



PALADIN ENERGY LTD

ACN 061 681 098

26 April 2018

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

By Electronic Lodgement

Dear Sir/Madam

LHM POTENTIAL CARE & MAINTENANCE DECISION

Paladin Energy Limited (**Paladin** or the **Company**) (ASX:PDN) would like to provide an update regarding the potential future operating strategy for its Langer Heinrich Mine (**LHM**), including preparatory steps being taken for a potential care and maintenance decision, and the commencement of relevant stakeholder consultations.

Paladin previously disclosed that the medium grade ore stockpiles, which are currently the processing feed for LHM's processing plant are expected to be exhausted before mid-2019 and that a decision needs to be made at least six months prior to the exhaustion of those stockpiles as to whether to restart physical mining, process low grade stockpiles or place LHM on care and maintenance.

Given the continued deterioration of macro factors, including the stubbornly low spot uranium price but also factors such as foreign exchange rates and prices of processing reagents, it's becoming less likely that the Company will be in a position to resume physical mining activity at LHM in 2018 nor would processing low grade stockpiles be viable. As a result, Paladin has commenced preparatory steps towards being in a position to formalise a care and maintenance decision with relevant stakeholders. The Company has commenced consultations with relevant stakeholders (Government, customers, LHM minority joint-venture partner and employee representatives / unions) with a view to completing such consultations in a timely manner. Other preparatory works are underway including changes in certain supplier arrangements and changes in staffing that may result in initial redundancies.

Subject to receiving any required approvals and completing preparatory initiatives, Paladin believes it will be in a position to make a formal decision regarding care and maintenance within the next two months, which would then initiate a one to two month final process, after which time LHM would cease uranium production.

Regarding the potential to place LHM on care and maintenance, CEO, Alex Molyneux said: ***“The uranium market has failed to recover since the Fukushima Incident in 2011, with the average spot price so far in 2018 the lowest in 15-years. It’s deeply distressing to have to consider suspending operations at LHM because of the consequences for our employees, and the broader community. However, as there has yet to be a sustainable recovery in the uranium market, and with the aim of preserving maximum long-term value for all stakeholders, it is clearly prudent to consider these difficult actions.”***

LHM has been in continuous operation since 2007 as a global world-class open-pit uranium mine. It has a notional capacity of 5.2 million pounds of uranium production per year and produced 3.4 million pounds in the 2017 calendar year with physical mining curtailed and the plant being fed by historically mined medium grade stockpiled ore. LHM currently employs more than 600 direct employees and contractors.

In any final implementation of care and maintenance, Paladin will ensure the highest standards of care are met with respect to our employees, contractors, community and other stakeholders and the environment. A care and maintenance initiative would have the additional intention to preserve the value of LHM such that it be a viable employer and social contributor once again, when the global uranium market returns to more favourable conditions.

Yours faithfully
Paladin Energy Ltd



Alexander Molyneux
CEO

For personal use only