



PALADIN ENERGY LTD

ACN 061 681 098

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ASX Market Announcements
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SYDNEY NSW 2000

By Electronic Lodgement

QUARTERLY ACTIVITIES REPORT FOR PERIOD ENDING 31 MARCH 2020

HIGHLIGHTS

- **Kayelekera Mine sale completed on 13 March 2020, delivering a substantial reduction in ongoing cash expenditure**
- **Management focus remains on the restart and debottlenecking plan at the Langer Heinrich uranium operation in Namibia. The restart plan and guidance on key economic parameters are expected to be released during Q4 FY2020**
- **Care and maintenance (C&M) activities at the Langer Heinrich Mine continued. A recent review of C&M activities has resulted in lower ongoing expenditure with no adverse impact to the operational restart plans**
- **No lost-time injuries were recorded during the quarter**
- **Cash and cash equivalents as at 31 March 2020 were US\$35.8M, (excluding restricted cash of US\$1M)**
- **Cash expenditure during the quarter was US\$1.9M. Forecast expenditure for FY2020 is in line with previous guidance at US\$17M, with forecast expenditure for FY2021 expected to fall to less than US\$10M**
- **The Company held US\$142.2M of senior debt, including accrued interest, as at 31 March 2020. The debt and accrued interest are repayable in January 2023**
- **Ian Purdy was appointed Chief Executive Officer on 4 February 2020 and the Company restructured its Senior Management team to provide the technical & commercial skills necessary to deliver the Company's strategy**
- **COVID-19 disruptions to uranium mines in Canada, Kazakhstan and Namibia are exacerbating the structural supply deficit in the uranium market. The recent sharp increase in the uranium spot price may be a precursor to substantive improvements in the long-term uranium market**

Paladin CEO, Ian Purdy said *"With the sale of Kayelekera, we have successfully reshaped the Company around our strategically important Langer Heinrich uranium mine in Namibia. We have the team, the financial resources and the runway to execute our plans with a view to returning the Company to profitable operations under the right uranium demand environment. We are continuing to optimise the restart plans for Langer Heinrich and I look forward to providing further details of those plans over the coming months."*

SAFETY

There were no lost-time injuries reported during the quarter.

The Langer Heinrich Mine (LHM) has worked 890 Lost Time Injury Free days. Under the Namibian Government's reporting requirements associated with COVID-19, no reportable injuries or illnesses from either LHM employees or contractors were recorded in the period.

The Kayelekera Mine achieved over 2,000 days without a Lost Time Injury, before its sale on 13 March 2020.

CARE AND MAINTENANCE

Langer Heinrich Mine, Namibia (Ownership 75%)

LHM was transitioned into care and maintenance (C&M) when production was suspended in May 2018 due to low uranium prices.

Quarterly activities focused on routine C&M activities and the completion of a review of C&M activities which has resulted in lower ongoing expenditure with no adverse impact to plant restart availability or restart cost.

Restart and debottlenecking planning continued, following the completion of the restart prefeasibility study in October 2019. The restart plan and guidance on key economic parameters are expected to be released during Q4 FY2020.

Kayelekera Mine, Malawi (Ownership 85%)

The sale of the Company's interest in the Kayelekera Mine was completed on 13 March 2020 (see details below).

Prior to the sale, quarterly activities focused on routine C&M activities. Record levels of rainfall during March 2020 resulted in a relatively minor release of rainfall runoff water. The runoff was continuously monitored, analysed and found to be lower than World Health Organization compliance and statutory license limits for uranium and other contaminants in the river system.

EXPLORATION

During the quarter, the Company completed the work required to meet minimum tenement commitments. Several non-strategic tenements were surrendered during the quarter and are listed at the end of this report.

URANIUM SALES

There were no uranium sales in the quarter.

PRODUCTION

There were no production or development activities for the quarter.

CORPORATE

Executive Team Changes

Mr Ian Purdy was appointed as the Chief Executive Officer of Paladin on 4 February 2020. Mr. Purdy has a proven leadership record as a successful CEO and CFO with extensive Australian and international natural resources experience. He has delivered significant shareholder value through managing and optimising operations, delivering large projects, business improvements and asset sales.

The CEO has now finalised the Paladin Executive Management Team as follows:

- Michael Drake appointed Chief Operations Officer (previously GM Business Development and Projects)
- Anna Sudlow, as Chief Financial Officer
- Gary Stoker appointed Principal Uranium Marketing Consultant (previously GM Sales and Contracts for Paladin)

Cash and Cash Equivalents

As at 31 March 2020, cash and cash equivalents were US\$35.8M, (excluding restricted cash of US\$1M). Cash expenditure during the quarter was US\$1.9M, as detailed in the following table:

Cash Expenditure	US\$M
LHM Care & Maintenance	(0.9)
KM Care & Maintenance	(1.2)
Exploration	(0.2)
LHM Restart Prefeasibility Study	(0.2)
Corporate Costs	(0.6)
Net Proceeds from Sale of KM	1.0
Other Proceeds	0.1
Foreign Exchange Movement	0.1
TOTAL	(1.9)

During the quarter, payments of US\$41K were made to related parties and their associates for directors' fees as noted in Section 6 of the Appendix 5B.

Forecast expenditure for FY2020 is in line with previous guidance at US\$17M, with forecast expenditure for FY2021 expected to fall to less than US\$10M

The company held US\$142.2M of senior debt, including accrued interest, as at 31 March. Debt repayment and accrued interest are due in January 2023

Sale of Kayelekera Mine

On 13 March 2020, the Company completed the sale of its 85% interest in Paladin (Africa) Ltd to Lotus Resources Limited (65%) and Lily Resources Pty Ltd (20%). Paladin will hold the interest in trust pending receipt of the final in-country approvals.

The sale reduces Paladin's forecast cash expenditure by approximately US\$5M per annum and the Company ceased funding C&M costs at completion.

The key commercial aspects of the sale were:

- Consideration of A\$5M, comprising A\$200k cash (received) and A\$4.8M in Lotus Resources Limited shares issued to Paladin (90,000,000 shares were issued at completion, at a 2cps issue price and subject to a 12-month voluntary escrow. A further A\$3M of shares will be issued on the third anniversary of completion of the transaction);
- A 3.5% royalty based on revenues derived from future production at the Kayelekera Mine, capped at A\$5M;
- The repayment of funds advanced to provide security for the US\$10M environmental performance bond. The repayments will occur in four tranches: US\$4M was received on Completion, US\$1M on the first anniversary, US\$2M on the second anniversary and the final US\$3M on the third anniversary of completion of the transaction;
- Paladin paid Lotus US\$2M to fund planned site restoration including water treatment in recognition of the recent record rainfall at the Kayelekera operations.

Share Registry Update

Following the end of the quarter, the Company advised that the shareholder cooperation agreement between Paradise Investment Management Pty Ltd and Maso Capital Partners Limited was terminated.

URANIUM MARKET UPDATE

The TradeTech weekly spot price average for the March 2020 quarter was US\$24.74/lb, 1.6% lower than the December 2019 quarter. However, the spot price increased by more than US\$3/lb in the last week of March after Cameco announced a temporary production suspension at its Cigar Lake mine in Canada due to the threat posed by the COVID-19 pandemic.

Spot prices continued to rise in April following announcements of further mine disruptions in Namibia and Kazakhstan. By late-April, the uranium spot price was trading in the US\$32-34/lb range, an increase of more than 30% from March 2020 prices.

COVID-19 mine suspensions are shining a light on uranium's structural supply deficit and leading to increased concern over future supply security. Increased utility demand is expected as 2020 progresses with higher spot market prices a precursor to substantive improvements in the long-term uranium market.

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

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About Paladin

Paladin Energy Limited (ASX: PDN) is an Australian listed uranium company focussed on maximising the value of its 75% stake in the Langer Heinrich uranium mine in Namibia.

Langer Heinrich is a globally significant, long-life operation, having already produced over 40 million pounds of U₃O₈ to date. Operations at Langer Heinrich were suspended in 2018 due to low uranium prices.

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.

TENEMENT INFORMATION REQUIRED BY LISTING RULE 5.3.3

Tenement	Location	Ownership	Change in Quarter
EPM 11898	QLD, Australia	20%	n/a
EPM 13412	QLD, Australia	20%	n/a
EPM 13413	QLD, Australia	20%	n/a
EPM 13682	QLD, Australia	20%	n/a
EPM 14040	QLD, Australia	20%	n/a
EPM 14233	QLD, Australia	18%	n/a
EPM 14694	QLD, Australia	20%	n/a
EPM 14712	QLD, Australia	20%	n/a
EPM 14713	QLD, Australia	20%	n/a
EPM 14821	QLD, Australia	20%	n/a
EPM 14935	QLD, Australia	20%	n/a
EPM 15156	QLD, Australia	20%	n/a
EPM 15186	QLD, Australia	20%	n/a
EPM17513	QLD, Australia	100%	Full surrender 05.01.2020
EPM17514	QLD, Australia	100%	Full surrender 05.01.2020
EPM17519	QLD, Australia	100%	Full surrender 05.01.2020
MDL 507	QLD, Australia	100%	n/a
MDL 508	QLD, Australia	100%	n/a
MDL 509	QLD, Australia	100%	n/a
MDL 510	QLD, Australia	100%	n/a
MDL 511	QLD, Australia	100%	n/a
MDL 513	QLD, Australia	100%	n/a
M08/86	WA, Australia	100%	n/a
M08/87	WA, Australia	100%	n/a
M08/88	WA, Australia	100%	n/a
E08/1645	WA, Australia	100%	n/a
E08/1646	WA, Australia	100%	n/a
EL 6132	SA, Australia	7.5%	n/a
ML 140	Namibia, Africa	75%	n/a
ML 172	Namibia, Africa	75%	n/a
ML 152	Malawi, Africa	85%	Sold 13.03.2020
EPL 417	Malawi, Africa	85%	Sold 13.03.2020
EPL 418	Malawi, Africa	85%	Sold 13.03.2020
EPL 225	Malawi, Africa	85%	Sold 13.03.2020
EPL 489	Malawi, Africa	85%	Sold 13.03.2020
EPL 502	Malawi, Africa	85%	Sold 13.03.2020
022147M	NL, Canada	55%	n/a
024697M	NL, Canada	55%	n/a
024995M	NL, Canada	55%	n/a
025621M	NL, Canada	55%	n/a
025641M	NL, Canada	55%	n/a
025649M	NL, Canada	55%	n/a
025651M	NL, Canada	55%	n/a
025658M	NL, Canada	55%	n/a
025675M	NL, Canada	55%	n/a
025676M	NL, Canada	55%	n/a
025677M	NL, Canada	55%	n/a
025678M	NL, Canada	55%	n/a
025680M	NL, Canada	55%	n/a
025681M	NL, Canada	55%	n/a
025932M	NL, Canada	55%	n/a
024946M	NL, Canada	55%	Full surrender 25.03.2020
025682M	NL, Canada	55%	Full surrender 25.03.2020
025683M	NL, Canada	55%	Full surrender 25.03.2020
025929M	NL, Canada	55%	Full surrender 25.03.2020
025931M	NL, Canada	55%	Full surrender 25.03.2020
025935M	NL, Canada	55%	Full surrender 25.03.2020