



## PALADIN ENERGY LTD

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

By Electronic Lodgement

Dear Sir/Madam

### **Sale of Minority Interest in Langer Heinrich Mine, Namibia**

Paladin Energy Ltd (**Paladin or the Company**) is pleased to advise that it signed an agreement on 18 January 2014 to sell a 25% joint-venture equity stake in its flagship Langer Heinrich uranium mining operation in Namibia to China Uranium Corporation Limited, a wholly owned subsidiary of China National Nuclear Corporation (**CNNC**), the leading Chinese nuclear utility, for consideration of US\$190M.

The offtake component of the agreement will allow CNNC to purchase its pro-rata share of product at the prevailing market spot price. There is also an opportunity for Paladin to benefit by securing additional long term offtake arrangements with CNNC, at arm's length market rates, from Paladin's share of Langer Heinrich production.

The respective Boards of Paladin and CNNC have approved the transaction. Completion is subject only to certain Chinese regulatory approvals (including the National Development and Reform Commission), which are expected to be obtained by mid-2014, and routine consents for the transaction from Paladin's project financiers and the Bank of Namibia. CNNC has agreed to pay a US\$20M non-refundable deposit to Paladin.

The Langer Heinrich mining operation in Namibia commenced uranium production in 2007 and has subsequently undergone two stages of expansion. It was the first successful conventional uranium mining operation to have been built in the world since 1992 when Areva established its McLean Operation in Canada. Langer Heinrich utilises a unique alkaline leaching process developed by Paladin. Langer Heinrich has a current design capacity of 5.2Mlb of uranium concentrate per annum and, following successful optimisation and debottlenecking, Paladin is targeting 5.7Mlb of production in FY14. This de-risked operation has a current 20-year mine life and, given sufficient uranium price incentive, is capable of being expanded further to produce approximately 8.5Mlb per annum.

The Government of Namibia has been formally informed of the agreement between Paladin and CNNC, which will be of great significance to the future development of the country's vitally important uranium mining sector.

### **About China National Nuclear Corporation**

Paladin is pleased to have been able to attract CNNC as a joint-venture partner given the stature of this highly regarded organisation in China and internationally and given its ability to develop, build and operate nuclear power plants. Having this highly respected member of the Chinese nuclear power industry participating in Langer Heinrich is a very significant and positive development for both the Company and for Namibia.

As a major force in the Chinese national nuclear technology industry, CNNC has a full range of nuclear-technology industries and plays an important role in developing national nuclear power and related power plants.

CNNC is mainly engaged in the scientific research and development, construction and operation in such fields as nuclear power, nuclear fuel cycle, nuclear technology application and nuclear environmental engineering, as well as foreign economic co-operation and import and export businesses. Currently, it also assumes the roles as one of China's major nuclear investors, key nuclear power technology developer, principal designer and general contractor for domestic nuclear power plants (both in operation and under construction), operating technology service provider and nuclear power plant exporter, domestic franchise supplier for nuclear fuel cycle, primary force of expertise in nuclear environmental engineering, and the backbone organ for nuclear-technology applications.

### **Transformational Outcome**

The Langer Heinrich Joint Venture between Paladin and CNNC represents a formidable partnership focused on advancing global uranium production. The joint venture will ensure, with increasing uranium prices, the long term growth and development of the globally important mining operation at Langer Heinrich. This development also reinforces the importance of Namibia in the global uranium mining context with the key Chinese nuclear organisations now represented in uranium production in Namibia. China has ambitious nuclear electrification programmes extending for decades into the future. Obtaining direct access to sufficient global uranium supply is an essential element for China to be able to safeguard and grow this strategically important sector.

Paladin has been successful in attracting a highly-respected organisation such as CNNC because of the Company's achievements within the conventional uranium mining industry. Paladin has achieved its operational targets and, importantly, introduced significant technological advancement to its treatment plants so that Paladin has now become a world leader in mining, processing and treatment of low to medium grade uranium ores. Paladin, through its enterprise and vision, rejuvenated the uranium industry in Namibia and its success caused many other companies to follow it to Namibia, from which further uranium discoveries and opportunities have been realised in this country.

The Managing Director/CEO of Paladin, Mr John Borshoff, said, *"Paladin has conducted an exhaustive and wide-ranging process, which we are delighted to have concluded with the introduction of one of the world's leading nuclear industry participants into our world-class Langer Heinrich project. The significant cash injection from this minority interest sale will largely be applied to debt reduction, which the Board considers an essential step during a time of unprecedented low uranium prices. This will help stabilise the Company, establishing an incredibly strong platform that will enable us to maximise the value of our assets and ensure increased production of much needed uranium once the price is sufficient to support the planned future growth of nuclear energy in China and elsewhere."*

Mr Borshoff added: *"Having already developed a solid relationship with what is currently the world's largest nuclear utility Électricité de France (EdF), Paladin has now established an important strategic long term relationship with CNNC, which will become a major participant on a global scale in the nuclear electrification industry. This is the next key step in building our Company and has far reaching positive implications both for Paladin and CNNC"*.

The Director-in-General, Department of Geology and Mining of CNNC Mr Du Yunbin stated *"I do believe, through the investment in the Langer Heinrich project, CNNC and Paladin will develop a long-lasting business relationship which is beneficial to each other and also bring long-term influence to the global uranium mining industry. We treasure this valuable business opportunity with Paladin. In accordance with CNNC's "open, inclusive, co-operative and win-win" corporate principles we are looking forward to having further prosperous co-operation with Paladin."*

Paladin is being advised by financial advisers JPMorgan Australia Limited and Leonardo & Co (Paris) and by legal advisers Herbert Smith Freehills.

### **About Paladin**

*Paladin is a publicly-listed company with listings on the Australian, Canadian and the Namibian stock exchanges and has its headquarters in Perth, Western Australia. The Company specialises in uranium exploration, project development and uranium mining operations. It is the only company in the world to have developed two modern conventional uranium mines in the past 20 years and is recognised for successfully applying innovative mining technologies to both its Langer Heinrich Mine in Namibia and its Kayelekera Mine in Malawi. Paladin has an installed capacity to produce a total of 8.5Mlb per annum from both these operations. While creating this production*

*base over the past eight years, Paladin concurrently established a strategically important, geographically diverse, project pipeline to support future growth of its uranium production base. Paladin has succeeded in positioning itself uniquely amongst the major uranium suppliers of the world with demonstrated successful achievements and offers a proven platform from which to replicate the growth that it has achieved over the past eight years with minimal risk.*

Yours faithfully  
Paladin Energy Ltd



**JOHN BORSHOFF**  
**Managing Director/CEO**