



PALADIN ENERGY LTD

ACN 061 681 098

15 July 2019

By electronic lodgement

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

Dear Sir/Madam

PALADIN WELCOMES US DECISION ON URANIUM QUOTAS

HIGHLIGHTS

- Section 232 decision announced on 12 July 2019 is a positive for non-US uranium producers
- President Trump rejects a quota requiring US utilities to procure 25% of uranium from domestic US sources
- 18 months of uncertainty has been removed which is expected to lead to a normalisation of the uranium market
- Paladin continues its focus on Langer Heinrich to position it to be a low cost, first producer in a strengthening market.

Paladin Energy Limited (**Paladin or the Company**) (ASX:PDN) has welcomed a decision by United States President Donald Trump to decline issuing quotas for US domestic uranium production.

A Section 232 Petition filed by two US-based uranium companies in January 2018 had called for a 25% quota on uranium to limit imports in support of US based producers.

In a memorandum issued on Friday 12 July (US time)¹, Mr Trump announced he had declined to issue the quotas, saying he disagreed with a US Commerce Department investigation that found uranium imports threatened to impair US national security. Mr Trump instead ordered a 90-day governmental review by a working group of federal agencies with respect to the entire nuclear fuel supply chain.

Paladin Chief Executive Officer Scott Sullivan said Mr Trump's decision was welcomed by Paladin and it was expected to be good news for the company and other non-US producers.

¹ <https://www.whitehouse.gov/presidential-actions/memorandum-effect-uranium-imports-national-security-establishment-united-states-nuclear-fuel-working-group/>

“Since the petition was lodged early last year, we have seen a reluctance by both US utilities and non-US utilities to enter into long-term off-take agreements with producers and instead they have drawn down their inventories, which has contributed to suppressed uranium prices,” he said.

“Now that we have President Trump’s decision on the petition and have finally removed the uncertainty that has prevailed in the market, we expect a normalisation of the term market to follow and strengthening prices moving forward.”

Paladin’s Langer Heinrich uranium mine in Namibia transitioned to care and maintenance in August 2018 due to the sustained low uranium spot price. Paladin commenced a two-stage PFS for the restart of Langer Heinrich in February 2019 after a concept study identified multiple options to reduce operating costs, improve uranium process reliability and potentially recover a saleable vanadium product. The first stage of the PFS centred on a rapid restart strategy is expected to be completed in September 2019.

The full Presidential announcement is below:

PRESIDENTIAL MEMORANDA

Memorandum on the Effect of Uranium Imports on the National Security and Establishment of the United States Nuclear Fuel Working Group NATIONAL SECURITY & DEFENSE

Issued on: July 12, 2019

MEMORANDUM FOR THE SECRETARY OF STATE
THE SECRETARY OF THE TREASURY
THE SECRETARY OF DEFENSE
THE SECRETARY OF THE INTERIOR
THE SECRETARY OF COMMERCE
THE SECRETARY OF ENERGY
THE DIRECTOR OF THE OFFICE OF MANAGEMENT AND
BUDGET
THE ASSISTANT TO THE PRESIDENT FOR NATIONAL
SECURITY AFFAIRS
THE ASSISTANT TO THE PRESIDENT FOR ECONOMIC
POLICY
THE DIRECTOR OF THE OFFICE OF SCIENCE AND
TECHNOLOGY POLICY
THE CHAIRMAN OF THE COUNCIL OF ECONOMIC ADVISERS
THE CHAIRMAN OF THE NUCLEAR REGULATORY COMMISSION
THE CHAIRMAN OF THE FEDERAL ENERGY REGULATORY
COMMISSION

SUBJECT: The Effect of Uranium Imports on the National Security and Establishment of the United States Nuclear Fuel Working Group

By the authority vested in me as President by the Constitution and the laws of the United States of America, including section 232 of the Trade Expansion Act of 1962, as amended (19 U.S.C. 1862) (the “Act”), it is hereby ordered as follows:

Section 1. The Secretary of Commerce’s Investigation into the Effect of Uranium Imports on the National Security. (a) On April 14, 2019, the Secretary of Commerce (Secretary) transmitted to me a report on his investigation into the effect of imports of uranium (uranium ore, uranium concentrate, uranium hexafluoride, enriched uranium, and enriched uranium in fuel assemblies) on the national security of the United States under section 232 of the Act.

(b) The Secretary found and advised me of his opinion that uranium is being imported into the United States in such quantities and under such circumstances as to threaten to impair the national security of the United States as defined under section 232 of the Act. Currently, the United States imports approximately 93 percent of its commercial uranium, compared to 85.8 percent in 2009. The Secretary found that this figure is because of increased production by foreign state-owned enterprises, which have distorted global prices and made it more difficult for domestic mines to compete.

(c) At this time, I do not concur with the Secretary's finding that uranium imports threaten to impair the national security of the United States as defined under section 232 of the Act. Although I agree that the Secretary's findings raise significant concerns regarding the impact of uranium imports on the national security with respect to domestic mining, I find that a fuller analysis of national security considerations with respect to the entire nuclear fuel supply chain is necessary at this time.

Sec. 2. Establishment of the United States Nuclear Fuel Working Group. (a) I agree with the Secretary that the United States uranium industry faces significant challenges in producing uranium domestically and that this is an issue of national security. The United States requires domestically produced uranium to satisfy Department of Defense (DOD) requirements for maintaining effective military capabilities — including nuclear fuel for the United States Navy's fleet of nuclear-powered aircraft carriers and nuclear-powered submarines, source material for nuclear weapons, and other functions. Domestic mining, milling, and conversion of uranium, however, while significant, are only a part of the nuclear supply chain necessary for national security, including DOD needs.

(b) On June 29, 2017, I announced an initiative to revive and expand the nuclear energy sector and directed a complete review of United States nuclear energy policy to help find new ways to revitalize this crucial energy resource. Nuclear fuel production is critical to a vibrant nuclear energy sector. Over many prior administrations, the Federal Government has neglected to consider the impacts on key components of our nuclear fuel production infrastructure, while simultaneously increasing regulatory barriers for private-sector innovation in this technology.

(c) To address the concerns identified by the Secretary regarding domestic uranium production and to ensure a comprehensive review of the entire domestic nuclear supply chain:

(i) The Assistant to the President for National Security Affairs and the Assistant to the President for Economic Policy shall establish a United States Nuclear Fuel Working Group (Working Group) to develop recommendations for reviving and expanding domestic nuclear fuel production.

(ii) The Working Group shall include the following members or their designees:

(A) the Assistant to the President for National Security Affairs, who shall serve as one of the Co-Chairs;

(B) the Assistant to the President for Economic Policy, who shall serve as the other Co-Chair;

(C) the Secretary of State;

(D) the Secretary of the Treasury;

(E) the Secretary of Defense;

(F) the Secretary of the Interior;

(G) the Secretary of Commerce;

(H) the Secretary of Energy;

(I) a designee of the Nuclear Regulatory Commission;

(J) a designee of the Federal Energy Regulatory Commission;

(K) the Director of the Office of Management and Budget;

(L) the Director of the Office of Science and Technology Policy;

(M) the Chairman of the Council of Economic Advisers; and

(N) such other officials of the Federal Government as the Assistant to the President for National Security Affairs or the Assistant to the President for Economic Policy may invite to participate.

(iii) The Working Group shall examine the current state of domestic nuclear fuel production to reinvigorate the entire nuclear fuel supply chain, consistent with United States national security and nonproliferation goals.

(iv) Within 90 days of the date of this memorandum, the Working Group, through the Assistant to the President for National Security Affairs and the Assistant to the President for Economic Policy, shall submit a report to the President setting forth the Working Group's findings and making recommendations to further enable domestic nuclear fuel production if needed.

Sec. 3. General Provisions. (a) Nothing in this memorandum shall be construed to impair or otherwise affect:

(i) the authority granted by law to an executive department or agency, or the head thereof;

(ii) the functions of the Director of the Office of Management and Budget relating to budgetary, administrative, or legislative proposals; or

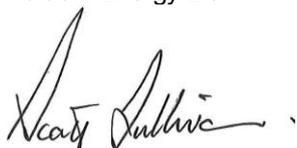
(iii) existing rights or obligations under international agreements.

(b) This memorandum shall be implemented consistent with applicable law and subject to the availability of appropriations.

(c) This memorandum is not intended to, and does not, create any right or benefit, substantive or procedural, enforceable at law or in equity by any party against the United States, its departments, agencies, or entities, its officers, employees, or agents, or any other person.

DONALD J. TRUMP

Yours faithfully
Paladin Energy Ltd



SCOTT SULLIVAN
CHIEF EXECUTIVE OFFICER

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