



PALADIN

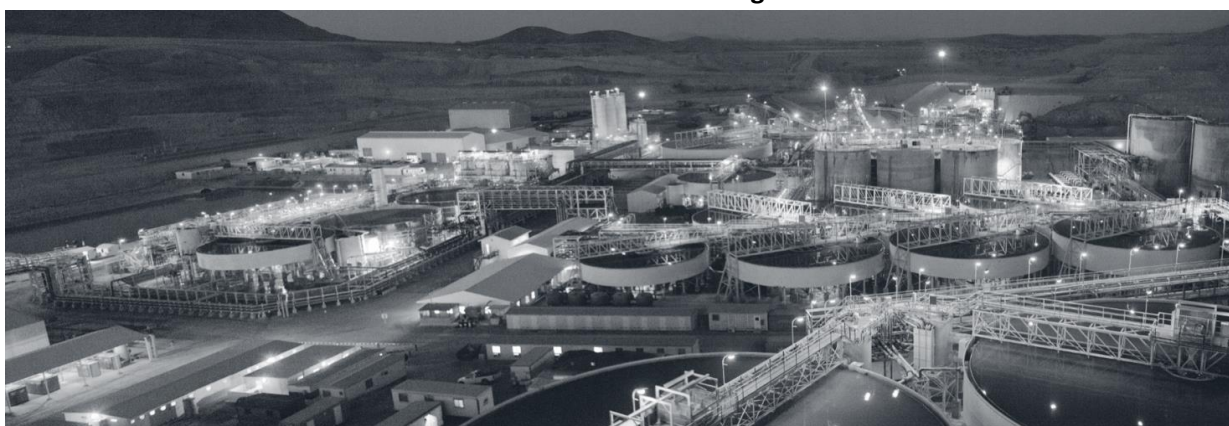
Clean energy. Clear future.

Level 8, 191 St Georges Terrace
PO Box 8062
Cloisters Square PO WA 6850
+61 8 9423 8100
paladin@paladinenergy.com.au
paladinenergy.com.au

ASX Announcement
25 February 2022

PALADIN ENERGY LTD
ABN 47 061 681 098
ASX code: PDN

Financial Results for the six months ending 31 December 2021



Paladin Energy Limited (ASX:PDN OTCQX:PALAF) (**Paladin**) is pleased to announce its financial results for the six months ended 31 December 2021 (H1 FY2022).

FINANCIAL OVERVIEW

- Net loss from continuing operations of US\$11.0M for the six months (net loss of US\$25.4M H1 FY2021)
- Unrestricted cash and cash equivalents of US\$38.0M as at 31 December 2021 with no corporate debt
- Cash expenditure of US\$5.6M for the six months (US\$4.6M H1 FY2021)
- There is no change in the expected full year cash expenditure of US\$12.2M as Paladin focuses attention on exploring value enhancement opportunities at the Langer Heinrich Mine and across the Company's broader asset portfolio.

OPERATIONAL HIGHLIGHTS

- Paladin had no lost time injuries or reportable incidents during the six months ending 31 December 2021
- During the period, the Company released the Langer Heinrich Mine Restart Plan Update¹ (the **Restart Plan Update**)
- The Restart Plan Update reflects the extensive work programs which have been undertaken since the Langer Heinrich Restart Plan² was completed on 30 June 2020, and presented an update to the Mineral Resources and Ore Reserves Estimates for the Langer Heinrich Mine

¹ ASX Announcement 'Langer Heinrich Mine Restart Plan Update, Mineral Resource and Ore Reserve Update' released on 4 November 2021

² ASX Announcement 'Langer Heinrich Mine Restart Plan' released on 30 June 2020



- The Restart Plan Update confirmed or updated key capital and operating costs and the production profile assumptions, and has de-risked the pathway to bring Langer Heinrich back into production
- The Restart Plan Update confirmed the restart cost estimate of US\$81M and a 17 year mine life supported by Ore Reserves of 84.8Mt with an average U₃O₈ grade of 448ppm
- The restart work technical programs are now complete and have reinforced Paladin's confidence in the Langer Heinrich Mine (**LHM**) as a robust, competitive long-life operation ready to rapidly restart production in the right uranium price environment
- The Company continues to engage global nuclear energy utilities with the intent of securing uranium term-price contracts with sufficient term and value to underpin the restart of LHM
- During the period minimum tenement expenditure commitments were met in Paladin's significant exploration portfolio in Australia and Canada
- Paladin was included in the S&P/ASX200 Index effective prior to the open of trading on 20 December 2021
- Paladin's Sustainability Report 2021 was published, confirming the Company's commitment to delivering value through sustainable development.

Paladin CEO, Ian Purdy said *"Our Langer Heinrich Mine remains competitively positioned to take advantage of an improving uranium market. The asset has a proven track record of production having successfully marketed over 43Mlb of U₃O₈. Our strong cash position and low expenditure levels coupled with our detailed restart plans and our team of high calibre industry experts will ensure that, when the right uranium pricing market prevails, the Langer Heinrich Mine can be successfully restarted, delivering significant value to all of our stakeholders."*

This release has been authorised for release by the Board of Directors of Paladin Energy Ltd.

For further information contact:

Ian Purdy

Chief Executive Officer

P: +61 8 9423 8117

E: paladin@paladinenergy.com.au

About Paladin

Paladin Energy Limited (ASX:PDN OTCQX:PALAF) is an Australian listed uranium company focused on maximising the value of its 75% stake in the Langer Heinrich Mine in Namibia.

Langer Heinrich is a globally significant, long-life operation, having already produced over 43Mlb U₃O₈ to date. Operations at Langer Heinrich were suspended in 2018 due to low uranium prices.

Beyond Langer Heinrich, the Company also owns a large global portfolio of uranium exploration and development assets. Nuclear power remains a cost-effective, low carbon option for electricity generation.

Appendix 4D - Financial Report
Half year ended 31 December 2021

Paladin Energy Ltd

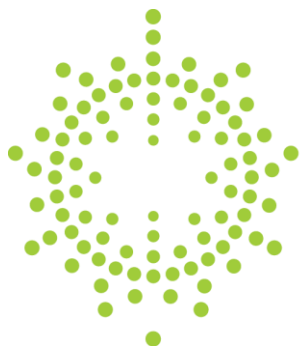
ABN or equivalent company reference

ACN. 061 681 098

Results for announcement to the market

| | | | | 31 December 2021 US\$'000 | 31 December 2020 US\$'000 |
|---|------|-----|----|---------------------------------|---------------------------------|
| Revenue from sales of uranium oxide | - | - | to | - | - |
| Total revenue | - | - | to | - | - |
| Loss after tax attributable to members | Down | 82% | to | (3,541) | (19,189) |
| Net loss for the period attributable to members | Down | 82% | to | (3,541) | (19,189) |
| Loss per share (US cents) | | | | (0.1) | (0.9) |

| Dividends | Amount per security | Franked amount per security |
|--|------------------------------|------------------------------------|
| It is not proposed to pay dividends for the period | N/A | N/A |
| Previous corresponding period: No dividend paid | N/A | N/A |
| An explanation of the results is included in the Operating and Financial Review and the Financial Report attached. | | |
| Net tangible assets per share | 31 December 2021 US\$0.08 | 31 December 2020 US\$0.03 |
| Other | | |
| Previous corresponding period is the half year ended 31 December 2020. | | |
| All foreign subsidiaries are prepared using IFRS. | | |



PALADIN

A.C.N. 061 681 098

FINANCIAL REPORT

FOR THE SIX MONTHS ENDED

31 DECEMBER 2021

PALADIN ENERGY LTD

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The financial report covers the Group consisting of Paladin Energy Ltd (referred throughout as the Company or Paladin) and its controlled entities.

PALADIN ENERGY LTD

Operating and Financial Review

For the Six Months Ended 31 December 2021

(All figures are in US dollars unless otherwise indicated)

OVERVIEW OF OPERATIONS

Paladin Energy Limited (ASX:PDN OTCQX:PALAF) is an Australian listed uranium company focused on maximising the value of its 75% stake in the Langer Heinrich Mine (LHM) in Namibia. Langer Heinrich is a significant, long-life operation, having already produced over 43Mlb U₃O₈ to date. The mine is currently in care and maintenance (C&M) as operations were suspended in 2018 due to low uranium prices.

Beyond Langer Heinrich, the Company also owns a large global portfolio of uranium exploration and development assets. Nuclear power remains a cost-effective, low carbon option for electricity generation.

The Company is incorporated under the laws of Australia with a primary share market listing on the Australian Securities Exchange (ASX) and is also listed on the Namibian Stock Exchange (NSX). The Company also trades on the OTCQX market in the United States of America and the Munich, Berlin, Stuttgart and Frankfurt markets.

HIGHLIGHTS

Health and Safety

- Paladin had no lost time injuries or reportable incidents during the six months ending 31 December 2021
- The Company continued to maintain appropriate protocols across all locations to minimise the potential transmission of COVID-19
- Four Hospivac machines were received and provided to the Office of the Governor of the Erongo region near the LHM during the period as part of the Company's commitment to assist with the COVID-19 pandemic.

Operational Performance

- During the six months ended 31 December 2021, the Company released the Langer Heinrich Mine Restart Plan Update¹ (the Restart Plan Update)
- The Restart Plan Update reflects the extensive work programs which have been undertaken since the Langer Heinrich Restart Plan² was completed on 30 June 2020, and presented an update to the Mineral Resources and Ore Reserves Estimates for the Langer Heinrich Mine
- The Restart Plan Update confirmed or updated key capital and operating costs and the production profile assumptions, and has de-risked the pathway to bring Langer Heinrich back into production
- Key highlights from the Restart Plan Update include:
 - Restart capital cost assumption reaffirmed at US\$81M
 - Confirmation of a 17 year mine life for Langer Heinrich with the life of mine production target increased to 77.4Mlb U₃O₈ (previously 76.1Mlb)
 - Ore Reserves of 84.8Mt with an average U₃O₈ grade of 448ppm support the 17 year mine plan
 - Estimated Life of Mine C1 Costs were updated to US\$27.40/lb (previously US\$26.90/lb), primarily due to increased estimated contract mining rates
 - Confirmed an estimated project execution timeframe of 18 months from project commencement to first production, with full production achieved after a further 15 months
 - The Company has developed an accelerated schedule with an optimised LHM project execution plan which may be implemented to meet customer requirements, and includes the

¹ ASX Announcement 'Langer Heinrich Mine Restart Plan Update, Mineral Resource and Ore Reserve Update' released on 4 November 2021

² ASX Announcement 'Langer Heinrich Mine Restart Plan' released on 30 June 2020

PALADIN ENERGY LTD

Operating and Financial Review

For the Six Months Ended 31 December 2021

(All figures are in US dollars unless otherwise indicated)

possibility of self-funding early works in 2022 and fast tracking first production when a decision to restart is made

- The Langer Heinrich Mine remained on C&M during the period.

The restart work technical programs are now complete and have reinforced Paladin's confidence in the Langer Heinrich Mine as a robust, competitive long-life operation ready to rapidly restart production in the right uranium price environment.

Paladin will now focus attention on exploring value enhancement opportunities at Langer Heinrich and across the Company's broader asset portfolio.

Exploration

- The Company continues to manage its significant exploration portfolio in Australia³ and Canada
- The review and design of the Company's exploration strategy to advance the portfolio of high-grade exploration assets is progressing
- During the period minimum tenement expenditure commitments were met
- The Company is engaged on an ongoing basis with local communities, government and native title holders
- Rehabilitation monitoring continues across all locations without incident.

Corporate

- Paladin was included in the S&P/ASX 200 Index prior to the open of trading on 20 December 2021
- Paladin's 2021 Sustainability Report was published, confirming the Company's commitment to delivering value through sustainable development
- The Company held US\$38.0M of cash and cash equivalents as at 31 December 2021 (excluding restricted cash of \$1M), and holds no corporate debt
- There is no change to the expected full year cash expenditure of US\$12.2M
- The Company continues to engage with global nuclear energy utilities with the intent of securing uranium offtake contracts with sufficient duration and value to underpin the restart of LHM.

FINANCIAL PERFORMANCE

| Key financial performance metrics | | Six months ended 31 December | | |
|---|----------|------------------------------|----------|----------|
| | | 2021 | 2020 | % Change |
| Earnings | | | | |
| Net loss after tax from continuing operations | US\$'000 | (10,986) | (25,378) | 57 |
| Loss after tax attributable to members | US\$'000 | (3,541) | (19,189) | 82 |
| Cash Flows | | | | |
| Cash flows from operating activities | US\$'000 | (3,748) | (1,549) | (142) |
| Capital expenditure | US\$'000 | (1,738) | (1,677) | (4) |
| Free cash flows ⁴ | US\$'000 | (5,486) | (3,226) | (70) |

³ Currently there is a ban on all future uranium mining in Queensland and Western Australia, except for four projects in Western Australia that had been approved prior to the last State election. These Western Australian projects are not Paladin owned.

⁴ Free Cash Flows equals the total of 'cash flows from operating activities' plus 'capital expenditure'.

PALADIN ENERGY LTD

Operating and Financial Review

For the Six Months Ended 31 December 2021

(All figures are in US dollars unless otherwise indicated)

Earnings

Net loss after tax from continuing operations decreased by 57%, mainly as a result of reduced finance costs of US\$Nil (2020: US\$5,576k) as a result of the redemption of the Senior Secured Notes in April 2021, and foreign exchange gains of US\$6,292k predominantly due to the foreign exchange translation of the environmental rehabilitation provision in Namibia (2020: foreign exchange loss of US\$4,697k). The Namibian dollar depreciated 11% during the period, from US\$1:N\$14.31 at 30 June 2021 to US\$1:N\$15.93 at 31 December 2021.

| Key financial performance metrics | | As at 31 December 2021 | As at 30 June 2021 | % Change |
|--|----------|------------------------------|-----------------------|----------|
| Financial Position | | | | |
| Unrestricted cash and cash equivalents | US\$'000 | 38,040 | 30,661 | 24 |
| Total equity | US\$'000 | 233,695 | 246,708 | (5) |

Cash Flows

The Group had unrestricted cash and cash equivalents at 31 December 2021 of US\$38,040k.

Unrestricted cash and cash equivalents increased by US\$7,379k during the period comprising of the following cash flows:

- Interest received and other income – the Group received cash inflows of US\$13,543k, including US\$13,386k proceeds from the sale of 90,000,000 Lotus Resources Ltd shares
- LHM expenditure – ongoing care and maintenance, the LHM utilised US\$1,574k in cash flows from operations
- LHM restart plan expenditure – the Group incurred US\$932k in restart planning expenditure
- Exploration expenditure – the Group utilised US\$662k to meet minimum tenement commitments at its exploration projects
- Property Plant and Equipment – the Group incurred US\$144k acquiring new property, plant and equipment
- Corporate expenditure – US\$2,331k was incurred for corporate costs
- Effect of movement in exchange rate of cash held – a decrease in US\$ equivalent cash of US\$1,058k was predominantly due to an increase in Australian dollars held to meet corporate expenditure requirements
- Shareholder loans advanced – US\$537k was advanced from CNNC Overseas Uranium Holding Limited (CNNC) to Langer Heinrich Uranium (Pty) Ltd

Financial Position

Unrestricted group cash and cash equivalents increased by 24% to US\$38,040k.

Paladin has no corporate debt and gearing of \$Nil at 31 December 2021.

PALADIN ENERGY LTD

Directors' Report

For the Six Months Ended 31 December 2021
(All figures are in US dollars unless otherwise indicated)

The Directors present their report on the Company consisting of Paladin Energy Ltd ("Company") and the entities it controlled ("Group") at the end of, or during, the six months ended 31 December 2021.

Directors

The following persons were Directors of the Company during the whole of the six months and up to the date of this report unless otherwise indicated:

Mr Cliff Lawrenson (Non-executive Chairman)
Mr Peter Main (Non-executive Director)
Mr Peter Watson (Non-executive Director)
Ms Melissa Holzberger (Non-executive Director)
Ms Joanne Palmer (Non-executive Director)

Review of Operations

A detailed Operating and Financial Review of the Group is set out on pages 3 to 5.

The loss after tax attributable to the ordinary equity holders for the six months ended 31 December 2021 was US\$3,541,000 (loss after tax of US\$19,189,000 for the six months ended 31 December 2020).

Auditor's Independence Declaration

A copy of the auditor's independence declaration as required under Section 307C of the Corporations Act 2001 is set out on page 7, which forms part of the Directors' Report.

Rounding

The amounts contained in this report, the Financial Report and the Operating and Financial Review have been rounded to the nearest US\$1,000 (where rounding is applicable) under the option available to the Company under ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191. The Company is an entity to which the Instrument applies.

Signed in accordance with a resolution of the Directors.



Mr Cliff Lawrenson
Chairman
Perth, Western Australia
24 February 2022



Auditor's Independence Declaration

As lead auditor for the review of Paladin Energy Ltd for the half-year ended 31 December 2021, I declare that to the best of my knowledge and belief, there have been:

- (a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review, and
- (b) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Paladin Energy Ltd and the entities it controlled during the period.

A handwritten signature in black ink, appearing to read 'Justin Carroll'.

Justin Carroll
Partner
PricewaterhouseCoopers

Perth
24 February 2022

PALADIN ENERGY LTD AND CONTROLLED ENTITIES
CONSOLIDATED INCOME STATEMENT

| | | Six months ended 31 December | |
|---|------|---------------------------------|-----------------|
| | Note | 2021 | 2020 |
| | s | US\$'000 | US\$'000 |
| Revenue | | | |
| Revenue | | - | - |
| Cost of sales | | - | - |
| Gross profit/(loss) | | - | - |
| Other Income | | | |
| Other income | | 508 | 2,026 |
| Foreign exchange gain (net) | | 6,292 | - |
| Total | | 6,800 | 2,026 |
| Administration, marketing and non-production costs | 5 | (11,401) | (10,600) |
| Foreign exchange loss (net) | | - | (4,697) |
| Loss before interest and tax | | (4,601) | (13,271) |
| Finance costs | | (6,384) | (11,960) |
| Net loss before income tax | | (10,985) | (25,231) |
| Income tax expense | | (1) | (147) |
| Net loss after tax | | (10,986) | (25,378) |
| Attributable to: | | | |
| Non-controlling interests | | (7,445) | (6,189) |
| Members of the parent | | (3,541) | (19,189) |
| Net loss after tax | | (10,986) | (25,378) |
| Loss per share (US cents) | | | |
| Loss after tax from operations attributable to ordinary equity holders of the Company | | | |
| - continuing operations, basic and diluted (US cents) | | (0.1) | (0.9) |

The above Consolidated Income Statement should be read in conjunction with the accompanying notes.

PALADIN ENERGY LTD AND CONTROLLED ENTITIES
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

| | Six months ended 31 December | |
|--|---------------------------------|-----------------|
| | 2021 | 2020 |
| | US\$'000 | US\$'000 |
| Net loss after tax | (10,986) | (25,378) |
| Other comprehensive income | | |
| Items that may be reclassified subsequently to profit or loss: | | |
| Foreign currency translation | (1,019) | 1,966 |
| Items that will not be reclassified to profit or loss: | | |
| Changes in the fair value of equity investments at fair value through other comprehensive income | 434 | 3,657 |
| Foreign currency translation attributable to non-controlling interests | - | - |
| Other comprehensive income for the period, net of tax | (585) | 5,623 |
| Total comprehensive loss for the period | (11,571) | (19,755) |
| Total comprehensive loss attributable to: | | |
| Non-controlling interests | (7,445) | (6,189) |
| Members of the parent | (4,126) | (13,566) |
| | <u>(11,571)</u> | <u>(19,755)</u> |

The above Consolidated Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

PALADIN ENERGY LTD AND CONTROLLED ENTITIES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION

| | Notes | As at 31 December 2021 US\$'000 | As at 30 June 2021 US\$'000 |
|--|-------|--|--------------------------------------|
| ASSETS | | | |
| Current assets | | | |
| Cash and cash equivalents | | 38,040 | 30,661 |
| Restricted cash | | 1,000 | 1,000 |
| Trade and other receivables | | 2,097 | 1,978 |
| Prepayments | | 1,363 | 1,259 |
| Inventories | | 5,121 | 5,123 |
| TOTAL CURRENT ASSETS | | 47,621 | 40,021 |
| Non current assets | | | |
| Trade and other receivables | | 4,778 | 4,776 |
| Non-current financial assets | 6 | - | 12,880 |
| Property, plant and equipment | 7 | 171,817 | 178,089 |
| Right-of-use assets | | 787 | 780 |
| Mine development | | 15,862 | 16,748 |
| Exploration and evaluation expenditure | 8 | 100,216 | 99,557 |
| Intangible assets | | 8,052 | 8,312 |
| TOTAL NON CURRENT ASSETS | | 301,512 | 321,142 |
| TOTAL ASSETS | | 349,133 | 361,163 |
| LIABILITIES | | | |
| Current liabilities | | | |
| Trade and other payables | | 1,496 | 2,262 |
| Lease liabilities | | 54 | 49 |
| Provisions | | 300 | 540 |
| TOTAL CURRENT LIABILITIES | | 1,850 | 2,851 |
| Non current liabilities | | | |
| Other interest bearing loans - CNNC | | 73,336 | 68,743 |
| Lease liabilities | | 762 | 788 |
| Provisions | | 39,490 | 42,073 |
| TOTAL NON CURRENT LIABILITIES | | 113,588 | 111,604 |
| TOTAL LIABILITIES | | 115,438 | 114,455 |
| NET ASSETS | | 233,695 | 246,708 |
| EQUITY | | | |
| Contributed equity | 4(a) | 2,489,228 | 2,489,082 |
| Reserves | | (73,024) | (59,354) |
| Accumulated losses | | (2,139,184) | (2,146,511) |
| Parent interests | | 277,020 | 283,217 |
| Non-controlling interests | | (43,325) | (36,509) |
| TOTAL EQUITY | | 233,695 | 246,708 |

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

PALADIN ENERGY LTD AND CONTROLLED ENTITIES
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

| | Contributed Equity US\$'000 | Reserves US\$'000 | Accumulated Losses US\$'000 | Owners of the Parent US\$'000 | Non- Controlling Interests US\$'000 | Total US\$'000 |
|--|-----------------------------------|----------------------|-----------------------------------|-------------------------------------|---|-------------------|
| Balance at 1 July 2020 | 2,327,789 | (70,269) | (2,104,132) | 153,388 | (60,389) | 92,999 |
| Loss for the period | - | - | (19,189) | (19,189) | (6,189) | (25,378) |
| Other comprehensive income | - | 1,966 | - | 1,966 | - | 1,966 |
| Revaluation of financial assets | | 3,657 | - | 3,657 | - | 3,657 |
| Total comprehensive loss for the period, net of tax | - | 5,623 | (19,189) | (13,566) | (6,189) | (19,755) |
| Share-based payment | - | 223 | - | 223 | - | 223 |
| Vesting performance rights | 242 | (242) | - | - | - | - |
| Balance at 31 December 2020 | 2,328,031 | (64,665) | (2,123,321) | 140,045 | (66,578) | 73,467 |
| Balance at 1 July 2021 | 2,489,082 | (59,354) | (2,146,511) | 283,217 | (36,509) | 246,708 |
| Loss for the period | - | - | (3,541) | (3,541) | (7,445) | (10,986) |
| Other comprehensive income | - | (585) | - | (585) | - | (585) |
| Total comprehensive loss for the period, net of tax | - | (585) | (3,541) | (4,126) | (7,445) | (11,571) |
| Transfer of gain on disposal of equity investments at fair value through other comprehensive income to retained earnings | - | (10,868) | 10,868 | - | - | - |
| Transfer of reserves on deregistration of subsidiaries through the income statement | - | (2,760) | - | (2,760) | - | (2,760) |
| Share-based payment | - | 689 | - | 689 | - | 689 |
| Vesting performance rights | 146 | (146) | - | - | - | - |
| Transactions with owners in their capacity as owners | - | - | - | - | 629 | 629 |
| Balance at 31 December 2021 | 2,489,228 | (73,024) | (2,139,184) | 277,020 | (43,325) | 233,695 |

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

PALADIN ENERGY LTD AND CONTROLLED ENTITIES
CONSOLIDATED STATEMENT OF CASH FLOWS

| | Six months ended | |
|---|-------------------------|-----------------|
| | 31 December | |
| | 2021 | 2020 |
| | US\$'000 | US\$'000 |
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Payments to suppliers and employees | (3,904) | (2,942) |
| Other income | 129 | 1,327 |
| Interest received | 28 | 66 |
| Tax paid | (1) | - |
| NET CASH OUTFLOW FROM OPERATING ACTIVITIES | (3,748) | (1,549) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Payments for property, plant and equipment | (144) | (32) |
| Proceeds from sale of property, plant and equipment | - | 35 |
| Proceeds from disposal of financial assets at fair value through profit or loss | 13,386 | - |
| Capitalised exploration expenditure | (662) | (667) |
| LHM restart planning costs | (932) | (978) |
| NET CASH INFLOW/(OUTFLOW) FROM INVESTING ACTIVITIES | 11,648 | (1,642) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Other interest-bearing loans - CNNC | 537 | - |
| NET CASH INFLOW FROM FINANCING ACTIVITIES | 537 | - |
| NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS | 8,437 | (3,191) |
| Cash and cash equivalents at the beginning of the period | 30,661 | 34,237 |
| Effects of exchange rate changes on cash and cash equivalents | (1,058) | 775 |
| CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL PERIOD | 38,040 | 31,821 |

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

**PALADIN ENERGY LTD AND CONTROLLED ENTITIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 31 DECEMBER 2021**

NOTE 1. CORPORATE INFORMATION

The Interim Financial Report of the Group for the six months ended 31 December 2021 was authorised for issue in accordance with a resolution of the Directors on 24 February 2022.

Paladin Energy Ltd is a company limited by shares, incorporated and domiciled in Australia whose shares are publicly traded on the ASX and the NSX in Namibia. The Company also trades on the OTCQX market in the United States and the Munich, Berlin, Stuttgart and Frankfurt markets.

The Group's principal place of business is Level 8, 191 St George's Terrace, Perth, Western Australia. The nature of the operations and principal activities of the Group are described in the Operating and Financial Review (unaudited) on pages 3 to 5.

NOTE 2. BASIS OF PREPARATION

This consolidated interim financial report for the half-year reporting period ended 31 December 2021 has been prepared in accordance with Australian Accounting Standards Board ("AASB") 134 *Interim Financial Reporting* and the Corporations Act 2001.

This consolidated interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this unaudited report is to be read in conjunction with the Annual Report for the year ended 30 June 2021 and any public announcements made by Paladin during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The consolidated interim financial report is presented in US dollars and all values are rounded to the nearest thousand dollars (US\$1,000) unless otherwise stated under the option available to the Company under Australian Securities and Investments Commission ("ASIC") Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191. The Company is an entity to which the Instrument applies.

The accounting policies adopted are consistent with those of the previous financial year unless otherwise stated.

New and amended accounting standards and interpretations

From 1 July 2021 the Group has adopted all Australian Accounting Standards and Interpretations effective for annual periods beginning on or before 1 July 2021. The Group has not elected to early adopt any new accounting standards and interpretations.

NOTE 3. SEGMENT INFORMATION

Identification of reportable segments

The Company has identified its operating segments to be Exploration, Namibia and Australia, on the basis of the nature of the activity and geographical location and different regulatory environments. The main segment activity in Namibia⁽¹⁾ is the production and sale of uranium from the mine located in this country. The Australian segment includes the Company's sales and marketing, corporate and administration expenditure. The Exploration⁽²⁾ segment is focused on developing exploration and evaluation projects in Australia and Canada.

Discrete financial information about each of these operating segments is reported to the Group's executive management team (chief operating decision makers) on at least a monthly basis.

The accounting policies used by the Group in reporting segments internally are the same as those contained in the accounts and in the prior period.

(1) In May 2018, the Company received the consent of relevant stakeholders to place LHM into C&M.

(2) In FY2021, the Company has only undertaken the work required to meet minimum tenement commitments.

PALADIN ENERGY LTD AND CONTROLLED ENTITIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 31 DECEMBER 2021

NOTE 3. SEGMENT INFORMATION (continued)

Corporate charges comprise non-segmental expenses such as corporate office expenses. A proportion of the corporate charges are allocated to Namibia and Exploration tenements with the balance remaining in Australia.

The following tables present revenue, expenditure and asset information regarding operating segments for the six months ended 31 December 2021 and 31 December 2020.

| Six months ended 31 December 2021 | Exploration US\$'000 | Namibia US\$'000 | Australia US\$'000 | Consolidated US\$'000 |
|--|---------------------------------|-----------------------------|-------------------------------|----------------------------------|
| Sales to external customers | - | - | - | - |
| Total consolidated revenue | - | - | - | - |
| Cost of sales | - | - | - | - |
| Gross profit | - | - | - | - |
| Other income | - | 4,642 | 2,158 | 6,800 |
| Other expenses | - | (9,030) | (2,371) | (11,401) |
| Segment loss before income tax and finance costs | - | (4,388) | (213) | (4,601) |
| Finance costs | - | (3,191) | (3,193) | (6,384) |
| Segment loss before income tax | - | (7,579) | (3,406) | (10,985) |
| Income tax expense | - | - | (1) | (1) |
| Segment loss after income tax | - | (7,579) | (3,407) | (10,986) |

At 31 December 2021

| | | | | |
|----------------------|---------------|----------------|-----------------------------|----------------|
| Segment total assets | 94,491 | 209,195 | 45,447⁽¹⁾ | 349,133 |
|----------------------|---------------|----------------|-----------------------------|----------------|

⁽¹⁾ Includes US\$39,040,222 in cash and cash equivalents.

| Six months ended 31 December 2020 | Exploration US\$'000 | Namibia US\$'000 | Australia US\$'000 | Consolidated US\$'000 |
|---|---------------------------------|-----------------------------|-------------------------------|----------------------------------|
| Sales to external customers | - | - | - | - |
| Total consolidated revenue | - | - | - | - |
| Cost of sales | - | - | - | - |
| Gross profit | - | - | - | - |
| Other income | - | 20 | 3,282 | 3,302 |
| Other expenses | - | (15,022) | (1,551) | (16,573) |
| Segment (loss)/profit before income tax and finance costs | - | (15,002) | 1,731 | (13,271) |
| Finance costs | - | (3,031) | (8,929) | (11,960) |
| Segment loss before income tax | - | (18,033) | (7,198) | (25,231) |
| Income tax expense | - | - | (147) | (147) |
| Segment loss after income tax | - | (18,033) | (7,345) | (25,378) |
| At 31 December 2020 | | | | |
| Segment total assets | 93,497 | 221,528 | 47,917⁽¹⁾ | 362,942 |

⁽¹⁾ Includes US\$37,110,306 in cash and cash equivalents.

PALADIN ENERGY LTD AND CONTROLLED ENTITIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 31 DECEMBER 2021

NOTE 4. CONTRIBUTED EQUITY

(a) Issued and paid up capital

| | 31 December 2021 | 30 June 2021 | 31 December 2021 | 30 June 2021 |
|------------------------|-----------------------------|-------------------------|-----------------------------|-------------------------|
| Ordinary shares | Number of Shares | | US\$'000 | US\$'000 |
| Issued and fully paid | 2,678,839,972 | 2,677,756,397 | 2,489,228 | 2,489,082 |

(b) Share Appreciation Rights (SARs)

Issued unlisted employee share appreciation rights outstanding to the employees, previous employees and consultants directly engaged in corporate, mine construction, operations and exploration and evaluation work for the Company are as follows:

| | 31 December 2021 | 30 June 2021 |
|---|-----------------------------|-------------------------|
| | Number | Number |
| Number of unlisted employee share appreciation rights | 4,429,250 | 5,708,500 |

Consisting of the following:

| Date granted | Exercisable date | Expiry date | Fair value | Exercise price | Number |
|---------------------|-------------------------|--------------------|-------------------|-----------------------|------------------|
| 20 October 2015 | 1 November 2017 | 1 November 2022 | A\$0.13 | A\$0.20 | 50,000 |
| 20 October 2015 | 1 November 2018 | 1 November 2023 | A\$0.13 | A\$0.20 | 50,000 |
| 27 September 2016 | 1 November 2017 | 1 November 2022 | A\$0.08 | A\$0.20 | 81,000 |
| 27 September 2016 | 1 November 2018 | 1 November 2023 | A\$0.08 | A\$0.20 | 81,000 |
| 27 September 2016 | 1 November 2019 | 1 November 2024 | A\$0.08 | A\$0.20 | 81,000 |
| 16 April 2018 | 16 April 2018 | 16 April 2023 | A\$0.17 | A\$0.15 | 105,000 |
| 16 April 2018 | 16 April 2019 | 16 April 2024 | A\$0.05 | A\$0.15 | 52,500 |
| 16 April 2018 | 16 April 2020 | 16 April 2025 | A\$0.07 | A\$0.15 | 52,500 |
| 1 July 2019 | 1 July 2020 | 1 July 2025 | A\$0.05 | A\$0.1226 | 700,000 |
| 1 July 2019 | 1 July 2021 | 1 July 2026 | A\$0.06 | A\$0.1226 | 700,000 |
| 1 July 2019 | 1 July 2022 | 1 July 2027 | A\$0.07 | A\$0.1226 | 1,100,000 |
| 1 October 2019 | 1 October 2020 | 1 October 2025 | A\$0.03 | A\$0.12 | 105,000 |
| 1 October 2019 | 1 October 2021 | 1 October 2026 | A\$0.04 | A\$0.12 | 157,500 |
| 1 October 2019 | 1 October 2022 | 1 October 2027 | A\$0.05 | A\$0.12 | 313,750 |
| 27 October 2020 | 9 November 2022 | 9 November 2027 | A\$0.13 | A\$0.00 | 600,000 |
| 14 December 2020 | 21 December 2021 | 21 December 2026 | A\$0.21 | A\$0.00 | 100,000 |
| 14 December 2020 | 21 December 2022 | 21 December 2027 | A\$0.21 | A\$0.00 | 100,000 |
| Total | | | | | 4,429,250 |

PALADIN ENERGY LTD AND CONTROLLED ENTITIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 31 DECEMBER 2021

NOTE 4. CONTRIBUTED EQUITY (continued)

(c) Performance Rights (PRs)

Issued unlisted employee performance rights outstanding to employees of the Company are as follows:

| | 31 December 2021 Number | 30 June 2021 Number |
|--|--|------------------------------------|
| Number of unlisted employee performance rights | 9,100,639 | - |

Consisting of the following:

| Date granted | Expiry date | Fair value | Vesting price | Number |
|---------------------------------|--------------------|-------------------|----------------------|------------------|
| 7 September 2021 ⁽¹⁾ | 27 September 2022 | A\$0.82 | A\$0.00 | 1,220,000 |
| 7 September 2021 ⁽¹⁾ | 27 September 2023 | A\$0.82 | A\$0.00 | 2,220,000 |
| 3 November 2021 ⁽²⁾ | 30 June 2024 | A\$0.705 | A\$0.00 | 2,830,320 |
| 3 November 2021 ⁽²⁾ | 30 June 2025 | A\$0.766 | A\$0.00 | 2,830,319 |
| Total | | | | 9,100,639 |

(1) These PRs have been issued for nil cash consideration and no consideration is payable by the holder upon the vesting of a PR.

(2) These PRs will vest subject to the TSR of the Company over the three-year performance period commencing on 1 July 2021, relative to the TSR performance of each constituent of respective peer groups. In benchmarking the TSR performance a weighting of 50% will apply to each of the peer groups.

(d) Movements in ordinary shares on issue

| Date | | Number of Shares | Issue Price A\$ | Exchange Rate US\$: A\$ | Total US\$'000 |
|---------------------------------|--|-----------------------------|----------------------------|--|---------------------------|
| Balance 30 June 2020 | | 2,027,891,013 | | | 2,327,789 |
| December 2020 | SARs exercised | 1,056,623 | | | - |
| December 2020 | Conversion of PRs | 14,250,000 | | | - |
| January 2021 | Conversion of PRs | 14,250,000 | | | |
| March 2021 | Conversion of PRs | 14,250,000 | | | |
| March 2021 | Share Placement | 520,330,943 | 0.37 | 1.31480 | 146,427 |
| April 2021 | Institutional Offer | 70,712,253 | 0.37 | 1.29958 | 20,132 |
| April 2021 | SARS exercised | 245,195 | | | |
| May 2021 | Conversion of PRs | 14,250,000 | | | |
| May 2021 | SARS exercised | 326,377 | | | |
| June 2021 | SARS exercised | 193,993 | | | |
| | Transfer from share based payments reserve | | | | 2,355 |
| Transaction costs | | | | | (7,621) |
| Balance 30 June 2021 | | 2,677,756,397 | | | 2,489,082 |
| August 2021 | SARs exercised | 134,674 | | | |
| September 2021 | SARs exercised | 95,078 | | | |
| September 2021 | SARs exercised | 79,804 | | | |
| October 2021 | SARs exercised | 174,019 | | | |
| November 2021 | SARs exercised | 600,000 | | | |
| | Transfer from share based payments reserve | | | | 146 |
| Balance 31 December 2021 | | 2,678,839,972 | | | 2,489,228 |

PALADIN ENERGY LTD AND CONTROLLED ENTITIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 31 DECEMBER 2021

NOTE 5. EXPENSES

| | Six months ended 31 December | |
|--|---------------------------------|------------------|
| | 2021 US\$'000 | 2020 US\$'000 |
| Administration, marketing, care and maintenance, and non-production costs | | |
| Corporate and marketing | (1,615) | (1,323) |
| LHM mine site | (1,560) | (1,606) |
| LHM depreciation | (7,425) | (7,443) |
| Other costs | (112) | (58) |
| Share-based payments | (689) | (170) |
| Total | (11,401) | (10,600) |

NOTE 6. NON-CURRENT FINANCIAL ASSETS

| | 31 December 2021 US\$'000 | 30 June 2021 US\$'000 |
|-------------------------------------|---------------------------------|-----------------------------|
| Non-current financial assets | - | 12,880 |

At 30 June 2021, the Group held an investment of 90,000,000 shares in Lotus Resources Limited (Lotus) that were subject to a 12-month voluntary escrow ending on 13 March 2021. These shares were valued at fair value through other comprehensive income. Since 1 July 2021, the shares were sold off market at A\$0.20 per share, for gross proceeds of A\$18M (US\$13,386,000). Immediately prior to the sale the shares were revalued to fair value of US\$14,879,000 based on the closing share price immediately prior to sale. On sale the amount in the Asset Revaluation Reserve associated with those shares of US\$10,868,000 was transferred to retained earnings (net of tax \$Nil).

PALADIN ENERGY LTD AND CONTROLLED ENTITIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 31 DECEMBER 2021

NOTE 7. PROPERTY, PLANT AND EQUIPMENT

| | 31 December 2021 US\$'000 | 30 June 2021 US\$'000 |
|--|--|--------------------------------------|
| Plant and equipment (at cost) ⁽¹⁾ | 370,438 | 369,442 |
| Less accumulated depreciation and impairment | (203,604) | (196,517) |
| Total plant and equipment | 166,834 | 172,925 |
| Land and buildings (at cost) ⁽²⁾ | 9,860 | 9,860 |
| Less accumulated depreciation | (5,634) | (5,452) |
| Total land and buildings | 4,226 | 4,408 |
| Construction work in progress (at cost) ⁽³⁾ | 757 | 756 |
| Less impairment | - | - |
| Total construction work in progress | 757 | 756 |
| Total property, plant and equipment | 171,817 | 178,089 |

⁽¹⁾ Includes additions of US\$143,440 (30 June 2021: US\$38,253)

⁽²⁾ Includes additions of US\$Nil (30 June 2021: US\$Nil)

⁽³⁾ Includes additions of US\$Nil (30 June 2021: US\$Nil)

Impairment of Property, Plant and Equipment; Mine Development and Intangibles

Property, plant and equipment; mine development and intangibles are tested for impairment whenever events or changes in circumstances indicate that the carrying value may not be recoverable. Since 30 June 2021, there have been no events or changes in circumstances to indicate that the carrying value may not be recoverable.

PALADIN ENERGY LTD AND CONTROLLED ENTITIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 31 DECEMBER 2021

NOTE 8. EXPLORATION AND EVALUATION EXPENDITURE

The following table details the expenditures on interests in mineral properties by area of interest for the period ended 31 December 2021:

| | Australia (Valhalla /Skal) | Australia (Isa North) | Australia (Carley Bore) | Canada⁽¹⁾ | Australia (Manyingee/ Other) | Australia (Fusion) | Namibia (Langer Heinrich) | Total |
|---------------------------------|---|--------------------------------------|--|-----------------------------|---|-------------------------------|--|-----------------|
| Areas of interest | US\$'000 | US\$'000 | US\$'000 | US\$'000 | US\$'000 | US\$'000 | US\$'000 | US\$'000 |
| Balance 30 June 2021 | 39,520 | 7,802 | 7,917 | 31,340 | 7,524 | 228 | 5,226 | 99,557 |
| Expenditure capitalised | 90 | 195 | 24 | 300 | 54 | 71 | 932 | 1,666 |
| Foreign exchange differences | - | - | - | (1,007) | - | - | - | (1,007) |
| Balance 31 December 2021 | 39,610 | 7,997 | 7,941 | 30,633 | 7,578 | 299 | 6,158 | 100,216 |

- (1) Paladin currently holds a 65% interest in a special purpose joint venture (Michelin Joint Venture) that owns the Michelin Project. The Michelin Joint Venture includes a mandatory transfer provision over a four-year period whereby Paladin will receive an additional 5% participating interest in the Michelin Project on an annual basis (up to 75%) in return for Paladin funding all obligations for the Michelin Project over this period. Paladin recognises control over the Michelin Joint Venture resulting in the consolidation of 100% of the Canadian assets with a non-controlling interest recognised for Michelin Nominees Limited's 35% interest in the Michelin Project.

PALADIN ENERGY LTD AND CONTROLLED ENTITIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 31 DECEMBER 2021

NOTE 9. COMMITMENTS AND CONTINGENCIES

There were no outstanding commitments or contingencies, which are not disclosed in the Financial Report of the Group as at 31 December 2021 other than:

| | 31 December 2021 US\$'000 | 30 June 2021 US\$'000 |
|---|--|--------------------------------------|
| Tenements | | |
| Commitments for tenements contracted for at the reporting date but not recognised as liabilities, payable: | | |
| Within one year | 44 | 90 |
| Later than one year but not later than 5 years | 657 | 681 |
| More than 5 years | 474 | 493 |
| | <hr/> | <hr/> |
| Total tenements commitments | 1,175 | 1,264 |
| | <hr/> | <hr/> |
| These include commitments relating to tenement lease rentals and the minimum expenditure requirements of the Namibian, Canadian, Western Australian and Queensland Mines Departments attaching to the tenements and are subject to re-negotiation upon expiry of the exploration leases or when application for a mining licence is made. | | |
| These are necessary in order to maintain the tenements in which the Group and other parties are involved. | | |
| All parties are committed to meet the conditions under which the tenements were granted in accordance with the relevant mining legislation in Namibia, Australia and Canada. | | |
| Other Commitments | | |
| Commitments for transport, capital, purchase order commitments, fuel and utilities and other supplies contracted for at the reporting date but not recognised as liabilities, payable: | | |
| Within one year | 147 | 145 |
| Later than one year but not later than 5 years | 919 | 1,023 |
| More than 5 years | 501 | 558 |
| | <hr/> | <hr/> |
| Total other commitments | 1,567 | 1,726 |
| | <hr/> | <hr/> |

NOTE 10. EVENTS AFTER THE REPORTING PERIOD

Other than disclosed below, since the 31 December 2021, the Directors are not aware of any other matter or circumstance not otherwise dealt with in this report, that has significantly or may significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in subsequent periods with the exception of the following, the financial effects of which have not been provided for in the 31 December 2021 Financial Report:

Directors' Declaration

In accordance with a resolution of the directors of Paladin Energy Ltd, I state that:

In the opinion of the Directors:

- (a) the financial statements and notes of Paladin Energy Ltd for the half-year ended 31 December 2021 are in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2021 and its performance for the half-year ended on that date; and
 - (ii) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting*, International Financial Reporting Standard, IAS 34 Interim Financial Reporting and the Corporations Regulations 2001; and
- (b) subject to the matters set out in Note 3 to the Financial Statements, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

On behalf of the Board



Mr Cliff Lawrenson
Chairman
Perth, Western Australia
24 February 2022

Independent auditor's review report to the members of Paladin Energy Ltd

Report on the half-year financial report

Conclusion

We have reviewed the half-year financial report of Paladin Energy Ltd (the Company) and the entities it controlled during the half-year (together the Group), which comprises the consolidated statement of financial position as at 31 December 2021, the consolidated statement of comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flows and consolidated income statement for the half-year ended on that date, significant accounting policies and explanatory notes and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of Paladin Energy Ltd does not comply with the *Corporations Act 2001* including:

1. giving a true and fair view of the Group's financial position as at 31 December 2021 and of its performance for the half-year ended on that date
2. complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity* (ASRE 2410). Our responsibilities are further described in the *Auditor's responsibilities for the review of the half-year financial report* section of our report.

We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to the audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Responsibilities of the directors for the half-year financial report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement whether due to fraud or error.



Auditor's responsibilities for the review of the half-year financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2021 and of its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

PricewaterhouseCoopers

PricewaterhouseCoopers

Justin Carroll

Justin Carroll
Partner

Perth
24 February 2022