



# PALADIN

Clean energy. Clear future.

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ABN 47 061 681 098  
ASX:PDN  
OTCQX: PALAF

6 November 2024

Sam Dorland  
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Dear Sam,

## PALADIN ENERGY LTD (ASX CODE: PDN) – RESPONSE TO ASX AWARE LETTER

Paladin Energy Ltd (ASX: PDN OTCQX: PALAF) (**Paladin** or the **Company**) refers to ASX's Aware Letter dated 30 October 2024 and provides the following responses:

1. *Does PDN consider the following information, or any part thereof, to be information that a reasonable person would expect to have a material effect on the price or value of its securities?*

- 1.1 *The commencement of the implementation of operational and process design improvements at LHM.*

The Company does not consider that the commencement of the implementation of these improvements to be information that a reasonable person would expect to have a material effect on the price or value of its securities. The Company considers that these types of matters would be expected to be undertaken in the ordinary course of business during the ramp-up phase of production at the Langer Heinrich Mine (**LHM**).

As the LHM is in the ramp-up phase, the Company identifies operational and process design and improvement opportunities at the LHM as part of its ongoing and continuous improvement processes into the LHM process flow.

As announced on 2 April 2024, the Company achieved uranium concentrate production and drumming at the LHM on 30 March 2024. During the course of that process, the Company identified operational and process design and improvement opportunities at the LHM and commenced work on implementing operational and process design improvements at the LHM as early as 20 May 2024. The Company has indicated a ramp-up period of approximately 21 months due to ongoing improvements and bottlenecking activities like those commenced during the

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quarter. The Company expects that operational and process design and improvement opportunities will continue to be identified in future quarters.

As noted in the September 2024 Quarterly Report, the more recent optimisation and design process improvements include:

- upgrading the crusher to eliminate bottlenecks;
- upgrading the motor capacity of the apron feeders under both ROMs to achieve throughput to design capacity;
- the addition of leach feed surge tanks to provide continuous feed to the leach circuit improving plant utilisation;
- demonstrating that the automated, dustless drumming Final Product Recovery Plant has the capacity to operate in a fully autonomous manner.

There are a range of optimisation and design process initiatives that are ongoing to further improve process efficiencies at the LHM, such as:

- the installation of additional water recovery equipment and undertaking further slurry dewatering optimisation studies in order to optimise the deposition strategy at the LHM (discussed further in the response to question 1.4 below); and
- the various debottlenecking projects underway to further upgrade the pumps in order to reduce the flow variability in the counter current decantation (CCD) process at the LHM (discussed further in the response to question 1.5 below).

As stated in the Company's 27 June 2024 ASX announcement, production levels at the LHM are expected to be higher during the second half of FY2025. The Company considers that it remains premature to predict what impact the LHM process flow issues encountered during ramp-up to date may have on the Company's production for FY2025. The Company will continue to update the market in regard to its FY2025 guidance as appropriate, in accordance with its continuous disclosure obligations.

The Company did not make any announcement in relation to the commencement of the implementation of operational and process design improvements at the LHM prior to the release of its September Quarterly Report, as it considers such matters to be routine activities conducted in the ordinary course of ramping up the LHM to nameplate production, and not information that a reasonable person would expect to have a material effect on the price or value of its securities.

The Company notes the fall in the Company's share price and the significant trading volumes on 28 October 2024 following release of its September Quarterly Report.

The Company is currently covered by a number of brokerage firms. All these brokerage firms currently provide ongoing research coverage with respect to an investment in the Company. Following the release of the Company's September Quarterly Report, all these firms (with the exception of one) maintained a "Buy" recommendation for the Company's shares. One firm downgraded its recommendation to "Hold". The average target price change across the brokers was, on average, less than 5%.



The Company notes its proposed ~A\$1.3b acquisition of Fission Uranium Corp. (**Fission**) announced on 24 June 2024 (the **Fission Transaction**) which contemplates the acquisition of 100% of Fission in exchange for the issue of Paladin shares to Fission shareholders. The Company has experienced a higher level of volatility in the Company's share price since the announcement of the Fission Transaction, which the Company believes is in part due to increased trading by arbitrage funds in the Company's shares.

The Company also notes that there has been increased short-selling activity in the Company's shares, which activity has increased recently. Short interest has increased across the uranium equity sector and the Company's short interest has risen further than others in the sector.

*1.2 Variability in the stockpiled ore processed resulting in lower feed grade than planned for the quarter.*

The Company does not consider this information to be information that a reasonable person would expect to have a material effect on the price or value of its securities.

The Company's mine plan for FY2025 is based on processing previously mined stockpiled ore. The Company's mine plan and FY2025 production guidance is based on an estimated annualised average grade of these stockpiles.

In the ore processed during the quarter, the Company has experienced variability in the grade and a lower than estimated average grade. Further, feed from a different low-grade stockpile was utilised during July 2024 to meet the ROM performance test requirements and preserve the medium grade stockpile over this period. This contributed to a lower average feed grade than planned during the September 2024 quarter.

The Company believes it is premature to predict what (if any) impact the grade variability may have on the Company's production guidance for FY2025.

In regard to the impact of this event on trading in the Company's shares, please see the response to question 1.1 above.

*1.3 Delayed commissioning of the second classification circuit.*

The Company does not consider this information to be information that a reasonable person would expect to have a material effect on the price or value of its securities.

The delay in the commissioning of a second classification circuit was due to the lack of availability of spare parts (valves and instrumentation). The second classification unit was commissioned on 10 July 2024. The Company ultimately used parts from its first classification circuit to complete the commissioning of its second classification circuit,



with its first classification circuit being recommissioned on 10 July 2024 when the relevant parts were received.

The Company did not make any announcement in relation to this prior to the release of its September Quarterly Report as the delay associated with commissioning of an additional classification circuit did not have a material impact on the Company's production during the September 2024 quarter.

In regard to the impact of this event on trading in the Company's shares, please see the response to question 1.1 above.

*1.4 Lower than anticipated tailings water recovery which necessitated adjustments to the water balance within the plant resulting in lower levels of fines rejects and variability in recoveries.*

The Company does not consider this information to be information that a reasonable person would expect to have a material effect on the price or value of its securities.

The water balance for the LHM plant is achieved through a combination of water recovered from the LHM tailings storage facility, water sourced from the nearby Swakop River and water supplied by Namibia Water Corporation Ltd (or NamWater). Recoveries are impacted in part by the content and volume of the liquor recovery from the tailings.

Between the re-commencement of commercial production at the LHM in March 2024 and the end June 2024, there was a high return of liquor to the process from the tailings storage facility, resulting in a positive impact of reagent and uranium recovery for the relevant period during FY2024. To date during FY2025, there has been a lower recovery of water from the tailings storage facility.

The Company identified the potential for impact of the lower recovery of water from tailings on 25 July 2024, which if prolonged, may require the supply of additional water from other sources in order to maintain the optimum water balance and achieve optimum production levels. The Company is currently seeking to optimise its deposition strategy, with additional water recovery equipment being installed and slurry dewatering optimisation studies underway. The relationship between tailings return liquor and overall processing recovery is still being considered and analysed to confirm correlation, if any.

The Company did not make any announcement in relation to the lower than anticipated tailings water recovery prior to the release of its September Quarterly Report as (i) water is being sourced from a range of sources in order to maintain the optimum water balance within the LHM plant; and (ii) it remains premature to predict what (if any) impact the lower than anticipated tailings water recovery may have on overall processing recovery or on the Company's production guidance for FY2025. The



Company notes the reported significant improvement in recoveries during the month of September.

In regard to the impact of this event on trading in the Company's shares, please see the response to question 1.1 above.

*1.5 Flow variability in the counter current decantation (CCD) due to minor constraints in the CCD circuit related to pump and pipe sizing.*

The Company does not consider this information to be information that a reasonable person would expect to have a material effect on the price or value of its securities. The Company considers that such variability is not unexpected during the ramp-up of any mineral resources project.

The Company identified flow variability in the counter current decantation (CCD) during July 2024, with investigations determining that this variability was due to minor constraints in the CCD circuit related to pump and pipe sizing. Various debottlenecking projects are underway to further upgrade the pumps.

The Company did not make any announcement in relation to the flow variability prior to the release of its September Quarterly Report as it remains premature to predict what (if any) impact the flow variability may have on the Company's production guidance for FY2025.

In regard to the impact of this event on trading in the Company's shares, please see the response to question 1.1 above.

*1.6 A planned shut-down of the LHM, to allow for further improvement and operational upgrades to be implemented, is scheduled for November 2024 and is expected to run for approximately two weeks.*

The Company does not consider this information to be information that a reasonable person would expect to have a material effect on the price or value of its securities.

Planned shutdowns are a typical feature of any mining operation. The Company determined in April 2024 to provide for a shut-down of the LHM during November 2024 in order to enable any improvements and operational upgrades to be implemented and to conduct routine plant maintenance.

The Company did not make any announcement in relation to the planned shutdown prior to the release of its September Quarterly Report as the shutdown was planned and factored into the Company's FY2025 production guidance.

In regard to the impact of this event on trading in the Company's shares, please see the response to question 1.1 above.



2. *If the answer to any part of question 1 is “no”, please advise the basis for that view commenting specifically on the fall in PDN’s share price and the significant trading volumes on 28 October 2024 following release of the September Quarterly Report.*

*Please answer separately for each of the items in question 1 above.*

Please see the response to the relevant item in question 1 above.

3. *When did PDN first become aware of the information referred to in question 1 above?*

*Please answer separately for each of the items in question 1 above.*

- 1.1 The commencement of the implementation of operational and process design improvements at LHM.*

As stated above, during the ramp-up phase the Company identified operational and process design and improvement opportunities at the LHM as part of its ongoing and continuous improvement processes into the LHM process. After achieving commercial production at the LHM on 30 March 2024, the Company commenced work on implementing operational and process design opportunities identified in the LHM process flow at the LHM as early as 20 May 2024.

- 1.2 Variability in the stockpiled ore processed resulting in lower feed grade than planned for the quarter.*

On or around 5 June 2024, the Company became aware that the feed grade may be lower than planned for the quarter when the decision was made on or around that date to utilise feed from a different low-grade stockpile during June and July 2024 so as to preserve the medium grade stockpile whilst the ROM performance test requirements were met. This decision contributed to a lower average feed grade than planned during the September 2024 quarter.

- 1.3 Delayed commissioning of the second classification circuit.*

The Company became aware as early as March 2024 of the potential for a delay in the commissioning of the second classification circuit when it became apparent that certain spare parts required to complete the commissioning were unavailable. The Company became aware of the delayed commissioning of the second classification circuit on or about 3 May 2024 when it became apparent that spare parts were not available. As stated above, the second classification circuit was commissioned 10 days into the quarter and the delay did not have a material impact on production for the quarter.

- 1.4 Lower than anticipated tailings water recovery which necessitated adjustments to the water balance within the plant resulting in lower levels of fines rejects and variability in recoveries.*



The Company identified the potential impact of the lower recovery of water from tailings on 25 July 2024.

*1.5 Flow variability in the counter current decantation (CCD) due to minor constraints in the CCD circuit related to pump and pipe sizing.*

The Company identified flow variability in the counter current decantation (CCD) in mid-July 2024, which was shortly after the commissioning of the second hydrosort on 10 July 2024.

*1.6 A planned shut-down of the LHM, to allow for further improvement and operational upgrades to be implemented, is scheduled for November 2024 and is expected to run for approximately two weeks.*

The Company determined during the LHM pre-feasibility study that there would be a planned shutdown of the LHM during November 2024 in order to enable any improvements and operational upgrades to be implemented and to conduct routine plant maintenance. The proposed timing for this planned November shutdown was re-confirmed internally by the Company on 24 April 2024.

4. *If PDN first became aware of the information referred to in question 1 before the date of the September Quarterly Report, did PDN make any announcement prior to that date which disclosed the information? If not, please explain why the information was not released to the market at an earlier time, commenting specifically on when you believe PDN was obliged to release the information under Listing Rules 3.1 and 3.1A and what steps PDN took to ensure that the information was released promptly and without delay.*

*Please answer separately for each of the items in question 1 above and provide details of the prior announcement if applicable.*

Please see the response to the relevant item in question 1 above.

5. *Having regard to PDN's disclosure in its Annual Report regarding LHM's strong performance since the re-start of operations and PDN's disclosures in its September Quarterly Report regarding improved performance towards the end of the quarter at LHM, on what date did PDN first become aware of the 'process recovery and efficiency challenges' at LHM?*

As the LHM remains in ramp-up, the Company identifies operational and process design and improvement opportunities at the LHM as part of its ongoing and continuous improvement processes. Accordingly, 'process recovery and efficiency challenges' have been identified at the LHM at various stages since achieving commercial production at the LHM in March 2024. However, as set out above, the Company does not consider such challenges to be unusual during the ramp-up phase of production at any mineral resources project and does not detract from the progress the Company has made during FY2024 on restarting its operations at the LHM.



6. *Does PDN still expect to meet the 6 Mlb Nameplate Production Target at LHM contained in the Annual Report?*

The Company still expects to achieve nameplate production of 6Mlb p.a. by the end of CY2025.

7. *Please confirm that PDN is in compliance with the Listing Rules and, in particular, Listing Rule 3.1.*

The Company is in compliance with the Listing Rules and, in particular, Listing Rule 3.1.

8. *Please confirm that PDN's responses to the questions above have been authorised and approved in accordance with its published continuous disclosure policy or otherwise by its board or an officer of PDN with delegated authority from the board to respond to ASX on disclosure matters.*

The Company's responses to the questions above have been authorised and approved by its Board.

Yours sincerely,

Jeremy Ryan  
Company Secretary  
Paladin Energy Ltd  
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*This request has been authorised for release to the ASX by the Board of Directors of Paladin Energy Ltd.*

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30 October 2024

Reference: 102430

Mr Jeremy Ryan  
Company Secretary  
Paladin Energy Limited

By email:

Dear Mr Ryan

### Paladin Energy Limited ('PDN'): ASX Aware Letter

ASX refers to the following:

- A. PDN's announcement titled "2024 Annual Report to shareholders" ('Annual Report') released on the ASX Market Announcements Platform ('MAP') on 29 August 2024, which disclosed the following:
  - 1.1 on page 5 '6Mlb production nameplate capacity expected by the end of CY2025' ('Nameplate Production Target'); and
  - 1.2 on page 6 in respect of PDN's operations at Langer Heinrich '*With a robust operational plan, strong performance since the restart and the presence of a highly experienced team on the ground, we are confident in the ability of LHM to generate significant value for our shareholders*' (Emphasis added).
- B. PDN's announcement titled "Quarterly Activities Report – September 2024" ('September Quarterly Report') released on MAP at 8:23 AM AEDT on 28 October 2024 disclosing the following:
  - 1.1 A comment attributable to PDN's CEO in respect of operations at Langer Heinrich '*...Whilst production in the second quarter of the ramp up encountered some process recovery and efficiency challenges, the onsite team have commenced the implementation of operational and process design improvements, which delivered improved performance towards the end of the quarter...*' (Emphasis added).
  - 1.2 Regarding the Company's operations at its Langer Heinrich Mine ('LHM'):

*As the LHM continues to ramp up to nameplate production, operational challenges will occur which may have an impact on production volumes. During the quarter, the process recovery and efficiency challenges that were encountered included:*

    - *Variability in the stockpiled ore processed resulting in a lower feed grade than planned for the quarter*
    - *Delayed commissioning of the second classification circuit*
    - *Lower than anticipated tailings water recovery which necessitated adjustments to the water balance within the plant resulting in lower levels of fines rejects and variability in recoveries*
    - *Flow variability in the counter current decantation (CCD) due to minor constraints in the CCD circuit related to pump and pipe sizing*
    - *Additional initial maintenance requirements for screens and filters.*
  - 1.3 A planned shut-down of the LHM, to allow for further improvement and operational upgrades to be implemented, is scheduled for November 2024 and is expected to run for approximately two weeks.

- C. The change in the price of PDN's securities from a closing price of \$12.23 on Friday, 25 October 2024 to a low of \$9.52 on Monday, 28 October 2024 following the release of the Announcement, (representing a 22% fall in price) together with a significant increase in the volume of PDN securities traded on 28 October 2024.
- D. Listing Rule 3.1, which requires a listed entity to immediately give ASX any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities.
- E. The definition of "aware" in Chapter 19 of the Listing Rules, which states that:
- "an entity becomes aware of information if, and as soon as, an officer of the entity (or, in the case of a trust, an officer of the responsible entity) has, or ought reasonably to have, come into possession of the information in the course of the performance of their duties as an officer of that entity."*
- F. Section 4.4 in *Guidance Note 8 Continuous Disclosure: Listing Rules 3.1 – 3.1B* titled "When does an entity become aware of information?"
- G. Listing Rule 3.1A, which sets out exceptions from the requirement to make immediate disclosure as follows.
- "3.1A Listing rule 3.1 does not apply to particular information while each of the following is satisfied in relation to the information:*
- 3.1A.1 One or more of the following 5 situations applies:*
- It would be a breach of a law to disclose the information;*
  - The information concerns an incomplete proposal or negotiation;*
  - The information comprises matters of supposition or is insufficiently definite to warrant disclosure;*
  - The information is generated for the internal management purposes of the entity; or*
  - The information is a trade secret; and*
- 3.1A.2 The information is confidential and ASX has not formed the view that the information has ceased to be confidential; and*
- 3.1A.3 A reasonable person would not expect the information to be disclosed."*
- H. The concept of "confidentiality" detailed in section 5.8 of *Guidance Note 8 Continuous Disclosure: Listing Rules 3.1 – 3.1B*. In particular, the Guidance Note states that:
- "Whether information has the quality of being confidential is a question of fact, not one of the intention or desire of the entity. Accordingly, even though an entity may consider information to be confidential and its disclosure to be a breach of confidence, if it is in fact disclosed by those who know it, then it is no longer a secret and it ceases to be confidential information for the purposes of this rule."*

### Request for information

Having regard to the above, ASX asks PDN to respond separately to each of the following questions:

1. Does PDN consider the following information, or any part thereof, to be information that a reasonable person would expect to have a material effect on the price or value of its securities?
  - 1.1 The commencement of the implementation of operational and process design improvements at LHM.
  - 1.2 Variability in the stockpiled ore processed resulting in a lower feed grade than planned for the quarter.

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- 1.3 Delayed commissioning of the second classification circuit.
  - 1.4 Lower than anticipated tailings water recovery which necessitated adjustments to the water balance within the plant resulting in lower levels of fines rejects and variability in recoveries.
  - 1.5 Flow variability in the counter current decantation (CCD) due to minor constraints in the CCD circuit related to pump and pipe sizing.
  - 1.6 A planned shut-down of the LHM, to allow for further improvement and operational upgrades to be implemented, is scheduled for November 2024 and is expected to run for approximately two weeks.

Please answer separately for each of the above.

2. If the answer to any part of question 1 is “no”, please advise the basis for that view commenting specifically on the fall in PDN’s share price and the significant trading volumes on 28 October 2024 following release of the September Quarterly Report.

Please answer separately for each of the items in question 1 above.

3. When did PDN first become aware of the information referred to in question 1 above?

Please answer separately for each of the items in question 1 above.

4. If PDN first became aware of the information referred to in question 1 before the date of the September Quarterly Report, did PDN make any announcement prior to that date which disclosed the information? If not, please explain why the information was not released to the market at an earlier time, commenting specifically on when you believe PDN was obliged to release the information under Listing Rules 3.1 and 3.1A and what steps PDN took to ensure that the information was released promptly and without delay.

Please answer separately for each of the items in question 1 above and provide details of the prior announcement if applicable.

5. Having regard to PDN’s disclosure in its Annual Report regarding LHM’s strong performance since the re-start of operations and PDN’s disclosures in its September Quarterly Report regarding improved performance towards the end of the quarter at LHM, on what date did PDN first become aware of the ‘*process recovery and efficiency challenges*’ at LHM?
6. Does PDN still expect to meet the 6 Mlb Nameplate Production Target at LHM contained in the Annual Report?
7. Please confirm that PDN is in compliance with the Listing Rules and, in particular, Listing Rule 3.1.
8. Please confirm that PDN’s responses to the questions above have been authorised and approved in accordance with its published continuous disclosure policy or otherwise by its board or an officer of PDN with delegated authority from the board to respond to ASX on disclosure matters.

#### **When and where to send your response**

This request is made under Listing Rule 18.7. Your response is required as soon as reasonably possible and, in any event, by no later than **1:00 PM AWST Monday, 4 November 2024**.

You should note that if the information requested by this letter is information required to be given to ASX under Listing Rule 3.1 and it does not fall within the exceptions mentioned in Listing Rule 3.1A, PDN’s obligation is to disclose the information ‘immediately’. This may require the information to be disclosed before the deadline set out above and may require PDN to request a trading halt immediately if trading in PDN’s securities is not already halted or suspended.

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Your response should be sent by e-mail to **ListingsCompliancePerth@asx.com.au**. It should not be sent directly to the ASX Market Announcements Office. This is to allow us to review your response to confirm that it is in a form appropriate for release to the market, before it is published on the ASX Market Announcements Platform.

**Suspension**

If you are unable to respond to this letter by the time specified above, ASX will likely suspend trading in PDN's securities under Listing Rule 17.3.

**Listing Rules 3.1 and 3.1A**

In responding to this letter, you should have regard to PDN's obligations under Listing Rules 3.1 and 3.1A and also to Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1 – 3.1B*. It should be noted that PDN's obligation to disclose information under Listing Rule 3.1 is not confined to, nor is it necessarily satisfied by, answering the questions set out in this letter.

**Release of correspondence between ASX and entity**

We reserve the right to release all or any part of this letter, your reply and any other related correspondence between us to the market under listing rule 18.7A. The usual course is for the correspondence to be released to the market.

Kind regards

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ASX Compliance