



PALADIN ENERGY LTD

ACN 061 681 098

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

By Electronic Lodgement

Dear Sir/Madam

Paladin Board approves Langer Heinrich Restart Prefeasibility Study

Highlights

- **Recently completed concept study that examined the restart of Langer Heinrich has returned positive results with multiple options identified to lower costs and maintain cost competitiveness**
- **Two-stage Prefeasibility Study (PFS) to further develop Langer Heinrich restart plans to commence in March 2019.**
- **First stage of PFS to refine restart plan due for completion in Q1 FY20, second stage for process optimisation Q3 FY20**
- **Approach retains rapid restart potential while developing cost reduction opportunities, including vanadium production**
- **Modest initial restart capital funding requirements verified**
- **PFS is a significant investment to restart Langer Heinrich as a reliable, low cost, long life uranium producer**
- **Targeting aspirational average life of mine all-in cash costs of US\$30/lb after vanadium credits**

Paladin Energy Limited (**Paladin** or the **Company**) (ASX: PDN) is pleased to announce it will commence a PFS for the restart of the Langer Heinrich uranium mine in Namibia (Langer Heinrich) after a concept study completed by the Company identified multiple options to reduce operating costs, improve uranium process reliability and potentially recover a saleable vanadium product. The PFS is expected to cost US\$6.2M and will be funded from existing cash resources.

The concept study commenced in September 2018 and was completed on schedule in February 2019. It generated a conceptual plan that puts Paladin in a strong position to restart Langer Heinrich when there is a sustained recovery in uranium prices.

The concept study verified that the initial capital funding requirements for a restart of Langer Heinrich are expected to be relatively low, approximately US\$100M, including capital for plant repair and improvement of US\$24M, tailings facility construction of US\$4M, Back-End Upgrade execution of US\$22M and working capital of US\$50M. The remaining plant optimisation capital is expected to be funded from operating cash flows following a ramp up to full production.

The PFS is the next step in further refining and verifying Langer Heinrich's restart plan and a comprehensive PFS plan has now been approved by the Board. The PFS will focus on improvements to ensure the restart maximises value, will improve mineral resource definition through additional drilling of the highest-grade remaining resource and develop and confirm processing and operational improvement options, to reduce operating cost and improve operability.

Paladin placed Langer Heinrich in care and maintenance (C&M) in May 2018 due to the sustained low uranium spot price and successfully transitioned the mine to full C&M in August 2018.

Paladin Chief Executive Officer Scott Sullivan commented that the concept study found Langer Heinrich could be restarted relatively quickly in response to strengthening uranium prices. The mine could be back in full production as early as mid-2021 subject to validation in the study, allowing it to be a first mover in the market if the uranium price recovery continued.

"The study identified improvements to resolve known processing issues we have encountered in the project's life to date and also to make well considered, low cost investments in the rapid restart option. This includes some necessary repairs and equipment replacement, scheduled tailings dam construction, additional surge capacity to increase process stability, process control system upgrade and deployment of a comprehensive management operating system which have been implemented in many operations in Australia to great effect."

"The PFS would also examine Langer Heinrich's capacity to produce a saleable vanadium product as a way of increasing the project's long-term value. As a co-product credit this would effectively lower Langer Heinrich's cost of uranium production", Mr Sullivan said.

The PFS is to be completed in two stages, with the examination of a rapid, low-risk restart for Langer Heinrich to be completed in Q1 FY20 and a more detailed study for process upgrades to be completed in Q3 FY20.

"In the process upgrade body of work, we are targeting an operating cost reduction over base operations of ~US\$6/lb of U₃O₈ and to generate a saleable vanadium product, as well as completing a 'Front-End Upgrade' in the future that would expand the scale of the current beneficiation circuit to enable low-grade ore to be processed with greater operating margins," Mr Sullivan said.

"We have assembled a first class project team with both international uranium experience and demonstrable experience in driving cost and operational improvements in mines globally. I'm excited for the future of Paladin and I look forward to re-positioning Paladin as a leading global uranium producer".

Yours faithfully
Paladin Energy Ltd



SCOTT SULLIVAN
Chief Executive Officer

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