



# PALADIN ENERGY LTD

ACN 061 681 098

18 July 2019

ASX Market Announcements  
Australian Securities Exchange  
20 Bridge Street  
SYDNEY NSW 2000

*By Electronic Lodgement*

Dear Sir/Madam

## QUARTERLY ACTIVITIES REPORT FOR PERIOD ENDING – 30 JUNE 2019

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### HIGHLIGHTS

- **Langer Heinrich Mine**
  - **Prefeasibility Study (PFS) to refine rapid restart plan remains on track for completion by September 2019**
  - **PFS for process optimisation expected to be completed by March 2020**
- **Kayelekera Mine**
  - **Paladin secures agreement to sell its 85% interest in the Kayelekera Mine in Malawi to a Hylea Metals Limited (Hylea) (ASX: HCO) led joint venture**
  - **Water treatment completed successfully during the quarter after target levels achieved for all water storage ponds**
- **Michelin Project**
  - **Paladin received first mandatory transfer of an additional 5% participating interest in the Michelin Project, increasing its interest to 55%**
- **Cash and cash equivalents at 30 June 2019 of US\$25.4M (excluding restricted cash of US\$11.2M)**

## SAFETY

No lost-time injuries were reported during the quarter at either the Langer Heinrich Mine or the Kayelekera Mine.

The Kayelekera Mine has achieved 1,821 days without a Lost Time Injury for ~2.63 million person hours.

## QUARTERLY URANIUM SALES

There were no uranium sales in the June quarter.

## LANGER HEINRICH MINE, NAMIBIA (75%)

The Langer Heinrich Mine successfully transitioned into care and maintenance in August 2018.

In March 2019, Paladin commenced with a two-stage PFS for the possible restart of the Langer Heinrich Mine. The first stage of the PFS will examine a rapid, low-risk restart and is on track to be completed in September 2019. The second stage of the PFS is expected to be completed by March 2020 and involves a more detailed study, including process optimisation aimed at lowering costs, recovering Vanadium and potentially increasing production in the later stages of the mine life.

A restart of the Langer Heinrich Mine will be considered only if forecast cashflows from uranium sales provide an appropriate return on investment.

## KAYELEKERA MINE, MALAWI (85%)

Quarterly activities at site focused on the water treatment programme. During the June quarter, the lime water treatment plant operated for a total of 702 hours during the period from 2 April 2019 to 28 May 2019, discharging 541,482m<sup>3</sup> of water to the Sere River within licence conditions.

## EXPLORATION PROJECTS

During the June quarter, the Company completed the work required to meet minimum tenement commitments.

## CORPORATE

### Group cash and cash equivalents

At 30 June 2019, the Group's cash and cash equivalents were US\$25.4M (excluding restricted cash of US\$11.2M), a decrease of US\$4.5M from US\$29.9M at 31 March 2019.

### Mandatory transfer of 5% participating interest in Michelin Project

The Michelin Joint Venture agreement, dated 30 August 2018, includes a farm out over a five-year period whereby the Michelin Claimants will transfer a 5% participating interest in the Michelin Project to Paladin's Canadian subsidiary on an annual basis in return for Paladin funding all obligations for the Michelin Project over this period. On 31 May 2019, Paladin received an additional 5% participating interest in the Michelin Project increasing its participating interest to 55%.

### Sale of 85% interest in Kayelekera Mine

On 24 June 2019, Paladin announced it had entered into an agreement to sell its 85% interest in the Kayelekera Mine to Hylea's subsidiary, Lotus Resources Pty Ltd, a joint venture with Chichewa Resources Pty Ltd. The consideration for the sale of Paladin's interest in the Kayelekera Mine is A\$5M, comprising A\$200k cash and A\$4.8M in Hylea shares to be issued to Paladin (A\$1.8M on completion, subject to a 12-month voluntary escrow, and A\$3M on the third anniversary of completion). The issue price will be based on the lower of the 30-day VWAP at the time of issue, or the price of a Hylea capital raising in the 90 days preceding.

Paladin will be repaid the funds advanced to provide security for the US\$10M environmental performance bond issued to the Government of Malawi for the Kayelekera Mine. The repayments will occur in four tranches: US\$4M on Completion, US\$1M on the first anniversary, US\$2M on the second anniversary, and the final US\$3M on the third anniversary.

Paladin will also receive a 3.5% royalty based on revenues derived from future production at the Kayelekera Mine, capped at A\$5M.

The transaction is subject to Hylea shareholder approval, Paladin Noteholder consent and customary terms and conditions, including Government of Malawi approvals, as well as containing standard representations and warranties. Completion is expected to occur in late 2019. Hylea's associated capital raisings are underwritten for A\$8M.

The sale of the Company's non-core asset to Hylea and the repayment of the environmental performance bond advance will enable Paladin to prioritise its capital and other resources on optimising and restarting its Langer Heinrich Mine once the uranium price has recovered sufficiently.

## URANIUM MARKET

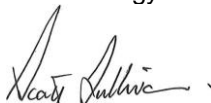
The TradeTech weekly spot price average for the June quarter was US\$24.83/lb, an 11% decrease compared to the previous quarter. The US Department of Commerce's Section 232 investigation into US uranium imports weighed heavily over the market during the period, with quarterly market activity reduced by more than 50% and uranium spot prices falling in the wake of this reduced demand. A decision by United States President Donald Trump to decline issuing quotas for US domestic uranium production was announced on 12 July 2019. The decision is expected to encourage additional buying activity and contribute to improved market conditions moving forward.

Planned nuclear phase-outs in Germany and Belgium continue to generate opposition. The German government has received escalating calls from major business leaders to delay plans to implement a full-scale shutdown by 2022. Climate protection and availability of affordable baseload generating capacity have been cited in support of nuclear energy in the country. Meanwhile, the Belgian grid operator has advised that Belgium is not ready for any scenario where nuclear power plants are closed. The current shutdown schedule has all Belgian reactors closed by the end of 2025, however, the grid operator has stated that a serious capacity crisis would result even allowing for a more gradual closure schedule.

Japan's government has adopted a new energy policy that suggests the country must rely on a larger share of nuclear and renewables to slash its carbon emissions and meet its target of a 26% reduction by 2030. The move comes as operation of re-started nuclear plants is threatened by delays in completion of anti-terrorism protection work. A failure to meet deadlines imposed by the Nuclear Regulation Authority could result in several reactors being forced to shut down until the work is completed.

Officials have reported that China could build as many as 30 overseas reactors by 2030 via rollout of the country's "Belt and Road Initiative". Exports of nuclear power technology has been adopted as a state strategy with financial and policy support currently under development.

Yours faithfully  
Paladin Energy Ltd



**SCOTT SULLIVAN**  
**CHIEF EXECUTIVE OFFICER**

### For further information:

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**TENEMENT INFORMATION REQUIRED BY LISTING RULE 5.3.3**

Tenement	Location	Ownership	Change in Quarter
EPM 12572	QLD, Australia	100%	Non-core tenement surrendered on 10 May 2019
EPM 11898	QLD, Australia	20%	
EPM 13412	QLD, Australia	20%	
EPM 13413	QLD, Australia	20%	
EPM 13682	QLD, Australia	20%	
EPM 14040	QLD, Australia	20%	
EPM 14233	QLD, Australia	18%	
EPM 14694	QLD, Australia	20%	
EPM 14712	QLD, Australia	20%	
EPM 14713	QLD, Australia	20%	
EPM 14821	QLD, Australia	20%	
EPM 14935	QLD, Australia	20%	
EPM 15156	QLD, Australia	20%	
EPM 15186	QLD, Australia	20%	
EPM17513	QLD, Australia	100%	
EPM17514	QLD, Australia	100%	
EPM17519	QLD, Australia	100%	
MDL 507	QLD, Australia	100%	
MDL 508	QLD, Australia	100%	
MDL 509	QLD, Australia	100%	
MDL 510	QLD, Australia	100%	
MDL 511	QLD, Australia	100%	
MDL 513	QLD, Australia	100%	
M08/86	WA, Australia	100%	
M08/87	WA, Australia	100%	
M08/88	WA, Australia	100%	
E08/1645	WA, Australia	100%	
E08/1646	WA, Australia	100%	
EL 6132	SA, Australia	7.5%	
ML 140	Namibia, Africa	75%	
ML 172	Namibia, Africa	75%	
ML 152	Malawi, Africa	85%	
EPL 417	Malawi, Africa	85%	
EPL 418	Malawi, Africa	85%	
EPL 225	Malawi, Africa	85%	
EPL 489	Malawi, Africa	85%	
EPL 502	Malawi, Africa	85%	
022147M	NL, Canada	55%	Participating interest increased by 5% on 31 May 2019
024697M	NL, Canada	55%	Participating interest increased by 5% on 31 May 2019
024946M	NL, Canada	55%	Participating interest increased by 5% on 31 May 2019
024995M	NL, Canada	55%	Participating interest increased by 5% on 31 May 2019
025621M	NL, Canada	55%	Participating interest increased by 5% on 31 May 2019
025641M	NL, Canada	55%	Participating interest increased by 5% on 31 May 2019
025649M	NL, Canada	55%	Participating interest increased by 5% on 31 May 2019
025651M	NL, Canada	55%	Participating interest increased by 5% on 31 May 2019
025658M	NL, Canada	55%	Participating interest increased by 5% on 31 May 2019
025675M	NL, Canada	55%	Participating interest increased by 5% on 31 May 2019
025676M	NL, Canada	55%	Participating interest increased by 5% on 31 May 2019
025677M	NL, Canada	55%	Participating interest increased by 5% on 31 May 2019
025678M	NL, Canada	55%	Participating interest increased by 5% on 31 May 2019
025680M	NL, Canada	55%	Participating interest increased by 5% on 31 May 2019
025681M	NL, Canada	55%	Participating interest increased by 5% on 31 May 2019
025682M	NL, Canada	55%	Participating interest increased by 5% on 31 May 2019
025683M	NL, Canada	55%	Participating interest increased by 5% on 31 May 2019
025929M	NL, Canada	55%	Participating interest increased by 5% on 31 May 2019
025931M	NL, Canada	55%	Participating interest increased by 5% on 31 May 2019
025932M	NL, Canada	55%	Participating interest increased by 5% on 31 May 2019
025935M	NL, Canada	55%	Participating interest increased by 5% on 31 May 2019