



# PALADIN

Clean energy. Clear future.

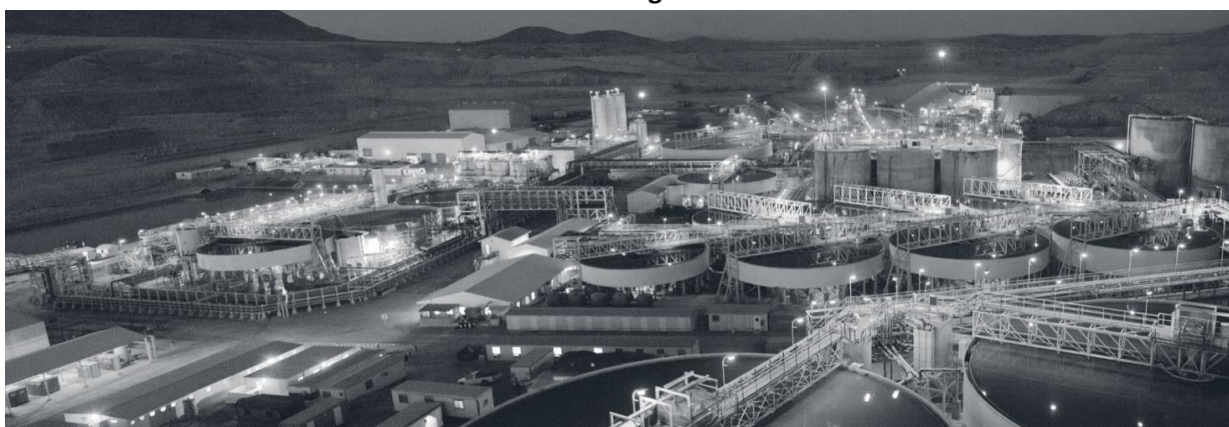
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ASX Announcement  
26 February 2021

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

## Half Year 2020/2021 Financial Results For the six months ending 31 December 2020



Paladin Energy Limited (ASX:PDN) (“Paladin”) is pleased to announce its financial results for the six months ended 31 December 2020 (1H FY2021).

### FINANCIAL OVERVIEW

- Net loss of US\$25.4M for the six months (US\$26.5M 1H FY2020)
- Unrestricted cash and cash equivalents of US\$31.8M as at 31 December 2020
- Debt Notes outstanding as at 31 December 2020 (principal and interest) of US\$153.0M
- Cash expenditure of US\$4.6M for the six months (US\$10.4M 1H FY2020)
- Full year cash expenditure guidance increased to US\$10.5M (previously US\$9.5M) due to the impact of the A\$/US\$ exchange rate and one-off corporate restructure costs which are expected to provide ongoing cost savings.

### OPERATIONAL HIGHLIGHTS

- Paladin 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
- 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
- Paladin’s Sustainability Report 2020 was released, confirming the Company’s commitment to delivering value through sustainable development.



Paladin CEO, Ian Purdy said *“Our Langer Heinrich mine remains competitively positioned to take advantage of an improving uranium market. The asset has a proven track record of production having successfully marketed over 43Mlb of U<sub>3</sub>O<sub>8</sub>. During the half we continued to advance optimisation work focusing on providing greater certainty on key operational performance metrics for the Langer Heinrich Mine Restart Plan and we continue to engage with our consultants to provide optimised restart metrics.*

*Our cash position and low expenditure levels provides a significant runway for the company to execute on our plans. The combination of our financial runway, detailed restart plans and our team of high calibre industry experts will ensure that, when the right uranium pricing market prevails, the Langer Heinrich mine can be successfully restarted, delivering significant value to all of our stakeholders.”*

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

For further information contact:

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Chief Executive Officer

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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<sub>3</sub>O<sub>8</sub> 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 4D - Financial Report**  
**Half year ended 31 December 2020**

**Paladin Energy Ltd**

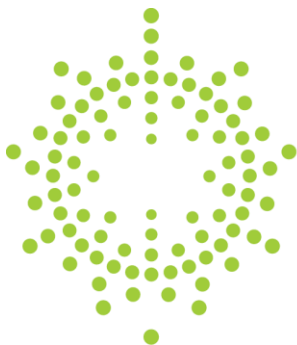
ABN or equivalent company reference

ACN. 061 681 098

**Results for announcement to the market**

				31 December 2020 US\$'000	31 December 2019 US\$'000
Revenue from sales of uranium oxide	-	-	to	-	-
Total revenue	-	-	to	-	-
Loss after tax attributable to members	Down	1%	to	(19,189)	(19,438)
Net loss for the period attributable to members	Down	1%	to	(19,189)	(19,438)
Loss per share (US cents)				(0.9)	(1.0)

<b>Dividends</b>	<b>Amount per security</b>	<b>Franked amount per security</b>
It is not proposed to pay dividends for the period	N/A	N/A
Previous corresponding period: No dividend paid	N/A	N/A
An explanation of the results is included in the Operating and Financial Review and the Financial Report attached.		
Net tangible assets per share	31 December 2020 US\$0.03	31 December 2019 US\$0.03
<b>Other</b>		
Previous corresponding period is the half year ended 31 December 2019.		
All foreign subsidiaries are prepared using IFRS.		



# **PALADIN**

A.C.N. 061 681 098

**FINANCIAL REPORT**

**FOR THE SIX MONTHS ENDED**

**31 DECEMBER 2020**

# **PALADIN ENERGY LTD**

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The financial report covers the Group consisting of Paladin Energy Ltd (referred throughout as the Company or Paladin) and its controlled entities.

# PALADIN ENERGY LTD

## **Operating and Financial Review**

*For the Six Months Ended 31 December 2020*

*(All figures are in US dollars unless otherwise indicated)*

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### **OVERVIEW OF OPERATIONS**

The Group owns 75% of the Langer Heinrich Mine in Namibia, which is currently on care and maintenance (C&M) due to the sustained low Uranium price, and Uranium exploration projects in Australia and Canada. The Company is incorporated under the laws of Australia with a primary share market listing on the Australian Securities Exchange (ASX); as well as the Namibian Stock Exchange in Africa.

### **HIGHLIGHTS**

#### **Corporate**

US\$31.8M of cash and cash equivalents as at 31 December 2020 (excluding restricted cash of \$1M).

Full year cash expenditure guidance increased to US\$10.5M (previously US\$9.5M) due to the impact of the A\$/US\$ exchange rate and one-off corporate restructure costs which are expected to provide ongoing cost savings.

Paladin's Sustainability Report 2020 was released, confirming the Company's commitment to delivering value through sustainable development.

No lost-time injuries or reportable environmental incidents were recorded during the period.

#### **Langer Heinrich Mine (LHM)**

Activities continued under a C&M Transition Plan and focused on routine C&M activities including the continuation of restart and debottlenecking planning.

Paladin continues to focus on minimising C&M expenditure whilst progressing work packages for a restart at the Langer Heinrich Mine.

There were no production or development activities during the period.

#### **Langer Heinrich Mine Restart Plan**

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.

#### **Exploration**

The Company continues to manage its significant exploration portfolio in Australia<sup>(1)</sup> and Canada.

During the period, 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.

<sup>(1)</sup> Currently there is a ban on all future uranium mining in Queensland and Western Australia, except for four projects in Western Australia that had already been approved prior to the last State election.

# PALADIN ENERGY LTD

## Operating and Financial Review

For the Six Months Ended 31 December 2020

(All figures are in US dollars unless otherwise indicated)

### FINANCIAL PERFORMANCE

Key financial performance metrics		Six months ended 31 December		
		2020	2019	% Change
Earnings				
Net loss after tax from continuing operations	US\$'000	(25,378)	(24,448)	4
Loss after tax attributable to members	US\$'000	(19,189)	(19,438)	(1)
Cash Flows				
Cash flows from operating activities	US\$'000	(1,549)	(4,066)	(62)
Capital expenditure	US\$'000	(1,677)	(4,489)	(63)
Free cash flows <sup>(2)</sup>	US\$'000	(3,226)	(8,555)	(62)

Key financial performance metrics		As at		% Change
		31 December 2020	30 June 2020	
Financial Position				
Unrestricted cash and cash equivalents	US\$'000	31,821	34,237	(7)
Debt (principal amount + accrued interest)	US\$'000	153,033	145,745	5
Net debt	US\$'000	121,212	111,508	9
Total equity	US\$'000	73,467	92,999	(21)
Gearing ratio (Net debt / (net debt + equity))	%	62	55	13

### Earnings

Net loss after tax from continuing operations increased by 4%, mainly as a result of foreign exchange loss of US\$4,697,000 which is predominantly due to the foreign exchange translation of the environmental rehabilitation provision in Namibia. The Namibian dollar appreciated 15% during the period, from US\$1:N\$17.27 at 30 June 2020 to US\$1:N\$14.64 at 31 December 2020.

<sup>(2)</sup> Free Cash Flows equals the total of 'cash flows from operating activities' plus 'capital expenditure'.

# PALADIN ENERGY LTD

## **Operating and Financial Review**

*For the Six Months Ended 31 December 2020*  
*(All figures are in US dollars unless otherwise indicated)*

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### **Cash Flows**

The Group had unrestricted cash and cash equivalents at 31 December 2020 of US\$31,821,000.

Unrestricted cash and cash equivalents decreased by US\$2,416,000 during the period comprising of the following cash flows:

- Interest received and other income – the Group received cash inflows of US\$1,393,000, including US\$1,315,649,000 proceeds from final settlement for litigation related to previous activities at the Kayelekera Mine (not related to the sale to Lotus Resources Ltd).
- LHM expenditure – ongoing C&M, LHM utilised US\$1,794,000 in cash flows from operations.
- LHM restart plan expenditure – the Group incurred US\$978,000 in restart planning expenditure.
- Exploration expenditure – the Group utilised US\$667,000 to meet minimum tenement commitments at its exploration projects.
- Corporate expenditure – US\$1,148,000 was paid for corporate costs.
- Effect of movement in exchange rate of cash held – US\$775,000 was predominantly due to an increase in Australian dollars held to meet corporate expenditure requirements.

### **Financial Position**

Unrestricted group cash and cash equivalents decreased by 7% to US\$31,821,000 and net debt increased by 9%, from US\$111,508 at 30 June 2020 to US\$121,212 at 31 December 2020. In addition, the Group's gearing ratio increased from 55% at 30 June 2020 to 62% at 31 December 2020.



# PALADIN ENERGY LTD

## Directors' Report

*For the Six Months Ended 31 December 2020*  
*(All figures are in US dollars unless otherwise indicated)*

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The Directors present their report on the Company consisting of Paladin Energy Ltd ("Company") and the entities it controlled ("Group") at the end of, or during, the six months ended 31 December 2020.

### Directors

The following persons were Directors of the Company during the whole of the six months and up to the date of this report unless otherwise indicated:

Mr Cliff Lawrenson (Non-executive Chairman)  
Mr Peter Main (Non-executive Director)  
Mr Peter Watson (Non-executive Director)

### Review of Operations

A detailed Operating and Financial Review of the Group is set out on pages 3 to 5.

The loss after tax attributable to the ordinary equity holders for the six months ended 31 December 2020 was US\$19,189,000 (loss after tax of US\$19,438,000 for the six months ended 31 December 2019).

### Auditor's Independence Declaration

A copy of the auditor's independence declaration as required under Section 307C of the Corporations Act 2001 is set out on page 7, which forms part of the Directors' Report.

### Rounding

The amounts contained in this report, the Financial Report and the Operating and Financial Review have been rounded to the nearest US\$1,000 (where rounding is applicable) under the option available to the Company under ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191. The Company is an entity to which the Instrument applies.

Signed in accordance with a resolution of the Directors.

  
Mr Cliff Lawrenson  
Chairman  
Perth, Western Australia  
26 February 2021



## *Auditor's Independence Declaration*

As lead auditor for the review of Paladin Energy Ltd for the half-year ended 31 December 2020, I declare that to the best of my knowledge and belief, there have been:

- (a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review, and
- (b) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Paladin Energy Ltd and the entities it controlled during the period.

A handwritten signature in black ink, appearing to read 'Justin Carroll'.

Justin Carroll  
Partner  
PricewaterhouseCoopers

Perth  
26 February 2021

**PALADIN ENERGY LTD AND CONTROLLED ENTITIES**  
**CONSOLIDATED INCOME STATEMENT**

		Six months ended 31 December	
	Notes	2020 US\$'000	2019 US\$'000
<b>Revenue</b>			
Revenue		-	-
Cost of sales		-	-
Gross profit/(loss)		-	-
Other income		2,026	1,811
Administration, marketing and non-production costs	6	(10,600)	(14,285)
Other expenses		(4,697)	(54)
Loss before interest and tax		(13,271)	(12,528)
Finance costs		(11,960)	(11,920)
<b>Net loss before income tax from continuing operations</b>		<b>(25,231)</b>	<b>(24,448)</b>
Income tax expense		(147)	-
<b>Net loss after tax from continuing operations</b>		<b>(25,378)</b>	<b>(24,448)</b>
Loss after tax from discontinued operations	8	-	(2,074)
<b>Net loss after tax</b>		<b>(25,378)</b>	<b>(26,522)</b>
Attributable to:			
Non-controlling interests		(6,189)	(7,084)
Members of the parent		(19,189)	(19,438)
<b>Net loss after tax</b>		<b>(25,378)</b>	<b>(26,522)</b>
<b>Loss per share (US cents)</b>			
Loss after tax from operations attributable to ordinary equity holders of the Company			
- continuing operations, basic and diluted (US cents)		(0.9)	(1.0)
- discontinued operations, basic and diluted (US cents)		-	(0.1)

The above Consolidated Income Statement should be read in conjunction with the accompanying notes.

**PALADIN ENERGY LTD AND CONTROLLED ENTITIES**  
**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

	Six months ended 31 December	
	2020	2019
	US\$'000	US\$'000
<b>Net loss after tax</b>	<b>(25,378)</b>	<b>(26,522)</b>
<b>Other comprehensive income</b>		
<b>Items that may be reclassified subsequently to profit or loss:</b>		
Foreign currency translation	1,966	44
<b>Items that will not be reclassified to profit or loss:</b>		
Revaluation of financial assets	3,657	-
Foreign currency translation attributable to non-controlling interests	-	-
<b>Other comprehensive income for the period, net of tax</b>	<b>5,623</b>	<b>44</b>
<b>Total comprehensive loss for the period</b>	<b>(19,755)</b>	<b>(26,478)</b>
Total comprehensive loss attributable to:		
Non-controlling interests	(6,189)	(7,084)
Members of the parent	(13,566)	(19,394)
	<u>(19,755)</u>	<u>(26,478)</u>

The above Consolidated Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

**PALADIN ENERGY LTD AND CONTROLLED ENTITIES**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

	Notes	As at 31 December 2020 US\$'000	As at 30 June 2020 US\$'000
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents		31,821	34,237
Restricted cash		1,000	1,000
Trade and other receivables		1,036	1,116
Prepayments		1,393	1,222
Inventories		5,127	5,132
<b>TOTAL CURRENT ASSETS</b>		<b>40,377</b>	<b>42,707</b>
<b>Non current assets</b>			
Trade and other receivables		6,188	5,512
Non-current financial assets	7	8,622	4,328
Property, plant and equipment	8	184,502	190,889
Right-of-use assets		92	215
Mine development		17,634	18,548
Exploration and evaluation expenditure	9	96,955	93,369
Intangible assets		8,572	8,831
<b>TOTAL NON CURRENT ASSETS</b>		<b>322,565</b>	<b>321,692</b>
<b>TOTAL ASSETS</b>		<b>362,942</b>	<b>364,399</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables		1,789	1,541
Lease liabilities		93	215
Provisions		588	522
Unearned revenue		-	3
<b>TOTAL CURRENT LIABILITIES</b>		<b>2,470</b>	<b>2,281</b>
<b>Non current liabilities</b>			
Interest bearing loans and borrowings		143,323	134,394
Other interest bearing loans - CNNC		104,190	102,638
Provisions		39,492	32,087
<b>TOTAL NON CURRENT LIABILITIES</b>		<b>287,005</b>	<b>269,119</b>
<b>TOTAL LIABILITIES</b>		<b>289,475</b>	<b>271,400</b>
<b>NET ASSETS</b>		<b>73,467</b>	<b>92,999</b>
<b>EQUITY</b>			
Contributed equity	5(a)	2,328,031	2,327,789
Reserves		(64,665)	(70,269)
Accumulated losses		(2,123,321)	(2,104,132)
Parent interests		140,045	153,388
Non-controlling interests		(66,578)	(60,389)
<b>TOTAL EQUITY</b>		<b>73,467</b>	<b>92,999</b>

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

**PALADIN ENERGY LTD AND CONTROLLED ENTITIES  
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

	Contributed Equity US\$'000	Reserves US\$'000	Accumulated Losses US\$'000	Owners of the Parent US\$'000	Non- Controlling Interests US\$'000	Total US\$'000
<b>Balance at 1 July 2019</b>	<b>2,306,925</b>	<b>(71,598)</b>	<b>(2,025,649)</b>	<b>209,678</b>	<b>(133,040)</b>	<b>76,638</b>
Loss for the period	-	-	(19,438)	(19,438)	(7,084)	(26,522)
Other comprehensive income	-	44	-	44	-	44
Total comprehensive loss for the period, net of tax	-	44	(19,438)	(19,394)	(7,084)	(26,478)
Share-based payment	-	112	-	112	-	112
Contributions of equity, net of transaction costs	20,864	-	-	20,864	-	20,864
<b>Balance at 31 December 2019</b>	<b>2,327,789</b>	<b>(71,442)</b>	<b>(2,045,087)</b>	<b>211,260</b>	<b>(140,124)</b>	<b>71,136</b>
<b>Balance at 1 July 2020</b>	<b>2,327,789</b>	<b>(70,269)</b>	<b>(2,104,132)</b>	<b>153,388</b>	<b>(60,389)</b>	<b>92,999</b>
Loss for the period	-	-	(19,189)	(19,189)	(6,189)	(25,378)
Other comprehensive income	-	1,966	-	1,966	-	1,966
Revaluation of financial assets	-	3,657	-	3,657	-	3,657
Total comprehensive loss for the period, net of tax	-	5,623	(19,189)	(13,566)	(6,189)	(19,755)
Share-based payment	-	223	-	223	-	223
Vesting performance rights	242	(242)	-	-	-	-
<b>Balance at 31 December 2020</b>	<b>2,328,031</b>	<b>(64,665)</b>	<b>(2,123,321)</b>	<b>140,045</b>	<b>(66,578)</b>	<b>73,467</b>

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

**PALADIN ENERGY LTD AND CONTROLLED ENTITIES**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**

	<b>Six months ended</b>	
	<b>31 December</b>	
	<b>2020</b>	<b>2019</b>
	<b>US\$'000</b>	<b>US\$'000</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Payments to suppliers and employees	(2,942)	(5,923)
Other income	1,327	1,605
Interest received	66	252
<b>NET CASH OUTFLOW FROM OPERATING ACTIVITIES</b>	<b>(1,549)</b>	<b>(4,066)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Payments for property, plant and equipment	(32)	(94)
Proceeds from sale of property, plant and equipment	35	-
Capitalised exploration expenditure	(667)	(649)
LHM restart planning costs	(978)	(3,746)
<b>NET CASH OUTFLOW FROM INVESTING ACTIVITIES</b>	<b>(1,642)</b>	<b>(4,489)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from issue of shares	-	21,664
Equity fundraising costs	-	(800)
<b>NET CASH INFLOW FROM FINANCING ACTIVITIES</b>	<b>-</b>	<b>20,864</b>
<b>NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(3,191)</b>	<b>12,309</b>
Cash and cash equivalents at the beginning of the period	34,237	25,360
Effects of exchange rate changes on cash and cash equivalents	775	47
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL PERIOD</b>	<b>31,821</b>	<b>37,716</b>

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

**PALADIN ENERGY LTD AND CONTROLLED ENTITIES  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE SIX MONTHS ENDED 31 DECEMBER 2020**

**NOTE 1. CORPORATE INFORMATION**

The Interim Financial Report of the Group for the six months ended 31 December 2020 was authorised for issue in accordance with a resolution of the Directors on 26 February 2020.

Paladin Energy Ltd is a company limited by shares, incorporated and domiciled in Australia whose shares are publicly traded on the ASX, with additional listings on the Munich, Berlin, Stuttgart and Frankfurt Stock Exchanges in Europe, as well as the Namibian Stock Exchange in Africa.

The Group's principal place of business is Level 4, 502 Hay Street, Subiaco, Western Australia. The nature of the operations and principal activities of the Group are described in the Operating and Financial Review (unaudited) on pages 3 to 5.

**NOTE 2. BASIS OF PREPARATION**

This consolidated interim financial report for the half-year reporting period ended 31 December 2020 has been prepared in accordance with Australian Accounting Standards Board ("AASB") 134 *Interim Financial Reporting* and the Corporations Act 2001.

This consolidated interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this unaudited report is to be read in conjunction with the Annual Report for the year ended 30 June 2020 and any public announcements made by Paladin during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The consolidated interim financial report is presented in United States dollars and all values are rounded to the nearest thousand dollars (US\$1,000) unless otherwise stated under the option available to the Company under Australian Securities and Investments Commission ("ASIC") Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191. The Company is an entity to which the Instrument applies.

The accounting policies adopted are consistent with those of the previous financial year unless otherwise stated.

**New and amended accounting standards and interpretations**

From 1 July 2020 the Group has adopted all Australian Accounting Standards and Interpretations effective for annual periods beginning on or before 1 July 2020. The Group has not elected to early adopt any new accounting standards and interpretations.



**PALADIN ENERGY LTD AND CONTROLLED ENTITIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE SIX MONTHS ENDED 31 DECEMBER 2020**

**NOTE 3. GOING CONCERN**

The financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

The Group incurred a net loss after tax attributable to the ordinary equity holders of US\$19,189,000 for the six months ended 31 December 2020 (31 December 2019: loss US\$19,438,000) and a net cash outflow from operating activities of US\$1,549,000 (31 December 2019: outflow US\$4,066,000). As at 31 December 2020, the Group had a net current asset surplus of US\$37,907,000 (30 June 2020: surplus US\$40,426,000). The Group has unrestricted cash of US\$31,821,000 (30 June 2020: US\$34,237,000).

During the next twelve months, there are currently no repayment obligations in respect of interest bearing loans and borrowings of US\$143,323,000. The Langer Heinrich Mine is currently in care and maintenance and the Group will not generate sufficient cash to repay the interest bearing loans and borrowings when due. The Group has a number of options available to it to obtain funding to repay the notes by their maturity in 2023. These options include: the sale of Group assets; raising new financing and/or renegotiating the tenure or terms of the senior secured notes or raising additional equity.

As a result of these matters, there is a material uncertainty that may cast significant doubt on the entity's ability to continue as a going concern and, therefore, that the entity may be unable to realise its assets and discharge its liabilities in the normal course of business. The financial report does not include adjustments relating to the recoverability or classification of the recorded assets nor to the amounts or classification of liabilities that might be necessary should the Company not be able to continue as a going concern.

The Directors are satisfied that it is appropriate to prepare the financial statements on a going concern basis on the basis that the above can be reasonably expected to be accomplished.

**PALADIN ENERGY LTD AND CONTROLLED ENTITIES  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE SIX MONTHS ENDED 31 DECEMBER 2020**

**NOTE 4. SEGMENT INFORMATION**

**Identification of reportable segments**

The Company has identified its operating segments to be Exploration, Namibia and Australia, on the basis of the nature of the activity and geographical location and different regulatory environments. The main segment activity in Namibia<sup>(1)</sup> is the production and sale of uranium from the mines located in this country's geographic regions. The Australian segment includes the Company's treasury, corporate and administration expenditure. The Exploration<sup>(2)</sup> segment is focused on developing exploration and evaluation projects in Australia and Canada. The Malawi segment no longer exists following the sale of Kayelekera Mine in FY2020.

Discrete financial information about each of these operating segments is reported to the Group's executive management team (chief operating decision makers) on at least a monthly basis.

The accounting policies used by the Group in reporting segments internally are the same as those contained in the accounts and in the prior period.

Inter-entity sales are priced with reference to the spot rate.

Corporate charges comprise non-segmental expenses such as corporate office expenses. A proportion of the corporate charges are allocated to Namibia on the basis of timesheet allocations with the balance remaining in Australia.

The Group's customers are major utilities and other entities located mainly in USA, East Asia and Western Europe.

<sup>(1)</sup> In May 2018, the Company received the consent of relevant stakeholders to place LHM into C&M and LHM stopped presenting ore to the plant.

<sup>(2)</sup> In FY2020, the Company has only undertaken the work required to meet minimum tenement commitments.

**PALADIN ENERGY LTD AND CONTROLLED ENTITIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE SIX MONTHS ENDED 31 DECEMBER 2020**

**NOTE 4. SEGMENT INFORMATION (continued)**

The following tables present revenue, expenditure and asset information regarding operating segments for the six months ended 31 December 2020 and 31 December 2019.

<b>Six months ended 31 December 2020</b>	<b>Exploration US\$'000</b>	<b>Namibia US\$'000</b>	<b>Australia US\$'000</b>	<b>Consolidated US\$'000</b>
Sales to external customers	-	-	-	-
Total consolidated revenue	-	-	-	-
Cost of sales	-	-	-	-
Gross profit	-	-	-	-
Other income	-	20	3,282	3,302
Other expenses	-	(15,022)	(1,551)	(16,573)
Segment loss before income tax and finance costs	-	(15,002)	1,731	(13,271)
Finance costs	-	(3,031)	(8,929)	(11,960)
Segment loss before income tax	-	(18,033)	(7,198)	(25,231)
Income tax expense	-	-	(147)	(147)
Segment loss after income tax	-	(18,033)	(7,345)	(25,378)
<b>At 31 December 2020</b>				
Segment total assets	<b>93,497</b>	<b>221,528</b>	<b>47,917<sup>(1)</sup></b>	<b>362,942</b>

<sup>(1)</sup> Includes US\$31,367,490 in cash and cash equivalents.

<b>Six months ended 31 December 2019</b>	<b>Exploration US\$'000</b>	<b>Namibia US\$'000</b>	<b>Malawi US\$'000</b>	<b>Australia US\$'000</b>	<b>Consolidated US\$'000</b>
Sales to external customers	-	-	-	-	-
<b>Total consolidated revenue</b>	-	-	-	-	-
Cost of sales	-	-	-	-	-
Gross profit	-	-	-	-	-
Other income	-	204	123	1,607	1,934
Other expenses	(4)	(12,208)	(2,097)	(2,127)	(16,436)
Segment (loss)/profit before income tax and finance costs	(4)	(12,004)	(1,974)	(520)	(14,502)
Finance costs	-	(4,048)	(100)	(7,872)	(12,020)
(Loss)/profit before income tax	(4)	(16,052)	(2,074)	(8,392)	(26,522)
Income tax expense	-	-	-	-	-
<b>Net (loss)/profit after tax</b>	<b>(4)</b>	<b>(16,052)</b>	<b>(2,074)</b>	<b>(8,392)</b>	<b>(26,522)</b>
<b>At 31 December 2019</b>					
Segment total assets	<b>91,949</b>	<b>238,890</b>	<b>11,065<sup>(1)</sup></b>	<b>38,549<sup>(2)</sup></b>	<b>380,453</b>

<sup>(1)</sup> Includes US\$10,000,000 KM Performance Bond (restricted cash).

<sup>(2)</sup> Includes US\$37,110,306 in cash and cash equivalents.

**PALADIN ENERGY LTD AND CONTROLLED ENTITIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
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**NOTE 5. CONTRIBUTED EQUITY**

**(a) Issued and paid up capital**

	31 December 2020	30 June 2020	31 December 2020	30 June 2020
Ordinary shares	Number of Shares		US\$'000	US\$'000
Issued and fully paid	2,043,196,636	2,027,891,013	2,328,031	2,327,789

**(b) Movements in ordinary shares on issue**

Date		Number of Shares	Issue Price A\$	Exchange Rate US\$: A\$	Total US\$'000
<b>Balance 30 June 2019</b>		<b>1,752,084,272</b>			<b>2,306,925</b>
September 2019	Share placement	262,812,641	0.115	1.46333	20,654
October 2019	Share Purchase Plan	12,994,100	0.115	1.48029	1,010
	Transaction costs				(800)
<b>Balance 30 June 2020</b>		<b>2,027,891,013</b>			<b>2,327,789</b>
December 2020	SARs exercised	1,056,623	-	-	-
December 2020	Conversion of Performance Rights	14,250,000	-	-	-
	Transfer from share-based payments reserve				242
<b>Balance 31 December 2020</b>		<b>2,043,197,636</b>			<b>2,328,031</b>

**PALADIN ENERGY LTD AND CONTROLLED ENTITIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE SIX MONTHS ENDED 31 DECEMBER 2020**

**NOTE 5. CONTRIBUTED EQUITY (continued)**

**(c) Share Appreciation Rights (SARs)**

Issued unlisted employee share appreciation rights outstanding to the employees and consultants directly engaged in corporate, mine construction, operations and exploration and evaluation work for the Company are as follows:

	<b>31 December 2020 Number</b>	<b>30 June 2020 Number</b>
Number of unlisted employee share appreciation rights	7,388,500	13,022,000

Consisting of the following:

<b>Date granted</b>	<b>Exercisable date</b>	<b>Expiry date</b>	<b>Fair value</b>	<b>Exercise price</b>	<b>Number</b>
20 October 2015	1 November 2016	1 November 2021	A\$0.13	A\$0.20	570,000
20 October 2015	1 November 2017	1 November 2022	A\$0.13	A\$0.20	285,000
20 October 2015	1 November 2018	1 November 2023	A\$0.13	A\$0.20	285,000
3 March 2016	1 November 2016	1 November 2021	A\$0.10	A\$0.20	50,000
3 March 2016	1 November 2017	1 November 2022	A\$0.10	A\$0.20	25,000
3 March 2016	1 November 2018	1 November 2023	A\$0.10	A\$0.20	25,000
27 September 2016	11 November 2017	11 November 2022	A\$0.08	A\$0.20	207,000
27 September 2016	11 November 2018	11 November 2023	A\$0.08	A\$0.20	207,000
27 September 2016	11 November 2019	11 November 2024	A\$0.08	A\$0.20	207,000
16 April 2018	16 April 2018	16 April 2023	A\$0.17	A\$0.15	105,000
16 April 2018	16 April 2019	16 April 2024	A\$0.05	A\$0.15	52,500
16 April 2018	16 April 2020	16 April 2025	A\$0.07	A\$0.15	52,500
1 July 2019	1 July 2020	1 July 2025	A\$0.05	A\$0.1226	700,000
1 July 2019	1 July 2021	1 July 2026	A\$0.06	A\$0.1226	700,000
1 July 2019	1 July 2022	1 July 2027	A\$0.07	A\$0.1226	1,100,000
1 October 2019	1 October 2020	1 October 2025	A\$0.03	A\$0.12	105,000
1 October 2019	1 October 2021	1 October 2026	A\$0.04	A\$0.12	656,250
1 October 2019	1 October 2022	1 October 2027	A\$0.05	A\$0.12	656,250
27 October 2020	9 November 2021	9 November 2021	A\$0.13	A\$0.00	600,000
27 October 2020	9 November 2022	9 November 2022	A\$0.13	A\$0.00	600,000
14 December 2020	21 December 2021	21 December 2021	A\$0.21	A\$0.00	100,000
14 December 2020	21 December 2022	21 December 2022	A\$0.21	A\$0.00	100,000
<b>Total</b>					<b>7,388,500</b>

**PALADIN ENERGY LTD AND CONTROLLED ENTITIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE SIX MONTHS ENDED 31 DECEMBER 2020**

**NOTE 5. CONTRIBUTED EQUITY (continued)**

**(d) Performance Rights (PRs)**

Issued unlisted employee performance rights outstanding to directors and employees of the Company are as follows:

	<b>31 December 2020 Number</b>	<b>30 June 2020 Number</b>
Number of unlisted employee share appreciation rights	42,750,000	49,000,000

Consisting of the following:

<b>Date granted</b>	<b>Expiry date</b>	<b>Fair value</b>	<b>Vesting price</b>	<b>Number</b>
5 February 2020	5 February 2025	A\$0.038	A\$0.30	9,750,000
5 February 2020	5 February 2025	A\$0.038	A\$0.40	9,750,000
5 February 2020	5 February 2025	A\$0.038	A\$0.50	9,750,000
30 April 2020	12 June 2025	A\$0.050	A\$0.30	2,500,000
30 April 2020	12 June 2025	A\$0.050	A\$0.40	2,500,000
30 April 2020	12 June 2025	A\$0.050	A\$0.50	2,500,000
8 October 2020	22 December 2025	A\$0.094	A\$0.30	2,000,000
8 October 2020	22 December 2025	A\$0.084	A\$0.40	2,000,000
8 October 2020	22 December 2025	A\$0.075	A\$0.50	2,000,000
<b>Total</b>				<b>42,750,000</b>

**NOTE 6. EXPENSES**

	<b>Six months ended 31 December 2020 US\$'000</b>	<b>2019 US\$'000</b>
<b>Administration, marketing, care and maintenance, and non-production costs</b>		
Corporate and marketing	(1,323)	(1,964)
LHM mine site	(1,606)	(1,750)
LHM depreciation	(7,443)	(10,417)
Other costs	(58)	(52)
Share-based payments	(170)	(102)
<b>Total</b>	<b>(10,600)</b>	<b>(14,285)</b>

**NOTE 7. NON-CURRENT FINANCIAL ASSETS**

	<b>31 December 2020 US\$'000</b>	<b>30 June 2020 US\$'000</b>
<b>Non current financial assets</b>	<b>8,622</b>	<b>4,328</b>

The Group has an investment in Lotus Resources Limited (Lotus) and at 31 December 2020 held 90,000,000 shares subject to a 12-month voluntary escrow ending on 13 March 2021 (30 June 2020 : 90,000,000 shares). The market value of these shares in Lotus at 31 December 2020 is A\$11.3M (US\$8.6M) based on a share price of A\$0.125 per share. (30 June 2020 : A\$6.3M (US\$4.3M) based on a share price of A\$0.07 per share).

**PALADIN ENERGY LTD AND CONTROLLED ENTITIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE SIX MONTHS ENDED 31 DECEMBER 2020**

**NOTE 8. PROPERTY, PLANT AND EQUIPMENT**

	<b>31 December 2020 US\$'000</b>	<b>30 June 2020 US\$'000</b>
Plant and equipment (at cost) <sup>(1)</sup>	370,522	369,747
Less accumulated depreciation and impairment	<u>(191,366)</u>	<u>(184,386)</u>
Total plant and equipment	<u>179,156</u>	<u>185,361</u>
Land and buildings (at cost) <sup>(2)</sup>	9,860	9,860
Less accumulated depreciation	<u>(5,270)</u>	<u>(5,088)</u>
Total land and buildings	<u>4,590</u>	<u>4,772</u>
Construction work in progress (at cost) <sup>(3)</sup>	756	756
Less impairment	<u>-</u>	<u>-</u>
Total construction work in progress	<u>756</u>	<u>756</u>
<b>Total property, plant and equipment</b>	<b><u>184,502</u></b>	<b><u>190,889</u></b>

<sup>(1)</sup> Includes additions of US\$32,135 (30 June 2020: US\$302,090)

<sup>(2)</sup> Includes additions of US\$Nil (30 June 2020: US\$Nil)

<sup>(3)</sup> Includes additions of US\$Nil (30 June 2020: US\$Nil)

Impairment of Property, Plant and Equipment; Mine Development and Intangibles

Property, plant and equipment; mine development and intangibles are tested for impairment whenever events or changes in circumstances indicate that the carrying value may not be recoverable. Since the 30 June 2020, there have been no events or changes in circumstances to indicate that the carrying value may not be recoverable.

**PALADIN ENERGY LTD AND CONTROLLED ENTITIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE SIX MONTHS ENDED 31 DECEMBER 2020**

**NOTE 9. EXPLORATION AND EVALUATION EXPENDITURE**

The following table details the expenditures on interests in mineral properties by area of interest for the period ended 31 December 2020:

	<b>Valhalla /Skal</b>	<b>Isa North</b>	<b>Carley Bore</b>	<b>Canada<sup>(1)</sup></b>	<b>Manyingee/ Other</b>	<b>Fusion</b>	<b>Langer Heinrich</b>	<b>Total</b>
<b>Areas of interest</b>	<b>US\$'000</b>	<b>US\$'000</b>	<b>US\$'000</b>	<b>US\$'000</b>	<b>US\$'000</b>	<b>US\$'000</b>	<b>US\$'000</b>	<b>US\$'000</b>
Balance 30 June 2020	39,441	7,543	7,866	27,885	7,416	159	3,059	93,369
Expenditure capitalised	<b>56</b>	<b>176</b>	<b>29</b>	<b>289</b>	<b>57</b>	<b>61</b>	<b>978</b>	<b>1,646</b>
Foreign exchange differences	-	-	-	1,940	-	-	-	1,940
<b>Balance 31 December 2020</b>	<b>39,497</b>	<b>7,719</b>	<b>7,895</b>	<b>30,114</b>	<b>7,473</b>	<b>220</b>	<b>4,037</b>	<b>96,955</b>

- <sup>(1)</sup> Paladin holds a 60% interest in a special purpose joint venture (Michelin Joint Venture) which owns the Michelin Project. The Michelin Joint Venture includes a farm out over a further four-year period whereby Paladin will receive an additional 5% participating interest in the Michelin Project on an annual basis (up to 75%) in return for Paladin funding all obligations for the Michelin Project over this period. Paladin recognises control over the Michelin Joint Venture resulting in the consolidation of 100% of the Canadian assets with a non-controlling interest recognised for Michelin Nominees Limited's 40% interest in the Michelin Project.



**PALADIN ENERGY LTD AND CONTROLLED ENTITIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE SIX MONTHS ENDED 31 DECEMBER 2020**

**NOTE 10. COMMITMENTS AND CONTINGENCIES**

There were no outstanding commitments or contingencies, which are not disclosed in the Financial Report of the Group as at 31 December 2020 other than:

	<b>31 December 2020 US\$'000</b>	<b>30 June 2020 US\$'000</b>
<b>Tenements</b>		
Commitments for tenements contracted for at the reporting date but not recognised as liabilities, payable:		
Within one year	46	41
Later than one year but not later than 5 years	586	987
More than 5 years	601	539
	<hr/>	<hr/>
<b>Total tenements commitments</b>	<b>1,233</b>	<b>1,567</b>

These include commitments relating to tenement lease rentals and the minimum expenditure requirements of the Namibian, Canadian, Western Australian and Queensland Mines Departments attaching to the tenements and are subject to re-negotiation upon expiry of the exploration leases or when application for a mining licence is made.

These are necessary in order to maintain the tenements in which the Group and other parties are involved. All parties are committed to meet the conditions under which the tenements were granted in accordance with the relevant mining legislation in Namibia, Australia and Canada.

**Other Commitments**

Commitments for transport, capital, purchase order commitments, fuel and utilities and other supplies contracted for at the reporting date but not recognised as liabilities, payable:

Within one year	629	503
Later than one year but not later than 5 years	952	297
More than 5 years	645	1,115
	<hr/>	<hr/>
<b>Total other commitments</b>	<b>2,226</b>	<b>1,915</b>

**PALADIN ENERGY LTD AND CONTROLLED ENTITIES  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE SIX MONTHS ENDED 31 DECEMBER 2020**

**NOTE 11. EVENTS AFTER THE REPORTING PERIOD**

Other than disclosed below, since the 31 December 2020, the Directors are not aware of any other matter or circumstance not otherwise dealt with in this report, that has significantly or may significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in subsequent periods with the exception of the following, the financial effects of which have not been provided for in the 31 December 2020 Financial Report:

**Conversion of Performance Rights**

On 22 January 2021, the Company issued 14,250,000 fully paid ordinary shares to Directors and Key Management Personnel upon the conversion of existing Performance Rights.

In accordance with a resolution of the directors of Paladin Energy Ltd, I state that:

In the opinion of the Directors:

- (a) the financial statements and notes of Paladin Energy Ltd for the half-year ended 31 December 2020 are in accordance with the Corporations Act 2001, including:
  - (i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2020 and its performance for the half-year ended on that date; and
  - (ii) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting*, International Financial Reporting Standard, IAS 34 Interim Financial Reporting and the Corporations Regulations 2001; and
- (b) subject to the matters set out in Note 3 to the Financial Statements, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

On behalf of the Board



Mr Cliff Lawrenson  
Chairman  
Perth, Western Australia  
26 February 2021



## **Independent auditor's review report to the members of Paladin Energy Ltd**

### ***Report on the half-year financial report***

#### ***Conclusion***

We have reviewed the half-year financial report of Paladin Energy Ltd (the Company) and the entities it controlled during the half-year (together the Group), which comprises the consolidated statement of financial position as at 31 December 2020, the consolidated statement of comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flows and consolidated income statement for the half-year ended on that date, significant accounting policies and explanatory notes and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of Paladin Energy Ltd does not comply with the *Corporations Act 2001* including:

1. giving a true and fair view of the Group's financial position as at 31 December 2020 and of its performance for the half-year ended on that date, and
2. complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

#### ***Basis for conclusion***

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity* (ASRE 2410). Our responsibilities are further described in the *Auditor's responsibilities for the review of the half-year financial report* section of our report.

We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

#### ***Material uncertainty related to going concern***

We draw attention to Note 3 in the financial report, which indicates that the Group incurred a net loss after tax attributable to the ordinary equity holders of US\$19,189,000 and a net cash outflow from operations of US\$1,549,000 for the six months ended 31 December 2020.

While the Group's interest bearing loans and borrowings of US\$143,323,000 have no repayment obligations until their maturity in 2023, the Langer Heinrich Mine remains in care and maintenance so the Group will not generate sufficient cash to repay the interest bearing loans and borrowings when due.

These conditions, along with other matters set forth in Note 3, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

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### *Responsibility of the directors for the half-year financial report*

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement whether due to fraud or error.

### *Auditor's responsibility for the review of the half-year financial report*

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2020 and of its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

A stylized, handwritten signature of 'PricewaterhouseCoopers' in a cursive script.

PricewaterhouseCoopers

A handwritten signature of 'Justin Carroll' in a cursive script.

Justin Carroll  
Partner

Perth  
26 February 2021