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PALADIN ENERGY LTD

ACN 061 681 098

ASX Announcement **27 October 2020**

QUARTERLY ACTIVITIES REPORT
FOR THE PERIOD ENDING 30 SEPTEMBER 2020





Paladin Energy Limited ("Paladin" or "the Company") is pleased to provide an update on its activities and cashflow for the quarter ended 30 September 2020.

Highlights

- The Company continued restart planning activities at the globally significant Langer Heinrich Uranium mine during the quarter with activities focusing on advancing the critical-path elements of the Langer Heinrich Mine Restart Plan[1] including:
    - Detailed mine planning supporting the preparation of contract mining commercial documentation
    - Commencement of a detailed "as-is" condition survey of the processing plant
    - Appointment of key contractors to undertake the mining and processing engineering work packages
- No lost-time injuries or reportable environmental incidents were recorded during the quarter
- The Company maintained appropriate protocols across all locations to minimise the potential transmission of COVID-19, with no reported confirmed cases to our people, or onsite contractors
- Cash expenditure for the quarter of US$1.9M. Paladin continues to focus on minimising expenditure whilst advancing restart work at the Langer Heinrich Mine
- The Company held US$32.4M of cash and cash equivalents as at 30 September 2020 (excluding restricted cash of $1M)
- The Company's guidance for FY2021 total expenditure remains at US$9.5M, a 44% reduction from FY2020
- The Company continues to engage with potential customers with an ultimate view towards securing Uranium term-price contracts with sufficient term and value to underpin the restart of the Langer Heinrich Mine

Paladin CEO, Ian Purdy said *"During the quarter the Company continued to advance optimisation work on the Langer Heinrich Mine Restart Plan with the aim of providing greater certainty on key operational and economic deliverables. We have engaged AMC Consultants to work on the mine planning package, and Lycopodium Minerals and Elemental Engineering to develop the processing work package. The engagement of high calibre industry experts will help ensure the successful restart of the Langer Heinrich Mine after we have secured our long-term Uranium contracts."*

1. ASX Announcement "Langer Heinrich Mine Restart Plan" dated 30 June 2020

MINING PRODUCTION AND DEVELOPMENT ACTIVITIES

Langer Heinrich Mine Restart Plan

The Company continues to advance the critical-path elements of the restart at the Langer Heinrich Mine (LHM), including:

- Detailed mine planning supporting the preparation of contract mining commercial documentation
- Commencement of a detailed "as-is" condition survey of the processing plant
- Appointment of key contractors to undertake the following mining and processing engineering work packages:
    - Mining
        - Update the Ore Reserve model by utilising detailed drilling information to reduce the block model size
        - Assign more physical characteristics to the model to improve the understanding of ore variability and blending strategy for feed to the plant
        - Update the Ore Reserve Statement with the higher resolution mining model and the detailed mine plan
        - Complete contract mining tender documentation
        - AMC Consultants Pty Ltd have been appointed to assist in and deliver the mining work package
    - Processing
        - Complete a detailed "as-is" condition survey of the processing plant, optimise critical restart priorities and prepare commercial documentation in preparation for the award of remediation work programs
        - Continue process improvement design work, analysing historical downtime issues, modification impacts, influence of various reagent combinations, and the impact of mine feed variability
        - Elemental Engineering Pty Ltd has been appointed for process modelling and Lycopodium Minerals Pty Ltd has been appointed to complete the process design

Production and Development Activities

- Quarterly events focused on routine care and maintenance activities including the continuation of restart and debottlenecking planning and the continued 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
- LHM's Environmental Management Plan was successfully renewed and the continuous compliance ensured the renewal of the Environmental Clearance Certificate by the Namibian Government and Regulators
- There were no production or development activities during the quarter

MINING EXPLORATION ACTIVITIES

- The Company completed the work required to meet minimum tenement commitments during the quarter
- The mining tenements held at the end of the quarter and their location are detailed in Appendix One

CORPORATE ACTIVITIES

- The Company continues to engage with potential customers with a view to securing Uranium term-price offtake agreements
- Jonathon Clements was appointed GM Projects & Development and will lead the LHM Restart Project. Jonathon is a mechanical engineer with over 30 years of large project experience

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Cash and Expenditure

- The Company continues to minimise expenditure with FY2021 cash expenditure to date of US$1.9M
- Cash and cash equivalents as at 30 September 2020 were US$32.4M (excluding restricted cash of US$1M)
- Cash expenditure during the quarter is detailed in the following table:

Cash Expenditure	**US$M**
LHM Care & Maintenance	(0.7)
LHM Restart Planning	(0.4)
Exploration	(0.5)
Corporate Costs	(0.6)
Other Net Proceeds	0.1
Foreign Exchange Movement	0.2
TOTAL	**(1.9)**

- The Company confirms FY2021 full year total expenditure guidance of US$9.5M, being a significant decrease from the US$16.8M expenditure in FY2020
- The Company'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's expenditure is principally in AUD, NAD and USD and consequently changes in foreign exchange rates may also impact the guidance provided
- The Company held US$149.3M of senior debt, including accrued interest (10% per annum, non-cash), as at 30 September 2020. The debt and accrued interest are repayable in January 2023

Related Party Payments

Payments of US$44,719 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.

URANIUM MARKET UPDATE

The TradeTech weekly spot price average for the September 2020 quarter was US$31.57/lb, down 3.5% from the June quarter although 25% higher than for the same quarter in 2019. Spot prices have drifted lower over the past quarter due to a combination of reduced levels of producer purchasing and modest levels of utility demand.

Production suspensions resulting from COVID-19 restrictions are now anticipated to remove almost 20Mlb from 2020 output. In addition, Kazatomprom announced plans to maintain a 20% production cut through 2021 and 2022 which is expected to remove an additional 14Mlb from global production and further tighten future supply dynamics.

The Russian Suspension Agreement Extension Act of 2020 was introduced to the US Senate in late-September. The revised trade agreement will reduce Russia's access to the US market over time. In particular, the uranium component of the Russian supply quota will fall from the current level of 9.7Mlb pa to about 6.4Mlb pa by 2023 and be maintained at 2-3Mlb pa through 2040.

Construction of an additional four reactors was approved by China's State Council in early September. The two units approved at the Changjiang site are notable in that they will be operated by China Huaneng Group, resulting in it becoming the fourth licensed nuclear power plant operator in the country.

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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 U_3O_8 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.

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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%	

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