



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 SEPTEMBER 2017

HIGHLIGHTS

- **Sales of 450,000lb U₃O₈ at an average selling price of US\$20.25/lb**
- **Langer Heinrich Mine**
 - U₃O₈ production of 840,664lb, up 12% vs. prior quarter
 - C1 cash cost of production of US\$23.56/lb, down 6% vs. prior quarter
 - Ore milled of 878,421t, up 6% vs. prior quarter
 - Average plant feed grade of 488ppm U₃O₈, up 3% vs. prior quarter
 - Overall recovery of 89.0%, up 2% vs. prior quarter
- **Kayelekera Mine**
 - Limited water treatment during the quarter due to low water levels

SAFETY

The Company achieved 1,183 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) increased to 2.0 from 1.8 at the end of the last quarter. The 12 month moving average LTIFR for the previous year was 2.7.

QUARTERLY URANIUM SALES

Total sales for the quarter were 450,000lb U₃O₈ at an average selling price of US\$20.25/lb, generating gross sales revenue of US\$9.1M. The TradeTech weekly spot price average for the September quarter was US\$20.33/lb.

Sales volume for the September quarter was lower due to inventory accumulation for a major CNNC delivery in November.

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

| | 2016 Sep Qtr | 2016 Dec Qtr | 2017 Mar Qtr | 2017 Jun Qtr | 2017 Sep Qtr |
|---|-----------------|-----------------|-----------------|-----------------|-----------------|
| U₃O₈ production (lb) | 1,293,117 | 1,206,685 | 896,070 | 753,573 | 840,664 |
| C1 cash cost of production (US\$/lb) | 16.45 | 16.03 | 21.02 | 25.07 | 23.56 |

Quarterly U₃O₈ production of 840,664lb was up on the preceding quarter by 12%. The amount of drummed material produced (i.e. U₃O₈ drummed) for the quarter was up 20% from last quarter at 838,011lb.

LHM unit C1 cash cost of production for the quarter decreased by 6% from US\$25.07/lb in the June quarter to US\$23.56/lb in the September quarter. Unit C1 cash cost of production was 43% higher than in the quarter to 30 September 2016.

Mining

| | 2016 Sep Qtr | 2016 Dec Qtr | 2017 Mar Qtr | 2017 Jun Qtr | 2017 Sep Qtr |
|---|-----------------|-----------------|-----------------|-----------------|-----------------|
| Ore mined (t) | 1,247,014 | 245,030 | - | - | - |
| Grade (ppm U₃O₈) | 721 | 710 | - | - | - |
| Low grade ore mined (t) | 1,288,380 | 358,896 | - | - | - |
| Grade (ppm U₃O₈) | 320 | 314 | - | - | - |
| Waste (t) | 4,022,623 | 500,904 | - | - | - |
| Total Ore and Waste (t) | 6,558,017 | 1,104,830 | - | - | - |
| Waste/ore ratio | 4.3 | 3.5 | - | - | - |

No mining activities were carried out during the September 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.

Processing

| | 2016 Sep Qtr | 2016 Dec Qtr | 2017 Mar Qtr | 2017 Jun Qtr | 2017 Sep Qtr |
|---|-----------------|-----------------|-----------------|-----------------|-----------------|
| Ore milled (t) | 949,906 | 903,313 | 837,990 | 830,204 | 878,421 |
| Grade (ppm U₃O₈) | 704 | 692 | 547 | 475 | 488 |
| Overall recovery (%) | 87.7 | 87.6 | 88.6 | 86.7 | 89.0 |
| U₃O₈ production (lb) | 1,293,117 | 1,206,685 | 896,070 | 753,573 | 840,664 |

U₃O₈ production for the September quarter was up 12% on the prior quarter mainly due to a 6% increase in ore milled, 3% higher plant feed grade and 2% higher overall recoveries. The increase in ore processed was primarily attributable to increased process water availability following the installation of TSF3 water recovery bores and the commissioning of TSF5 in July 2017.

KAYELEKERA MINE, MALAWI (85%)

KM remains on Care and Maintenance.

In the September quarter, the lime water treatment plant remained offline due to the relatively low water levels in site dams. The membrane water treatment plant continued running with treated water being discharged to the Fresh Water Pond until 14 July 2017. Both the lime and membrane water treatment plants were ready to commence water treatment when required.

EXPLORATION PROJECTS

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

URANIUM MARKET

The TradeTech weekly spot price average for the September 2017 quarter was US\$20.33/lb, a 5% decrease compared to the June 2017 quarter and a 20% decrease compared to the September 2016 quarter.

The uranium spot market exhibited relatively low liquidity with prices trading in a range of US\$19.85-US\$20.60/lb during the September quarter.

At the end of July 2017, South Carolina Electric & Gas Company announced that it would abandon the construction of two Westinghouse AP1000 reactors at the VC Summer nuclear power plant. The decision, made in the aftermath of Westinghouse's bankruptcy filing and associated cost and time delays to the reactor project, leaves Georgia Power's Vogtle project as the sole remaining nuclear new-build in the United States. Westinghouse's parent company, Toshiba, will pay compensation of \$2.2Bn to VC Summer's owners.

Yours faithfully



ALEXANDER MOLYNEUX
CEO