



PALADIN

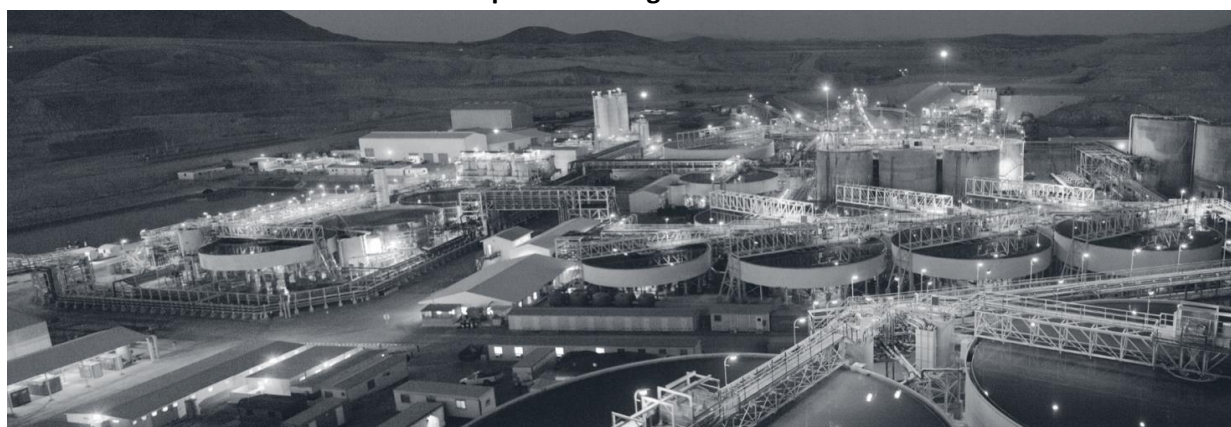
Clean energy. Clear future.

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ASX Announcement
20 April 2021

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

Quarterly Activities Report For the period ending 31 March 2021



Paladin Energy Limited (“Paladin” or “the Company”) is pleased to provide an update on its activities and cashflow for the quarter ended 31 March 2021.

HIGHLIGHTS

- The successful completion of the A\$218.7M Equity Raise to redeem Paladin’s Senior Notes and reset the Company’s capital structure
- The Company provided a Notice of Redemption to the holders of the outstanding US\$115M Senior Notes, and the full redemption payment was processed on 12 April 2021
- The Notes redemption removes Paladin’s legacy corporate debt providing the Company with financial security, optionality on future funding structures for the Langer Heinrich Mine (LHM) restart, and significant benefits for the Company’s uranium marketing activities
- The Company continued to progress the critical-path elements of its restart planning at the globally significant LHM, including:
 - Ongoing optimisation of tailings management, stockpile and Run Of Mine blending strategies
 - Completion of the Grade Control dilution study, validating assumptions in the Mineral Resource model
 - Updates of critical engineering documents and dynamic modelling scenario analysis
- Paladin continues to engage global nuclear energy utilities with the intent to secure uranium term-price contracts including sufficient duration and value to underpin the restart of the LHM
- No lost-time injuries or reportable environmental incidents were recorded during the quarter
- The Company held US\$168.4M¹ of cash and cash equivalents as at 31 March 2021, including the proceeds from the accelerated component of the Equity Raise prior to the Senior Notes redemption processed on 12 April 2021. Excluding the net Equity Raise proceeds received to 31 March 2021, cash and cash equivalents at quarter end were US\$29.9M¹. The final Equity Raise proceeds and full redemption of the Senior Notes have been received and paid in April

¹ Excluding restricted cash of US\$1M



- Net cash increase for the quarter (excluding net cash from financing activities of US\$136.0M) was US\$0.5M. This includes US\$1M received from Lotus Resources Ltd for repayment of the environmental bond in accordance with the sale of the Kayelekera Mine in Malawi to Lotus Resources Ltd, and a favourable foreign exchange movement of US\$2.5M on cash held.

Paladin CEO, Ian Purdy said *“The successful completion of the Equity Raise represents a significant milestone in the transformation of Paladin and provides a ‘reset’ of the Company’s balance sheet. The removal of our legacy corporate debt overhang provides the Company with significant capital security and flexibility, allowing management to continue to focus on the restart plans at Langer Heinrich. I would like to thank all of our existing and new shareholders for their support.*

Our improved balance sheet, coupled with our known product specifications and proven track record of reliable uranium production from Langer Heinrich enhances the Company’s position as an attractive counterparty for utilities and other offtake partners.

On an operational front, I am pleased that we have delivered another quarter of no lost time injuries or environmental incidents. We put the health, safety and wellbeing of our workforce and all stakeholders at the forefront, with a positive culture of safety that underpins all our decisions and actions.

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 to provide optimised restart metrics to maximise operational efficiencies and shareholder returns upon the restart of Langer Heinrich. The extensive work packages that Paladin and our expert consultants are undertaking 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:

- Ongoing optimisation of tailings management, stockpile and Run Of Mine blending strategies
- Grade Control dilution study completed, validating dilution assumptions in the Mineral Resource model
- Completion of detailed plant and equipment condition reviews and commencement of task prioritisation for restart
- Condition assessment of instrumentation and systems integration completed
- Updating of critical engineering document completed to reflect restart requirements
- Dynamic modelling for potential plant surge capacity requirements nearing completion
- Mining Contractor Expressions of Interest issued and initial responses received

Production and Development Activities

- The Company holds a current valid Mining License and Environmental Clearance Certificate which permits the resumption of mining, processing and uranium exports at the LHM
- The Department of Water Affairs & Forestry approved the renewal of the Company’s Swakop River Groundwater abstraction period for a two-year period in March 2021
- Engagement with relevant regulator commissioners for Mining, Labour and Safety occurred during the quarter

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



- Activities during the quarter continued to focus on routine care and maintenance activities, including the continuation of restart, 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
- There were no production or development activities during the quarter.

MINING EXPLORATION ACTIVITIES

- The Company continues to manage its significant exploration portfolio in Australia and Canada.
- Minimum tenement commitment requirements to retain these leases were met during the quarter at a minimum cost
- 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

- The Company had no lost time injuries or reportable environmental incidents recorded during the quarter
- There have been no COVID-19 cases during the quarter, and the Company continued to maintain appropriate protocols across all locations to minimise the potential transmission of COVID-19.

CORPORATE ACTIVITIES

- The Company undertook an Equity Raise by way of a fully underwritten pro-rata accelerated non-renounceable entitlement offer and institutional placement, to raise A\$218.7 million (Equity Raise)
- The fully underwritten A\$218.7 million Equity Raise comprised:
 - an institutional placement of 347.3 million new fully paid ordinary shares in Paladin (New Shares) to raise A\$128.5 million (Placement); and
 - a 1 for 8.5 pro-rata accelerated non-renounceable entitlement offer of 243.7 million New Shares to raise A\$90.2 million (Entitlement Offer)
- All New Shares were issued at a price of A\$0.37 per New Share under the Equity Raise
- The Company provided a Notice of Redemption to the holders of the outstanding US\$115M Senior Notes
- The Company holds 90M shares in Lotus Resources Ltd which were valued at A\$11.7M at 31 March 2021
- The Company continues to engage with global nuclear energy utilities with the intent of securing uranium term-price contracts including 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.

Cash and Expenditure

- The Company continues to minimise expenditure with an increase in net cash for the quarter of US\$0.5M (excluding net cash from financing activities of US\$136.0M). This includes US\$1M received from Lotus Resources Ltd for repayment of the environmental bond in accordance with the sale of the Kayelekera Mine in Malawi to Lotus Resources Ltd, and a favourable foreign exchange movement of US\$2.5M on cash held



- Cash and cash equivalents as at 31 March 2021 were US\$168.4M¹. Cash and cash equivalents excluding net Equity Proceeds received at 31 March 2021 were US\$29.9M¹.
- The cash balance at 31 March 2021 includes funds from the Placement and Institutional Entitlement Offer components of the Equity Raise received prior to March month end. These funds were utilised in April 2021 to pay cash interest, and for the full redemption of the Senior Notes with a redemption value date of 12 April 2021.
- Cash expenditure during the quarter is detailed in the following table:

Cash Expenditure	US\$M
LHM Care & Maintenance	(0.6)
LHM Restart Planning	(0.6)
Exploration	(0.2)
Corporate Costs	(1.4)
Other Net Proceeds	0.9
Foreign Exchange Movement	2.4
Total Cash Expenditure	0.5
Net proceeds from Equity Raise	136.0
TOTAL	136.5

- As disclosed in the Half Year 2020/2021 Financial Results ASX Release on 26 February 2021, the full year cash expenditure guidance increased to US\$10.5M (previously US\$9.5M) due to the impact of exchange rates and one-off corporate restructure costs which are expected to provide ongoing cost savings
- The Company's expenditure is principally in AUD, NAD and USD and consequently changes in foreign exchange rates will impact the guidance provided
- During the quarter, 50% of the Executive Performance Rights vested (25% on 22 January 2021 and 25% on 5 March 2021) resulting in 21.5M shares being issued. 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.

Related Party Payments

- Payments of US\$48,380 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, 50% of the Directors Performance Rights vested (25% on 22 January 2021 and 25% on 5 March 2021) resulting in 7.0M shares being issued. 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.

¹ Excluding restricted cash of US\$1M



URANIUM MARKET UPDATE

Long-term uranium purchasing has been sporadic so far in 2021, continuing a trend in place since 2013. Aggregate uranium purchasing by nuclear power utilities has been just 52% of consumption over the past 8 years, with total under-commitments totaling 750Mlb of uranium.

Meanwhile, the structural uranium production deficit was exacerbated by COVID-19 in 2020. Global uranium production of approximately 123Mlb in 2020 was down almost 20Mlb compared with 2019 and represents just two-thirds of annual reactor demand.

The combination of reduced uranium production and insufficient forward procurement is clearly unsustainable. Although a mismatch persists between producer and utility market outlooks, the Company is cautiously optimistic that market demand will increase as 2021 progresses.

The TradeTech uranium spot price was US\$31.25/lb at the end of March, an increase from December's closing spot price of US\$30.40/lb. Spot prices reacted positively to increased demand from uranium commodity funds and developers in the second half of the March quarter. Cameco's early-April announcement of a proposed re-start of its Cigar Lake operation could have a short-term impact on spot market prices.

Shortly after his inauguration on 20 January 2021, President Biden rejoined the Paris Climate Agreement. The move signaled a major policy shift in the US, and a re-commitment to cutting emissions by up to 28% by 2025. Subsequently, work has commenced in the US to pass a Clean Energy Standard (CES) which would require utilities to produce more power from low-carbon energy sources, of which nuclear power is recognised as a source.

The China National People's Congress 14th Five Year Plan announced a goal of 70GWe of nuclear power capacity by the end of 2025, with China's government also indicating plans to further develop third-generation nuclear capacity. The commencement of commercial operation in January of CNNC's Fuqing 5 demonstrates the speed of nuclear development in China versus the rest of the world, with construction completed in 69 months compared to 91 months at Taishan-1.

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%	