



## PALADIN ENERGY LTD

ACN 061 681 098

25 May 2018

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

By Electronic Lodgement

Dear Sir/Madam

### LHM CONFIRMATION OF CARE & MAINTENANCE

Further to its announcement of 26 April 2018, Paladin Energy Limited (Paladin or the Company) (ASX:PDN) announces confirmation that Langer Heinrich Mine (LHM) is being placed into care and maintenance.

The Company has received the consent of relevant stakeholders to place LHM into care and maintenance, and has now stopped presenting ore to the plant. There will be a 'run-down' phase of up to three months where various stages of the plant will be progressively suspended and cleaned. During that time there will be some continued production of finished uranium. Once the run-down phase is complete operations will have been completely suspended and LHM will be on care and maintenance.

The decision to place LHM into care and maintenance was not taken lightly particularly because of its impact on our loyal employees and contractors, and the community in which we operate. However, care and maintenance is the most logical decision to preserve LHM's valuable uranium resource and mitigate operating cash flow losses. The Company believes the ongoing care and maintenance cost will be substantially less than the Kayelekera Mine in Malawi due to differences in water balance and plant footprint. Furthermore, LHM will likely have a relatively low working capital requirement and short lead-time to resume operations.

Paladin's own internal analysis suggests that absent external shocks, the uranium market appears set for normalisation over the next few years. Supply curtailments such as the one represented with this announcement together with actions of global peers such as Cameco, Orano and KazAtomprom could serve to accelerate the anticipated market normalisation. Being the lowest cost open-pit uranium mine in the world means LHM will likely be one of the first mines to return to production as the uranium market normalises. As 75% owner of LHM and its operator, the Company remains uniquely placed to benefit at that time with associated benefits for its stakeholders.

The cessation of operations at LHM may become a consideration for certain of the Company's assets when the carrying value of such assets is reviewed for possible impairment in the ordinary course of preparation of the full-year accounts.

Yours faithfully  
Paladin Energy Ltd

**ALEXANDER MOLNEUX**  
CEO