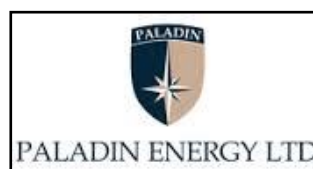


Uraniumletter INTERNATIONAL

the international independent information and advice bulletin for uranium resource investments

Investment Alert – November 13, 2020

www.paladinenergy.com.au



Paladin Energy Ltd. (A\$ 0.135)

ASX	: PDN
H+L prices (12 months)	: A\$ 0.18 – 0.04
Issued shares	: 2.03 billion
Market capitalization	: A\$ 294.0 million (US\$ 213.4 million)

2021 price target: A\$ 0.25

INVESTMENT ALERT

Update on continued restart planning activities at the globally significant [Langer Heinrich Uranium Mine](#) in [Namibia](#) for the period ending 30 September 2020

Highlights:

- ▶ The Company continued restart planning activities at the globally significant [Langer Heinrich Uranium mine](#) (“LHM”) during the quarter with activities focusing on advancing the critical-path elements of the Langer Heinrich Mine Restart Plan1 including:
 - o Detailed mine planning supporting the preparation of contract mining commercial documentation
 - o Commencement of a detailed “as-is” condition survey of the processing plant
 - o Appointment of key contractors to undertake the mining and processing engineering work packages
- ▶ No lost-time injuries or reportable environmental incidents were recorded during the quarter
- ▶ The Company maintained appropriate protocols across all locations to minimise the potential transmission of COVID-19, with no reported confirmed cases to our people, or onsite contractors
- ▶ Cash expenditure for the quarter of US\$ 1.9 million. Paladin continues to focus on minimising expenditure whilst advancing restart work at the Langer Heinrich Mine
- ▶ The Company held US\$ 32.4 million of cash and cash equivalents as at 30 September 2020 (excluding restricted cash of \$ 1 million)
- ▶ The Company’s guidance for FY 2021 total expenditure remains at US\$ 9.5 million, a 44% reduction from FY 2020
- ▶ The Company continues to engage with potential customers with an ultimate view towards securing Uranium term-price contracts with sufficient term and value to underpin the restart of LHM

Langer Heinrich Mine Restart Plan

The Company continues to advance the critical-path elements of the restart at the Langer Heinrich Mine (LHM), including:

- ▶ Detailed mine planning supporting the preparation of contract mining commercial documentation
- ▶ Commencement of a detailed “as-is” condition survey of the processing plant
- ▶ Appointment of key contractors to undertake the following mining and processing engineering work packages:

• Mining

- o Update the Ore Reserve model by utilising detailed drilling information to reduce the block model size
- o Assign more physical characteristics to the model to improve the understanding of ore variability and blending strategy for feed to the plant
- o Update the Ore Reserve Statement with the higher resolution mining model and the detailed mine plan
- o Complete contract mining tender documentation
- o AMC Consultants Pty Ltd have been appointed to assist in and deliver the mining work package

• Processing

- o Complete a detailed “as-is” condition survey of the processing plant, optimise critical restart priorities and prepare commercial documentation in preparation for the award of remediation work programs
- o Continue process improvement design work, analysing historical downtime issues, modification impacts, influence of various reagent combinations, and the impact of minefeed variability
- o Elemental Engineering Pty Ltd has been appointed for process modelling and Lycopodium Minerals Pty Ltd has been appointed to complete the process design

▶ Production and Development Activities

- Quarterly events focused on routine care and maintenance activities including the continuation of restart and debottlenecking planning and the continued preservation of the LHM processing plant and related infrastructure
- Environmental monitoring of air, water quality, energy, land-use, radiation and biodiversity continued within the LHM mining license areas
- LHM’s Environmental Management Plan was successfully renewed and the continuous compliance ensured the renewal of the Environmental Clearance Certificate by the Namibian Government and Regulators
- There were no production or development activities during the quarter

Investment comments:

Paladin’s Langer Heinrich Mineral Restart Plan has aimed at delivering a reliable mine restart to bring the globally significant **Langer Heinrich Mine** back into production.

The **Restart Plan** has confirmed a **17-year mine life with peak production of 5.9 million pounds U₃O₈ per annum for 7 years.**

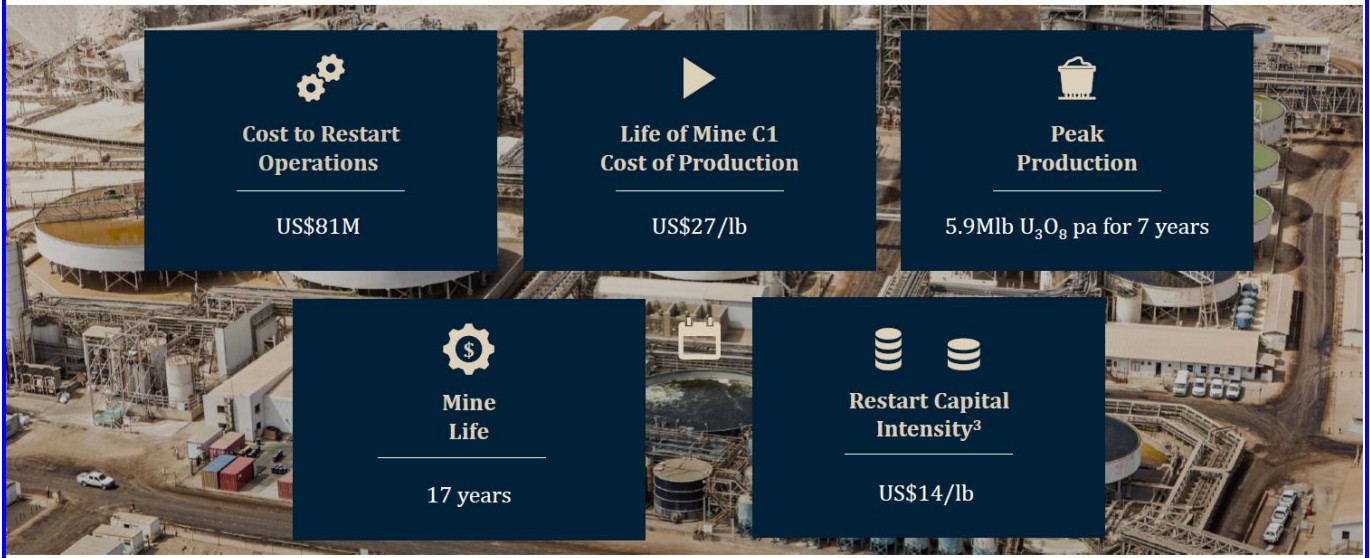
The mine contains a **JORC (2012) compliant Mineral Resource of 119.5 million pounds U₃O₈, using a 250 ppm U₃O₈ cut-off grade across all resource categories.**

Based on the **Restart Plan**, **Paladin** is well positioned to be one of the world’s leading uranium producers under a 12-months execution lead to restart after funding and improved market conditions.

In my February 2020 updated Special Report, at a share price of A\$ 0.09, I already concluded that **Paladin** was significantly undervalued compared to uranium producers focused on the United States, which are also on standby.

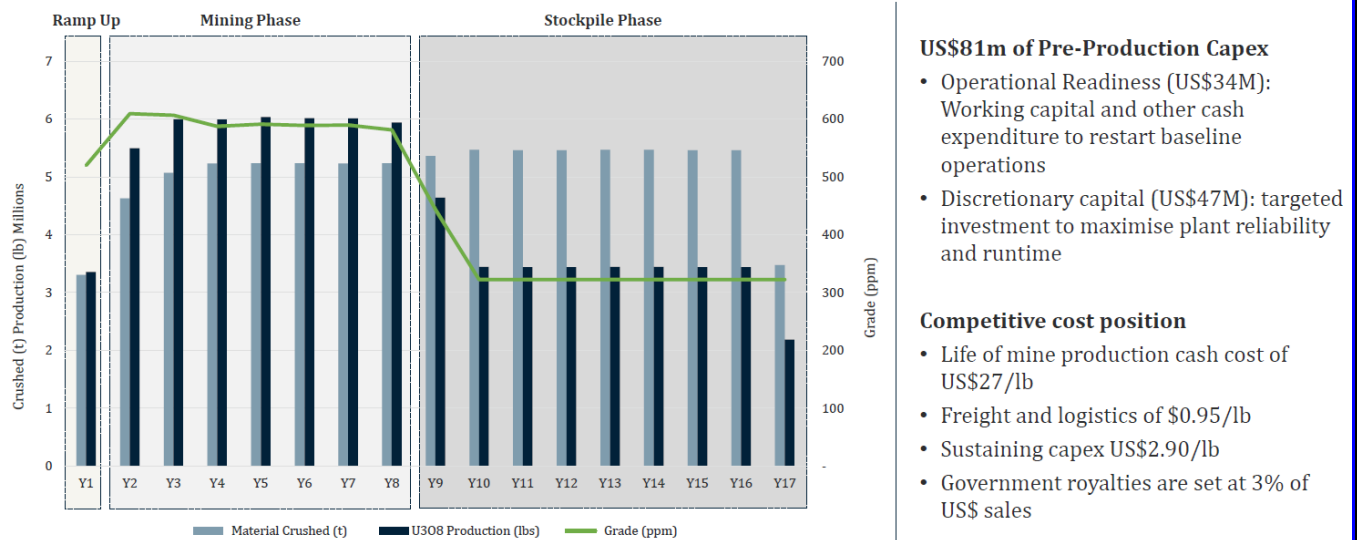
My 2021 price target remains A\$ 0.25.

Mine Restart Plan confirms economic significance of Langer Heinrich^{1,2}



¹ Information within this slide as detailed in ASX Announcement "Langer Heinrich Mine Restart Plan" dated 30 June 2020. ² 100% Basis quoted. ³ Capital restart costs divided by annual production volume.

The ability to rapidly return to full production rate



US\$81m of Pre-Production Capex

- Operational Readiness (US\$34M): Working capital and other cash expenditure to restart baseline operations
- Discretionary capital (US\$47M): targeted investment to maximise plant reliability and runtime

Competitive cost position

- Life of mine production cash cost of US\$27/lb
- Freight and logistics of \$0.95/lb
- Sustaining capex US\$2.90/lb
- Government royalties are set at 3% of US\$ sales

Information within this slide as detailed in ASX Announcement "Langer Heinrich Mine Restart Plan" dated 30 June 2020. Figures stated on 100% basis.