



# PALADIN ENERGY LTD

ACN 061 681 098

18 April 2019

ASX Market Announcements  
Australian Securities Exchange  
20 Bridge Street  
SYDNEY NSW 2000

By Electronic Lodgement

Dear Sir/Madam

## QUARTERLY ACTIVITIES REPORT FOR PERIOD ENDING – 31 MARCH 2019

---

### HIGHLIGHTS

- **Langer Heinrich Mine (LHM)**
  - Concept study to optimise LHM in preparation for a restart decision returned positive results, identifying multiple options to lower costs
  - Two-stage Prefeasibility Study (PFS) to further develop LHM restart plans commenced in March 2019
  - First stage of PFS to refine rapid restart plan expected to be completed by September 2019
  - Second stage of PFS for process optimisation expected to be completed by March 2020
  - Approach retains rapid restart potential while developing cost reduction and vanadium production opportunities as uranium prices improve
  - Targeting aspirational average LHM life of mine all-in costs of US\$30/lb (after vanadium credits)
  - Production ready from early to mid-2021
  - Restart of LHM only if sustainable uranium price will provide appropriate return on investment
- **Kayelekera Mine (KM)**
  - No water treatment undertaken during the quarter due to below average rainfall
  - Target levels achieved for all water storage ponds
- **Cash and cash equivalents at 31 March 2019 of US\$29.9M (excluding restricted cash of US\$11.2M)**

## SAFETY

No lost-time injuries were reported during the quarter at either LHM or KM.

KM has achieved 1,730 Lost Time Injury free days for ~2.54 million man hours.

## QUARTERLY URANIUM SALES

There were no uranium sales in the March quarter.

## LANGER HEINRICH MINE, NAMIBIA (75%)

The Company decided to place LHM on care and maintenance in May 2018 due to the sustained low uranium spot price and the operation successfully transitioned to care and maintenance in August 2018. The mine is expected to remain on care and maintenance until the uranium spot price makes it economical to restart on a sustainable basis.

In March 2019, Paladin commenced with a two-stage PFS for the restart of LHM after a concept study identified multiple options to reduce operating costs, improve uranium process reliability and potentially recover a saleable vanadium product.

The first stage of the PFS will examine a rapid, low-risk restart and is expected to be completed in September 2019 (**Rapid Restart Study**). The Rapid Restart Study will identify improvements to resolve known processing issues previously encountered at LHM, including necessary repairs and equipment replacement, scheduled tailings dam construction, additional surge capacity to increase process stability, process control system upgrade and deployment of a comprehensive management operating system. Once the Rapid Restart Study is completed, the Company will be in a strong position to restart LHM when there is a sustained recovery in uranium prices. A restart of LHM will only be considered by the Board if a sustainable uranium price sufficient to provide an appropriate return on investment is forecast.

The second stage of the PFS is expected to be completed by March 2020 and involves a more detailed study, including process optimisation targeting aspirational average life of mine all-in costs for LHM of US\$30/lb (**Process Optimisation Study**). The Process Optimisation Study will target an operating cost reduction of approximately US\$6/lb of U<sub>3</sub>O<sub>8</sub> and to generate a saleable vanadium product, as well as completing a front-end upgrade in the future that would expand the scale of the current beneficiation circuit to enable low-grade ore to be processed with greater operating margins.

## KAYELEKERA MINE, MALAWI (85%)

Due to low rainfall in the March quarter no water treatment was required at KM. Activities focused on cleaning out and maintenance of the water treatment plant in preparation for water treatment in the June quarter.

## EXPLORATION PROJECTS

During the March quarter, the Company only completed the work required to meet minimum tenement commitments.

## CORPORATE

At 31 March 2019, the Group's cash and cash equivalents were US\$29.9M (excluding restricted cash of US\$11.2M), a decrease of US\$3.1M from US\$33.0M at 31 December 2018.

**URANIUM MARKET**

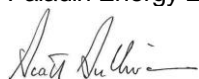
The TradeTech weekly spot price average for the March quarter was US\$28.05/lb, a 2% decrease compared to the previous quarter but 26% higher than the March 2018 quarter. Uranium spot market activity remained robust with uncertainty over the outcome of the US Department of Commerce's Section 232 investigation into US uranium imports contributing to price weakening during March 2019.

Chinese government approvals for the construction of four reactors at two new plant sites appear to be progressing, with construction of Unit 1 at CNNC's Zhangzhou nuclear power plant slated to commence in June 2019. A second unit would follow at the same location alongside development of another 2 unit facility at CGN's Huizhou site in Guangdong province. These are the first new approvals from the Chinese government since 2016 and thus an important step in the reinvigoration of China's reactor build programme.

In the United States, initiatives aimed at supporting under-threat nuclear facilities are progressing in Illinois, Ohio, New Jersey, Connecticut and Pennsylvania. The initiatives will provide relief to a dozen reactors across these states which have been at risk of premature closure due to prolonged low power prices.

Saudi Arabia is reportedly planning to issue a tender in 2020 for the construction of the first two nuclear power reactors in the Arab state. Saudi Arabia intends to diversify its energy mix by adding nuclear power and a range of renewables.

Yours faithfully  
Paladin Energy Ltd



**SCOTT SULLIVAN**  
**CHIEF EXECUTIVE OFFICER**

**For further information:**

Karen Oswald  
Investor Relations

[Karen.oswald@paladinenergy.com.au](mailto:Karen.oswald@paladinenergy.com.au) or + 61 (8) 9423 8162

**TENEMENT INFORMATION REQUIRED BY LISTING RULE 5.3.3**

Tenement	Location	Ownership	Change in Quarter
EPM 12572	QLD, Australia	100%	
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 14713	QLD, Australia	20%	
EPM 14821	QLD, Australia	20%	
EPM 14935	QLD, Australia	20%	
EPM 15156	QLD, Australia	20%	
EPM 15186	QLD, Australia	20%	
EPM17513	QLD, Australia	100%	
EPM17514	QLD, Australia	100%	
EPM17519	QLD, Australia	100%	
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%	
ML 152	Malawi, Africa	85%	
EPL 417	Malawi, Africa	85%	
EPL 418	Malawi, Africa	85%	
EPL 225	Malawi, Africa	85%	
EPL 489	Malawi, Africa	85%	
EPL 502	Malawi, Africa	85%	
009415M	NL, Canada	0%	Non-core tenement relinquished
017286M	NL, Canada	0%	Non-core tenement relinquished
017289M	NL, Canada	0%	Non-core tenement relinquished
017290M	NL, Canada	0%	Non-core tenement relinquished
017292M	NL, Canada	0%	Non-core tenement relinquished
017301M	NL, Canada	0%	Non-core tenement relinquished
024932M	NL, Canada	0%	Non-core tenement relinquished
025933M	NL, Canada	0%	Non-core tenement relinquished
022147M	NL, Canada	50%	
024697M	NL, Canada	50%	
024946M	NL, Canada	50%	
024995M	NL, Canada	50%	
025621M	NL, Canada	50%	
025641M	NL, Canada	50%	
025649M	NL, Canada	50%	
025651M	NL, Canada	50%	
025658M	NL, Canada	50%	
025675M	NL, Canada	50%	
025676M	NL, Canada	50%	
025677M	NL, Canada	50%	
025678M	NL, Canada	50%	
025680M	NL, Canada	50%	
025681M	NL, Canada	50%	
025682M	NL, Canada	50%	
025683M	NL, Canada	50%	
025929M	NL, Canada	50%	

025931M	NL, Canada	50%	
025932M	NL, Canada	50%	
025935M	NL, Canada	50%	

## Appendix 5B

# Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/13, 01/09/16

### Name of entity

PALADIN ENERGY LTD
--------------------

### ABN

47 061 681 098

### Quarter ended ("current quarter")

31 March 2019

Consolidated statement of cash flows	Current quarter US\$'000	Year to date (9 months) US\$'000
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	329	22,467
1.2 Payments for		
(a) exploration and evaluation	(2)	(16)
(b) development	-	-
(c) uranium purchased	-	(10,812)
(d) staff costs (excludes direct exploration and care and maintenance costs)	(456)	(1,636)
(e) administration and corporate costs	(589)	(1,640)
(f) restructure costs	(500)	(7,930)
(g) care and maintenance costs (includes proceeds from sale of reagents)	(1,389)	(8,861)
(h) Langer Heinrich restart study costs	(506)	(650)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	74	213
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Research and development refunds	-	-
1.8 Other income (provide details if material)	145	312
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(2,894)</b>	<b>(8,553)</b>

Consolidated statement of cash flows		Current quarter	Year to date (9 months)
		US\$'000	US\$'000
<b>2.</b>	<b>Cash flows from investing activities</b>		
2.1	Payments to acquire:		
	(a) property, plant and equipment	(18)	(47)
	(b) tenements (see item 10)	-	-
	(c) investments	-	-
	(d) other non-current assets	-	-
2.2	Proceeds from the disposal of:		
	(a) property, plant and equipment	77	389
	(b) tenements (see item 10)	-	-
	(c) investments	-	-
	(d) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Capitalised exploration and evaluation	(220)	(1,106)
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>(161)</b>	<b>(764)</b>

2.5 Capitalised exploration and evaluation written off in quarter.

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of shares	-	-
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options	-	-
3.4	Transaction costs related to issues of shares, convertible notes or options	-	-
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>-</b>	<b>-</b>

Consolidated statement of cash flows		Current quarter US\$'000	Year to date (9 months) US\$'000
<b>4.</b>	<b>Net increase / (decrease) in unrestricted cash and cash equivalents for the period</b>		
4.1	Unrestricted cash and cash equivalents at beginning of period	32,965	39,166
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(2,894)	(8,553)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(161)	(764)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	-
4.5	Effect of movement in exchange rates on cash held	17	78
<b>4.6</b>	<b>Unrestricted cash and cash equivalents at end of period</b>	<b>29,927</b>	<b>29,927</b>

<b>5.</b>	<b>Reconciliation of unrestricted cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter US\$'000	Previous quarter US\$'000
5.1	Bank balances	6,323	17,207
5.2	Call deposits	23,604	15,758
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
<b>5.5</b>	<b>Unrestricted cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>29,927</b>	<b>32,965</b>

6.	Payments to directors of the entity and their associates	Current quarter US\$'000
6.1	Aggregate amount of payments to these parties included in item 1.2	65
6.2	Aggregate amount of cash flow from loans to these parties included in item 2.3	-
6.3	Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2	



7. <b>Payments to related entities of the entity and their associates</b>	<b>Current quarter US\$'000</b>
7.1      Aggregate amount of payments to these parties included in item 1.2	-
7.2      Aggregate amount of cash flow from loans to these parties included in item 2.3	-
7.3      Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2	

8. <b>Financing facilities available</b> <i>Add notes as necessary for an understanding of the position</i>	<b>Total facility amount at quarter end US\$'000</b>	<b>Amount drawn at quarter end US\$'000</b>
8.1      Loan facilities	115,000	115,000
8.2      Credit standby arrangements	-	-
8.3      Other (please specify)	-	-
8.4      Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		
US\$115M 9%/10% payment in kind (PIK) toggle secured notes issued on 25 January 2018 and repayable on 25 January 2023.		

9. <b>Estimated net cash outflow for next quarter</b>	<b>US\$'000</b>
9.1      Exploration and evaluation	(172)
9.2      Staff costs (excludes direct exploration and care and maintenance costs)	(529)
9.3      Administration and corporate costs	(588)
9.4      Care and maintenance costs (includes proceeds from sale of reagents)	(2,202)
9.5      Restructure costs	(660)
9.6      Langer Heinrich restart study costs	(2,522)
<b>9.7      Total estimated net cash outflow</b>	<b>(6,673)</b>

## Mining exploration entity and oil and gas exploration entity quarterly report

10.	Changes in tenements (items 2.1(b) and 2.2(b) above)	Tenement reference and location	Nature of interest	Interest at beginning of quarter	Interest at end of quarter
10.1	Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced	9415M 17286M 17289M 17290M 17292M 17301M 24932M 25933M Newfoundland, Canada	Non-core Exploration Licences were relinquished in full.	50%	0%
10.2	Interests in mining tenements and petroleum tenements acquired or increased				

**Compliance statement**

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Sign here:   
(Company secretary)

Date: 18 April 2019

Print name: Andrea Betti

**Notes**

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, AASB 6: Exploration for and Evaluation of Mineral Resources and AASB 107: Statement of Cash Flows apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.