



PALADIN ENERGY LTD

ACN 061 681 098

16 January 2018

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 DECEMBER 2018

HIGHLIGHTS

- **Sales of 475,000lb U₃O₈ at an average selling price of US\$31.41/lb (vs. average spot price of US\$28.57/lb) for the quarter**
- **Cash and cash equivalents at 31 December 2018 of US\$44.1M (vs. guidance of approximately US\$40M)**
- **Langer Heinrich Mine**
 - **Concept study underway to optimise the Langer Heinrich operation in preparation for a restart decision**
 - **Concept study followed by prefeasibility study expected to be completed in 2019**
- **Kayelekera Mine**
 - **No water treatment carried out during the quarter**
 - **Target levels achieved for all water storage ponds**
- **Paladin now owns 100% of Summit Resources Limited (previously 82.08%) after completing the acquisition on 16 November 2018**

SAFETY

The Kayelekera Mine (KM) achieved 1,640 Lost Time Injury (LTI) free days for ~2.44 million man hours. There were no LTI's reported during the quarter at the Langer Heinrich Mine (LHM).

QUARTERLY URANIUM SALES

Total sales for the quarter were 475,000lb U₃O₈ at an average selling price of US\$31.41/lb, generating gross sales revenue of US\$14.9M.

The TradeTech weekly spot price average for the December quarter was US\$28.57/lb.

LANGER HEINRICH MINE, NAMIBIA (75%)

The Company made a decision 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 again makes it economical to restart on a sustainable basis.

Paladin has commenced with a concept study to optimise LHM in preparation for a restart decision. The concept study followed by a prefeasibility study will examine opportunities for improvements to mining and processing at the operation to decrease costs, increase throughput and productivity and examine potential for the recovery of vanadium as a by-product. The prefeasibility study is expected to be completed in 2019.

KAYELEKERA MINE, MALAWI (85%)

KM remains on care and maintenance with activities focused on cleaning out and maintenance of the water treatment plant in preparation for treatment of water for the 2018/2019 wet season. The site surface water drainage system is also undergoing annual refurbishment.

EXPLORATION PROJECTS

During the December quarter, the Company has only undertaken the work required to meet minimum tenement commitments.

CORPORATE

Group cash and cash equivalents

At 31 December 2018, the Group's cash and cash equivalents were US\$44.1M (including restricted cash of US\$11.1M), an increase of US\$13.5M from US\$30.6M at 30 September 2018.

Off-Market Takeover Bid for Summit Resources Limited

On 1 August 2018, Paladin announced its intention to make an off-market takeover offer (Offer) for all the shares in Summit Resources Limited (Summit) that Paladin did not already own, on a scrip for scrip basis. Under the Offer, third-party Summit shareholders received one new Paladin share for every one Summit share held.

Paladin made the Offer for Summit in line with its continued cost optimisation initiatives. At the time of the Offer, the Company already owned 82.08% of Summit and by purchasing the shares owned by third-party shareholders and de-listing Summit, cost savings can be achieved in the areas of compliance and regulatory costs.

On 11 October 2018, Paladin announced that it had acquired a relevant interest in 90% of all Summit shares on issue and 75% of the Summit shares that were the subject of the Offer. As a result, Paladin exercised its right to acquire the remaining Summit shares under the compulsory acquisition provisions of the Corporation Act.

On 16 November 2018, Paladin completed the acquisition of all of the outstanding shares in Summit in accordance with the compulsory acquisition process. Paladin now owns 100% of the shares in Summit.

URANIUM MARKET

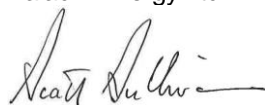
The TradeTech weekly spot price average for the December quarter was US\$28.57/lb, an 11% increase compared to the September quarter and a 27% increase compared to the December 2017 quarter. Spot market activity continued to be strong, supported by regular purchases by Cameco.

In late-November, the French government released its long awaited long-term energy strategy. Under the updated strategy, France's share of nuclear power will be reduced to 50% by 2035, a delay of a decade compared to the previous goal. Electricite de France plans to shut down 14 out of 58 operating reactors by 2035, with the first closures expected around 2025 to 2026.

The Taiwan government's policy to phase out nuclear power in the country was overturned in a November referendum. Voters in Taiwan rejected the government's 2025 nuclear-free homeland policy by a margin of 59% to 41%. The incumbent government has indicated that it will respect the vote, however it remains unclear whether it will introduce concrete measures to retain operating nuclear power plants in Taiwan.

Uranium producer Kazatomprom successfully completed an initial public offering of a 15% stake in mid-November, raising US\$450M from investors in London and Astana and valuing the company at US\$3 billion. In further uranium producer news, Rio Tinto announced a binding agreement with China National Uranium Corporation for the sale of its 69% stake in the Rossing mine in Namibia for up to US\$106.5 million. The transaction is expected to be completed in the first half of 2019.

Yours faithfully
Paladin Energy Ltd



SCOTT SULLIVAN
CHIEF EXECUTIVE OFFICER