

# Paladin Energy Ltd

## The New Energy In The Market

John Borshoff - Managing Director

Merrill Lynch Global Metals, Mining & Steel Investor Presentation  
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# Paladin - Accomplishment Overview

- **Achieving stated operational objectives**
  - Langer Heinrich and Kayelekera
- **A clear vision for its future development**
  - foresaw transformational changes in nuclear industry
- **Seeking to establish a global mining footprint by end 2009**
  - in the principal uranium rich continents
- **Sufficient funding available to support envisaged growth**
  - US\$325M raised Feb 2008



# Presentation Outline

- Uranium Demand & Supply
- Paladin Status
- Projects Update
- Future Outlook
- Conclusion



# Uranium Demand and Supply



# Nuclear Generating Capacity

## October 2007 & future

### In Operation (currently)

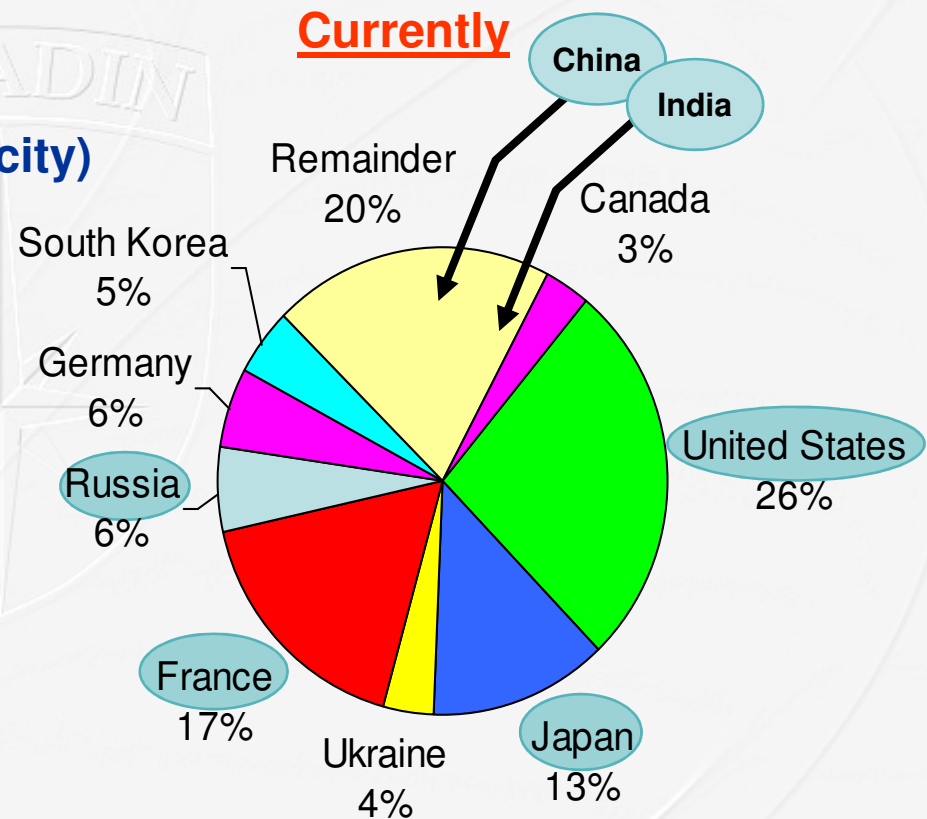
- **439 REACTORS**
- **372,002 MWe (16% world electricity)**
- **31 Countries**
- **173Mlbs U<sub>3</sub>O<sub>8</sub> required 2007**

### Under construction

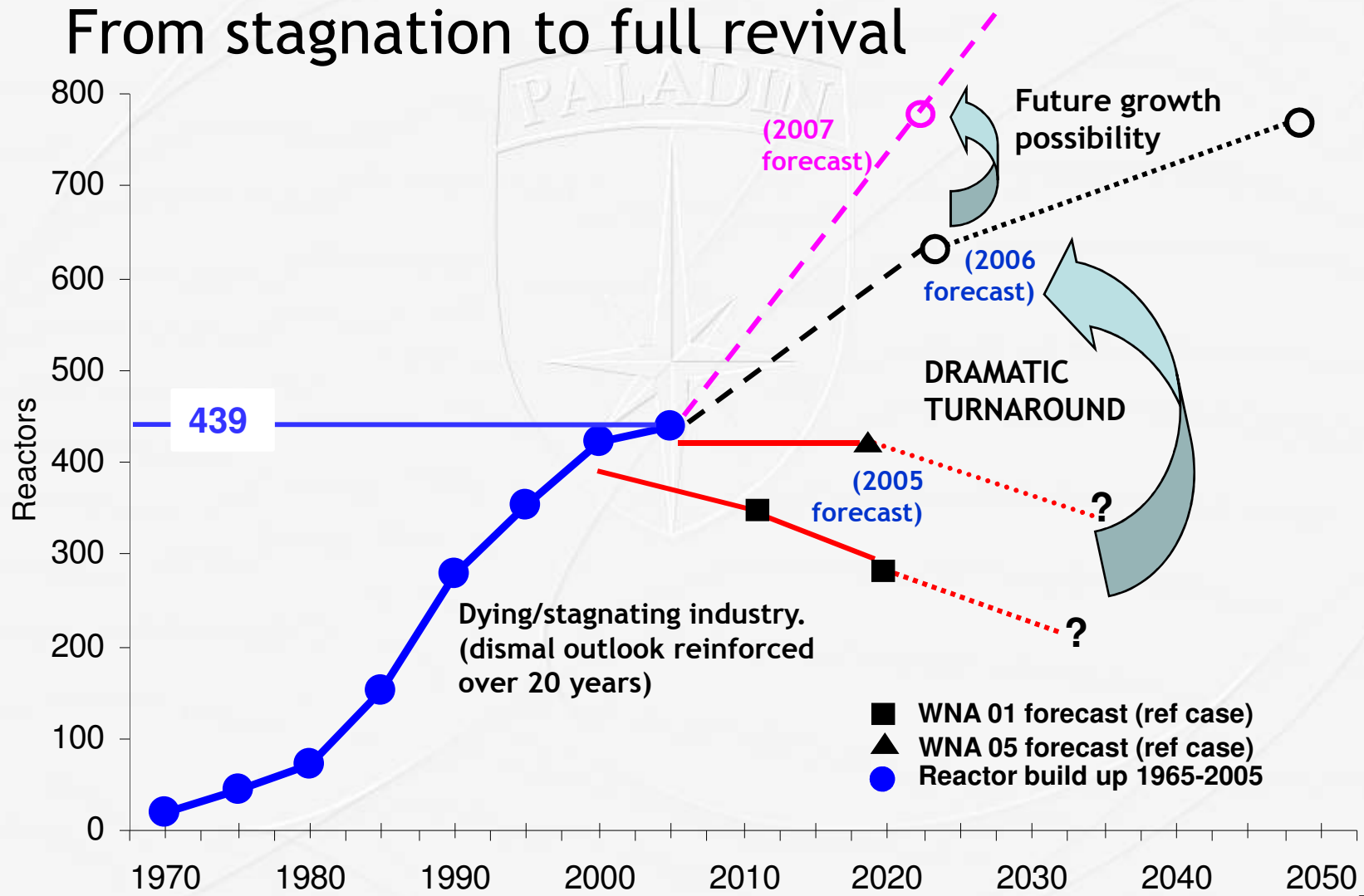
- **33 REACTORS**
- **26,838 MWe**
- **13 Countries**

### Planned and Proposed (by 2030)

- **316 REACTORS** (222 in Sept 06)
- **294,690 MWe**
- **34 Countries**

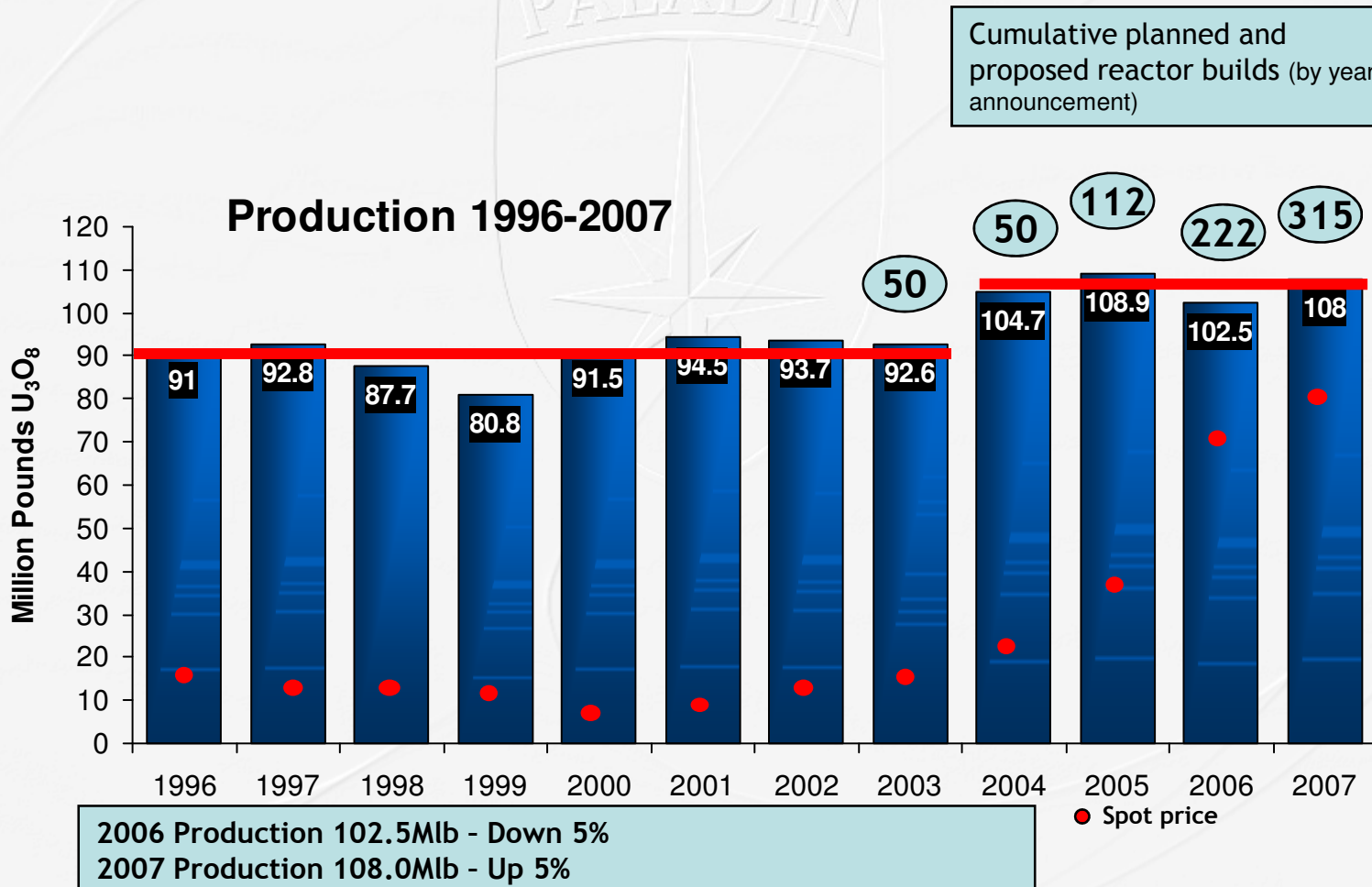


# The Nuclear Reactor Fleet (1965 to 2050)

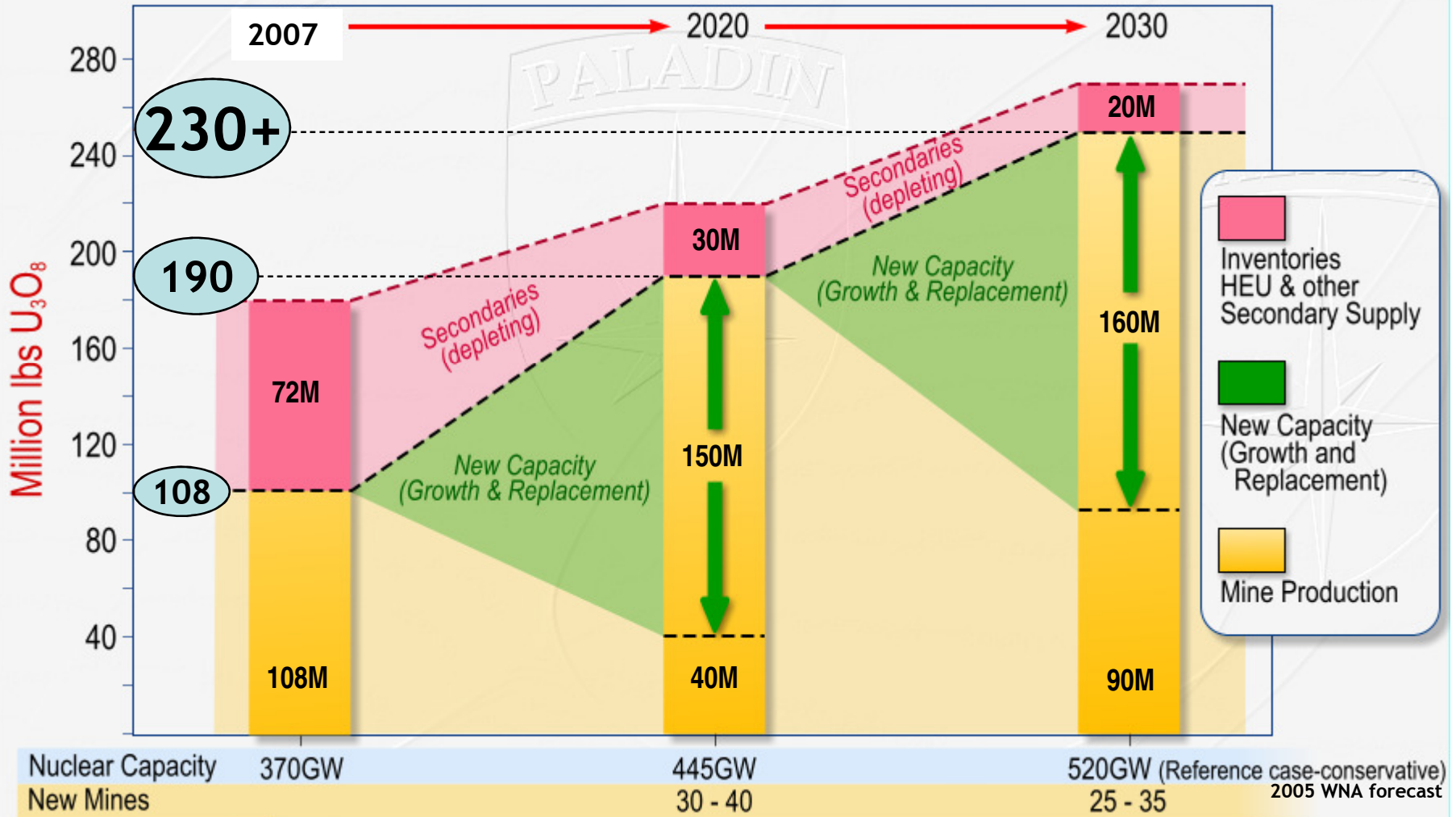


# Global Uranium Production/Demand

Supply is flat despite strong price/demand growth



# Building a New Mining Supply Industry 2007 to 2030 and beyond



**Huge discovery/development effort required**  
 (ADDITIONAL NEW DISCOVERIES ESSENTIAL TO MEET 2030/40 REPLACEMENT/GROWTH REQUIREMENTS)

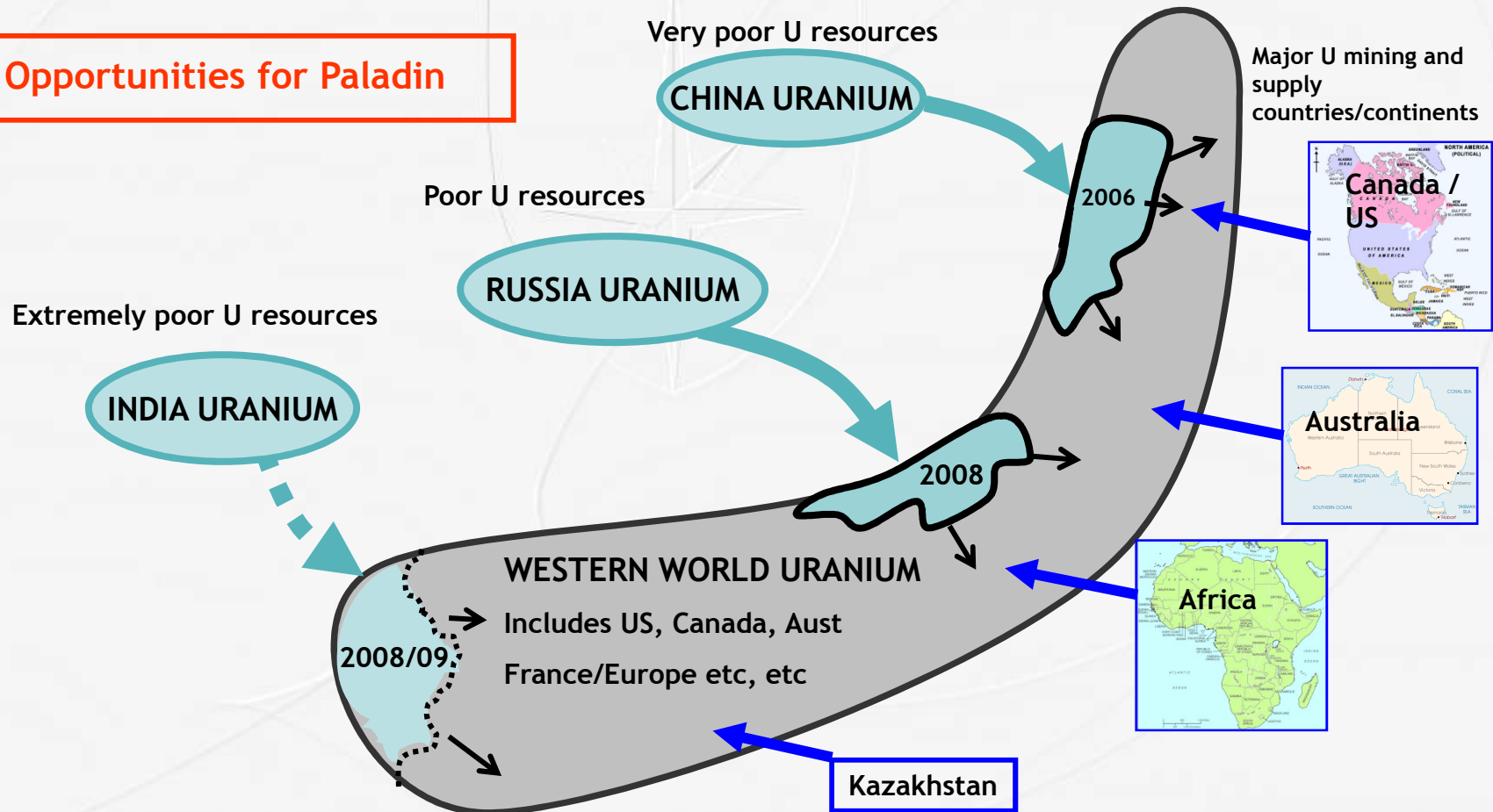


# Current World Uranium Status

## globalisation of uranium markets

- Process of inevitable globalisation of markets has commenced
- Have NEW nuclear economies (e.g. China and India)
- Have GROWING nuclear economies (e.g. US, Russia & France)

### Opportunities for Paladin



# Paladin Status



# Uranium Companies

## current global status

### Companies

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### Operations

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#### Producers - 18 countries

##### Tier I Companies

- Cameco, AREVA, Rio Tinto, BHP-B, Kazatomprom, ROSATOM, Navoi

- ~85% of 2007 mine production operating in 9 Countries

##### Tier II Companies

- **Paladin**, Uranium One, Denison, Heathgate, Mesteña and other producers

- ~15% of 2007 production in 4 of above & 9 other countries

#### Non Producers

##### Tier III Companies

- Dozen or so companies with resources >20Mlb U<sub>3</sub>O<sub>8</sub> resources

- Speculative
- Operating in 9 countries (6 new)

##### Tier IV Companies

- 100's of companies

- Highly speculative

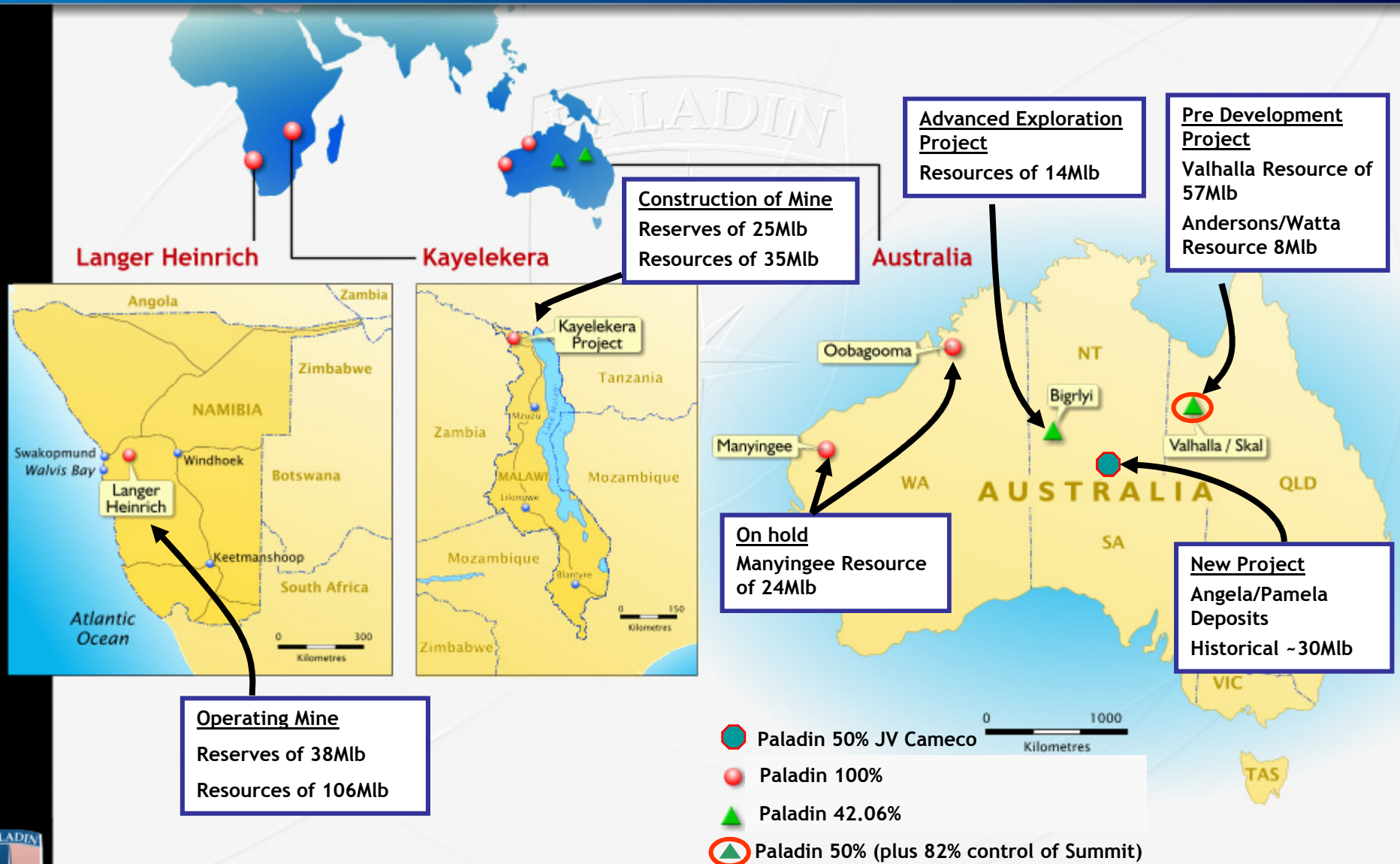


# Corporate Details

- **Listings:** ASX (S&P ASX 100 Company), TSX, Namibia, Munich, Berlin, Stuttgart, Frankfurt
- **Issued Capital:** 613M Shares  
17M Employee Options
- **Market cap:** US\$3.05Bn (A\$3.25Bn)
- **Funding:** US\$392M (cash)  
US\$167M (Kayelekera project debt)
- **Shareholding:** 40,000 shareholders  
47% institutional – global distribution
- **Corporate Interests:** 82% holding in Summit Resources Ltd  
14.3% holding in Deep Yellow Ltd



# Paladin's Suite of Uranium Properties



# Convertible Bond Issue (February 08)

## use of funds

**Convertible Bond raising of US\$325M, with proceeds to be used for the following:**

- US\$ 100–120M Mining development and expansions required to support new acquisitions
- US\$ 50M Stage II Langer Heinrich expansion project
- US\$ 50–70M Ongoing exploration and business development
- US\$ 65–75M Marketing organisation expansion
- US\$ 10M Issue costs



# Projects Update



# Langer Heinrich Uranium Project

Tailings Dam



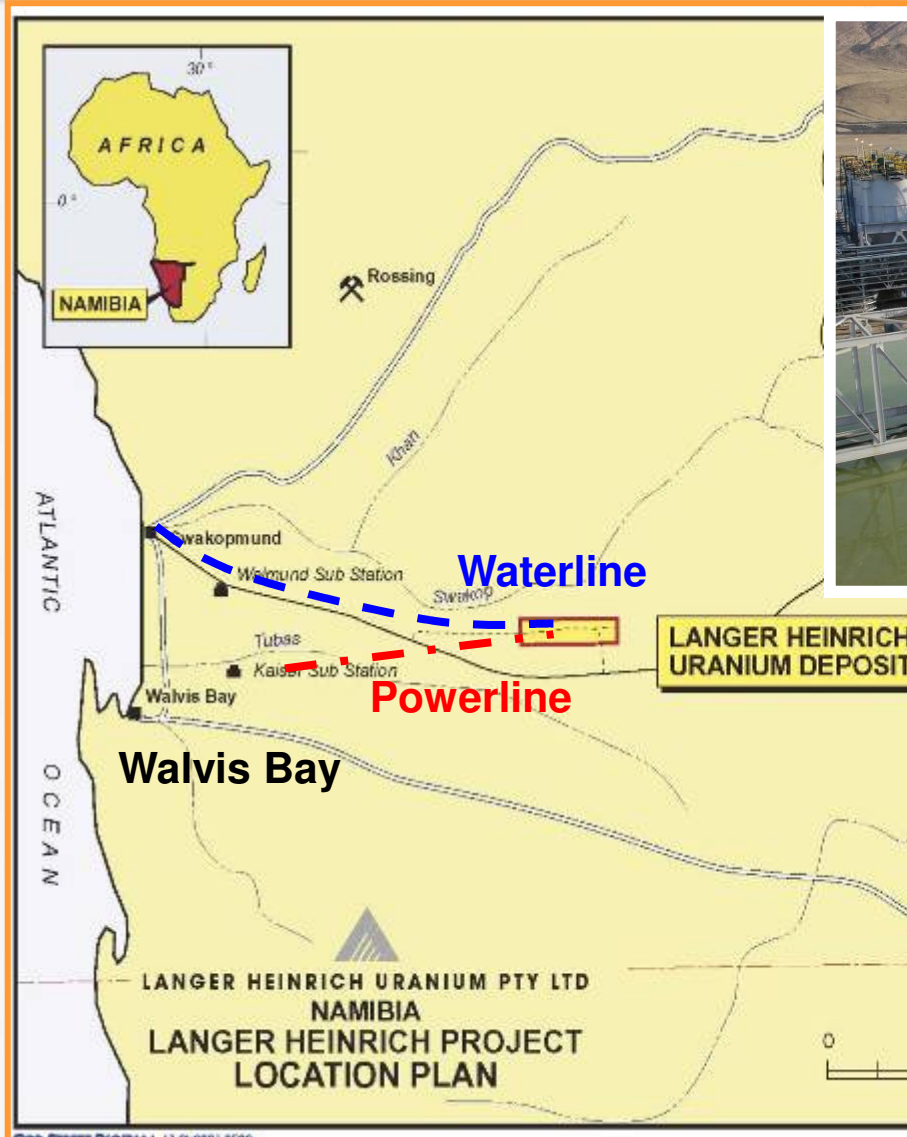
Plant



Shallow  
Open Pit



# Langer Heinrich Uranium Project location



# Langer Heinrich Uranium Project

## current status

- Plant optimisation and remediation making excellent progress
- Recoveries improving significantly in scrubbing, leaching, CCD and IX sections
- Production (H2/CY07) - 650,562lb U<sub>3</sub>O<sub>8</sub>
- Production (Q2/CY08) 490,800lb U<sub>3</sub>O<sub>8</sub> (plus 60,600lb increase in inventory)
- Expected six-month production (H1/CY08) – 1.2Mlb U<sub>3</sub>O<sub>8</sub>
- Stage II expansion commenced - 2.6Mlb to 3.7Mlb U<sub>3</sub>O<sub>8</sub> annually
- Stage III expansion announced 3.7Mlb to 6Mlb for mid 2010



# Langer Heinrich Operations



Langer Heinrich Pit and Mine Fleet



Langer Heinrich Process Plant



LHUPAL Product Ready For Shipment



New Heat Exchange Units Installed



# Kayelekera Uranium Project

Tailings Dam



Treatment Plant



Camp



Open Pit



# Kayelekera Uranium Project plant erection in progress



Power Station

Fuel Tanks

Pre Leach  
Thickener

Leach  
Tanks

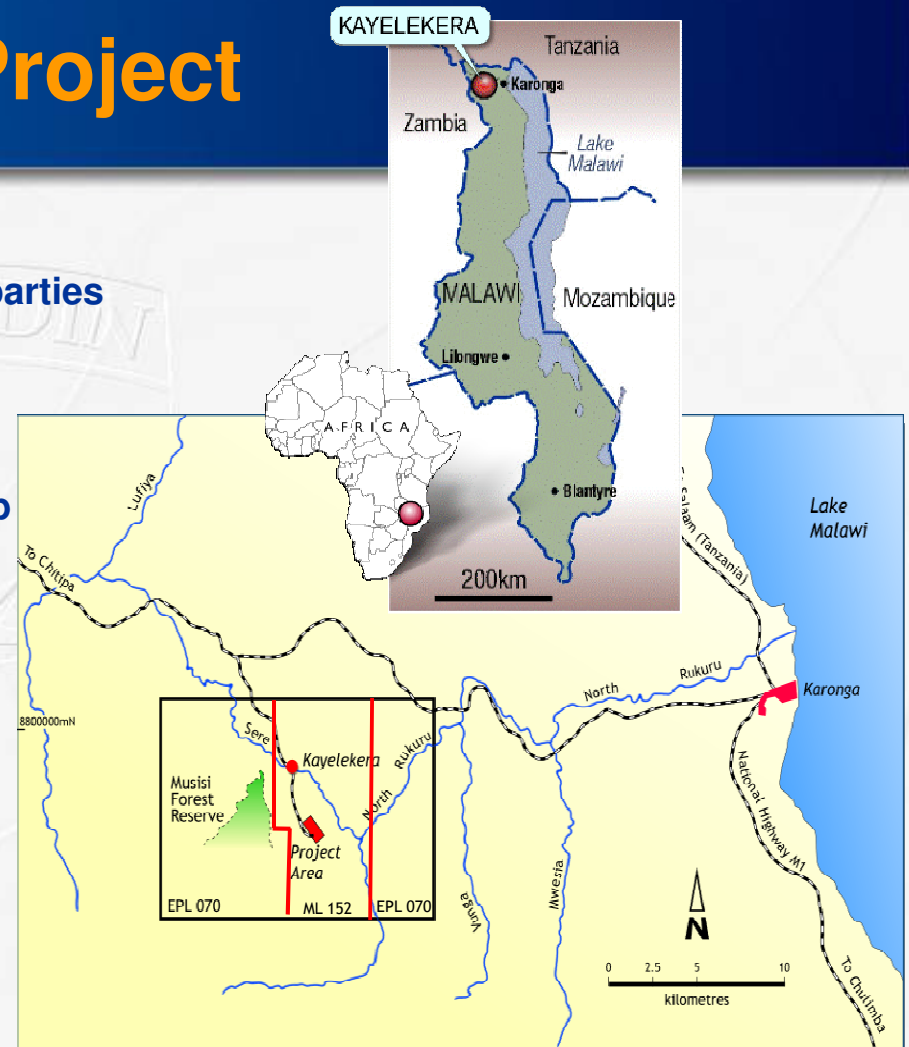
RIP Tanks



# Kayelekera Uranium Project

## Project Summary

- **Discovered 1980 - worked to 1991 by other parties**
- **Feasibility study and project databases acquired by PDN 1997**
- **BFS completed in 2006 modelled at US\$60/lb**
  - project payback 30 months (at \$80/lb - 23 month payback)
- **Project represents:**
  - 10% of GDP
  - 40% of export revenue of Malawi
- **11 year project operational life – complete construction end 2008**
- **Annual production 3.3Mlb U<sub>3</sub>O<sub>8</sub> (yrs 1 to 7) & 1.17Mlb thereafter**
- **Capex US\$200M**
  - 1.5Mtpa at 0.11% U<sub>3</sub>O<sub>8</sub> with 90% recovery
  - acid leach/RIP flowsheet
- **BFS OPEX US\$19.5/lb yrs 1-7 (overall US\$23/lb yrs 1 to 11)**



# Kayelekera Uranium Project

## current status

- **US\$167M project finance funding approved (project now fully funded)**
- **Construction ongoing: civil earthworks and plant erection underway – 900 people on site**
- **Long lead capital items – mill on site, acid plant on schedule**
  - 10MW power station installed – commissioning May 2008
- **Mining contractor with full equipment fleet on site**
- **Open pit pre-strip underway**
- **Tailings Dam and other water structure construction underway**
- **GM Operations appointed and strong, uranium experienced operational team being established**



# Australian Assets



- Skäl & Valhalla Deposit
- Angela Deposit



# M&A Activities – Valhalla & Summit

## Valhalla Acquisition Overview

- **Mt Isa Uranium JV (QLD) - 50%**
  - Valhalla
  - Skal

- **Bigryli (NT) – 42.06%**

## Summit Acquisition Overview

- **Mt Isa Uranium (QLD) - 50%**
- **Mt Isa Uranium (QLD) - 100%**
  - Anderson
  - Bikini
  - Mirroola
  - Tjilpa
  - Watta
  - Warwai
- + other prospects
- **Post merger farm outs**
  - Non uranium properties (Cu, Au, Fe)
  - Georgina Basin JV



# Mt Isa Uranium Project

## current status

- Mt Isa Uranium province controlled by Paladin
- Project technically reassessed to attain geological and uranium target relevancy
- Intensive drilling of Valhalla and Skal for resource expansion and classification
- Focused metallurgical test work underway
- Environmental baseline work ongoing
- Ongoing lobbying of QLD government re uranium policy
- Preparing for Pre-Feasibility Study end 2008
- Areva actions continue (not material to Paladin)



# Angela Project

## Angela Deposit – Northern Territory

- **Uranium Deposits in Northern Territory Australia**
  - 37 applicants to Government for much sought after properties
- **Successful applicants – Cameco and Paladin in 50:50 JV**
  - nil acquisition cost
  - commitment to explore and finalise BFS/EIS in 2 years
- **Pre JORC resource of 27Mlb – 30Mlb  $U_3O_8$  grade range 0.1% to 0.13%  $U_3O_8$** 
  - sandstone hosted deposit (open pit/underground mining proposition)
  - explored by Uranerz 1973 to 1983 – taken to feasibility
  - deposit open at depth, high upside potential
- **Northern Territory has pro uranium mining policy**



# Outlook



# Production Schedule

plenty of upside on existing major projects

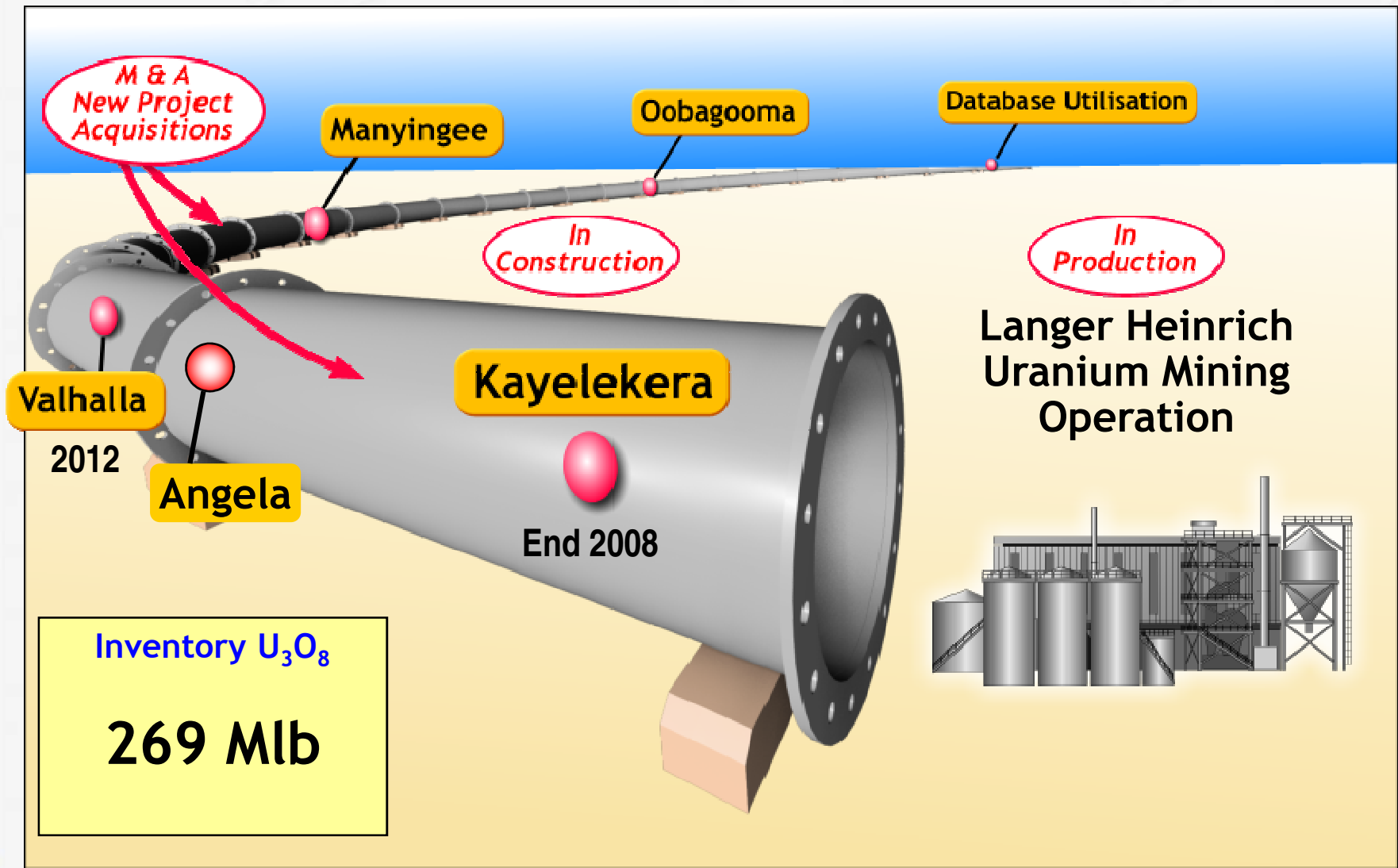
	2007 Mlb	2008 Mlb	2009 Mlb	2010 Mlb	2011 Mlb	2012 Mlb
LH Stage I (2.6Mlb)	-	2.6	2.6	2.6	2.6	2.6
LH Stage II (3.7Mlb)	-	-	0.5	1.1	1.1	1.1
LH Stage III to 6Mlb	-	-	-	0.4	1.6	2.3
<b>Sub Total</b>	-	2.6	3.1	4.1	5.3	6.0
<b>Kayelekera</b>	-	-	1.6	3.3	3.3	3.3
<b>Total Production</b>	-	2.6	4.7	7.4	8.6	9.3

Potential to further expand African projects  
Additional production potential on Australian projects 2012 and beyond



# Project Pipeline

assets acquired & projects developed



# Paladin Offers Excellent Upside

## key outcomes for 2008

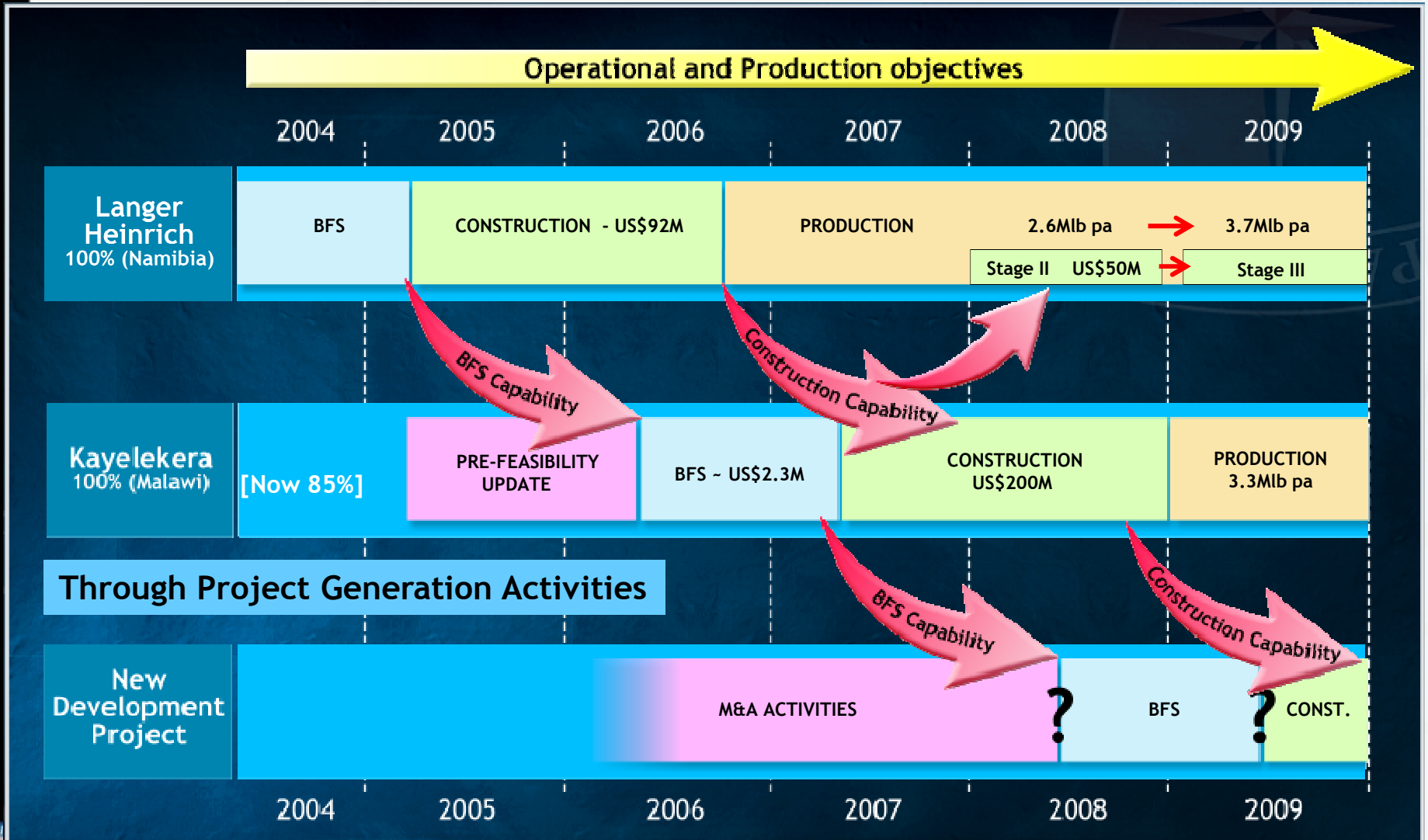
- **Langer Heinrich (Namibia)**
  - complete Stage II expansion (2.6Mlb to 3.7Mlb pa)
  - optimisation of Stage I (2.6Mlb – 2.8Mlb for 2008)
  - new resource estimate by mid 2008
- **Kayelekera (Malawi)**
  - construction completed end 2008
  - new resource estimate by mid 2008
- **Mt Isa Project (Queensland - Australia)**
  - excellent potential to increase current resource base
  - ongoing metallurgical testwork and environmental baseline work
  - drilling (50,000m) - new resource estimate by Sept 2008
- **Bigrlyi Project (Northern Territory – Australia)**
  - focussed on highly prospective target
  - opportunity to increase resource base - new estimate by early 2009

**Significant opportunity to increase overall resource base in 08/09**



# Project Development

established team and sequential development capability



# Conclusion

## Develop Paladin Into A Major Global Uranium Supplier

- **A focused uranium energy company**
  - large resource base in 6 deposits - 269Mlb
  - strong resource upside potential
  - strength through geographic diversity
  - expertise and funding to deliver
- **Langer Heinrich and Kayelekera**
  - production schedules in tune with market upturn
- **Pure uranium play with unhedged upside**
- **Develop uranium trading subsidiary**
- **Continue M&A opportunities**
  - with uranium proprietary database and specific enquiry





# PALADIN ENERGY LTD

## Contact Details

**Mr John Borshoff**  
**(Managing Director)**  
**Mobile: +61 (0) 419 912 571**  
**Email: [john.borshoff@paladinenergy.com.au](mailto:john.borshoff@paladinenergy.com.au)**

**Grand Central 1st Floor, 26 Railway Rd**  
**Subiaco Western Australia 6008**  
**PO Box 201, Subiaco**  
**Western Australia 6904**  
**Telephone: +61 (0) 8 9381 4366**  
**Facsimile: +61 (0) 8 9381 4978**  
**Email: [paladin@paladinenergy.com.au](mailto:paladin@paladinenergy.com.au)**  
**Website: [www.paladinenergy.com.au](http://www.paladinenergy.com.au)**

