For personal use only

PALADIN ENERGY LTD

ACN 061 681 098

2 March 2020

By electronic lodgement

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

PALADIN SECURES OUTSTANDING MINISTRY CONSENT FOR KAYELEKERA SALE

Highlights

- **Final Ministry consent for sale of Paladin (Africa) Ltd now achieved**
- **Extension of End Date of Sale to Lotus to 13 March 2020**
- **Significant financial benefits to Paladin from the sale with a major reduction in cash expenditure**

Paladin Energy Limited (ASX:**PDN**) ("**Paladin or the Company**") is pleased to announce that the Minister of Natural Resources, Energy and Mining and the Minister for Finance, Economic Planning and Development in Malawi have now provided the outstanding Ministry Consent (Contractual) required for the completion of the sale of its 85% interest in Paladin (Africa) Ltd to Lotus Resources Limited (65%) and Lily Resources Pty Ltd (20%).

The completion of the sale is now subject to one final condition precedent being Reserve Bank of Malawi approval, which is expected to follow this Ministry consent and be received on or before 13 March 2020.

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 shares to be issued to Paladin (A$1.8M on completion representing 90,000,000 shares at a 2cps issue price, 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.

Following the sale, Paladin's annual cash burn is expected to be less than US$10M per annum. Further guidance on FY2021 cash expenditure will be provided following approval of the FY2021 budget in June 2020.

The sale of Paladin (Africa) Ltd will enable Paladin to prioritise its capital and other resources on its Langer Heinrich Mine (Langer Heinrich) in Namibia and to optimise the Langer Heinrich restart as it aims to be the first significant global producer to return to production once the uranium incentive price (both spot and term) ensures shareholders a suitable return on capital.

Other key transaction points to note are:

- The parties have extended the end date of the Share Sale Agreement to the 13 March 2020 to facilitate the receipt of the final conditions precedent.

- On Completion, Paladin will be required to pay a consent fee to Noteholders, equal to 1% of the aggregate principal amount of the Notes outstanding to that Noteholder, in respect of which the Noteholder has submitted votes in favour of the resolution at completion of the sale. The total consent fee is expected to be US$1.15M.

- Paladin has received Tax Clearance from the Malawi Revenue Authority and is required to meet tax liabilities assessed in country at Completion of the sale. These liabilities are estimated at up to US$1.25M.

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 Managing Director and CEO, Ian Purdy said "The progression of the sale of Paladin (Africa) Ltd is a positive step and one which will deliver significant financial benefits to the company. Upon completion of the sale, Paladin will be able to prioritise its efforts and capital expenditure on the restart of our Langer Heinrich uranium asset."

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

For further information contact:
Ian Purdy
Chief Executive Officer
P: +61 8 9381 4366
E: paladin@paladinenergy.com.au

About Paladin

Paladin Energy Limited (ASX: PDN) is an Australian based resource company focussed on the development and exploration of a portfolio of uranium assets across Africa, Australia and North America.

The company's major asset is a 75% stake in the Langer Heinrich uranium mine in Namibia. Langer Heinrich is a globally significant uranium asset having produced over 40 million pounds of U_3O_8 over its life to date. Operations at Langer Heinrich were suspended in 2018 due to low uranium prices.

Paladin has been working through a detailed restart plan for Langer Heinrich. Initial studies indicate the ability to recommence operations at 5.2Mlb of production per annum (pa) at a life-of-mine All-in Sustaining Cost (AISC) of US$33/lb with an initial anticipated capital cost of US$80M. Opportunities were identified to increase production to 6.5Mlb pa through additional, high return capital of US$30M reducing life-of-mine AISC to US$29/lb. The company continues to optimise restart plans for the asset, focusing on cost reductions and operational efficiencies. Paladin has a strong history of operations in Namibia and holds all permits necessary to rapidly restart operations.

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.

For personal use only