PALADIN ENERGY LTD
ACN 061 681 098

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By electronic lodgement

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

Dear Shareholder

You may have seen that we have successfully raised $30.2 million (before costs) through a placement of shares to certain qualified, institutional and sophisticated shareholders.

In conjunction with the placement, we have also offered eligible existing Australian and New Zealand shareholders with an opportunity to apply for up to $30,000 worth of new shares at the placement price of 11.5 cents through a share purchase plan to raise up to an additional $7 million. Further details of the terms and conditions of the share purchase plan are contained in the offer booklet which has recently been dispatched to eligible shareholders.

In structuring the recent capital raising, the Board had regard to the effect of recent changes to the regulation of share purchase plans which increased the maximum potential participation from $15,000 to $30,000. As such, the share purchase plan provides an opportunity for many of our retail shareholders to materially increase the level of their investment in our company at the same price as shares were issued under the placement.

We would like to thank existing and new shareholders for their support of the company by participating in the raising.

This capital raising strengthens the company's balance sheet and ensures that we can continue to meet our care and maintenance obligations at both Langer Heinrich and Kayelekera (if needed) for a sustained period, as well as ensuring there is adequate funding for the remaining pre-feasibility work into a rapid restart option at Langer Heinrich. This rapid restart capacity is a key point of differentiation for the Company's Langer Heinrich operations and positions us as a 'first starter' in a recovering and rising uranium market.

Whilst we remain confident in the strong fundamentals that will underpin a recovery in the uranium market, the exact timing of any recovery remains uncertain.

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Your Board therefore implemented a strategy in 2018 to position the company so as to be able to rapidly restart production at our flagship asset Langer Heinrich in Namibia should uranium prices recover, whilst at the same time conserving cash by minimising our remaining asset holding costs and monetising our extensive resource base where it would be value accretive to do so.

Having the ability to rapidly re-commence production at Langer Heinrich provides the company with the strategic advantage of being able to capitalise on future structural imbalances in uranium demand / supply fundamentals before production from new uranium mines can come on-stream.

As a result of this strategy, Langer Heinrich was transitioned to care and maintenance in August 2018, with exploration expenditure reduced to the minimum holding costs on resource critical leases. Following the positive results from a concept study into the rapid restart option at Langer Heinrich in February 2019, the company has been progressing with a pre-feasibility study focussed on optimising the mine plan and production rates, capital and rehabilitation plan for the rapid restart option that enables the project to be production ready from early-mid 2021 (funding and price dependent).

The pre-feasibility study is progressing well, with the results of the rapid restart study expected to be available to the market in October 2019. A decision will be made then on whether to progress the prefeasibility study on processing upgrades that have the potential to further optimise Langer Heinrich production and lower costs after any rapid restart.

We also entered into a conditional sale of our Kayelekera Mine in Malawi during the 2018/19 financial year – a transaction which has the potential to deliver significant value to the company whilst further reducing required care and maintenance expenditure. The material outstanding condition to the Kayelekera sale is Government of Malawi approval with whom we are currently engaging to finalise the sale.

Paladin is now widely recognised as being uniquely placed within the ranks of listed uranium focussed companies, to be able to take advantage of any substantial increase in the uranium price.

The recent capital raising only serves to strengthen our financial position to be able to ride out this sustained uranium price downturn whilst enabling the company to better position itself for a low risk, well defined path back into production with any sustained recovery in the uranium price.

Thank you for your ongoing support of our company.

Yours sincerely
Paladin Energy Ltd

Rick Crabb
Non-Executive Chairman

Scott Sullivan
Chief Executive Officer