only received in October 2015.

Cash outflow from investing activities for the quarter totalled US\$4.2M:

- plant and equipment acquisitions of US\$0.9M; and
- capitalised exploration expenditure of US\$3.3M (including US\$1.2M for the acquisition of the Carely Bore Uranium Deposit).

Cash outflow from financing activities for the quarter of US\$18.0M is attributable to the repurchase of US\$20M April 2017 Convertible Bonds for US\$18.0M (excluding accrued interest).

Cash position and capital management

Cash of US\$108.4M at 30 September 2015 (vs. guidance pro-forma for repurchase of Convertible Bonds due in April 2017 of US\$101.5M to US\$111.5M).

Repurchased US\$20M of the US\$274M Convertible Bonds due April 2017 for approximately US\$18.5M (including accrued interest).

The documents comprising the Unaudited Consolidated Financial Report for the three months ended 30 September 2015, including the Management Discussion and Analysis, Financial Statements and Certifications will be filed with the Company's other documents on Sedar (sedar.com) and on the Company's website (paladinenergy.com.au). Please find, at the link below, the Unaudited Consolidated Financial Report.

http://media3.marketwire.com/docs/PDN_30SEPT2015_QTR_REPORT.pdf

Outlook

Uranium market

The TradeTech weekly spot price average for the September 2015 quarter was US\$36.48/lb, representing a 1% decrease compared to US\$36.80/lb for the prior quarter and an increase of 17% compared to US\$31.17/lb for the September 2014 quarter.

Kyushu Electric's Sendai Unit 1 restarted on 11th August, becoming the first Japanese reactor to return to service since September 2013. Sendai Unit 1 reached full commercial operation in September paving the way for the restart of Unit 2, which restarted on 15 October 2015.

In August, Japan's Ministry of Economy Trade and Industry (METI) confirmed Japan's "Strategic Energy Plan" calling for nuclear power to provide 20 - 22% of total electricity generation by 2030. METI also advised of planned cuts to greenhouse gas emissions, reversing the effect of increases observed since the extended shutdowns of the country's nuclear fleet.

In China, milestones reported in the September quarter included the start of construction of Honghanye Unit 6, initial core loading at Changjiang Unit 1 and connection to the grid of Fuqing Unit 2. The country now has 26 reactors in operation with a further 25 under construction. In further positive news, media reports in September suggested that development of inland nuclear power plants, which were put on hold following Fukushima, would resume in the near term.

During an October visit to the UK by China's President, China General Nuclear agreed to invest GBP6Bn for a one third stake in EdF's Hinkley Point nuclear project, the first nuclear project in that country for more than thirty years.

South Africa's procurement process for up to 9.6 GWe of new nuclear capacity commenced in July and is expected to be completed by the end of April 2016. The new reactors would supply some 23% of overall electricity generation in the country with the first reactor due to come on line in 2023.

Company strategy

Despite the Company's belief that a uranium industry turnaround is tentatively underway, its current strategies are focused on optimising actions to maximise cash flow whilst also prudently enacting capital management actions. Paladin's strategies are aimed at maximising shareholder value through the uranium price downturn whilst remaining positioned for a future normalisation of the uranium market and price. Key elements of the Company's strategy include:

- Maximising LHM operating cash flows through optimisation initiatives that preserve the integrity of the long-term life of mine plan.
- Maintaining KM and the Company's exploration assets on a minimal expenditure, care and maintenance basis.
- Minimise corporate and administrative costs.
- Progress strategic initiatives with respect to partnerships, strategic investment, funding and corporate transactions, that result in de-risking Paladin's funding structure or provide clear value accretion for shareholders.

Company outlook

Key relevant guidance items for FY2016 include:

- LHM Production - Production guidance remains in the previously stated range of 5.0Mlb to 5.4Mlb U₃O₈.
- Sales price premium - The Company has a number of contracts for FY2016 with a fixed price element. Based on current spot uranium price, the Company would anticipate a weighted average premium of US\$4/lb for its FY2016 received selling price.
- LHM C1 cash costs - Paladin is targeting LHM C1 cash costs in the range of US\$25/lb to US\$27/lb on average for FY2016 (i.e., 7-14% lower than FY2015).
- Corporate costs, exploration and KM - Combined expenditure on corporate costs, exploration and KM care and maintenance is forecast to be approximately US\$19M excluding one off costs associated with retrenchments and contract cancellations. This is a reduction of US\$14M compared to FY2015.
- At current spot uranium price and foreign exchange rates, Paladin expects the three quarters subsequent to the quarter ending 30 September 2015 to be substantially cash flow positive on an 'all-in' basis, resulting in a cash flow neutral position by 30 June 2016 compared to 30 June 2015 (excluding one-off restructuring and cost saving implementation costs of approximately US\$6M and not taking into account any capital management or strategic initiatives, such as the re-purchase of US\$20M of the Convertible Bonds due April 2017).

Key relevant guidance items for the quarter to 31 December 2015 include:

- Uranium Sales - Anticipated to be in the range of 1.5Mlb to 1.7Mlb U₃O₈.

- LHM C1 cash costs - Expected to be within the FY2016 full year guidance range (i.e., US\$25/lb to US\$27/lb).
- Cash and cash equivalents balance as at 31 December 2015 - Forecast to be in the range of US\$110M to US\$120M. However, that balance could be substantially higher when exact delivery date and timing of payment for the last physical delivery of the quarter (approximately US\$28M in value) becomes certain.

GENERALLY ACCEPTED ACCOUNTING PRACTICE

The news release includes non-GAAP performance measures: C1 cost of production, EBITDA, non-cash costs as well as other income and expenses. The Company believes that, in addition to the conventional measures prepared in accordance with GAAP, the Company and certain investors use this information to evaluate the Company's performance and ability to generate cash flow. The additional information provided herein should not be considered in isolation or as a substitute for measures of performance prepared in accordance with GAAP.

DECLARATION

The information in this announcement that relates to minerals exploration and mineral resources is based on information compiled by David Princep BSc, FAusIMM (CP) who has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity that he is undertaking to qualify as Competent Person as defined in the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code). Mr Princep is a full-time employee of [Paladin Energy Ltd](#). Mr. Princep consents to the inclusion of the information in this announcement in the form and context in which it appears.

CONFERENCE CALL

Conference Call and Investor Update is scheduled for 07:00 Perth & Hong Kong, Friday 13 November 2015; 18:00 Toronto and 23:00 London, Thursday 12 November 2015. Details are included in a separate news release dated 11 November 2015. Please find, at the link below, the presentation in relation to the conference call and investor update.

http://media3.marketwire.com/docs/PDN_September_Quarter_Results_CCall_and_Investor_Update_Presentation.pdf

¹LHM production volumes and unit C1 cost of production include an adjustment to in-circuit inventory relating to leached uranium within process circuit.

² C1 cost of production = cost of production excluding product distribution costs, sales royalties and depreciation and amortisation before adjustment for impairment. C1 cost, which is non-IFRS information, is a widely used 'industry standard' term.

³ EBITDA = The Company's Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) represents profit before finance costs, taxation, depreciation and amortisation, impairments, foreign exchange gains/losses, restructure costs and other income. EBITDA, which is non-IFRS information, is a widely used 'industry standard' term.

⁴Excluding one-off restructuring and implementation costs of approximately US\$6M and not taking into account any capital management or strategic initiatives, such as the repurchase of US\$20M of the Convertible Bonds due April 2017.

⁵All frequency rates are per million personnel hours.

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