



Langer Heinrich
Mining Operation



PALADIN ENERGY LTD

Annual General Meeting

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Disclaimer and Notes for JORC and NI 43-101 Mineral Resources and Ore Reserves



This presentation includes certain statements that may be deemed “forward-looking statements”. All statements in this presentation, other than statements of historical facts, that address future production, reserve or resource potential, exploration drilling, exploitation activities and events or developments that Paladin Energy Ltd (the “Company”) expects to occur, are forward-looking statements.

Although the Company believes the expectations expressed in such forward-looking statements are based on reasonable assumptions, such statements are not guarantees of future performance and actual results or developments may differ materially from those in the forward-looking statements. Factors that could cause actual results to differ materially from those in forward looking statements include market prices, exploitation and exploration successes, and continued availability of capital and financing and general economic, market or business conditions.

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In the following presentation, for those deposits that are reported as conforming to the Joint Ore Reserves Committee (JORC) 2004 code, the terms Inferred Mineral Resources, Indicated Mineral Resources, Measured Mineral Resources, Ore Reserves, Proved Ore Reserves, Probable Ore Reserves and Competent Person are equivalent to the terms Inferred Mineral Resources, Indicated Mineral Resources, Measured Mineral Resources, Mineral Reserves, Proven Mineral Reserves, Probable Mineral Reserves and Qualified Person, respectively, used in Canadian National Instrument 43-101 (NI 43-101).

The technical information in this presentation that relates to Exploration Results, Mineral Resources and Ore Reserves is based on information compiled by David Princep B.Sc. and Simon Solomons M.Eng, both of whom are Fellows of the Australasian Institute of Mining and Metallurgy. Messrs Princep and Solomons each have sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity that they are undertaking to qualify as Competent Persons as defined in the 2004 Edition of the “Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves”, and as Qualified Persons as defined in NI 43-101. Messrs Princep and Solomons are full-time employees of the Company and consent to the inclusion of the relevant information in this announcement in the form and context in which it appears.

Previous tonnages, grades, assays and other technical data relating to the Oobagooma deposit are taken from historical records prior to the implementation of the current NI 43-101. While the data is believed to have been acquired, processed and disclosed by persons believed to be technically competent, they were estimated prior to the implementation of NI 43-101 and are therefore regarded as historical estimates for the purposes of NI 43-101 and as an exploration target for the purposes of JORC disclosure. A Qualified Person as defined in NI 43-101 has not done sufficient work to classify the historical estimate as current Mineral Resources. The Company is not treating the historical estimates as current Mineral Resources as defined in NI 43-101 and for this reason the historical estimates should not be relied upon. At present, the Company considers that these resources have no equivalent classification under NI 43-101 and should therefore be considered as unclassified. The historical information is presented on the basis that it may be of interest to investors.

Presentation Outline

- ✦ Company Status and Highlights
- ✦ Paladin Supply/Demand Outlook
- ✦ Operations Update
- ✦ Outlook

Paladin – A Modern Uranium Company



✦ **Uranium specialist with demonstrated achievements**

- employs 1800 staff and contractors
- among top ten producers in the world
- head office in Perth

✦ **Mining**

- installed production capacity of 8.5Mlb U₃O₈ pa
- operations in two climatic regions (arid zone and monsoonal)

✦ **Further expansion potential of existing production centres with sufficient uranium price incentive**

✦ **Diversified global project pipeline for future development**

✦ **Proven builder/operator**

- extensive uranium expertise in the group (technical, environmental, health, social)
- only company in the world to have successfully developed two greenfield conventional mines in past 20 years
- developed, implemented and de-risked innovative technologies for both mines
- optimisation programme has been successful in reducing operating costs materially

Company Status and Highlights



✦ **Health and safety**

- extended period of 5 star safety performance impacted by 2 fatalities
- full review of all aspects of safety within the Group underway

✦ **Improving operational performance**

- mines operating at record levels
- production costs continue to trend lower
- guidance for FY14 remains 8.3Mlb to 8.7Mlb U₃O₈
- strong efficiency improvement over 2 years with significant concurrent production increase of 45% over this period

✦ **Improving financial performance**

- cost reductions implemented across the organisation
- a second round of cuts in Oct of US\$23M for FY14 including 10% salary cuts for Board and Management

✦ **Firmly re-engaged with parties in relation to sale of minority stake in Langer Heinrich**

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Supply is the Real Issue Going Forward



Uranium market remains subdued

- short term supply surplus from excess enrichment capacity and Japanese inventory reduction
- current uranium price and depressed financing environment pushing back already delayed projects
- outside Kazakhstan, Paladin provided only substantial supply growth in last 9 years
- investment has all but ceased making existing producers well positioned for looming supply shortage



Major miners effectively in a supply growth moratorium

- apart from minor increase from Cameco all other majors have declared no expansion with potential for production cuts



Key drivers for price response

- Japan reactor restart in the short term and China needs to ensure long term offtake to feed planned reactor growth
- very limited supply response capability in uranium mining industry to any positive price movement

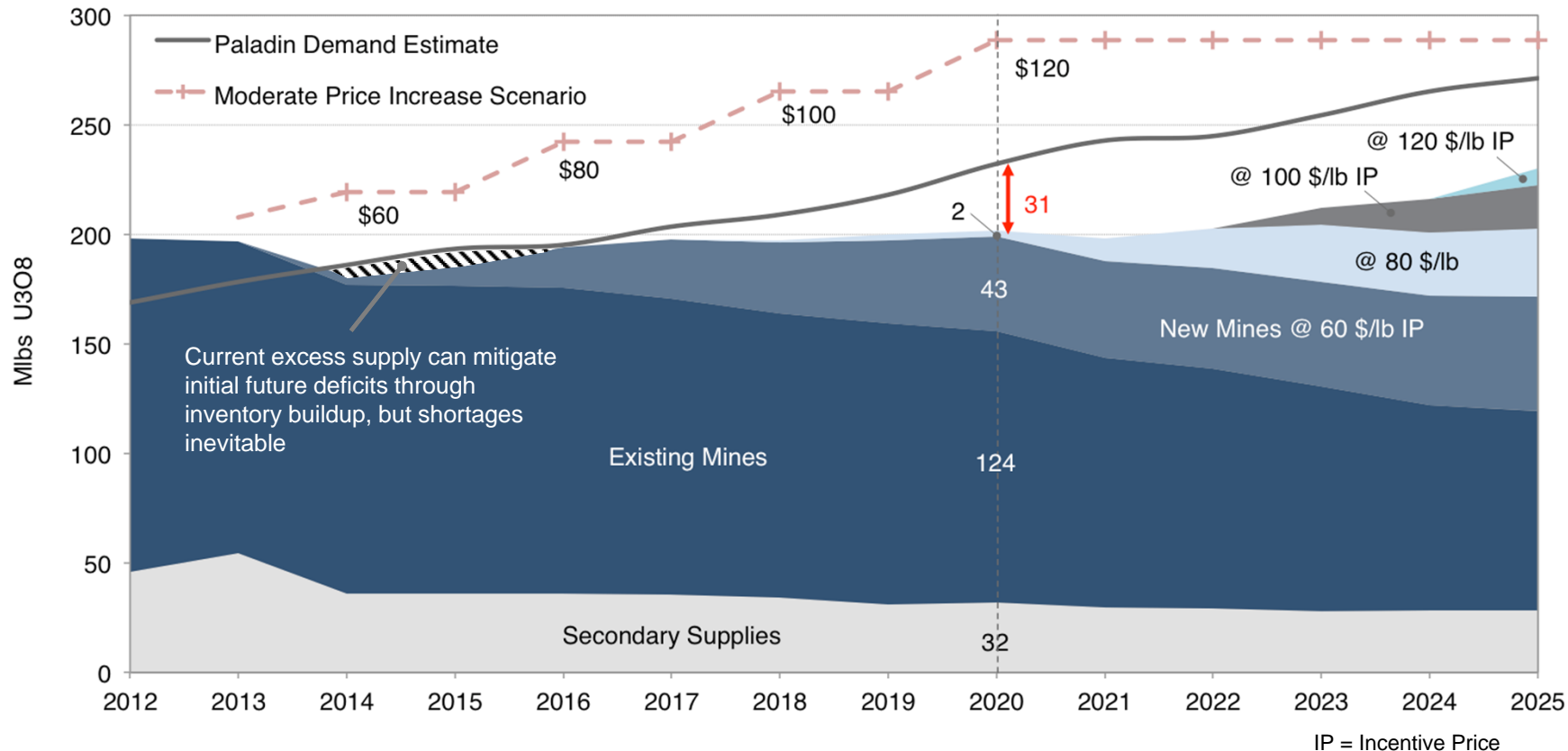
Supply Deficit Certain even with Price Escalation



Supply/demand balance

✦ Widening deficits start in 2016

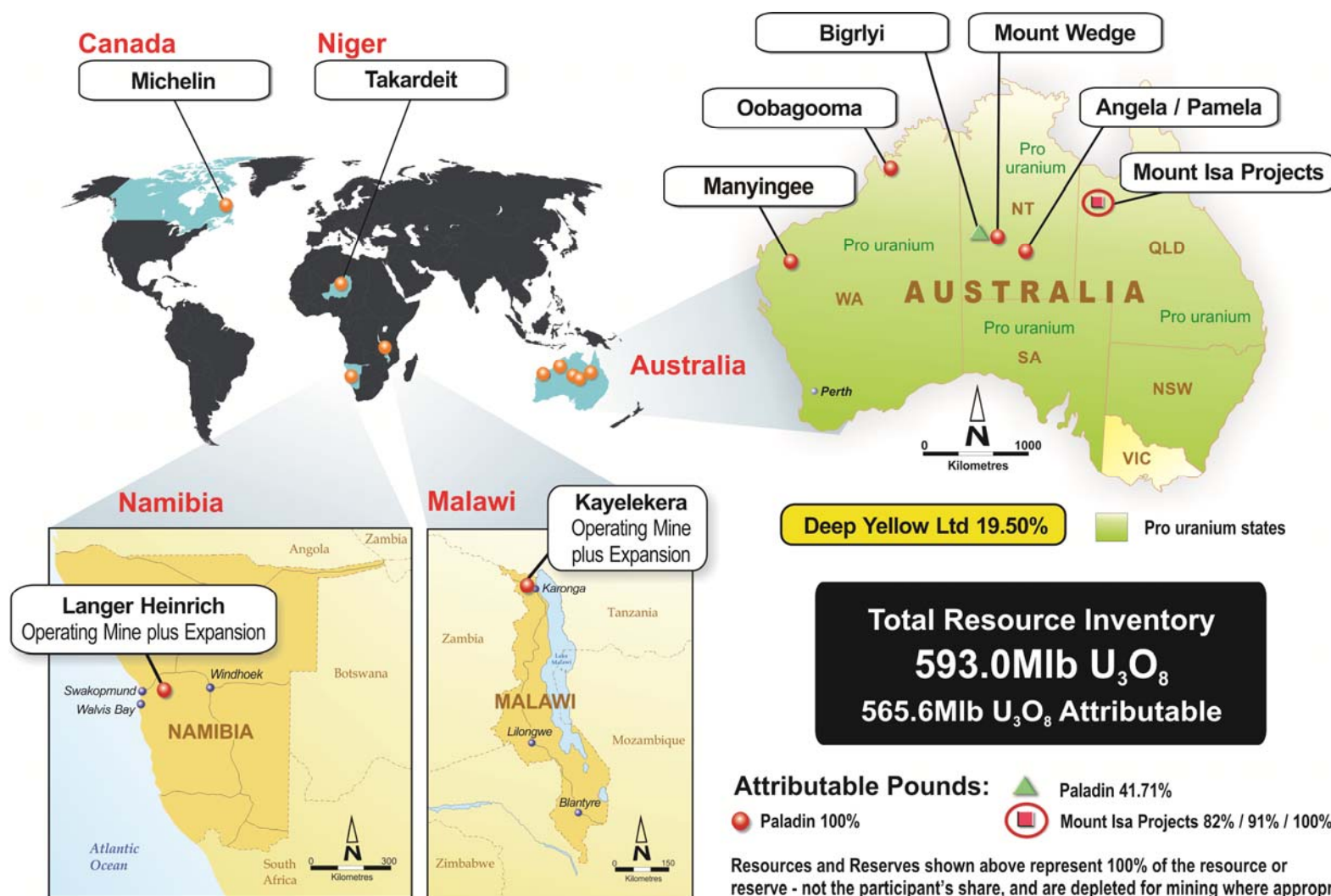
- under a moderate price increase scenario, supply deficit would be equivalent to 31Mlb pa by 2020



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Globally Diverse Project Pipeline



Langer Heinrich Project Update



✦ Three successful production capacity expansions completed

- 5.2Mlb with Stage 3 starting mid 2012
- currently producing above budget
- Sept quarter >5.7Mlb pa rate

✦ Low quartile cost producer

- long term C1 target sub US\$28/lb
- C1 cash cost reduction targeting 15% for FY14 & FY15

✦ Production optimisation with further unit cost reduction

- CCD performance / leach temperature management/improved beneficiation
- heat recovery/management

✦ +20 years project life

- further expansion potential up to 8.5Mlb pa

✦ Water

- agreement to be signed with NamWater for supply of water from Areva desalination plant
- removes risk of water constraints

	Actual FY13	Budget FY14	Actual Sept'13 qtr
Ore processed	3.54Mt	3.65Mt	0.87Mt
Ore feed grade	812ppm	753ppm	840ppm
Recovery	86%	90%	88.7%
U ₃ O ₈ production	5.30Mlb	5.45Mlb	1.43Mlb



Kayelekera Project Update



- ✦ **Production capacity of 3.3Mlb U₃O₈ pa**
 - operating at design post August planned shut
- ✦ **First modern resin-in-pulp (RIP) uranium processing facility**
- ✦ **C1 cost initiatives for FY13 successful and better than target**
 - C1 cost reduction FY13 – achieved 24%
 - C1 cost reduction FY14 & FY15 – targeting 22%
- ✦ **Production optimisation with further unit cost reduction**
 - improvements in “RIP” efficiency/grid power installation/acid recycling.
 - trialling continuous resin advance for further recovery improvement

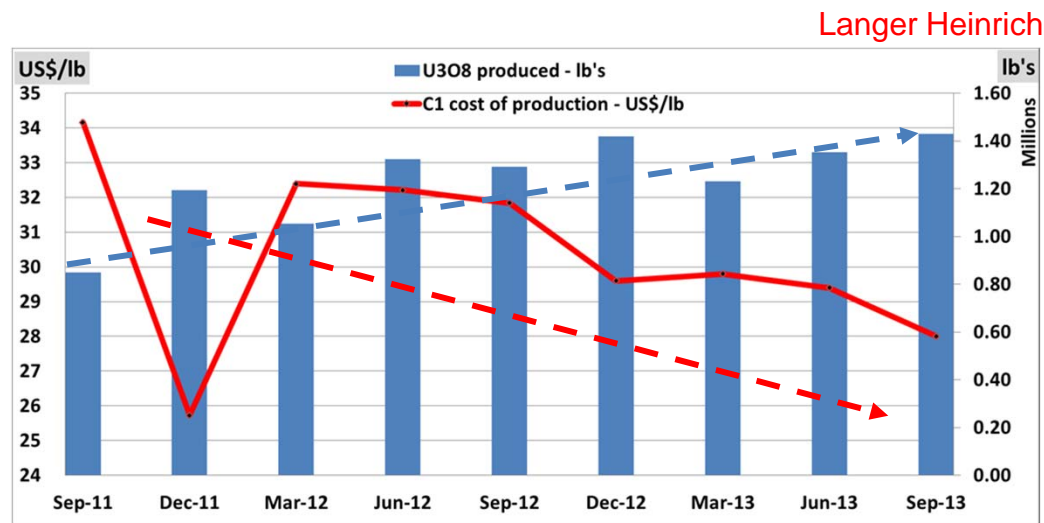
	Actual FY13	Budget FY14	Actual Sept'13 qtr
Ore processed	1.3Mt	1.4Mt	0.27Mt
Ore feed grade	1,143ppm	1,194ppm	1,264ppm
Recovery	84.6%	87.0%	85.1%
U ₃ O ₈ production	3.0Mlb	3.2Mlb	0.62Mlb



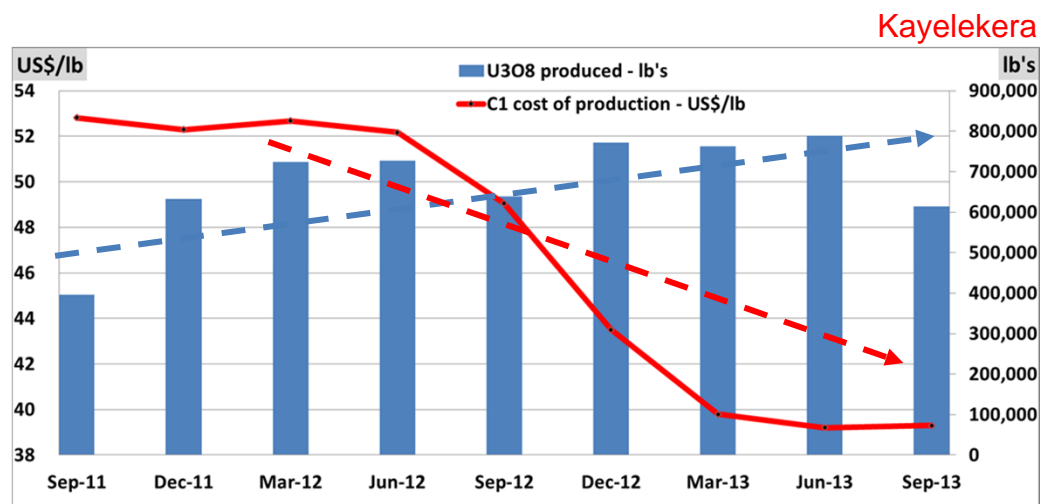
Production and C1 cash costs for last 2 years

Focus on corporate cost reductions

- corporate overhead and exploration costs cut by US\$10.8M, reduction of 24% over FY13
- discretionary capital expenditure reduced by US\$12.4M



Significant cost reductions and production optimisation at site



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Re-engagement for a stake in Langer Heinrich

Negotiations restarted to sell a minority stake in Langer Heinrich

- initial process to sell minority interest in Langer Heinrich terminated early August
- rejuvenated engagement with a prominent group of nuclear industry players
- value expectations reflect both the intrinsic and strategic value of Langer Heinrich with an improving production performance and long mine life
- Paladin's board and management remain focused on achieving a suitable outcome on a minority interest in Langer Heinrich at the earliest opportunity

Paladin is also committed to rationalisation of its asset base by pursuing potential joint ventures for its undeveloped advanced stage assets via a strategic alliance

What Paladin Brings to the Nuclear Industry Table



- ✦ **Demonstrated achievement building 2 uranium mines in 8 years**
- ✦ **De-risked operational performance at Langer Heinrich and Kayelekera**
- ✦ **Proven management and technical capability**
- ✦ **Langer Heinrich is a world class flagship project with 20+ years production**
- ✦ **Clear vision for 2014-2022 to replicate and even better the outstanding 2005-2013 production growth performance**
- ✦ **Paladin provides a unique leveraged growth platform for a strategic partner**

Over the last 2 years the following has taken place



- ✦ **Raised US\$200M in Uranium offtake prepayment**
- ✦ **Paid out the 2013 convertible bonds US\$325M**
- ✦ **Reduced cash costs by \$80M-\$100M in FY2013 and FY2014**
- ✦ **Reducing head office staff by 35%**
- ✦ **People forget we are one of only a small handful of companies to successfully build 2 uranium mines in the last 8 years**
- ✦ **Langer Heinrich production grown 51% in 2013 from 3.5Mlb in 2011**
- ✦ **Langer Heinrich Stage 3 built and successfully commissioned in 2012**
- ✦ **Kayelekera production has grown 37% in 2013 from 2.17Mlb in 2011**
- ✦ **C1 cash costs at Kayelekera have fallen by 25% to US\$39/lb since June 2012**