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PALADIN ENERGY LTD

ACN 061 681 098

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UPDATE ON CONSENT FOR KAYELEKERA SALE

Paladin Energy Limited (ASX:**PDN**) ("**Paladin or the Company**") provides the following update to the market on the status of the sale of its 85% interest in Paladin (Africa) Ltd to Lotus Resources Limited (65%) and Kayelekera Resources Pty Ltd (20%).

Paladin announced the sale of its interest in Paladin (Africa) Ltd on the 24 June 2019 and has actively engaged with the Minister of Natural Resources, Energy and Mining and the Minister for Finance, Economic Planning and Development in Malawi to progress the statutory and contractual consents required for completion of the sale.

Paladin has now received advice from the Minister of Natural Resources, Energy and Mining of additional obligations to be met prior to consent being granted. These include the provision of further tax reporting information, corporate social responsibility and environmental assurances and responses to labour related queries.

Paladin has provided information in response to this request and will continue to work expeditiously to compile any remaining information in order to facilitate Government consent as soon as possible.

Once Government consent is received, the completion of the sale remains subject to customary terms and conditions, including Reserve Bank of Malawi approval which is expected to follow Government consent.

The key benefits of this sale to Paladin are:

- A significant reduction in ongoing care and maintenance costs of circa US$5M per annum associated with the Kayelekera Mine;
- Consideration of A$5M, comprising A$200k cash, A$4.8M in Lotus Resources Limited (formerly known as Hylea Metals Limited) shares to be issued to Paladin (A$1.8M on completion, subject to a 12-month voluntary escrow and A$3M on the third anniversary of completion);
- A 3.5% royalty based on revenues derived from future production at Kayelekera, capped at A$5M; and

- The repayment of funds advanced to provide security for the US$10M environmental performance bond. The repayments will occur in four tranches: US$4M on Completion, US$1M on the first anniversary, US$2M on the second anniversary and the final US$3M on the third anniversary

The sale of Paladin's interest in Kayelekera will enable the Company to prioritise its capital and other resources on its Langer Heinrich mine in Namibia. It is anticipated that Langer Heinrich will be a significant early producer once the prevailing uranium price justifies a return to production.

BACKGROUND

Paladin permitted, constructed, commissioned and operated Kayelekera between 2007 and 2014 and produced 10.9Mlb of uranium from open-pit mined ore processed through an acid leach processing plant. In February 2014, Paladin placed Kayelekera on care and maintenance due to the deterioration of the spot uranium price

The Government of Malawi owns 15% of Kayelekera and provided support for the project by executing a Development Agreement prior to construction to provide a stable fiscal environment for the first 10 years of operation. The Government of Malawi is committed to supporting and encouraging the private sector to assume a leading role in the economic development of projects in the mining sector.

Kayelekera makes a substantial fiscal contribution to Malawi and has created opportunities for employment and improvements to social infrastructure, particularly in northern Malawi. Paladin thanks the Government of Malawi for all its support over the years and believes the mine will be a major economic contributor to future generations of Malawians.

ABOUT PALADIN

Paladin Energy Ltd is an Australian based global uranium leader with two mines in Africa, Langer Heinrich in Namibia and Kayelekera in Malawi. Paladin has placed both mines on care and maintenance due to the sustained low uranium spot price and to preserve resource and shareholder value. Paladin also has a diversified portfolio of development assets in Australia and North America.

Paladin is listed on the Australian Securities Exchange (ASX) and the Namibian Stock Exchange (NSX) under the symbol PDN. The Company also trades on the Munich, Berlin, Stuttgart, and Frankfurt Exchanges under the symbol PUR.

Investor Queries

Karen Oswald
Investor Relations
+61 9381 4366
paladin@paladinenergy.com.au

Scott Sullivan
Chief Executive Officer
+61 9381 4366
paladin@paladinenergy.com.au

This announcement has been authorised by the Board of Directors of Paladin Energy Limited.

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