PERTH, WESTERN AUSTRALIA--(Marketwired - February 16, 2016) - Paladin Energy Ltd. ("Paladin" or "the Company") (ASX: PDN) (TSX: PDN) announces the release of its Unaudited Consolidated Financial Report for the six months ended 31 December 2015. The Unaudited Consolidated Financial Report is appended to this News Release.

HIGHLIGHTS

Operations

- Langer Heinrich Mine (LHM) produced [1] 1.259Mlb U_3O_8 for the three months ended 31 December 2015, up 16% from the September 2015 quarter.
- C1 unit cash cost of production [2] for the December 2015 quarter of US$25.38/lb (vs. guidance of US$25.00/lb to US$27.00/lb), a decrease of 9% from US$27.82/lb in the September 2015 quarter.
- Record monthly C1 cash cost achieved during the month of December 2015 of US$23.73/lb and continuation of low C1 cash cost running rate in January 2016 of US$24.36/lb.

Sales and revenue

- Sales revenue of US$64.4M for the three months ended 31 December 2015, selling 1.699Mlb U_3O_8 .
- Average realised uranium sales price for the quarter was US$37.90/lb U_3O_8 compared to the average TradeTech weekly spot price for the quarter of US$36.03/lb U_3O_8 .

Corporate

- Underlying EBITDA [3] for the three months ended 31 December 2015 of US$10.6M, a US$17.2M turnaround from a negative underlying EBITDA of US$6.6M for the three months ended 31 December 2014.
- Underlying all-in cash expenditure [4] per pound of uranium production for the three months ended 31 December 2015 of US$39.58/lb, a decrease of 14% compared to the three months ended 30 September 2015 of US$46.25/lb.
- Repurchased an additional US$17M of Convertible Bonds due April 2017 to reduce outstanding amount to US$237M.
- Cash and cash equivalents at 31 December 2015 of US$136.8M (an increase of US$28.4M from 30 September 2015 and better vs. guidance pro-forma US$122.5M to US$132.5M after adjusting for the additional repurchase of Convertible Bonds due in April 2017 and sales proceeds from the last physical delivery of the quarter).

Outlook

- Upgrade / update to key elements of FY2016 guidance:
  - LHM production 5.0Mlb to 5.2Mlb U_3O_8 (vs. previous range 5.0Mlb to 5.4Mlb).
  - Weighted average sales price premium to spot of approximately US$4/lb (no change).
  - LHM C1 cash costs in the range of US$24/lb to US$26/lb (i.e., reduction of US$1/lb vs. previous range of US$25/lb to US$27/lb).
- Lower C1 cash costs at LHM combined with non-LHM costs being within guidance is resulting in reduced 'all in' cash expenditure levels for the Company. Running rate for second half of FY2016 is expected to be in the range of US$35/lb to US$37/lb, which would result in full-year FY2016 range of US$38/lb to US$40/lb (vs. previously presented US$39/lb to US$41/lb).
- Company continues to be on track to be cash flow neutral [5] on an 'all in' basis at current spot uranium price and foreign exchange rates excluding one-off restructuring costs and capital management or strategic initiatives for FY2016 full-year.
- Key elements of guidance for quarter to 31 March 2016 include:
  - Uranium sales in the range of 450,000lb to 650,000lb.
  - C1 cash costs in the range of US$23/lb to US$25/lb.
  - Quarter-end cash balance in the range of US$100M to US$110M.

Paladin CEO

- Alexander Molyneux has been appointed CEO following his six-month engagement as Interim CEO.

Results

(References below to 2015 and 2014 are to the equivalent six months ended 31 December 2015 and 2014 respectively).

Safety and sustainability

The Company's 12 month moving average Lost Time Injury Frequency Rate[6] (LTIFR) was 2.10 as compared to 1.39 at the end of the last quarter and 4.14 for the quarter to 31 December 2014. The increase in the LTIFR in this quarter was a result of two lost time injuries at LHM.

Langer Heinrich Mine (LHM)

Langer Heinrich Mine (LHM) produced 1.259Mlb U_3O_8 for the three months ended 31 December 2015, down 9% from 2014. Key production drivers included:

- Average plant feed grade of 714ppm U_3O_8 (2014: 773ppm U_3O_8).
- Ore processed of 903,187t (2014: 916,576t).
- Overall recovery of 88.5% (2014: 88.2%).
- Record low quarterly C1 cash cost of production of US$25.38/lb (vs. guidance of US$25.00/lb to US$27.00/lb).
- Record low monthly C1 cash cost of production achieved during the month of December 2015 of US$23.73/lb and continuation of low C1 cash cost running rate in January 2016 of US$24.36/lb.

Kayelekera Mine (KM) remains on care and maintenance

- Newly commissioned Nano-filtration unit provided treated water meeting all discharge licence criteria and World Health Organisation, Malawi, and Australia drinking water guidelines.
- A licence to discharge treated water was issued on 20 January 2016, backdated to 9 December 2015.

Profit and Loss

Total sales volume for the quarter was 1.699Mlb U_3O_8 (2014: 1.911Mlb). 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 U_3O_8 production and U_3O_8 drummed. Sales, U_3O_8 production and U_3O_8 drummed volumes, and inventories are expected to be comparable on an annualised basis.

Sales revenue for the quarter decreased by 7% from US$69.6M in 2014 to US$64.4M in 2015, as a result of an 11% decrease in sales volume, which was partially offset by a 4% increase in realised sales price. There were no sales from KM in this quarter (2014: 0.104Mlb). The last of KM finished goods were sold in December 2014.

The average realised uranium sales price for the three months ended 31 December 2015 was US$37.90/lb U_3O_8 (2014: US$36.43/lb U_3O_8), compared to the TradeTech weekly spot price average for the quarter of US$36.03/lb U_3O_8.

Gross Profit for the quarter increased by 396% from US$2.5M in 2014 to US$12.4M in 2015.

Underlying EBITDA for the three months ended 31 December 2015 of US$10.6M, a US$17.2M turnaround from a negative underlying EBITDA of US$6.6M for the three months ended 31 December 2014.

Net loss after tax attributable to members of the Parent for the quarter of US$7.8M (2014: Net loss US$20.5M).

Cash flow

Cash inflow from operating activities for the quarter was US$49.4M, primarily due to receipts from customers of US$101.3M which were partially offset by payments to suppliers and employees of US$42.8M and net interest paid of US$9.0M. Cash outflow from investing activities for the quarter totalled US$1.1M:

- plant and equipment acquisitions of US$1.0M;
- capitalised exploration expenditure of US$0.6M;
- partially offset by receipt of US$0.5M deposit received for sale of aircraft.

Cash outflow from financing activities for the quarter of US$20.0M is attributable to the repurchase of additional US$17M April 2017 Convertible Bonds for US$15.4M (excluding accrued interest).

Cash position and capital management

Cash of US$136.8M at 31 December 2015 (vs. guidance pro-forma US$122.5M to US$132.5M after adjusting for the additional repurchase of Convertible Bonds due in April 2017 and sales proceeds from the last physical delivery of the quarter). Repurchased an additional US$17M of the US$254M Convertible Bonds due April 2017, during the quarter ended 31 December 2015, for approximately US$15.5M (including accrued interest). US$37M was repurchased in total during the half-year for approximately US$34.0M (including accrued interest).

The documents comprising the Appendix 4D, Unaudited Consolidated Financial Report for the six months ended 31 December 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/G082985_hyr.pdf

Outlook

Uranium market

The TradeTech weekly spot price average for the December quarter was US$36.03/lb, representing a 1% decrease compared to US$36.48/lb for the prior quarter and a 4% decrease compared to US$37.66/lb for the quarter to 31 December 2014.

In late December, the Fukui District Court lifted an injunction that had prevented the re-start of Units 3 and 4 at Kansai's Takahama nuclear power plant in Japan. The court decision cleared the way for resumption of operations at the two units and Takahama Unit 3 has already restarted and Unit 4 is expected to follow in late February. Shikoku Electric's Ikata Unit 3 is also expected to resume operations in the first half of 2016. With the Japanese reactor re-start programme finally gathering some momentum, at least eight units are expected to be operating by the end of 2016.

2015 was a strong year for development of nuclear power in China with 8 new units entering commercial operation. China had 30 reactors in operation at the end of 2015 providing almost 27GWe of installed capacity. Another 24 units are currently under construction, with as many as 15 additional reactors planned to start construction during 2016. China is targeting 58GWe installed nuclear capacity by 2020 and a minimum of 110GWe by 2030.

China's nuclear power ambitions extend beyond its own borders. In addition to ongoing projects in Pakistan, Chinese companies announced agreements in November 2015 to construct two new units in Romania and a further two in Argentina. Chinese companies will also compete for new projects in Turkey and South Africa and have also taken a one-third stake in the project to construct two new reactors in the UK. China General Nuclear's stake in the Hinkley Point C consortium represented a major step forward for the UK project.

In early December, 195 nations reached agreement on a new Climate Change treaty in Paris. The new treaty to reduce greenhouse gas emissions is expected to mark an accelerated move away from fossil fuels and towards carbon dioxide free energy sources. Nuclear power is the only major source of base load electricity generation that is largely carbon dioxide free and stands to be a key beneficiary from the anticipated change in the global energy mix.

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 have been updated and include:

- LHM Production -- Incorporating operating performance for the first half of FY16, annual production guidance has been revised to be in the range of 5.0Mlb to 5.2Mlb.
- 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 approximately US$4/lb for its FY2016 received selling price.
- LHM C1 cash costs -- Paladin revises its full-year average FY16 C1 unit cash cost guidance range down by US$1/lb. Under the Company's current operating plan C1 unit cash cost for the second half of FY2016 is expected to be in the range of US$23.50/lb to US$25.50/lb, which when combined with the first half year performance results in a forecast FY2016 full-year average range of US$24/lb to US$26/lb (vs. previous guidance of US$25/lb to US$27/lb). Key factors leading to the positive revision are better performance on re-agent usage and depreciation of the US$ to Namibian Dollar (NAD) exchange rate.

- Corporate costs, exploration and KM -- Guidance for combined expenditure on corporate costs, exploration and KM care and maintenance remains unchanged and 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 the outset of the financial year, Paladin provided guidance to be cash flow neutral on an 'all in' basis at current spot uranium price and foreign exchange rates excluding one-off restructuring costs and capital management (e.g., convertible bond repurchases) or strategic initiatives. The Company continues to expect the remainder of FY16 to be cash generative and for it to achieve this guidance under current conditions, with the expectation that the running rate for 'all in' cash expenditure for the second half of FY16 will be in the range of US$35/lb to US$37/lb.

Key relevant guidance items for the quarter to 31 March 2016 include:

- Uranium Sales -- Anticipated to be in the range of 450,000lb to 650,000Mlb U_3O_8.
- LHM C1 cash costs -- Expected to be within the range of US$23/lb to US$25/lb.
- Cash and cash equivalents balance as at 31 March 2016 -- Forecast to be in the range of US$100M to US$110M, with the reduction in cash mainly due to the timing of sales receipts resulting in an anticipated cash build in the following quarter.

CEO

Following a six-month period in which Alexander Molyneux acted as Interim CEO, Paladin's board believes Mr. Molyneux has demonstrated the requisite skill-set to lead Paladin at this time and has determined to appoint him as the Company's CEO. To reflect the changed nature of his assignment, the following changes have been made to the key terms of Mr. Molyneux's engagement:

- Monthly fee -- US$32,000.
- Bonus -- Up to 100% of base salary. Payable having consideration to operational, financial, environmental and health and safety outcomes achieved during the calendar year as determined by the Remuneration Committee.
- Change of material influence -- Mr. Molyneux will be entitled to the full amount of the bonus plus an additional bonus of US$225,000 in the event that during the current calendar year a transaction results in a change of material influence, being: (a) approximately 20% or more equity issuance to a party which is not an existing shareholder, with rights of director appointments; (b) a change of control (defined as greater than a 50% change in Paladin Energy Ltd. shareholding); or (c) sale of a material asset or assets, requiring shareholder approval, with such bonus only pertaining to transactions that are recommended by the board of directors.
- Termination -- Mr. Molyneux's engagement may be terminated by either party at any time by six months notice. However, in the case of termination by the Company within 12-months following a change of control, the Company must give 12-months notice.

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, P.Geo 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) and as a Qualified Person as defined in NI43-101. 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 07:30 Perth & Hong Kong, Wednesday 17 February 2016; 18:30 Toronto and 23:30 London, Tuesday 16 February 2016. Details are included in a separate news release dated 8 February 2016. Please find, at the link below, the presentation in relation to the conference call and investor update.

http://media3.marketwire.com/docs/G082985_cc.pdf

[1] LHM 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.
[4] Underlying All-In Cash Expenditure = total cash cost of production plus capital expenditure, KM care & maintenance expenses, corporate costs, exploration costs and debt servicing costs and repayments. Underlying All-In Cash Expenditure, which is a non-IFRS measure, is widely used in the mining industry as a benchmark to reflect operating performance.
[5] Excluding 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$37M of the Convertible Bonds due April 2017.
[6] All frequency rates are per million personnel hours.

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