



# PALADIN

Clean energy. Clear future.

Level 8, 191 St Georges Terrace  
PO Box 8062  
Cloisters Square PO WA 6850  
+61 8 9423 8100  
paladin@paladinenergy.com.au  
[paladinenergy.com.au](http://paladinenergy.com.au)

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

**ASX Announcement**  
**19 July 2022**

## The Langer Heinrich Mine to return to production

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Paladin Energy Limited (ASX:PDN OTCQX: PALAF) (**Paladin** or **Company**) is pleased to announce the decision to return the Langer Heinrich Mine, located in Namibia, to production.

### HIGHLIGHTS

- The Paladin Board has made the decision to return the Langer Heinrich Mine (LHM) to production with first volumes targeted for the March quarter of CY2024
- Decision to restart production at the Langer Heinrich Mine is supported by strong uranium market fundamentals and continued progress on uranium marketing activities including the execution of a binding contract for the previously announced Tender Award
- The restart scope of work will focus on general repairs and refurbishment required to return the existing process plant to operational readiness, coupled with the delivery of process upgrades to increase throughput capacity and operational availability
- Mobilisation of the project workforce is well advanced with current activities focused on detailed engineering and design for process upgrades, material and equipment purchasing and the preparation for the commencement of construction works
- The ADP Group has been appointed to provide EPCM services and will project manage the work packages and contract management alongside the Company's owners team
- Total project capital expenditure has increased to US\$118M on a 100% project basis, (previous guidance of US\$87M), primarily driven by recent inflationary pressures across the project supply chain, brought forward power and water infrastructure works and increased owners team costs
- Paladin has committed to provide 100% project funding, if required, via priority loans to be repaid in priority to all outstanding shareholder loans. The Langer Heinrich Mine's minority shareholder, CNNC Overseas Uranium Holding Limited (25% ownership), are yet to finalise their funding decision
- With US\$177.1M in unrestricted cash as at 30 June 2022, Paladin is well positioned to deliver first production from the LHM, pursue further uranium marketing activities and advance the global exploration portfolio
- The Company's non-project FY2023 cash expenditure guidance is US\$14.7M.



Paladin CEO, Ian Purdy said *“With the strength of the Company’s uranium offtakes and the continuing strong uranium market fundamentals, Paladin has made the decision to return the globally significant Langer Heinrich Uranium Mine to production.*

*The increase in the capital required to restart operations reflects a combination of recent inflationary pressures and the bringing forward of key work packages to ensure the long term reliable supply of power and water to site. We have also strengthened our project execution team via the appointment of leading African EPCM contractor ADP Group to ensure the successful delivery of the Langer Heinrich Mine into production.*

*The Langer Heinrich Mine remains a low risk, robust, long-life operation that is poised to take advantage of the improving uranium market conditions and deliver sustainable value creation for all our stakeholders.”*

#### **PROJECT CAPITAL EXPENDITURE UPDATE**

As part of the decision to commence restart activities at the LHM, Paladin has identified that the capital cost to restart production has increased from US\$87M to US\$118M. The increase in capex is primarily driven by:

- Recent industry-wide cost escalation on labour, equipment, and raw materials (US\$13.6M)
- The bringing forward of key utility infrastructure work packages to ensure the stable and reliable provision of water and power over the 17-year life of operations (US\$9.4M)
- The decision to strengthen the project management team through expanded EPCM services and an expanded project execution team, in response to the challenging global project environment (US\$6.8M)
- Minor modifications in scope with the continued refinement of the refurbishment work scope, inclusion of miscellaneous deferred works, and specific operational readiness tasks removed from the project team responsibility (US\$1.3M)
- An increase in project contingency levels (US\$4.5M) and a reduction due to FX adjustments (-US\$4.8M).

With approximately US\$177.1M of cash at 30 June 2022 and no corporate debt, Paladin is well funded to deliver first production from the LHM, pursue further uranium marketing activities and advance the global exploration portfolio.

#### **STRENGTHENED PROJECT EXECUTION TEAM**

Against the backdrop of a challenging global project delivery environment and inflationary pressures, Paladin has engaged world class consultants to complement the Company’s existing in-house capabilities to ensure the successful delivery of the LHM into production.

The Company has appointed the ADP Group, a leading African focused engineering company, to provide EPCM services. The ADP Group will work alongside the Company’s owners’ team as a delivery partner, with responsibilities including:

- Detailed design and engineering
- Tendering for the procurement of equipment and materials
- Project management and administration of contracts
- Provision of systems and computer software
- Managing project commissioning and project handover.



Paladin's in-country project team has been strengthened with the appointment of a Project Director who will be supported by Paladin's in-country operations team and the General Manager of Langer Heinrich Mine, Johan Roux.

The significant and detailed planning for the recommencement of activities at the LHM has provided a detailed scope of the key work activities and critical path items for the successful commencement of production. Current work packages include the completion of detailed engineering and design for process upgrades, purchase of project materials and equipment and the commencement of plant refurbishment and upgrade works.

### **NON-PROJECT FY2023 CASH EXPENDITURE GUIDANCE**

The Company's non-project FY2023 cash expenditure guidance is US\$14.7M, including:

- Corporate costs US\$5.0M
- LHM operational costs and uranium marketing costs US\$7.5M, (100% basis)
- Exploration costs US\$2.2M.

The Company will maintain its Corporate spending discipline, whilst ramping up activities at the LHM to support operational readiness and uranium marketing. Exploration fieldwork and development studies will recommence at the Michelin project in Labrador, Canada.

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

For further information contact:

Ian Purdy

Chief Executive Officer

P: +61 8 9423 8117

E: paladin@paladinenergy.com.au

### **About Paladin**

Paladin Energy Limited (ASX:PDN OTCQX:PALAF) is an Australian listed uranium company focused on returning the Langer Heinrich Uranium Mine to commercial production in CY2024. The Langer Heinrich Mine is a globally significant, long-life operation, having already produced over 43Mlb U<sub>3</sub>O<sub>8</sub> prior to operations being suspended in 2018 due to low uranium prices.

Beyond the Langer Heinrich Mine, the Company also owns a large global portfolio of uranium exploration and development assets. Nuclear power remains a leading sustainable source of low-carbon global electricity generation.

### **Forward-looking statements**

This announcement contains certain forward-looking statements. The Company cannot guarantee that any forward-looking statement will be realised. Achievement of anticipated results is subject to risks, uncertainties and inaccurate assumptions. Should known or unknown risks or uncertainties materialise, or should underlying assumptions prove inaccurate, actual results could vary materially from past results and those anticipated, estimated or projected. You should bear this in mind as you consider forward-looking statements, and you are cautioned not to put undue reliance on forward-looking statements.