



# PALADIN ENERGY LTD

ACN 061 681 098

24 June 2019

*By electronic lodgement*

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

## PALADIN TO SELL KAYELEKERA INTEREST

### Highlights

- **Paladin has agreed to sell its 85% interest in Kayelekera to Hylea Metals Limited (Hylea) (ASX: HCO) led joint venture**
- **Paladin to receive A\$10M value plus return of US\$10M previously advanced to Kayelekera as security for its environmental performance bond**
- **Significant reduction in ongoing care and maintenance costs of circa US\$5M per annum associated with Kayelekera**
- **Completion of the sale is expected to be finalised by late 2019**

Paladin Energy Limited (Paladin or the Company) (ASX: PDN) is pleased to announce that it has entered into an agreement to sell its 85% interest in the Kayelekera uranium mine (Kayelekera) in Malawi to Hylea's subsidiary, Lotus Resources Pty Ltd, a joint venture with Chichewa Resources Pty Ltd.

The consideration for the sale of Paladin's 85% shareholding in Kayelekera is A\$5M, comprising A\$200k cash, A\$4.8M in Hylea shares to be issued to Paladin (A\$1.8M on completion, subject to a 12-month voluntary escrow, and A\$3M on the third anniversary of completion). The issue price will be based on the lower of the 30-day VWAP at the time of issue, or the price of a Hylea capital raising in the 90 days preceding.

Paladin will receive a 3.5% royalty based on revenues derived from future production at Kayelekera, capped at A\$5M.

Paladin will also be repaid the funds advanced to provide security for the US\$10M environmental performance bond issued to the Government of Malawi for Kayelekera. The repayments will occur in four tranches: US\$4M on Completion, US\$1M on the first anniversary, US\$2M on the second anniversary, and the final US\$3M on the third anniversary.

The transaction is subject to Hylea shareholder approval, Paladin Noteholder consent and customary terms and conditions, including Government of Malawi approvals, as well as containing standard representations and warranties. Completion is expected to occur in late 2019. Hylea's associated capital raisings are underwritten for A\$8M.

The sale of the Company's non-core asset to Hylea and the repayment of the environmental performance bond advance will enable Paladin to prioritise its capital and other resources on optimising and restarting its Langer Heinrich Mine (Langer Heinrich) in Namibia (ASX announcement 26 February 2019) and to position Langer Heinrich to be among the first significant global producers to return to production.

Selling its interest in Kayelekera will provide Paladin with additional capital and other resources available for that purpose and also eliminate the significant ongoing care and maintenance costs associated with Kayelekera.

*“The sale is a positive result that will enable Paladin to focus all of its resources on restarting our flagship asset Langer Heinrich by releasing restricted cash resources of approximately US\$10M and realising significant care and maintenance cost savings of approximately US\$5M per annum. It is consistent with our stated strategy of focusing on the re-development of Langer Heinrich whilst preserving our capital and developing opportunities to monetise non-core assets. With this structure, we also keep some exposure to the upside of this transaction through the A\$4.8M in share placements early in the development cycle”, Chief Executive Officer, Scott Sullivan said.*

*“Kayelekera has been an asset that has produced 10.9Mlb of uranium and now provides the opportunity for the new owner to generate a commercially viable operation once the uranium price has recovered.”*

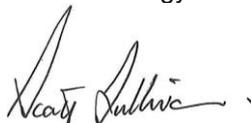
### **About Kayelekera**

Paladin permitted, constructed, commissioned and operated Kayelekera between 2007 and 2014 and produced 10.9Mlb of uranium from open-pit mined ore processed through an acid leach processing plant. In February 2014, Paladin placed Kayelekera on care and maintenance due to the consistently low uranium spot prices. Internal studies determined that an improved uranium market would provide an opportunity for Kayelekera to again produce uranium from its remaining 31Mlb resource.

The Government of Malawi owns 15% of Kayelekera and provided support for the project by executing a Development Agreement prior to construction to provide a stable fiscal environment for the first 10 years of operation. The Government of Malawi is committed to supporting and encouraging the private sector to assume a leading role in the economic development of projects in the mining sector.

Kayelekera made a substantial fiscal contribution to Malawi and created opportunities for employment and improvements to social infrastructure, particularly in northern Malawi.

Paladin Energy Ltd



**SCOTT SULLIVAN**  
**CHIEF EXECUTIVE OFFICER**

### **For further information:**

Karen Oswald

Investor Relations

[Karen.oswald@paladinenergy.com.au](mailto:Karen.oswald@paladinenergy.com.au) or + 61 (8) 9423 8162