



PALADIN

Clean energy. Clear future.

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ASX Announcement
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PALADIN ENERGY LTD
ABN 47 061 681 098
ASX code: PDN

Quarterly Activities Report For the period ending 31 December 2020



Paladin Energy Limited (“Paladin” or “the Company”) is pleased to provide an update on its activities and cashflow for the quarter ended 31 December 2020.

HIGHLIGHTS

- The Company continued to progress the critical-path elements of its restart planning at the Langer Heinrich Mine (LHM), including:
 - Optimisation of pit designs, tailings management, stockpile and Run Of Mine blending strategies
 - Ongoing detailed condition reviews across the site for the preparation of task prioritisation
 - Updates of key plant documentation for process design changes
 - Houlihan Lokey appointed to advise the Company on debt financing options to support the restart of operations
- The Company continues to engage global nuclear energy utilities with the intent of securing uranium term-price contracts with sufficient term and value to underpin the restart of LHM
- No lost-time injuries or reportable environmental incidents were recorded during the quarter
- Net cash expenditure for the quarter was US\$0.6M, which includes the receipt of US\$1.3M in final settlement for litigation related to previous activities at the Kayelekera Mine, and a favourable foreign exchange movement of US\$0.5M on cash held
- The Company held US\$31.8M¹ in cash and cash equivalents as at 31 December 2020 with total expenditure guidance for FY2021 of US\$9.5M
- Paladin’s Sustainability Report 2020 was released, confirming the Company’s commitment to delivering value through sustainable development.

¹ Excluding restricted cash of US\$1M



Paladin CEO, Ian Purdy said *“I am pleased that we have delivered another quarter of no lost-time injuries or environmental incidents. During the quarter we launched our 2020 Sustainability Commitment which sets the core principle of delivering value through sustainable development. All of our actions and decisions are guided by our sustainability commitments to Health and safety, People, Community and the Environment. At Paladin, we are determined to stand by these commitments and continue upholding them for our people, communities and environment.*

At Langer Heinrich we continue to advance optimisation work, focusing on providing greater certainty on key operational performance metrics for the restart plan. We continue to engage with our consultants; AMC (mine planning), Lycopodium Minerals, Elemental Engineering (processing) and Houlihan Lokey (debt advisory) to provide optimised restart metrics. The engagement of high calibre industry experts will ensure that, when the right uranium pricing market prevails, the Langer Heinrich Mine can be successfully restarted.”

MINING PRODUCTION AND DEVELOPMENT ACTIVITIES

Langer Heinrich Mine Restart Plan¹

The Company continues to advance the critical-path elements of the LHM restart, including:

- Optimisation of pit shells and improved pit design with revised wall angles and detailed geometallurgical data input into resource models for the mining phase
- Developing a separate detailed geometallurgical model for the first year mining of the medium grade stockpile
- Updating the Mineral Resource model including the validation of dilution assumptions from historical mining data
- Engagement with original LHM mining contractor on future improvements
- Progressing various discipline reports (civil, structural, tanks, electrical, instruments, piping and valves) on plant and equipment condition assessment, ready for prioritisation and detailed costing
- Completing detailed analysis of historical plant performance from the metallurgical data base and establishing key process issues and drivers
- Completing reports on plant runtime and capacity, at target grades and crushed ore volumes
- Engagement of original equipment manufacturers to provide technical support for targeted process and equipment improvements
- Houlihan Lokey has been appointed to advise the Company on debt financing options to support the restart of operations. Houlihan Lokey is a leading global debt advisor.

Production and Development Activities

- The Company remains fully permitted to resume mining, processing and uranium exports
- Activities during the quarter continued to focus on routine care and maintenance activities including the continuation of restart and debottlenecking planning and the preservation of the LHM processing plant and related infrastructure
- Environmental monitoring of air, water quality, energy, land-use, radiation and biodiversity continued within the LHM mining license areas
- The Namibian Radiation Protection Agency approved the annual renewal of the LHM radiation certificate for possession and use of sealed sources
- The LHM Waste Water purification and Effluent disposal exemption permit was renewed by the Ministry of Agriculture, Water and Land Reform for a five year period to September 2025
- There were no production or development activities during the quarter.

¹ ASX Announcement “Langer Heinrich Mine Restart Plan” dated 30 June 2020



MINING EXPLORATION ACTIVITIES

- The Company continues to manage its significant exploration portfolio in Australia and Canada
- During the quarter, work required to meet minimum tenement commitments was undertaken at a minimum cost to retain these leases
- The Company is engaged on an ongoing basis with local communities, government and native title holders
- The mining tenements held at the end of the quarter and their location are detailed in Appendix One.

OCCUPATIONAL HEALTH AND SAFETY

- No lost-time injuries or reportable environmental incidents were recorded during the quarter
- The Company continued to maintain appropriate protocols across all locations to minimise the potential transmission of COVID-19. During the quarter the Company recorded one isolated case of COVID-19 in Namibia. The employee has recovered and returned to work with no impact on operations.
- There have been no Corporate or Contractor cases, and COVID-19 mitigation measures and monitoring continue.

CORPORATE ACTIVITIES

- The Company continues to engage with global nuclear energy utilities with the intent of securing uranium term-price contracts with sufficient term and value to underpin the restart of the LHM
- The Company continues to review and develop its core business systems including its Environmental, Social and Governance framework, policies and programs, the Enterprise Risk Management System and the Health and Safety Management System
- The Company's AGM was held during the quarter, and all resolutions put to the meeting were passed with a resounding majority of at least 99.3% of votes in favour of each resolution
- Paladin's Sustainability Report 2020 was released, confirming the Company's commitment to sustainability, and upholding the actions and principles that drive our progress with a sustainable development focus.

Cash and Expenditure

- The Company continues to minimise expenditure with net cash expenditure for the quarter of US\$0.6M, which includes the receipt of US\$1.3M in final settlement for litigation related to previous activities at the Kayelekera Mine, and a favourable foreign exchange movement of US\$0.5M on cash held.
- Cash and cash equivalents as at 31 December 2020 were US\$31.8M (excluding restricted cash of US\$1M)
- Cash expenditure during the quarter is detailed in the following table:



Cash Expenditure	US\$M
LHM Care & Maintenance	(1.1)
LHM Restart Planning	(0.6)
Exploration	(0.2)
Corporate Costs	(0.5)
Other Net Proceeds	1.3
Foreign Exchange Movement	0.5
TOTAL	(0.6)

- The Company continues to expect FY2021 full year total expenditure of US\$9.5M, a significant decrease from FY2020 expenditure of US\$16.8M
- The Company's expenditure is principally in AUD, NAD and USD and consequently changes in foreign exchange rates will impact the guidance provided
- Paladin's business priorities may be impacted by the ongoing COVID-19 environment and travel restrictions. The execution of the Company's business plan will be adjusted to adapt to this changing environment. The market will be updated accordingly of changes to business activities and related expenditure
- The Company held US\$153.0M of senior debt, including accrued interest (10% per annum, non-cash), as at 31 December 2020. The debt and accrued interest are repayable in January 2023.
- During the quarter, 25% of the Executive Performance Rights vested resulting in 10.75M shares being issued. Subsequent to 31 December 2020, a further 25% of the Executive Performance Rights vested. All shares issued upon the vesting of Performance Rights are held in escrow for a year, and there is no cash impact upon the vesting of Performance Rights.
- Employees exercised 1,056,623 Share Appreciation Rights during the quarter. There is no cash impact upon the exercise of Share Appreciation Rights.

Related Party Payments

- Payments of US\$45,774 were made to related parties and their associates during the quarter, being the payment of Director's Fees as noted in Section 6 of Appendix 5B
- During the quarter, 25% of the Directors Performance Rights vested resulting in 3.5M shares being issued. Subsequent to 31 December 2020, a further 25% of the Directors Performance Rights vested. All shares issued upon the vesting of Performance Rights are held in escrow for a year, and there is no cash impact upon the vesting of Performance Rights.

URANIUM MARKET UPDATE

The TradeTech weekly spot price average for the December 2020 quarter was US\$29.82/lb, down 5.6% from the September quarter. The uranium spot price ended 2020 at US\$30.40/lb, up 22% for the year. Spot prices continued to drift during the December quarter amidst limited utility and producer activity.

Notwithstanding the quiet close to the year, 2020 saw a record volume of 92.3Mlb transacted in the spot uranium market. Term markets were quieter with 2020's volume of 53Mlb ranking as the second lowest of the 21st century. The low term market activity levels observed over recent years are increasingly unsustainable and a normalisation of contracting volumes (to 150-200Mlb pa) becomes ever more likely.



COVID-19 infections saw Cameco implement a second production suspension at its Cigar Lake mine in December 2020. Production suspensions resulting from COVID-19 restrictions removed more than 20Mlb from 2020 global uranium output.

The second half of 2020 saw a rapid increase in preparations for new reactor development in China. Advanced planning is underway for a total of 21 units representing approximately 20GWe of new nuclear capacity. These projects are in addition to the ongoing construction of 15 units (14.7GWe) in China and should result in a minimum of 81GWe nuclear generation in operation by 2030.

The UAE's Barakh Unit 1 reached 100% power in early-December 2020 bringing the reactor closer to commencing commercial operation in early 2021. Fuel loading was also underway at Karachi Unit 2 in Pakistan. The reactor, constructed by CNNC, is the first overseas plant to use China's Hualong One design.

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

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About Paladin

Paladin Energy Limited (ASX: PDN) is an Australian listed uranium company focused 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 43Mlb 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.



APPENDIX ONE

TENEMENT INFORMATION REQUIRED BY LISTING RULE 5.3.3

Tenement	Location	Ownership	Change in Quarter
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 14821	QLD, Australia	20%	
EPM 14935	QLD, Australia	20%	
EPM 15156	QLD, Australia	20%	
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%	
022147M	NL, Canada	60%	
024697M	NL, Canada	60%	
024995M	NL, Canada	60%	
025621M	NL, Canada	60%	
025641M	NL, Canada	60%	
025649M	NL, Canada	60%	
025651M	NL, Canada	60%	
025658M	NL, Canada	60%	
025675M	NL, Canada	60%	
025676M	NL, Canada	60%	
025677M	NL, Canada	60%	
025678M	NL, Canada	60%	
025680M	NL, Canada	60%	
025681M	NL, Canada	60%	
025932M	NL, Canada	60%	