PERTH, WESTERN AUSTRALIA --(Marketwired - November 15, 2016) - 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 2016.

HIGHLIGHTS

Operations

- Langer Heinrich Mine (LHM) produced[(1)] 1.293Mlb U_3O_8 for the three months ended 30 September 2016, up 19% from 2015.
- C1 unit cost of production[(2)] for the three months ended 30 September 2016 was a record low of US$16.45/lb and a decrease of 41% from US$27.82/lb in 2015.
- LHM mine plan adjustment involving reduced mining material movement, combined with processing plant feed coming from stockpiled low and medium grade ores is being implemented in the December 2016 quarter.

Sales and revenue

- Sales revenue of US$15.1M for the three months ended 30 September 2016, selling 0.600Mlb U_3O_8.
- Average realised uranium sales price for the three months ended 30 September 2016 was US$25.19/lb U_3O_8 compared to the average TradeTech weekly spot price for the period of US$25.33/lb U_3O_8.

Corporate

- Underlying EBITDA[(3)] for the three months ended 30 September 2016 of negative US$7.1M, a US$13.5M deterioration from a positive underlying EBITDA of US$6.4M for the three months ended 30 September 2015.
- Gross loss for the three months ended 30 September 2016 of US$12.6M, a decline of 212% compared to a gross profit for the three months ended 30 September 2015 of US$11.3M.
- Underlying all-in cash expenditure[(4)] per pound of uranium production for the three months ended 30 September 2016 was US$29.31/lb (vs. guidance of US$32.00/lb to US$34.00/lb), a decrease of 37% compared to the three months ended 30 September 2015 of US$46.25/lb.
- Cash and cash equivalents at 30 September 2016 of US$27.6M (vs. guidance in the range of US$35M to US$55M) decreased by US$31.6M from US$59.2M at 30 June 2016, primarily as a result of lower than anticipated sales volumes (due to re-timing of sales) and lower uranium prices, together with higher ore and waste mined and the late payment of VAT refunds.
- The previously announced strategic initiatives regarding the potential sale of a 24% interest in LHM for US$175M and sale of an interest in Manyingee project to MGT continue to be progressed. Paladin currently intends to apply any funds received from the strategic initiatives, towards repayment of the US$212M outstanding amount of the Convertible Bonds due April 2017.

Outlook

- Key elements of guidance for quarter to 31 December 2016 include:
  - Uranium sales -- Anticipated to be in the range of 1.40Mlb to 1.60Mlb U_3O_8.
  - Average selling price -- Expected to be in the range of US$25/lb to US$27/lb at current spot uranium prices.
  - LHM C1 unit cash costs -- Expected to be within the range of US$17/lb to US$19/lb.
  - Cash and cash equivalents balance as at 31 December 2016 - Revised forecast to be in the range of US$20M to US$30M (excluding one-off items such as proceeds received from previously announced strategic initiatives), with such revised forecast heavily dependent on receiving overdue VAT receipts from the Government of Namibia of approximately US$5M and the timing of certain sales receipts.
- FY2017 Guidance has been reviewed after changes to the LHM mine plan as follows:
  - LHM production of approximately 3.8Mlb U_3O_8 to 4.0Mlb U_3O_8.
  - LHM C1 cash costs in the range of US$17/lb to US$19/lb (previous guidance US$19/lb to US$22/lb).
  - All-in cash expenditure for the full-year FY2017 in the range of US$29/lb to US$31/lb (previous guidance US$32/lb to US34/lb).

Results

(References below to 2016 and 2015 are to the equivalent three months ended 30 September 2016 and 2015 respectively).

Safety and sustainability

The Company's 12 month moving average Lost Time Injury Frequency Rate[(5)] (LTIFR) increased to 2.5 as compared to 1.8 at the end of the last quarter. The 12 month moving average LTIFR for the previous year was 1.4.

The Company achieved 818 Lost Time Injury (LTI) free days at the Kayelekera Mine (KM) for ~1.5 Million man hours. A total of two LTI's were reported during the quarter at the Langer Heinrich Mine (LHM) and at

Aurora-Michelin Project. The two LTI's were the result of soft tissue injuries.

Langer Heinrich Mine (LHM)

LHM produced 1.293Mlb U_3O_8 for the three months ended 30 September 2016, up 19% from the previous year (2015: 1.083Mlb U_3O_8).

- Ore milled of 949,906t, up 12% vs. 2015 (FY2015: 847,016t).
- Average plant feed grade of 704ppm U_3O_8, unchanged vs. 2015 (FY2015: 706ppm).
- Overall recovery of 87.7%, up 6% vs. 2015 (FY2015: 82.2%).

The unit C1 cash cost of production decreased by 41% to US$16.45/lb from US$27.82/lb in 2015 primarily due to strong operating performance and the impact of the US$168.9M write-down of LHM's ore stockpiles that occurred at 30 June 2016. In compliance with International Financial Reporting Standards (IFRS) all inventory has to be measured at the lower of cost and net realisable value. The LHM mine plan adjustment and the current low uranium spot price resulted in the write-down in accordance with IFRS. The write-down reduced the current medium grade ore stockpiles to zero value, therefore this quarter's C1 cash cost of production no longer includes these historical inventory costs.

LHM's C1 cash cost of production for the month of October 2016 was a new record low of US$15.12/lb.

Kayelekera Mine (KM) remains on care and maintenance

Water continued to be treated and discharged successfully during the quarter.

Profit and Loss

Total sales volume for the quarter was 0.600Mlb U_3O_8 (2015: 0.800Mlb).

Sales revenue for the quarter decreased by 59% from US$36.9M in 2015 to US$15.1M in 2016, as a result of a 45% decrease in realised sales price and a 25% decrease in sales volume.

The average realised uranium sales price for the three months ended 30 September 2016 was US$25.19/lb U_3O_8 (2015: US$46.12/lb U_3O_8), compared to the TradeTech weekly spot price average for the quarter of US$25.33/lb U_3O_8.

Gross Profit for the quarter decreased by 212% from a gross profit of US$11.3M in 2015 to a gross loss of US$12.6M in 2016 due to a 45% decrease in realised sales price, a 25% decrease in sales volume, and an impairment of inventory of US$12.1M (2015: US$Nil), which was partially offset by a 39% decrease in cost of sales.

Impairments of US$12.1M were recognised in 2016 (2015: US$Nil)

Impairments comprise of a US$11.4M impairment of LHM ore stockpiles and a US$0.7M impairment of finished goods. A change in the life of mine plan has resulted in a change in the timescale for processing the LHM ore stockpiles. The stockpiles are now forecast to be processed over the next two to three years, which due to the lower forecast prices (compared to forecast prices in future periods when the stockpiles were originally planned to be processed) has resulted in the net realisable value at 30 September 2016 being estimated as US$Nil.

Net loss after tax attributable to members of the Parent for the quarter of US$27.8M (2015: Net loss US$16.4M).

Underlying EBITDA has deteriorated by US$13.5M for the three months ended 30 September 2016 from a positive underlying EBITDA of US$6.4M for the three months ended 30 September 2015 to a negative underlying EBITDA of US$7.1M for the three months of 30 September 2016.

Cash flow

The Group's principal source of liquidity as at 30 September 2016, was cash of US$27.6M (30 June 2016: US$59.2M). Any cash available to be invested is held with Australian banks with a minimum AA- Standard & Poor's credit rating over a range of maturities. Of this, US$25.1M is held in US dollars.

Cash outflow from operating activities for the quarter was US$39.4M (2015: outflow US$52.3M), primarily due to payments to

suppliers and employees of US$48.0M and net interest paid of US$7.3M, which were partially offset by receipts from customers of US$16.1M.

Cash outflow from investing activities for the quarter was US$2.2M (2015: US$4.2M):

- plant and equipment acquisitions of US$1.6M
- capitalised exploration expenditure of US$0.6M

Cash Inflow from financing activities for the quarter of US$9.6M is attributable to the drawdown of US$20M under the LHM secured Revolving Credit Facility, which was partially offset by a US$10.4M distribution to CNNC by way of repayment of intercompany loans owing by LHM that have been assigned to CNNC.

Cash position and capital management

At 30 September 2016, the Group's cash and cash equivalents were US$27.6M, a decrease of US$31.6M from US$59.2M at 30 June 2016, primarily as a result of lower than anticipated sales volumes (due to re- timing of sales) and lower uranium prices, together with higher ore and waste mined and the late payment of VAT refunds that resulted in a reduction of cash flow within the quarter of approximately US$15M. The majority of this is expected to be received in the quarter to 31 December 2016.

In June 2016, a US$25.0M 24-month Revolving Credit Facility was implemented at LHM. The purpose is to provide a buffer facility that can be drawn in periods where LHM-level working capital requirements are in deficit, mainly due to the timing of sales receipts. The provider of the Revolving Credit Facility is Nedbank Limited, through its UK registered subsidiary, N.B.S.A. Limited. At 30 September 2016 the Company had drawn US$20M under this facility. The facility is repayable on 9 June 2018 and bears interest at LIBOR plus 5.17%.

The documents comprising the Unaudited Consolidated Financial Report for the three months ended 30 September 2016, including 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).

Outlook

Uranium market

The TradeTech U_3O_8 Spot Price at the 30 September 2016 was US$22.25/lb, approximately 17% lower than at the 30 June 2016 (US$26.80/lb). The TradeTech weekly spot price average for the September quarter was US$25.33/lb, a fall of 8% compared to the June 2016 quarter and a 31% decrease compared to the September 2015 quarter. TradeTech's end-September spot price of US$22.25/lb was the lowest level observed since February 2005. The U_3O_8 spot price has continued to fall subsequent to the end of the last quarter and is currently at US$18.50/lb.

The uranium market continues to see purchasing levels lower than consumption levels implied by nuclear power generation figures (i.e., utilities are running down inventories and term contracting positions). This behaviour is being caused by: utilities perceiving the uranium market is more than adequately supplied for the medium term; and issues of uncertainty in key nuclear power markets, the key one being the USA, where longer-term competitiveness of nuclear has been negatively impacted by low natural gas prices and a lack of consistent regulatory framework to support clean energy.

Final contracts for the Hinkley Point C nuclear station were signed in London on 29 September 2016. The contracts, signed between the UK Government, Electricite de France and China General Nuclear, mark the end of the project development phase and moves the project into construction. The station's two EPR plants are scheduled to begin operations in 2025 and will provide approximately 7% of the UK's future electricity needs. Areva subsequently announced it had signed contracts to deliver the two nuclear reactor systems as well as a long-term fuel supply agreement for the plant.

Developments in Japan continue to be conflicted. The newly elected governor of the Kagoshima prefecture has advised he will not block the restart of Kyushu Electric Power Co.'s Sendai Units 1 & 2, currently undergoing maintenance and set to restart December 2016. Meanwhile, despite positive progress towards securing lifetime extensions for Takahama 1 & 2 and Mihama 3, Kansai Electric's appeal against an injunction halting operation of Takahama 3 & 4 was rejected at the District court level and must now progress to the Osaka high court. Japan's nuclear regulator has cleared another pair of reactors on the southernmost island of Kyushu. The Nuclear Regulation Authority approved a preliminary report on 9 November 2016 that says Kyushu Electric Power Co.'s Genkai Units 3 and 4 meet post-Fukushima safety rules, one of the biggest hurdles an operator must clear. A 30-day comment period must be held before any final approval.

In August the New York Public Service Commission announced the implementation of a Clean Energy Standard requiring that 50% of New York's power should come from clean and renewable sources(including nuclear) by 2030. The Clean Energy Standard will provide subsidies to existing nuclear plants and its announcement was followed by news that Exelon would invest

US$200M in upgrading its Ginna and Nine Mile Point reactors within the state as well as complete the purchase of the FitzPatrick station from Entergy. Under Entergy's ownership, the FitzPatrick plant had been slated for closure in January 2017. Following on from the New York developments, Illinois lawmakers have hinted that similar measures could be implemented to save Exelon's Quad Cities and Clinton plants from early closure.

Whilst short-term trends are negative, Paladin does not believe U_3O_8 spot price can stay below US$20/lb for an extended period of time because the average received price by industry suppliers, including taking into account historical term contracts, is rapidly declining. Our internal analysis suggests that average industry- wide received prices could fall by 25-30% within the next 18-24 months if uranium price remains at or below US$20/lb and at in that case supply would rapidly adjust with major mine closures.

Company strategy

Paladin believes a uranium industry turnaround is imminent. However, given the current low pricing environment, 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 stakeholders.

Company outlook

LHM's mine plan has been adjusted, which involves reducing mining material movement combined with processing plant feed coming from stockpiled low and medium grade ores. The revised mine plan effectively shifts higher-grade ore processing into later years when uranium prices are expected to be higher. The FY2017 average feed grade will be reduced into the range of 550ppm to 570ppm vs our previous internal Company budget of 700ppm. The impact of the change will reduce finished U_3O_8 production by up to 1.0Mlb to 1.5Mlb per year for each of the next two years. However, the requirement for less movement of mined material on site during the period reduces cash operating costs by well in excess of any lost revenue. Using Paladin's internal assumptions the initiative will generate approximately US$40M of cumulative incremental operating cash flow for FY2017 and FY2018. Paladin has obtained the required third-party consents.

Taking into account the revised LHM mine plan, key relevant guidance items for FY2017 include:

- LHM Production -- Annual production guidance in the range of approximately 3.8Mlb U_3O_8 to approximately 4.0Mlb U_3O_8.
- LHM C1 cash costs -- C1 unit cash cost for FY2017 is expected to be in the range of US$17/lb to US$19/lb (previous guidance US$19/lb to US$22/lb).
- Corporate costs, exploration and KM -- Guidance for combined expenditure on corporate costs, exploration and KM care and maintenance is forecast to be approximately US$14M. This is a further reduction of US$5M compared to FY2016.
- The Company expects that the all-in cash expenditure for the full-year FY2017 will be in the range of US$29/lb to US$31/lb (previous guidance US$32/lb to US$34/lb).

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

- Uranium sales -- Anticipated to be in the range of 1.40Mlb to 1.60Mlb U_3O_8.
- Average selling price -- Expected to be in the range of US$25/lb to US$27/lb at current spot uranium prices.
- LHM C1 unit cash costs -- Expected to be within the range of US$17/lb to US$19/lb.
- Cash and cash equivalents balance as at 31 December 2016 -- Forecast to be in the range of US$20M to US$30M (excluding one-off items such as proceeds received from previously announced strategic initiatives), with such revised forecast heavily dependent on receiving overdue VAT receipts from the Government of Namibia of approximately US$5M and the timing of certain sales receipts.

The previously announced strategic initiatives regarding the potential sale of a 24% interest in LHM for US$175M and sale of an interest in Manyingee project to MGT continue to be progressed. Paladin currently intends to apply any funds received from the strategic initiatives towards repayment of the US$212M outstanding amount of the Convertible Bonds due April 2017.

[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, excluding one-off restructuring costs. 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] All frequency rates are per million personnel hours.

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 NI 43-101. 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 16 November 2016; 23:30 London, Tuesday 15 November 2016 and 18:30 Toronto, Tuesday 15 November 2016. Details are included in a separate news release dated 8 November 2016.

The documents comprising the Quarterly Results Conference Call and Investor Update will be filed with the Company's other documents on Sedar (sedar.com) and on the Company's website (paladinenergy.com.au).

Contact

CONTACTS

For additional information, please contact:

Andrew Mirco
Investor Relations Contact (Perth)
Tel: +61-8-9423-8162 or Mobile: +61-409-087-171
Email: andrew.mirco@paladinenergy.com.au