



PALADIN ENERGY LTD
(Subject to Deed of Company Arrangement)

ACN 061 681 098

31 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 – 30 JUNE 2017

HIGHLIGHTS

- **Sales of 1,166,856lb U₃O₈ at an average selling price of US\$22.62/lb**
- **Langer Heinrich Mine**
 - U₃O₈ production of 753,573lb, down 16% vs. prior quarter
 - C1 cash cost of production of US\$25.07/lb, up 19% vs. prior quarter
 - Ore milled of 830,204t, down 1% vs. prior quarter
 - Average plant feed grade of 475ppm U₃O₈, down 13% vs. prior quarter
 - Overall recovery of 86.7%, down 2% vs. prior quarter
- **Kayelekera Mine**
 - **Water treatment continued successfully during the quarter**

SAFETY

The Company achieved 1,091 Lost Time Injury (LTI) free days at the Kayelekera Mine (KM) for ~1.9 Million man hours. There was one LTI reported during the quarter at the Langer Heinrich Mine (LHM), a boilermaker twisted his ankle and suffered a hairline fracture.

The Company's 12 month moving average Lost Time Injury Frequency Rate (LTIFR) decreased to 1.8 from 2.2 at the end of the last quarter. The 12 month moving average LTIFR for the previous year was 1.8.

QUARTERLY URANIUM SALES

Total sales for the quarter were 1,166,856lb U₃O₈ at an average selling price of US\$22.62/lb, generating gross sales revenue of US\$26.4M. The average selling price for the quarter was above the TradeTech weekly spot price average for the June quarter of US\$21.30/lb.

LANGER HEINRICH MINE, NAMIBIA (75%)*Production and cash cost of production*

	2016 Jun Qtr	2016 Sep Qtr	2016 Dec Qtr	2017 Mar Qtr	2017 Jun Qtr
U₃O₈ production (lb)	1,119,171	1,293,117	1,206,685	896,070	753,573
C1 cash cost of production (US\$/lb)	26.60	16.45	16.03	21.02	25.07

Quarterly U₃O₈ production of 753,573lb was down on the preceding quarter by 16%. The amount of drummed material produced (i.e. U₃O₈ drummed) for the quarter was down 21% from last quarter at 696,392lb.

LHM unit C1 cash cost of production for the quarter increased by 19% from US\$21.02/lb in the March quarter to US\$25.07/lb in the June quarter, largely as a result of the lower production. Unit C1 cash cost of production was 6% lower than in the quarter to 30 June 2016.

Mining

	2016 Jun Qtr	2016 Sep Qtr	2016 Dec Qtr	2017 Mar Qtr	2017 Jun Qtr
Ore mined (t)	744,161	1,247,014	245,030	-	-
Grade (ppm U₃O₈)	620	721	710	-	-
Low grade ore mined (t)	646,934	1,288,380	358,896	-	-
Grade (ppm U₃O₈)	325	320	314	-	-
Waste (t)	4,272,713	4,022,623	500,904	-	-
Total Ore and Waste (t)	5,663,808	6,558,017	1,104,830	-	-
Waste/ore ratio	6.6	4.3	3.5	-	-

No mining activities were carried out during the June quarter. The long term ore stockpiles continued to supplement the Run-of-Mine (RoM) with medium grade ore in line with the current mining curtailment plan.

The high-density polyethylene lining and barren sands tipping for Tailings Storage Facility 5 were completed in the quarter. Riser construction was also completed and installation of the tailings deposition and return water infrastructure was well advanced with commissioning expected in July 2017.

Processing

	2016 Jun Qtr	2016 Sep Qtr	2016 Dec Qtr	2017 Mar Qtr	2017 Jun Qtr
Ore milled (t)	842,861	949,906	903,313	837,990	830,204
Grade (ppm U₃O₈)	670	704	692	547	475
Overall recovery (%)	89.2	87.7	87.6	88.6	86.7
U₃O₈ production (lb)	1,119,171	1,293,117	1,206,685	896,070	753,573

U₃O₈ production for the June quarter was down 16% on the prior quarter mainly due to the 13% drop in head grade associated with mining curtailment.

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KAYELEKERA MINE, MALAWI (85%)

KM remains on Care and Maintenance.

Quarterly activities at site focussed on the water treatment programme. The application for the renewal of the Water Discharge Licence for 2017/18 was submitted to the Malawi Government in June 2017. During the quarter, the lime water treatment plant remained offline due to the relatively low water levels in site dams. The membrane water treatment plant operated for the entire quarter, with treated water being discharged to the Fresh Water Pond.

EXPLORATION PROJECTS

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

URANIUM MARKET

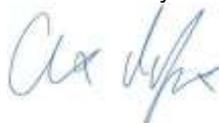
The TradeTech weekly spot price average for the June 2017 quarter was US\$21.30/lb, an 11% decrease compared to the March 2017 quarter and a 22% decrease compared to the June 2016 quarter.

Price weakness exhibited since the middle of February continued through the June quarter. Spot prices fell from US\$23.25/lb at the start of April to a year low of US\$19.50/lb by the end of May before settling into a trading range of US\$19.50-\$20.20/lb through the rest of the quarter.

Political developments in France and South Korea created additional uncertainty over the future of nuclear power in those countries during the June quarter. The election of President Macron in early May followed by a victory by Macron's En Marche! Party in national assembly elections in June means France is likely to pursue a mixed policy towards nuclear with plans for a gradual reduction of nuclear power combined with increased use of renewables.

The election of President Moon Jae-in South Korea in May 2017 created a more clear-cut move away from nuclear power. President Moon took immediate action to close down the country's oldest reactor whilst reaffirming his goal to phase out nuclear power over coming decades by not allowing existing reactors to operate beyond 40 years.

Yours faithfully



ALEXANDER MOLYNEUX
CEO