



PALADIN ENERGY LTD

ACN 061 681 098

28 February 2020

By electronic lodgement

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

Half Year 2019/20 Financial results

Paladin Energy Limited (ASX:PDN) (“**Paladin**”) is pleased to announce its financial results for the six months ended 31 December 2019 (1H FY20).

HIGHLIGHTS

- Paladin successfully completed a comprehensive **re-start study** for the Langer Heinrich operations in Namibia. A review has also been completed under the new business improvement model, to provide assurance of risk management and to minimise holding costs.
- Paladin is working towards finalising the **sale of its Kayelekera Mine**, having received statutory consent for the sale from the Malawi Minister for Natural Resources, Energy and Mining.
- **Unrestricted cash and cash equivalents** of US\$37.7M at 31 December 2019
- **Net loss** of US\$26.5M for the 6 months
- **Total Assets** of US\$380.5M
- **Notes Outstanding (principal & interest)** of US\$138.8M
- **Restructuring of Paladin Board and new CEO appointed** to provide the technical and commercial skill sets necessary to restart mining activities at Langer Heinrich:
 - Cliff Lawrenson appointed Non-Executive Chairman
 - Peter Main and Peter Watson appointed Non-Executive Directors
 - Ian Purdy appointed Chief Executive Officer
- During the period, the company completed a placement to institutional & sophisticated investors and a Share Purchase Plan raising gross proceeds of US\$21.6M

Paladin’s Chairman, Cliff Lawrenson said “The past six months have been an exciting time for Paladin with significant development in our operational and commercial activities. The announcement of the initial parameters for the re-commencement of mining operations at Langer Heinrich highlights the extensive work the team have done. Langer Heinrich remains well positioned to deliver production into a rebounding uranium demand and price market.

The Company’s Board and management team was enhanced during the period. The appointment of Ian Purdy as CEO delivers the necessary experience and technical skill set to optimise the restart at Langer

Heinrich, improve the Company's strategic position within the nuclear fuels market and engage with our key stakeholders. The addition of Peter Watson and Peter Main as non-executive directors provides complementary technical and capital market skill sets to ensure that Paladin can execute on our strategic ambitions.

Nuclear fuel remains a highly competitive and efficient source of base load clean energy with a low CO₂ emission footprint. Whilst the spot uranium price remains under pressure, we continue to engage with stakeholders in the term price market to explore offtake opportunities from Langer Heinrich.

The refreshed Board and management team at Paladin are committed to progressing the Langer Heinrich asset and delivering their strategic objectives. I look forward to keeping our shareholders and other key stakeholders informed of our progress during the remainder of the year"

This release has been authorised for release by the Board of Directors of Paladin Energy Ltd.

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Ian Purdy

Chief Executive Officer

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About Paladin

Paladin Energy Limited (ASX: PDN) is an Australian based resource company focussed on the development and exploration of a portfolio of uranium assets across Africa, Australia and North America.

The company's major asset is a 75% stake in the Langer Heinrich uranium mine in Namibia. Langer Heinrich is a globally significant uranium asset having produced over 40 million pounds of U₃O₈ over its life to date. Operations at Langer Heinrich were suspended in 2018 due to low uranium prices

Paladin has been working through a detailed restart plan for Langer Heinrich. Initial studies indicate the ability to recommence operations at 5.2Mlb of production per annum (pa) at a life-of-mine All-in Sustaining Cost (AISC) of US\$33/lb with an initial anticipated capital cost of US\$80M. Opportunities were identified to increase production to 6.5Mlb pa through additional, high return capital of US\$30M reducing life-of-mine AISC to US\$29/lb. The company continues to optimise restart plans for the asset, focusing on cost reductions and operational efficiencies. Paladin has a strong history of operations in Namibia and holds all permits necessary to rapidly restart operations.

Beyond Langer Heinrich, the Company also owns a large global portfolio of uranium exploration and development assets.

Nuclear power remains a cost-effective, low carbon option for electricity generation.

**Appendix 4D - Financial Report
Half year ended 31 December 2019**

Paladin Energy Ltd

ABN or equivalent company reference

ACN. 061 681 098

Results for announcement to the market

				31 December 2019 US\$'000	31 December 2018 US\$'000
Revenue from sales of uranium oxide	Down	100%	to	-	21,491
Total revenue	Down	100%	to	-	21,491
Loss after tax attributable to members	Up	6%	to	(19,438)	(18,373)
Net loss for the period attributable to members	Up	6%	to	(19,438)	(18,373)
Loss per share (US cents)				(1.0)	(1.1)

Dividends	Amount per security	Franked amount per security
It is not proposed to pay dividends for the period	N/A	N/A
Previous corresponding period: No dividend paid	N/A	N/A
An explanation of the results is included in the Operating and Financial Review and the Financial Report attached.		
Net tangible assets/(liabilities) per share	31 December 2019 US\$0.03	31 December 2018 US\$0.05
Other		
Previous corresponding period is the half year ended 31 December 2018.		
All foreign subsidiaries are prepared using IFRS.		



PALADIN ENERGY LTD

A.C.N.061 681 098

FINANCIAL REPORT

FOR THE SIX MONTHS ENDED

31 DECEMBER 2019

PALADIN ENERGY LTD

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The financial report covers the Group consisting of Paladin Energy Ltd (referred throughout as the Company or Paladin) and its controlled entities.

PALADIN ENERGY LTD

Operating and Financial Review

For the Six Months Ended 31 December 2019
(All figures are in US dollars unless otherwise indicated)

OVERVIEW OF OPERATIONS

The Group has two uranium mines in Africa¹ and uranium exploration projects in Australia and Canada. The Company is incorporated under the laws of Australia with a primary share market listing on the Australian Securities Exchange (“ASX”); as well as the Munich, Berlin, Stuttgart and Frankfurt Stock Exchanges in Europe; and the Namibian Stock Exchange in Africa.

HIGHLIGHTS

- **Cash and cash equivalents at 31 December 2019 of US\$37,716,000 (excluding restricted cash of US\$11,000,000).**

- **Langer Heinrich Mine (LHM)**

Scheduled C&M activities with the aim of preserving the site, equipment and the assets.

As the operation has been on care and maintenance since May 2018, a review has been completed of its experience and learnings under its new business improvement model, successfully used in the PFS, to ensure optimisation for restart, to provide assurance of risk management and to minimise holding cost.

Completion of phase 1 of the Prefeasibility Study (PFS) identified improved financials including:

- 12-month lead time to production from restart decision
- Rapid restart production rate of 5.2Mlb pa with a Life of Mine All in Sustaining costs (AISC) of US\$33/lb
- Upfront capital estimated at US\$80m, including working capital
- Potential to increase production to 6.5Mlb pa through additional capital of US\$30M resulting in a reduction of average LOM AISC of \$US29/lb
- Scope for efficiency improvements post restart with potential cost reductions up to US\$4.50/lb

- **Kayelekera Mine (KM)**

C&M activities continued throughout the period with all preparations for the current wet season water treatment campaign including target pond water levels in place.

On 24 June 2019, Paladin announced that it had entered into an agreement to sell its 85% interest in Paladin (Africa) Ltd (PAL) to a Lotus Resources Limited (Lotus) led joint venture.

Paladin has received Noteholder consent for the sale and the transaction has been approved by the Lotus joint venture shareholders. The Malawi Minister for Natural Resources, Energy and Mining has provided Statutory consent for the sale.

The remaining consent required is the Contractual Consent from the Minister for Natural Resources, Energy and Mining and the Minister of Finance, Economic Planning and Development.

- **On the 13 September 2019, Paladin announced that it had successfully completed the Placement of 262,812,641 ordinary shares to raise A\$30,223,000 (US\$20,654,000) (before costs) and on the 8 October 2019 that it had issued a further 12,994,100 ordinary shares to raise A\$1,494,000 (US\$1,009,000) under a Share Purchase Plan (SPP).**

¹ Langer Heinrich Mine, Namibia and Kayelekera Mine, Malawi both on care and maintenance due to current uranium market conditions.

PALADIN ENERGY LTD

Operating and Financial Review

For the Six Months Ended 31 December 2019
(All figures are in US dollars unless otherwise indicated)

FINANCIAL PERFORMANCE

Key financial performance metrics		Six months ended 31 December		
		2019	2018	% Change
Earnings				
Average selling price	US\$/lb	-	28.96	(100)
U ₃ O ₈ sold	Mlb	-	0.742	(100)
Revenue	US\$'000	-	21,491	(100)
Cost of sales	US\$'000	-	(16,941)	(100)
Net loss after tax	US\$'000	(26,522)	(25,443)	4
Cash Flows				
Cash flows from operating activities	US\$'000	(4,066)	(5,658)	(28)
Capital expenditure	US\$'000	(4,489)	(916)	390
Free cash flows	US\$'000	(8,555)	(6,574)	30

Key financial performance metrics		As at		
		31 December 2019	30 June 2019	% Change
Financial Position				
Unrestricted cash and cash equivalents	US\$'000	37,716	25,360	49
Debt (principal amount + accrued interest)	US\$'000	138,805	132,178	5
Net debt	US\$'000	101,089	106,818	(5)
Total equity	US\$'000	71,136	76,638	(7)
Gearing ratio (Net debt / (net debt + equity))	%	59	58	2

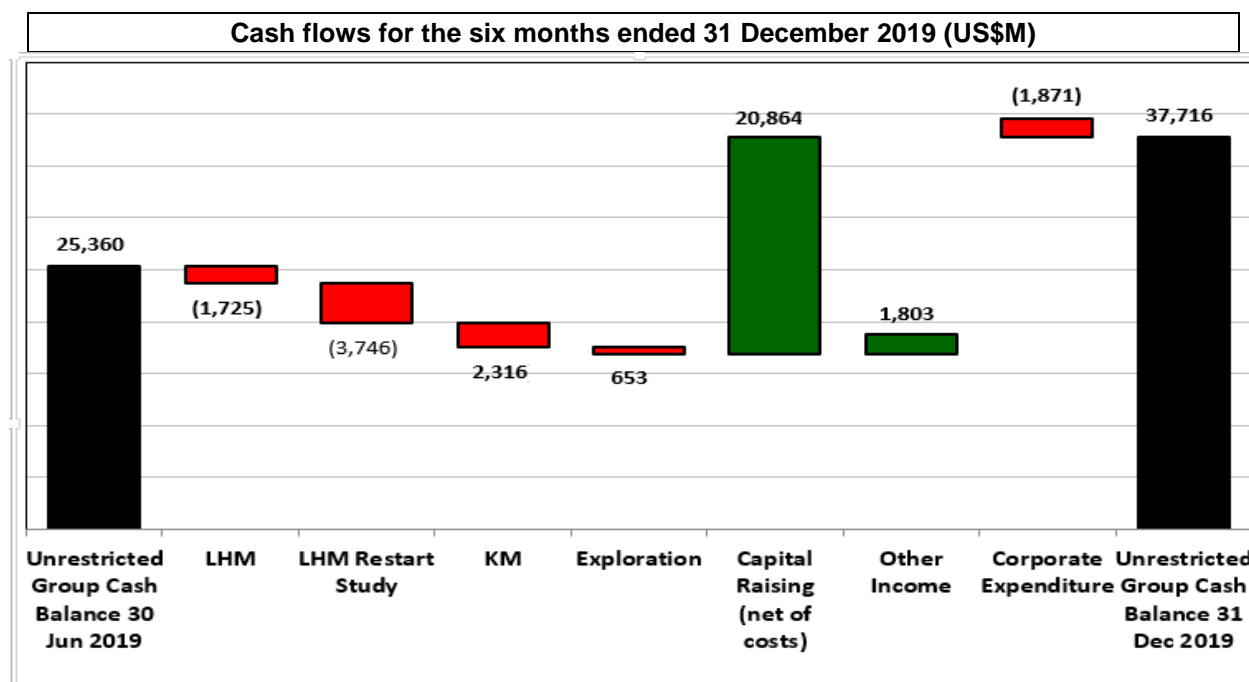
PALADIN ENERGY LTD

Operating and Financial Review

For the Six Months Ended 31 December 2019
(All figures are in US dollars unless otherwise indicated)

Cash Flows

The Group had unrestricted cash and cash equivalents at 31 December 2019 of US\$37,716,000. An analysis of the cash flows for the period is set out below.



Unrestricted cash and cash equivalents increased by US\$12,356,000 during the period comprising of the following cash flows:

- Placement and Share Purchase Plan – net proceeds from issue of shares US\$20,864,000.
- Interest received and other income – during the period the Group received cash inflows of US\$1,803,000, including US\$1,357,000 proceed from the assignment of the North Telfer royalty interest.
- LHM expenditure – ongoing C&M, LHM utilised US\$1,725,000 in cash flows from operations for the period.
- LHM study expenditure – the Group incurred US\$3,746,000 in prefeasibility expenditure during the period.
- KM expenditure – ongoing C&M resulted in KM utilising US\$2,316,000 in cash flows from operations for the period.
- Exploration expenditure – the Group utilised US\$653,000 for minimum tenement commitments at its exploration projects during the period.
- Corporate expenditure – during the period US\$1,871,000 was paid for corporate expenditure.

Financial Position

Unrestricted group cash and cash equivalents increased by 49% to US\$37,716,000 and net debt decreased by 5%, from US\$106,818 at 30 June 2019 to US\$101,089 at 31 December 2019. In addition, the Group's gearing ratio increased from 58% at 30 June 2019 to 59% at 31 December 2019.

PALADIN ENERGY LTD

Directors' Report

*For the Six Months Ended 31 December 2019
(All figures are in US dollars unless otherwise indicated)*

The Directors present their report on the Company consisting of Paladin Energy Ltd ("Company") and the entities it controlled ("Group") at the end of, or during, the six months ended 31 December 2019.

Directors

The following persons were Directors of the Company during the whole of the six months and up to the date of this report unless otherwise indicated:

Mr Cliff Lawrenson (Non-executive Chairman) – appointed 29 October 2019
Mr Peter Main (Non-executive Director) – appointed 11 December 2019
Mr Peter Watson (Non-executive Director) – appointed 11 December 2019
Mr Rick Wayne Crabb (Non-executive Chairman) – resigned 19 September 2019
Mr David Riekie (Non-executive Director) – resigned 11 December 2019 (Deputy Chairman from 19 September 2019 to 29 October 2019)
Mr Daniel Harris (Non-executive Director) – resigned 11 December 2019
Mr John Hodder (Non-executive Director) – resigned 11 December 2019

Review of Operations

A detailed Operating and Financial Review of the Group is set out on pages 3 to 5.

The loss after tax attributable to the ordinary equity holders for the six months ended 31 December 2019 was US\$19,438,000 (loss after tax of US\$18,373,000 for the six months ended 31 December 2018).

Auditor's Independence Declaration

A copy of the auditor's independence declaration as required under Section 307C of the Corporations Act 2001 is set out on page 7, which forms part of the Directors' Report.

Rounding

The amounts contained in this report, the Financial Report and the Operating and Financial Review have been rounded to the nearest US\$1,000 (where rounding is applicable) under the option available to the Company under ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191. The Company is an entity to which the Instrument applies.

Signed in accordance with a resolution of the Directors.



Mr Cliff Lawrenson
Chairman
Perth, Western Australia
27 February 2020



Auditor's Independence Declaration

As lead auditor for the review of Paladin Energy Ltd for the half-year ended 31 December 2019, I declare that to the best of my knowledge and belief, there have been:

- (a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review, and
- (b) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Paladin Energy Ltd and the entities it controlled during the period.

A handwritten signature in black ink, appearing to read 'Justin Carroll', written in a cursive style.

Justin Carroll
Partner
PricewaterhouseCoopers

Perth
28 February 2020

PALADIN ENERGY LTD AND CONTROLLED ENTITIES
CONSOLIDATED INCOME STATEMENT
EXPRESSED IN US DOLLARS

		Six months ended 31 December	
	Notes	2019 US\$'000	2018 US\$'000
Revenue			
Revenue		-	21,491
Cost of sales	7	-	(16,941)
Gross profit/(loss)		-	4,550
Other income		1,811	1,594
Administration, marketing and non-production costs	7	(14,285)	(18,367)
Other expenses		(54)	(14)
Loss before interest and tax		(12,528)	(12,237)
Finance costs		(11,920)	(10,996)
Net loss before income tax from continuing operations		(24,448)	(23,233)
Income tax expense		-	-
Net loss after tax from continuing operations		(24,448)	(23,233)
Loss after tax from discontinued operations	9	(2,074)	(2,210)
Net loss after tax		(26,522)	(25,443)
Attributable to:			
Non-controlling interests		(7,084)	(7,070)
Members of the parent		(19,438)	(18,373)
Net loss after tax		(26,522)	(25,443)
Loss per share (US cents)			
Loss after tax from operations attributable to ordinary equity holders of the Company			
- continuing operations, basic and diluted (US cents)		(1.0)	(1.1)
- discontinued operations, basic and diluted (US cents)		(0.1)	(0.1)

The above Consolidated Income Statement should be read in conjunction with the accompanying notes.

PALADIN ENERGY LTD AND CONTROLLED ENTITIES
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
EXPRESSED IN US DOLLARS

	Six months ended	
	31 December	
	2019	2018
	US\$'000	US\$'000
Net loss after tax	(26,522)	(25,443)
Other comprehensive income		
Items that may be reclassified subsequently to profit or loss:		
Foreign currency translation	44	(1,578)
Foreign currency translation attributable to non-controlling interests	-	(242)
Other comprehensive loss for the period, net of tax	44	(1,820)
Total comprehensive loss for the period	(26,478)	(27,263)
Total comprehensive loss attributable to:		
Non-controlling interests	(7,084)	(7,312)
Members of the parent	(19,394)	(19,951)
	<u>(26,478)</u>	<u>(27,263)</u>

The above Consolidated Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

PALADIN ENERGY LTD AND CONTROLLED ENTITIES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
 EXPRESSED IN US DOLLARS

	Notes	As at 31 December 2019 US\$'000	As at 30 June 2019 US\$'000
ASSETS			
Current assets			
Cash and cash equivalents		37,716	25,360
Restricted cash		1,048	1,023
Trade and other receivables		444	1,017
Prepayments		1,313	1,224
Inventories	8	5,272	5,363
Assets classified as held for sale	9	11,065	10,829
TOTAL CURRENT ASSETS		56,858	44,816
Non current assets			
Trade and other receivables		331	338
Property, plant and equipment	10	198,689	206,599
Right-of-use assets	3	442	-
Mine development		20,750	22,958
Exploration and evaluation expenditure	11	94,236	90,523
Intangible assets		9,147	9,462
TOTAL NON CURRENT ASSETS		323,595	329,880
TOTAL ASSETS		380,453	374,696
LIABILITIES			
Current liabilities			
Trade and other payables		1,155	2,350
Lease liabilities	3	269	-
Provisions		629	697
Unearned revenue		152	146
Liabilities classified as held for sale	9	42,484	42,394
TOTAL CURRENT LIABILITIES		44,689	45,587
Non current liabilities			
Interest bearing loans and borrowings		126,021	118,149
Other interest bearing loans - CNNC		100,687	98,264
Lease liabilities	3	173	-
Provisions		37,747	36,058
TOTAL NON CURRENT LIABILITIES		264,628	252,471
TOTAL LIABILITIES		309,317	298,058
NET ASSETS		71,136	76,638
EQUITY			
Contributed equity	6(a)	2,327,789	2,306,925
Reserves		(71,442)	(71,598)
Accumulated losses		(2,045,087)	(2,025,649)
Parent interests		211,260	209,678
Non-controlling interests		(140,124)	(133,040)
TOTAL EQUITY		71,136	76,638

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

PALADIN ENERGY LTD AND CONTROLLED ENTITIES
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
EXPRESSED IN US DOLLARS

	Contributed Equity US\$'000	Reserves US\$'000	Accumulated Losses US\$'000	Owners of the Parent US\$'000	Non- Controlling Interests US\$'000	Total US\$'000
Balance at 1 July 2018	2,301,286	(62,769)	(2,002,644)	235,873	(129,112)	106,761
Loss for the period	-	-	(18,373)	(18,373)	(7,070)	(25,443)
Other comprehensive income	-	(1,578)	-	(1,578)	(242)	(1,820)
Total comprehensive loss for the period, net of tax	-	(1,578)	(18,373)	(19,951)	(7,312)	(27,263)
Share-based payment	-	47	-	47	-	47
SARS exercised	90	(90)	-	-	-	-
Acquisition of 17.92% interest in Summit Resources Ltd	5,549	(1,652)	-	3,897	(3,897)	-
Disposal of 50% interest in Michelin	-	-	-	-	14,247	14,247
Balance at 31 December 2018	2,306,925	(66,042)	(2,021,017)	219,866	(126,074)	93,792
Balance at 1 July 2019	2,306,925	(71,598)	(2,025,649)	209,678	(133,040)	76,638
Loss for the period	-	-	(19,438)	(19,438)	(7,084)	(26,522)
Other comprehensive income	-	44	-	44	-	44
Total comprehensive loss for the period, net of tax	-	44	(19,438)	(19,394)	(7,084)	(26,478)
Share-based payment	-	112	-	112	-	112
Contributions of equity, net of transaction costs	20,864	-	-	20,864	-	20,864
Balance at 31 December 2019	2,327,789	(71,442)	(2,045,087)	211,260	(140,124)	71,136

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

PALADIN ENERGY LTD AND CONTROLLED ENTITIES
CONSOLIDATED STATEMENT OF CASH FLOWS
EXPRESSED IN US DOLLARS

	Six months ended	
	31 December	
	2019	2018
	US\$'000	US\$'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	-	22,138
Payments to suppliers and employees	(5,923)	(28,102)
Other income	1,605	167
Interest received	252	139
	<hr/>	<hr/>
NET CASH OUTFLOW FROM OPERATING ACTIVITIES	(4,066)	(5,658)
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for property, plant and equipment	(94)	(29)
Proceeds from sale of property, plant and equipment	-	312
Capitalised exploration expenditure	(649)	(887)
LHM restart study costs	(3,746)	-
	<hr/>	<hr/>
NET CASH OUTFLOW FROM INVESTING ACTIVITIES	(4,489)	(604)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares	21,664	-
Equity fundraising costs	(800)	-
	<hr/>	<hr/>
NET CASH INFLOW FROM FINANCING ACTIVITIES	20,864	-
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	12,309	(6,262)
Cash and cash equivalents at the beginning of the period	25,360	39,166
Effects of exchange rate changes on cash and cash equivalents	47	61
	<hr/>	<hr/>
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL PERIOD	37,716	32,965

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

PALADIN ENERGY LTD AND CONTROLLED ENTITIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 31 DECEMBER 2019
EXPRESSED IN US DOLLARS

NOTE 1. CORPORATE INFORMATION

The Interim Financial Report of the Group for the six months ended 31 December 2019 was authorised for issue in accordance with a resolution of the Directors on 27 February 2020.

Paladin Energy Ltd is a company limited by shares, incorporated and domiciled in Australia whose shares are publicly traded on the ASX, with additional listings on the Munich, Berlin, Stuttgart and Frankfurt Stock Exchanges in Europe, as well as the Namibian Stock Exchange in Africa.

The Group's principal place of business is Level 4, 502 Hay Street, Subiaco, Western Australia. The nature of the operations and principal activities of the Group are described in the Operating and Financial Review (unaudited) on pages 3 to 5.

NOTE 2. BASIS OF PREPARATION

This consolidated interim financial report for the half-year reporting period ended 31 December 2019 has been prepared in accordance with Australian Accounting Standards Board ("AASB") 134 *Interim Financial Reporting* and the Corporations Act 2001.

This consolidated interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this unaudited report is to be read in conjunction with the Annual Report for the year ended 30 June 2019 and any public announcements made by Paladin during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The consolidated interim financial report is presented in United States dollars and all values are rounded to the nearest thousand dollars (US\$1,000) unless otherwise stated under the option available to the Company under Australian Securities and Investments Commission ("ASIC") Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191. The Company is an entity to which the Instrument applies.

The accounting policies adopted are consistent with those of the previous financial year unless otherwise stated.

New and amended accounting standards and interpretations

From 1 July 2019 the Group has adopted all Australian Accounting Standards and Interpretations effective for annual periods beginning on or before 1 July 2019, including AASB 16 Leases. The Group has not elected to early adopt any new accounting standards and interpretations. The Group had to change its accounting policies as a result of adopting AASB 16 Leases. The impact of the adoption of the leasing standard and the new accounting policies are disclosed in note 3 below.

NOTE 3. CHANGES IN ACCOUNTING POLICIES

This note explains the impact of the adoption of AASB 16 Leases on the group's financial statements and discloses the new accounting policies that have been applied from 1 July 2019.

The group has adopted AASB 16 retrospectively from 1 July 2019, but has not restated comparatives for the 2018 reporting period, as permitted under the specific transitional provisions in the standard. The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening balance sheet on 1 July 2019.

On adoption of AASB 16, the group recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of AASB 117 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 July 2019.

PALADIN ENERGY LTD AND CONTROLLED ENTITIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 31 DECEMBER 2019
EXPRESSED IN US DOLLARS

NOTE 3. CHANGES IN ACCOUNTING POLICIES (continued)

The right-of-use assets for property leases were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the balance sheet as at 30 June 2019.

The change in accounting policy affected the following items in the balance sheet on 1 July 2019:

- right-of-use assets – increase by \$575,000
- lease liabilities (current) – increase by \$(269,000)
- lease liabilities (non-current) – increase by \$(306,000)

NOTE 4. GOING CONCERN

The financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

The Group incurred a net loss after tax attributable to the ordinary equity holders of US\$19,438,000 for the six months ended 31 December 2019 (31 December 2018: loss US\$18,373,000) and a net cash outflow from operating activities of US\$4,066,000 (31 December 2018: outflow US\$5,658,000). As at 31 December 2019, the Group had a net current asset surplus of US\$54,354,000 (excluding non current KM environmental rehabilitation provision of US\$42,185,000 disclosed as part of liabilities directly associated with assets classified as held for sale) (30 June 2019: surplus US\$41,414,000 (excluding non current KM environmental rehabilitation provision of US\$42,185,000 disclosed as part of liabilities directly associated with assets classified as held for sale)). The Group has unrestricted cash of US\$37,716,000 (30 June 2019: US\$25,360,000).

During the next twelve months, there are currently no repayment obligations in respect of interest bearing loans and borrowings of US\$126,021,000 and the Group has a number of options available to it to obtain sufficient funding to repay the notes by their maturity in 2023. These options include: the sale of Group assets (such as the announced sale of Paladin (Africa) Ltd); raising new financing and/or renegotiating the tenure or terms of the senior secured notes or raising additional equity.

As a result of these matters, there is a material uncertainty that may cast significant doubt on the entity's ability to continue as a going concern and, therefore, that the entity may be unable to realise its assets and discharge its liabilities in the normal course of business. The financial report does not include adjustments relating to the recoverability or classification of the recorded assets nor to the amounts or classification of liabilities that might be necessary should the Company not be able to continue as a going concern.

The Directors are satisfied that it is appropriate to prepare the financial statements on a going concern basis on the basis that the above can be reasonably expected to be accomplished.

PALADIN ENERGY LTD AND CONTROLLED ENTITIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 31 DECEMBER 2019
EXPRESSED IN US DOLLARS

NOTE 5. SEGMENT INFORMATION

Identification of reportable segments

The Company has identified its operating segments to be Exploration, Namibia, Malawi and Australia, on the basis of the nature of the activity and geographical location and different regulatory environments. The main segment activity in Namibia⁽¹⁾ and Malawi⁽²⁾ is the production and sale of uranium from the mines located in this country's geographic regions. The Australian segment includes the Company's treasury, corporate and administration expenditure. The Exploration⁽³⁾ segment is focused on developing exploration and evaluation projects in Australia and Canada.

Discrete financial information about each of these operating segments is reported to the Group's executive management team (chief operating decision makers) on at least a monthly basis.

The accounting policies used by the Group in reporting segments internally are the same as those contained in the accounts and in the prior period.

Inter-entity sales are priced with reference to the spot rate.

Corporate charges comprise non-segmental expenses such as corporate office expenses. A proportion of the corporate charges are allocated to Namibia and Malawi on the basis of timesheet allocations with the balance remaining in Australia.

The Group's customers are major utilities and other entities located mainly in USA, East Asia and Western Europe.

- ⁽¹⁾ In May 2018, the Company received the consent of relevant stakeholders to place LHM into C&M and LHM stopped presenting ore to the plant.
- ⁽²⁾ Currently on C&M due to low uranium price. Production ceased on 6 May 2014.
- ⁽³⁾ In FY2019, the Company has only undertaken the work required to meet minimum tenement commitments.

PALADIN ENERGY LTD AND CONTROLLED ENTITIES
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NOTE 5. SEGMENT INFORMATION (continued)

The following tables present revenue, expenditure and asset information regarding operating segments for the six months ended 31 December 2019 and 31 December 2018.

Six months ended 31 December 2019	Exploration US\$'000	Namibia US\$'000	Malawi US\$'000	Australia US\$'000	Consolidated US\$'000
Sales to external customers	-	-	-	-	-
Total consolidated revenue	-	-	-	-	-
Cost of sales	-	-	-	-	-
Gross profit	-	-	-	-	-
Other income	-	204	123	1,607	1,934
Other expenses	(4)	(12,208)	(2,097)	(2,127)	(16,436)
Segment (loss)/profit before income tax and finance costs	(4)	(12,004)	(1,974)	(520)	(14,502)
Finance costs	-	(4,048)	(100)	(7,872)	(12,020)
(Loss)/profit before income tax	(4)	(16,052)	(2,074)	(8,392)	(26,522)
Income tax expense	-	-	-	-	-
Net (loss)/profit after tax	(4)	(16,052)	(2,074)	(8,392)	(26,522)
At 31 December 2019					
Segment total assets	91,949	238,890	11,065⁽¹⁾	38,549⁽²⁾	380,453

⁽¹⁾ Includes US\$10,000,000 KM Performance Bond (restricted cash).

⁽²⁾ Includes US\$37,110,306 in cash and cash equivalents.

Six months ended 31 December 2018	Exploration US\$'000	Namibia US\$'000	Malawi US\$'000	Australia US\$'000	Consolidated US\$'000
Sales to external customers	-	21,491	-	-	21,491
Other revenue	-	-	-	-	-
Total consolidated revenue	-	21,491	-	-	21,491
Cost of sales	-	(16,947)	-	-	(16,941)
Inventory write-down	-	-	-	-	-
Gross profit	-	4,550	-	-	4,550
Other income and expenses	(14)	(16,687)	(2,210)	(86)	(18,997)
Segment loss before income tax and finance costs	(14)	(12,137)	(2,210)	(86)	(14,447)
Finance costs	-	(7,083)	-	(3,913)	(10,996)
Segment loss before income tax	(14)	(19,220)	(2,210)	(3,999)	(25,443)
Income tax expense	-	-	-	-	-
Segment loss after income tax	(14)	(19,220)	(2,210)	(3,999)	(25,443)
At 31 December 2018					
Segment total assets	90,676	261,853	11,245⁽¹⁾	27,335⁽²⁾	391,109

⁽¹⁾ Includes US\$10,130,834 KM Performance Bond (restricted cash).

⁽²⁾ Includes US\$26,454,798 in cash and cash equivalents.

PALADIN ENERGY LTD AND CONTROLLED ENTITIES
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NOTE 6. CONTRIBUTED EQUITY

(a) Issued and paid up capital

Ordinary shares	31 December 2019 Number of Shares	30 June 2019 Number of Shares	31 December 2019 US\$'000	30 June 2019 US\$'000
Issued and fully paid	2,027,891,013	1,752,084,272	2,327,789	2,306,925

(b) Movements in ordinary shares on issue

Date		Number of Shares	Issue Price A\$	Exchange Rate US\$: A\$	Total US\$'000
Balance 30 June 2018		1,712,843,812			2,301,286
September 2018	SARs exercised	170,373	-	-	-
October 2018	Acquisition of Summit	34,291,724	0.20	1.39668	4,854
November 2018	Acquisition of Summit	4,778,363	0.20	1.37493	695
	Transfer from share-based payment reserve				90
Balance 30 June 2019		1,752,084,272			2,306,925
September 2019	Share placement	262,812,641	0.115	1.46333	20,654
October 2019	Share Purchase Plan	12,994,100	0.115	1.48029	1,010
	Transaction costs				(800)
Balance 31 December 2019		2,027,891,013			2,327,789

PALADIN ENERGY LTD AND CONTROLLED ENTITIES
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NOTE 6. CONTRIBUTED EQUITY (continued)

(c) Share Appreciation Rights (SARs)

Issued unlisted employee share appreciation rights outstanding to the employees and consultants directly engaged in corporate, mine construction, operations and exploration and evaluation work for the Company are as follows:

	31 December 2019 Number	30 June 2019 Number
Number of unlisted employee share appreciation rights	23,248,500	19,585,000

Consisting of the following:

Date granted	Exercisable date	Expiry date	Fair value	Exercise price	Number
20 October 2015	1 November 2016	1 November 2021	A\$0.13	A\$0.20	1,442,500
20 October 2015	1 November 2017	1 November 2022	A\$0.13	A\$0.20	721,250
20 October 2015	1 November 2018	1 November 2023	A\$0.13	A\$0.20	721,250
3 March 2016	1 November 2016	1 November 2021	A\$0.10	A\$0.20	75,000
3 March 2016	1 November 2017	1 November 2022	A\$0.10	A\$0.20	37,500
3 March 2016	1 November 2018	1 November 2023	A\$0.10	A\$0.20	37,500
27 September 2016	11 November 2017	11 November 2022	A\$0.08	A\$0.20	468,000
27 September 2016	11 November 2018	11 November 2023	A\$0.08	A\$0.20	468,000
27 September 2016	11 November 2019	11 November 2024	A\$0.08	A\$0.20	435,000
16 April 2018	16 April 2018	16 April 2023	A\$0.17	A\$0.15	2,442,500
16 April 2018	16 April 2019	16 April 2024	A\$0.05	A\$0.15	1,437,500
16 April 2018	16 April 2020	16 April 2025	A\$0.07	A\$0.15	1,337,500
1 July 2018	1 July 2019	1 July 2024	A\$0.04	A\$0.1775	1,000,000
1 July 2018	1 July 2020	1 July 2025	A\$0.06	A\$0.1775	1,000,000
1 July 2018	1 July 2021	1 July 2026	A\$0.07	A\$0.1775	1,000,000
1 July 2018	1 July 2022	1 July 2027	A\$0.08	A\$0.1775	2,000,000
11 February 2019	1 March 2020	1 March 2025	A\$0.05	A\$0.20	700,000
11 February 2019	1 March 2021	1 March 2026	A\$0.07	A\$0.20	700,000
11 February 2019	1 March 2022	1 March 2027	A\$0.09	A\$0.20	1,100,000
7 June 2019	1 July 2020	1 July 2025	A\$0.05	A\$0.1226	700,000
7 June 2019	1 July 2021	1 July 2026	A\$0.06	A\$0.1226	700,000
7 June 2019	1 July 2022	1 July 2027	A\$0.07	A\$0.1226	1,100,000
1 October 2019	1 October 2020	1 October 2025	A\$0.03	A\$0.12	1,812,500
1 October 2019	1 October 2021	1 October 2026	A\$0.04	A\$0.12	906,250
1 October 2019	1 October 2022	1 October 2027	A\$0.05	A\$0.12	906,250
Total					23,248,500

PALADIN ENERGY LTD AND CONTROLLED ENTITIES
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NOTE 7. EXPENSES

	Six months ended 31 December	
	2019 US\$'000	2018 US\$'000
Cost of sales		
Production distribution costs	-	(140)
Royalties	-	(204)
Inventory movement	-	(5,784)
Purchased inventory	-	(10,813)
	<hr/>	<hr/>
Total	-	(16,941)
	<hr/>	<hr/>
Administration, marketing, care and maintenance, and non-production costs		
Corporate and marketing	(1,964)	(2,685)
Restructure costs	-	(752)
LHM mine site	(1,750)	(4,144)
LHM depreciation	(10,417)	(10,706)
Other costs	(52)	(32)
Share-based payments	(102)	(48)
	<hr/>	<hr/>
Total	(14,285)	(18,367)
	<hr/>	<hr/>

NOTE 8. INVENTORIES

	31 December 2019 US\$'000	30 June 2019 US\$'000
Current		
Stores and consumables	5,272	5,363
	<hr/>	<hr/>
Total current inventories	5,272	5,363
	<hr/>	<hr/>

Inventory Expense

Inventories sold recognised as an expense for the six months ended 31 December 2019 US\$Nil (six months ended 31 December 2018: US\$16,941,000, which included purchased inventory of US\$10,813,000) for the Group.

PALADIN ENERGY LTD AND CONTROLLED ENTITIES
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NOTE 9. DISCONTINUED OPERATIONS AND ASSETS AND LIABILITIES CLASSIFIED AS HELD FOR SALE

On 24 June 2019, Paladin announced that it had entered into an agreement to sell its 85% interest in Paladin (Africa) Ltd (PAL) to a Lotus Resources Limited (Lotus) led joint venture. This is the Malawi operating segment (refer to Note 5)

The consideration for the sale of Paladin's 85% shareholding in PAL is A\$5M (US\$3.6M), comprising A\$200,000 (US\$143,000) cash, A\$4.8M (US\$3.4M) in Lotus shares to be issued to Paladin (A\$1.8M (US\$1.3M) on completion, subject to a 12-month voluntary escrow, and A\$3M (US\$2.1M) on the third anniversary of completion).

For the A\$1.8M in Lotus shares, Lotus will issue 90,000,000 shares at a deemed issue price of \$0.02 per share. For the A\$3M shares, the issue price will be based on the lower of the 30-day VWAP at the time of issue, or the price of a Lotus capital raising in the 90 days preceding.

Paladin is entitled to receive a 3.5% royalty based on revenues derived from future production at KM, capped at A\$5M (US\$3.6M).

Paladin is also entitled to receive the funds advanced to provide security for the US\$10M environmental performance bond issued to the Government of Malawi for KM. 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 has received Noteholder consent for the sale and the transaction has been approved by the Lotus joint venture shareholders. Upon completion of the sale a Noteholder consent fee of 1% of the aggregate principal amount of the Notes outstanding to that Noteholder where the Noteholder has submitted votes in favour of the consent.

The Malawi Minister for Natural Resources, Energy and Mining has provided Statutory consent for the sale.

The remaining consent required is the Contractual Consent from the Minister for Natural Resources, Energy and Mining and the Minister of Finance, Economic Planning and Development. Once this is received, the completion of the sale remains subject to customary terms and conditions, including Reserve Bank of Malawi approval, which is expected to follow.

PALADIN ENERGY LTD AND CONTROLLED ENTITIES
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NOTE 9. DISCONTINUED OPERATIONS AND ASSETS AND LIABILITIES CLASSIFIED AS HELD FOR SALE (continued)

Assets and liabilities of disposal group classified as held for sale

The following assets and liabilities were reclassified as held for sale in relation to the discontinued operation as at:

	31 December 2019 US\$'000	30 June 2019 US\$'000
<u>Assets classified as held for sale</u>		
Cash and cash equivalents	328	83
Restricted cash	10,000	10,220
Trade and other receivables	221	130
Prepayments	95	65
Inventories	421	331
Total assets of disposal group classified as held for sale	11,065	10,829
<u>Liabilities directly associated with assets classified as held for sale</u>		
Trade and other payables	252	140
Provisions	47	69
Environmental rehabilitation provision	42,185	42,185
Total liabilities of disposal group classified as held for sale	42,484	42,394
Net liabilities classified as held for sale	31,419	31,565

Financial performance and cash flow information of discontinued operations

	Six months ended 31 December	
	2019 US\$'000	2018 US\$'000
<u>Profit/(loss) after tax from discontinued operations</u>		
Other income	123	333
Care and maintenance expenses	(2,097)	(2,543)
Finance costs	(100)	-
Profit/(loss) after tax from discontinued operations	(2,074)	(2,210)
<u>Cash Flows</u>		
Net cash outflow from operating activities	(2,316)	(2,756)
Net cash inflow from investing activities	-	205
Net decrease in cash and cash equivalents	(2,316)	(2,551)

PALADIN ENERGY LTD AND CONTROLLED ENTITIES
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NOTE 10. PROPERTY, PLANT AND EQUIPMENT

	31 December 2019 US\$'000	30 June 2019 US\$'000
Plant and equipment (at cost) ⁽¹⁾	369,862	370,228
Less accumulated depreciation and impairment	<u>(176,910)</u>	<u>(169,575)</u>
Total plant and equipment	<u>192,952</u>	<u>200,653</u>
Land and buildings (at cost) ⁽²⁾	9,860	9,860
Less accumulated depreciation	<u>(4,879)</u>	<u>(4,670)</u>
Total land and buildings	<u>4,981</u>	<u>5,190</u>
Construction work in progress (at cost) ⁽³⁾	756	756
Less impairment	<u>-</u>	<u>-</u>
Total construction work in progress	<u>756</u>	<u>756</u>
Total property, plant and equipment	<u>198,689</u>	<u>206,599</u>

⁽¹⁾ Includes additions of US\$94,575 (30 June 2019: US\$52,462)

⁽²⁾ Includes additions of US\$Nil (30 June 2019: US\$Nil)

⁽³⁾ Includes additions of US\$Nil (30 June 2019: US\$Nil)

Impairment of Property, Plant and Equipment; Mine Development and Intangibles

Property, plant and equipment; mine development and intangibles are tested for impairment whenever events or changes in circumstances indicate that the carrying value may not be recoverable. Since the 30 June 2019, there have been no events or changes in circumstances to indicate that the carrying value may not be recoverable.

PALADIN ENERGY LTD AND CONTROLLED ENTITIES
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NOTE 11. EXPLORATION AND EVALUATION EXPENDITURE

The following table details the expenditures on interests in mineral properties by area of interest for the period ended 31 December 2019:

Areas of interest	Valhalla /Skal	Isa North	Carley Bore	Canada⁽¹⁾	Manyingee/ Other	Fusion	Langer Heinrich	Total
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Balance 30 June 2019	39,347	7,201	7,847	28,676	7,354	98	-	90,523
Expenditure capitalised	69	227	11	247	37	57	3,017	3,665
Foreign exchange differences	-	-	-	48	-	-	-	48
Balance 31 December 2019	39,416	7,428	7,858	28,971	7,391	155	3,017	94,236

⁽¹⁾ Paladin holds a 55% interest in a special purpose joint venture (Michelin Joint Venture) which owns the Michelin Project. The Michelin Joint Venture includes a farm out over a further four-year period whereby Paladin will receive an additional 5% participating interest in the Michelin Project on an annual basis (up to 75%) in return for Paladin funding all obligations for the Michelin Project over this period. Paladin recognises control over the Michelin Joint Venture resulting in the consolidation of 100% of the Canadian assets with a non-controlling interest recognised for Michelin Nominees Limited's 45% interest in the Michelin Project.

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NOTE 12. COMMITMENTS AND CONTINGENCIES

There were no outstanding commitments or contingencies, which are not disclosed in the Financial Report of the Group as at 31 December 2019 other than:

	31 December 2019 US\$'000	30 June 2019 US\$'000
Tenements		
Commitments for tenements contracted for at the reporting date but not recognised as liabilities, payable:		
Within one year	48	337
Later than one year but not later than 5 years	848	848
More than 5 years	640	644
	<hr/>	<hr/>
Total tenements commitments	1,536	1,829

These include commitments relating to tenement lease rentals and the minimum expenditure requirements of the Namibian, Malawian, Canadian, Western Australian and Queensland Mines Departments attaching to the tenements and are subject to re-negotiation upon expiry of the exploration leases or when application for a mining licence is made.

These are necessary in order to maintain the tenements in which the Group and other parties are involved. All parties are committed to meet the conditions under which the tenements were granted in accordance with the relevant mining legislation in Namibia, Malawi, Australia and Canada.

Other Commitments

Commitments for transport, capital, purchase order commitments, fuel and utilities and other supplies contracted for at the reporting date but not recognised as liabilities, payable:

Within one year	2,553	2,756
Later than one year but not later than 5 years	366	366
More than 5 years	1,371	1,372
	<hr/>	<hr/>
Total other commitments	4,290	4,494

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NOTE 13. EVENTS AFTER THE REPORTING PERIOD

Other than disclosed below, since the 31 December 2019, the Directors are not aware of any other matter or circumstance not otherwise dealt with in this report, that has significantly or may significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in subsequent periods with the exception of the following, the financial effects of which have not been provided for in the 31 December 2019 Financial Report:

Appointment of Chief Executive Officer

On 4 February 2020, Paladin Energy Ltd announced that Mr Ian Purdy had been appointed as Chief Executive Officer (CEO) commencing on 4 February 2020.

Salary: A\$500,000 (plus statutory superannuation entitlements)

Performance Rights: 25,000,000

The Performance Rights will vest in four equal tranches, subject to the applicable vesting condition relating to the volume weighted average price (VWAP) of Shares being met:

- Tranche 1 – 25% 5-day VWAP of Shares is equal to or greater than A\$0.20
- Tranche 2 – 25% 5-day VWAP of Shares is equal to or greater than A\$0.30
- Tranche 3 – 25% 5-day VWAP of Shares is equal to or greater than A\$0.40
- Tranche 4 – 25% 5-day VWAP of Shares is equal to or greater than A\$0.50

Each Performance Right that vests will automatically entitle the holder to be issued with one Share.

The Performance Rights will be issued for nil cash consideration and no consideration is payable by the holder upon vesting of a Performance Right. The holder of any Shares issued on the vesting of the Performance Rights will generally be restricted from selling, transferring or otherwise disposing of the Shares for a period ending 12 months after the date that the relevant vesting condition was satisfied.

Any Performance Right that have not vested on or before the date that is five years after the date of issue will automatically lapse and become incapable of vesting into Shares.

Election of Directors – Mr Peter Watson and Mr Peter Main

On 5 February 2020, at a General Meeting of the members of Paladin Energy Ltd, Mr Peter Watson and Mr Peter Main were re-elected as Directors.

Approval and issue of Performance Rights to the Directors

On 5 February 2020, at a General Meeting of the members of Paladin Energy Ltd, the issue of Performance Rights was approved as follows:-

- Mr Cliff Lawrenson – 6,000,000
- Mr Peter Watson – 4,000,000
- Mr Peter Main – 4,000,000

The Performance Rights will vest in four equal tranches, subject to the applicable vesting condition relating to the volume weighted average price (VWAP) of Shares being met:

- Tranche 1 – 25% 5-day VWAP of Shares is equal to or greater than A\$0.20
- Tranche 2 – 25% 5-day VWAP of Shares is equal to or greater than A\$0.30
- Tranche 3 – 25% 5-day VWAP of Shares is equal to or greater than A\$0.40
- Tranche 4 – 25% 5-day VWAP of Shares is equal to or greater than A\$0.50

PALADIN ENERGY LTD AND CONTROLLED ENTITIES
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NOTE 13. EVENTS AFTER THE REPORTING PERIOD (continued)

Approval and issue of Performance Rights to the Directors (continued)

Each Performance Right that vests will automatically entitle the holder to be issued with one Share.

The Performance Rights will be issued for nil cash consideration and no consideration is payable by the holder upon vesting of a Performance Right. The holder of any Shares issued on the vesting of the Performance Rights will generally be restricted from selling, transferring or otherwise disposing of the Shares for a period ending 12 months after the date that the relevant vesting condition was satisfied.

Any Performance Right that have not vested on or before the date that is five years after the date of issue will automatically lapse and become incapable of vesting into Shares.

Directors' Declaration

In accordance with a resolution of the directors of Paladin Energy Ltd, I state that:

In the opinion of the Directors:

- (a) the financial statements and notes of Paladin Energy Ltd for the half-year ended 31 December 2019 are in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2019 and its performance for the half-year ended on that date; and
 - (ii) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting*, International Financial Reporting Standard, IAS 34 *Interim Financial Reporting* and the Corporations Regulations 2001; and
- (b) subject to the matters set out in Note 4 to the Financial Statements, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

On behalf of the Board



Mr Cliff Lawrenson
Chairman
Perth, Western Australia
27 February 2020



Independent auditor's review report to the members of Paladin Energy Ltd

Report on the half-year financial report

We have reviewed the accompanying half-year financial report of Paladin Energy Ltd (the Company) and the entities it controlled during the half-year (together the Group), which comprises the consolidated statement of financial position as at 31 December 2019, the consolidated statement of changes in equity, consolidated statement of cash flows, consolidated income statement and consolidated statement of comprehensive income for the half-year ended on that date, selected other explanatory notes and the directors' declaration.

Directors' responsibility for the half-year financial report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Australian Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Paladin Energy Ltd, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

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Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Paladin Energy Ltd is not in accordance with the *Corporations Act 2001* including:

1. giving a true and fair view of the Group's financial position as at 31 December 2019 and of its performance for the half-year ended on that date, and
2. complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Material uncertainty related to going concern

We draw attention to Note 4 in the financial report, which indicates that the Group incurred a net loss after tax attributable to the ordinary equity holders of US\$19,438,000 for the six months ended 31 December 2019. The Group has interest bearing loans and borrowings of US\$126,021,000 which have no repayment obligations until their maturity in 2023. While the Langer Heinrich Mine remains on care and maintenance, the Group will not generate sufficient cash to be able to repay the loan and borrowing obligations. These conditions, along with other matters set forth in Note 4, indicate the existence of a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

A handwritten signature in black ink that reads 'PricewaterhouseCoopers' in a cursive script.

PricewaterhouseCoopers

A handwritten signature in black ink that reads 'Justin Carroll' in a cursive script.

Justin Carroll
Partner

Perth
28 February 2020