PALADIN ENERGY LTD

ACN 061 681 098

ASX Announcement **28 August 2020**

FINANCIAL REPORT
FOR THE YEAR ENDING 30 JUNE 2020



Paladin Energy Limited (ASX:PDN) (Paladin or the Company) is pleased to announce its financial results for the year ended 30 June 2020 (FY2020).

FY2020 HIGHLIGHTS

Financial and Operational Performance

- Paladin Energy Limited (Paladin or the Company) announced the results of the Langer Heinrich Mine Restart Plan (The Restart Plan) during FY2020 confirming restart capital, costs and operational performance
- The Restart Plan has a low restart capital intensity (US$14/lb) and competitive C1 Cost of Production (US$27/lb) and confirms the Langer Heinrich Mine is well positioned alongside other Tier 1 operations to deliver product into a recovering uranium market
- The Langer Heinrich Mine remained in Care and Maintenance during the year
- Net loss after tax from continuing operations for FY2020 of US$46.1M (FY2019 US$49.1M)
- FY2020 expenditure was US$16.8M, compared to guidance of US$17M
- Total Assets of US$364.4M as at 30 June 2020

Health & Safety

- No lost-time injuries were recorded during the year
- The Company instituted appropriate protocols across all locations to minimise the potential transmission of COVID-19, with no reported confirmed cases to our people, or onsite contractors

Corporate

- Restructuring of Paladin Board and new Chief Executive Officer appointed during FY2020 to provide the technical and commercial skill set necessary to restart the Langer Heinrich Mine
- Paladin completed the sale of its interest in the non-core Kayelekera Mine to Lotus Resources Limited and Lily Resources Pty Ltd
- Successful completion of a Share Placement to institutional and sophisticated investors and a Share Purchase Plan raising gross proceeds of US$21.6M was completed in September 2019
- US$34.2M of cash and cash equivalents as at 30 June 2020 (excluding restricted cash of $1M)
- The Company's guidance for FY2021 total expenditure is US$9.5M, a 44% reduction from FY2020

Paladin CEO, Ian Purdy said "*Reflecting on FY2020, we have made significant progress with the key highlight being the completion of the Langer Heinrich Mine Restart Plan. The Restart Plan highlights the significant potential economic returns that can be delivered under the right uranium price environment. We are encouraged that the uranium market is showing early signs of recovery. While prices are not yet sufficient to drive the stakeholder returns required to restart operations, the market is clearly improving and we are in a strong position to restart our mine at the appropriate time. I look forward to updating you on our continued progress over the course of the year*"

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

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Chief Executive Officer
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About Paladin

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

Langer Heinrich is a globally significant, long-life operation, having already produced over 43Mlb U_3O_8 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 4E - Financial Report
Financial year ended 30 June 2020

Paladin Energy Ltd

ABN or equivalent company reference

ACN 061 681 098

Results for announcement to the market

				30 June 2020 US$'000	30 June 2019 US$'000
Revenue from sales of uranium oxide	**Down**	100%	to	-	21,491
Revenue	**Down**	100%	to	-	21,491
Loss after tax attributable to members	**Down**	163%	to	(79,866)	(30,345)
Net loss for the year attributable to members	**Down**	163%	to	(79,866)	(30,345)
Loss per share (US cents)				(4.1)	(1.7)

Dividends	**Amount per security**	**Franked amount per security**
It is not proposed to pay dividends for the year	N/A	N/A
Previous corresponding year: 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.

	30 June 2020	30 June 2019
Net tangible assets per share	US$0.04	US$0.04

Other

Previous corresponding period is the year ended 30 June 2019.

All foreign subsidiaries are prepared using IFRS.

PALADIN ENERGY LTD

ACN 061 681 098

ANNUAL

REPORT

2020

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Corporate Directory

DIRECTORS

Non-Executive Chairman	Mr Cliff Lawrenson
Non-Executive Directors	Mr Peter Main Mr Peter Watson
Chief Executive Officer	Mr Ian Purdy
Company Secretary	Ms Andrea Betti Mr Ranko Matic
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INVESTOR RELATIONS	Mr Ian Purdy Level 4, 502 Hay Street Subiaco Western Australia 6008 (PO Box 201, Subiaco, 6904) Telephone: (+61 8) 9423 8117 Facsimile: (+61 8) 9381 4978 Email: ian.purdy@paladinenergy.com.au
AUDITORS	PricewaterhouseCoopers 125 St Georges Terrace Perth Western Australia 6000
STOCK EXCHANGE LISTINGS	Australian Securities Exchange Code: PDN Munich, Berlin, Stuttgart and Frankfurt Stock Exchanges Code: PUR Namibian Stock Exchange Code: NM-PDN

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

Paladin Energy Ltd is a company limited by shares, incorporated and domiciled in Australia.

Through the use of the internet, we have ensured that our corporate reporting is timely, complete, and available globally at minimum cost to the Company. All press releases, financial statements and other information are available on our website www.paladinenergy.com.au.

Chairman's Letter

Dear Stakeholders

On behalf of your Board of Directors, I am delighted to present the 2020 Annual Report. The 2020 year (FY2020) has been one of significant change and progression for the Company.

Over the course of the year, the Company significantly restructured its Board and Executive Team to provide the technical and commercial skill set necessary to lead the Company going forward. Key to that restructure was the appointment of Mr Ian Purdy as CEO. Ian brings a wealth of Australian and international experience and a track record of delivering shareholder value through managing and optimising operations, delivering large projects and executing on business improvements. I am extremely pleased with the progress Ian and his team have made this year. I would also like to extend my thanks to the previous Board and management team for their input and valuable efforts over the years.

I am very pleased by the work that has been undertaken during the year on advancing the restart of the Company's strategically significant Langer Heinrich Mine. The recently completed Langer Heinrich Mine Restart Plan was an important step forward for the company and marked the end of an extensive feasibility study program. The economic parameters identified in the Restart Plan highlight the strategic significance of the asset and the potential economic returns that can be delivered to shareholders under the right Uranium price environment. Ian and his team will continue to refine and progress the necessary work packages required to deliver the Langer Heinrich Mine back into production and I look forward to their progress over the year ahead.

The Langer Heinrich Mine remains our core asset. However, a company is nothing without its people. The past year has presented significant social and economic disruptions in the form of COVID-19. Throughout this challenging time Paladin has maintained its focus on people and ensured the health and safety of all staff. It is a testament to our team and the protocols that we put in place that the company's people remain unaffected by the impact of COVID-19. On behalf of the Board, I would like to thank all our staff for their efforts during the year.

I would also like to thank all of our stakeholders, particularly the Namibian Government and China National Nuclear Corporation, for their ongoing support and commitment to our efforts in advancing the Langer Heinrich Mine towards restarting production.

The Uranium market is showing early signs of recovery. Whilst the Uranium price is not yet sufficient to drive the stakeholder returns we would require to restart operations, the market is improving. Nuclear energy remains a carbon free source of energy and is an essential fuel source in helping our economies respond to climate change and greenhouse gas emissions.

As we move in to FY2021, your company is in a strong position. On behalf of the Board, I would like to thank all of our shareholders for your continued support and I look forward to updating you on our continued progress over the course of the year.

Yours faithful

Cliff Lawrenson

Chairman

Insights from the CEO

Dear Stakeholders

The 2020 year (FY2020) has been one of considerable progress with Paladin in a significantly stronger position today than it was 12 months ago. Over the course of the year we have been active in our efforts to position ourselves for our return to a producing uranium company.

Key achievements throughout the year include:

- Streamlining the business to focus on our core asset, the Langer Heinrich Mine;
- Significantly advancing the Langer Heinrich Mine Restart Plan;
- Commencing marketing activities to secure long-term uranium offtake;
- Reducing our cash expenditure; and
- Developing the right team to take the Company forward.

I am genuinely excited by the opportunities I see in Paladin and I look forward to continuing to drive the Company towards our aim of restarting profitable production.

A Streamlined Uranium Company

During the year the Company completed the sale of our 85% interest in the non-core Kayelekera Mine in Malawi, which was a positive step forward for Paladin that has delivered significant financial benefits. The sale allows us to prioritise our efforts and resources on maximising the value of the world class Langer Heinrich Mine operation.

Our primary focus during the year was advancing activities related to returning the Langer Heinrich Mine in Namibia to production. Operations at Langer Heinrich commenced in 2007 and over 43Mlb of U_3O_8 has been produced and sold to date. The operation was transitioned into care and maintenance (C&M) in August 2018 due to the sustained low uranium price. An optimised C&M Transition Plan was implemented during the year, and activities remain focused on maintaining the operational integrity of the Langer Heinrich Mine and ensuring all plant and equipment is in a state of readiness for a return to production.

Langer Heinrich Mine Restart Plan

The release of the Langer Heinrich Restart Plan in June 2020 marked the conclusion of the Company's 18 month prefeasibility and optimisation study work programmes.

This is a significant step forward for the Company and provides a low risk, reliable restart plan balancing the ability to rapidly respond to strengthening uranium prices and maximising asset value, ensuring the delivery of objectives around:

- Definition of capital improvements required to increase plant runtime to 95%;
- Identification of growth options and work packages to de-bottleneck the plant by 25%;
- Improvement in management systems and process control to increase process stability;
- Verification of license, permits and certificates required for restart;
- Detailing and de-risking the Restart Plan and schedule to ensure benefits will be realised; and
- Modelling key operational Life of Mine metrics.

Paladin will continue to refine and progress work packages under the Restart Plan and I look forward to updating the market on our ongoing activities. We will only restart operations after securing a term-price contract with sufficient term and value to deliver appropriate returns to all stakeholders.

Our People

The health and safety of our people remains a core tenet and priority for the Company. During the year we reported no lost time injuries or reportable incidents. To safeguard our employees against COVID-19, the company instituted a range of protocols across all our locations aimed at reducing the potential of transmission. The Company is pleased to report there have been no confirmed cases of COVID-19 amongst our staff or onsite contractors to date.

Strong Balance Sheet Provides Flexibility

Paladin remains in a strong financial position. The Company successfully completed a placement and share purchase plan in FY2020 raising gross proceeds of US$21.6M and we undertook a detailed cost reduction programme focused on minimising expenditure. The Company's total expenditure guidance for FY2021 is US$9.5M and includes all C&M costs at Langer Heinrich, restart project costs, exploration tenement holding costs and corporate costs. Our ongoing expenditure is significantly below our historic expenditure and provides the financial security to ensure the Company can successfully deliver its strategy. As at 30 June 2020 the Company has:

- Significant runway to execute its strategy with US$34.2M in cash at the end of June 2020;
- Greatly reduced expenditure forecast for FY2021 of US$9.5M (US$16.8M in FY2020);
- US$145.7M of Senior Debt, including accrued interest, repayable in January 2023.

The Company maintains a disciplined and patient approach to restarting the Langer Heinrich Mine and has the financial flexibility to respond to improving uranium market conditions.

Strong Outlook for Uranium

Uranium prices improved materially throughout FY2020 with spot prices surging by more than 30% (almost $10/lb) since April 2020 in response to a series of COVID-19 related mine suspensions, closing the year at US$33.00/lb (TradeTech weekly price).

These mine suspensions have been focused in Canada and Kazakhstan, with estimates suggesting a loss of around 20Mlb, approximately 14% of 2020 global production. Cameco's Cigar Lake mine in northern Saskatchewan remained suspended at the end of June. Subsequent to 30 June 2020, Kazatomprom announced an extension to operational curtailments, and commenced purchases in the spot market to support their sales commitments and inventory levels. Both companies have recently announced a recommencement of operating activities but have guided that they will not recover lost production.

Spot market activity spiked in April and continued at elevated levels throughout the remainder of FY2020. A record 40Mlb was transacted between April and June 2020, with more than 10Mlb of spot purchases made by uranium producers covering production shortfalls. Higher spot market prices are expected to flow through to long-term markets, with increased activity supporting price improvements.

Uranium inventory levels have continued to decline with overall US inventory levels (including suppliers) the lowest observed since 2012. In Europe, utility inventory levels have declined by 20% since the end of 2015. This scenario is clearly unsustainable and with available inventories depleted, a resumption of substantive uranium procurement is overdue. Contractual coverage data published by the US Energy Information Administration for the USA and the Euratom Supply Agency for Europe (excluding Russia) is stark with US utility coverage dropping below 50% by 2024 and less than 10% by 2028. In Europe, utility contractual coverage reduces to 50% by 2026, reinforcing the need for an early return to sustainable uranium procurement.

The Outlook

The Langer Heinrich Mine remains competitively positioned and the Restart Plan highlights the modest restart capital, competitive operating costs and lower incentive prices required to restart production when compared to greenfield projects. During FY2021 Paladin will continue to build upon the foundations set in FY2020 and focus on progressing Langer Heinrich towards a restart of operations. Key areas of focus for the year will include;

- Continuing to engage with potential customers to secure term-price offtake agreements;
- Advancing the critical-path elements of the Restart Plan;
- Continuing to preserve the Langer Heinrich Mine through cost effective ongoing C&M activities;
- Maintain focus on ensuring the ongoing safety and wellbeing of our staff; and
- Continuing to minimise cash burn, with all work packages to be funded within Paladin's guidance of total FY2021 expenditure of US$9.5M.

I would like to thank all our staff for your efforts over the year, and the Board of Directors for their ongoing support. Finally, I would like to thank our shareholders for your continued support of the Company, and we look forward to Paladin delivering another successful year of progress in FY2021.

Yours faithfully

Ian Purdy

Chief Executive Officer

Operating and Financial Review

OVERVIEW OF OPERATIONS

The Group owns 75% of the Langer Heinrich Mine in Namibia, which is currently on care and maintenance (C&M) due to the sustained low Uranium price, and Uranium exploration projects in Australia and Canada. The Company is incorporated under the laws of Australia with a primary share market listing on the Australian Securities Exchange (ASX); as well as the Munich, Berlin, Stuttgart and Frankfurt Stock Exchanges in Europe; and the Namibian Stock Exchange in Africa.

HIGHLIGHTS

Corporate

FY2020 expenditure was US$16.8M, compared to guidance of US$17M.

US$34.2M of cash and cash equivalents as at 30 June 2020 (excluding restricted cash of $1M).

The Company's guidance for FY2021 total expenditure is US$9.5M, a 44% reduction from FY2020.

On 13 September 2019, Paladin announced that it had successfully completed the Placement of 262,812,641 ordinary shares to raise A$30,223,000 (US$20,654,000) (before costs) and on 8 October 2019 that it had issued a further 12,994,100 ordinary shares to raise A$1,494,000 (US$1,010,000) under a Share Purchase Plan (SPP).

Langer Heinrich Mine (LHM)

Activities continued under an Optimised C&M Transition Plan and focused on routine C&M activities including the continuation of restart and debottlenecking planning.

Paladin continues to focus on minimising C&M expenditure whilst progressing work packages for a restart at the Langer Heinrich Mine.

The Company released an updated Mineral Resources applying the Measured category classification to the Run of Mine (ROM) stockpiles. These ROM stockpiles were created during mining from 2006 to 2016 as part of the long-term processing strategy for the Langer Heinrich Mine.

There were no production or development activities during the year.

Langer Heinrich Mine Restart Plan

The Company announced the results of the Langer Heinrich Mine Restart Plan to the ASX on 30 June 2020. All of the material assumptions underpinning the Restart Plan have not materially changed since the release of those results on 30 June 2020 and continue to apply. The Restart Plan concluded that:

- Langer Heinrich can be brought back into production for US$81M of pre-production expenditure, allocated as follows:
  - Operational readiness (US$34M) required to mobilise the workforce, undertake maintenance and provide the working capital requirements to commence production;
  - Discretionary capital (US$47M) specifically aimed at improving process plant availability and reliability to lift production capacity by more than 10%;
- Low restart capital intensity (US$14/lb) and competitive C1 Cost of Production (US$27/lb) confirms Langer Heinrich is well positioned alongside other Tier 1 operations to deliver product into a recovering uranium market;
- The Restart Plan has confirmed a 17-year mine life for Langer Heinrich with peak production of 5.9Mlb U_3O_8 per annum for 7 years;
- The Life of Mine Plan outlines three distinct operational phases being Ramp-up (Year 1), Mining (Years 2-8) and Stockpile (Years 9-17). The utilisation of stockpile material in the Ramp-up phase greatly reduces operational start up risk and provides a strong platform for the operation to move towards name plate capacity within a 12-month period;
- Langer Heinrich remains fully permitted to resume mining and Uranium exports;
- The Company will only consider a restart when it secures term-price contracts with sufficient term and value to deliver an appropriate return to all stakeholders.

Exploration

The Company has Uranium exploration projects in Australia[1] and Canada. Details of these exploration projects and their Mineral Resources are summarised in the Ore Reserves and Mineral Resources section on pages 9 to 13.

- During the year, the Company has undertaken the work required to meet minimum tenement commitments at these exploration projects.
- Under the terms of the Michelin Joint Venture Agreement, a mandatory transfer of 5% from Michelin Nominees Ltd to Aurora Energy Ltd (a wholly owned subsidiary of the Company) was completed, increasing the Company's interest from 55% to 60%.

Sale of Kayelekera Mine

On 13 March 2020, the Company completed the sale of its 85% interest in Paladin (Africa) Ltd to Lotus Resources Limited (65%) and Lily Resources Pty Ltd (20%).

The Company became a substantial shareholder in ASX listed Lotus Resources Limited on 13 March 2020, holding a 14.46% interest following the issue of 90,000,000 shares at a 2cps issue price. These shares are subject to a 12-month voluntary escrow.

Future receivables from the Kayelekera Sale include A$3M additional shares in Lotus Resources Limited due on 13 March 2023, US$6M repayment of the environmental performance bond and a 3.5% production royalty derived from future production at the Kayelekera Mine, capped at A$5M.

FINANCIAL PERFORMANCE

Key financial performance metrics		**Year ended 30 June**		
		2020	**2019**	**% Change**
Earnings				
Average selling price	US$/lb	**-**	**28.96**	(100)
U_3O_8 sold	Mlb	**-**	**0.742**	(100)
Revenue	US$'000	**-**	**21,491**	(100)
Cost of sales	US$'000	**-**	**(16,951)**	100
Net loss after tax from continuing operations	US$'000	**(46,051)**	**(49,122)**	(6)
(Loss)/profit after tax from discontinued operations	US$'000	**(46,401)**	**6,130**	857
Cash Flows				
Cash flows from operating activities	US$'000	**(11,478)**	**(12,805)**	(10)
Capital expenditure	US$'000	**(4,346)**	**(1,353)**	221
Free cash flows	US$'000	**(15,824)**	**(14,158)**	12
Financial Position				
Unrestricted cash and cash equivalents	US$'000	**34,237**	**25,360**	35
Debt (principal amount + accrued interest)	US$'000	**145,745**	**132,178**	10
Net debt	US$'000	**111,508**	**106,818**	4
Total equity	US$'000	**92,999**	**76,638**	21
Gearing ratio (Net debt / (net debt + equity))	%	**55**	**58**	(5)

Earnings

Net loss after tax from continuing operations decreased by 6%, mainly as a result of foreign exchange gain of US$8,279,000 which is predominantly due to the foreign exchange translation of the environmental rehabilitation provision in Namibia. The Namibian dollar depreciated 23% during the year, from US$1:N$14.0446 at 30 June 2019 to US$1:N$17.2708 at 30 June 2020.

[1] Currently there is a ban on all future uranium mining in Queensland and Western Australia, except for four projects in Western Australia that had already been approved prior to the last State election.

Cash Flows

The Group had unrestricted cash and cash equivalents at 30 June 2020 of US$34,237,000.

Unrestricted cash and cash equivalents increased by US$8,877,000 during the year comprising of the following cash flows:

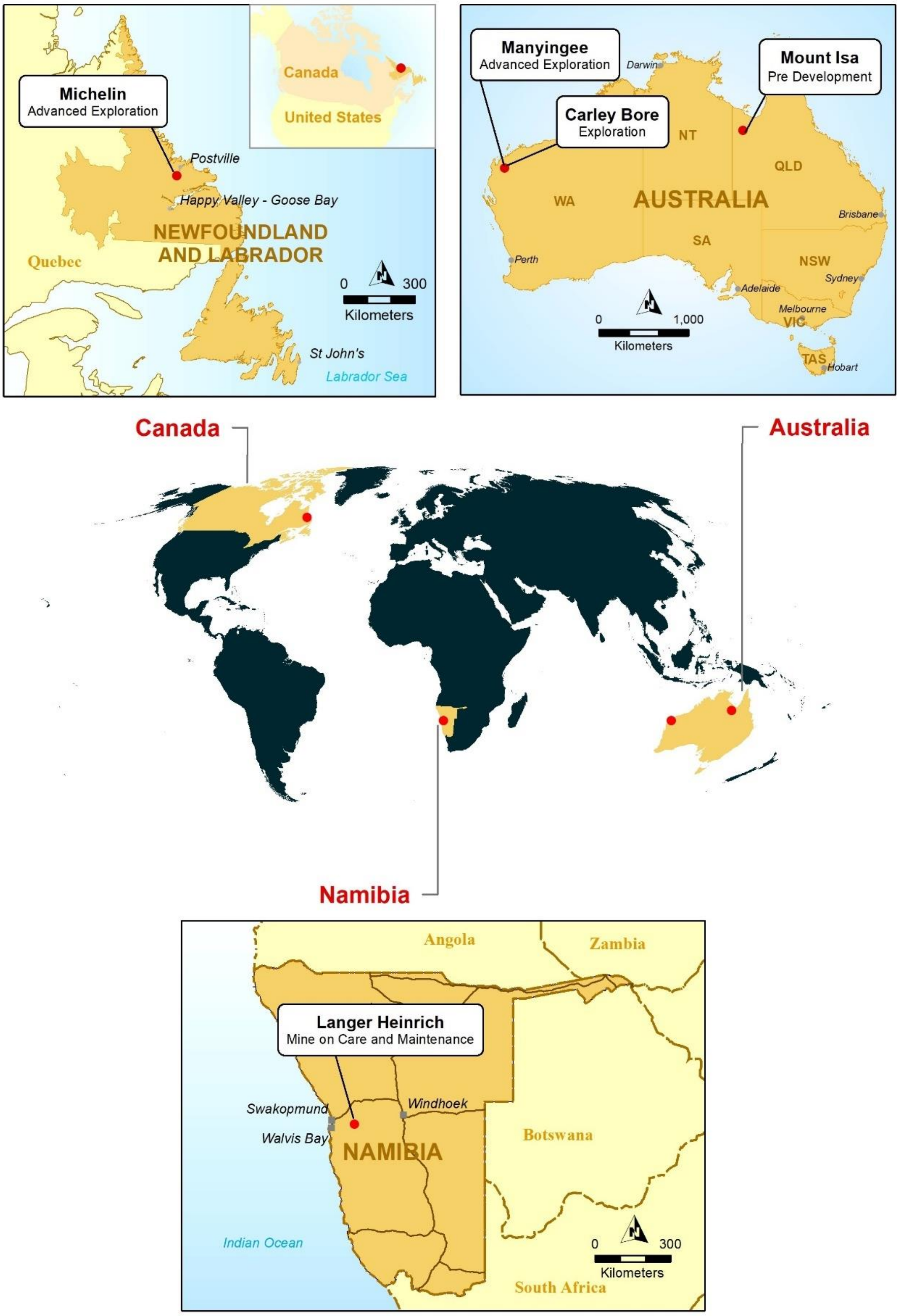
- Placement and Share Purchase Plan – net proceeds from issue of shares US$20,864,000.
- Interest received & paid and other income – the Group received cash inflows of US$2,193,000, including US$1,357,000 proceed from the assignment of the North Telfer royalty interest.
- Proceeds from sale of Paladin (Africa) Ltd – the Group received US$2,000,000: the first tranche of repayment of funds advanced to provide security for the US$10,000,000 environmental performance bond of US$4,000,000, less US$2,000,000 paid to Lotus Resources Limited to fund planned site restoration at the Kayelekera operations.
- Paladin (Africa) Ltd sale consent fees to Noteholders and other selling costs – of US$1,142,000.
- Langer Heinrich expenditure – ongoing C&M, Langer Heinrich Mine (LHM) utilised US$3,312,000 in cash flows from operations.
- Langer Heinrich study expenditure – the Group incurred US$3,059,000 in prefeasibility expenditure.
- Kayelekera expenditure – ongoing C&M resulted in Kayelekera Mine (KM) utilising US$3,508,000 in cash flows from operations.
- Exploration expenditure – the Group utilised US$1,018,000 for minimum tenement commitments at its exploration projects.
- Corporate expenditure – during the year US$3,960,000 was paid for corporate costs.
- Payments for property, plant and equipment – during the year US$273,000 was paid for property, plant and equipment.
- Effect of movement in exchange rates on cash held – US$940,000 was predominantly due to an increase in Australian dollars held to cover corporate expenditure.

Financial Position

Unrestricted group cash and cash equivalents increased by 35% to US$34,237,000 and net debt increased by 4%, from US$106,818 at 30 June 2019 to US$111,508 at 30 June 2020. In addition, the Company's gearing ratio decreased from 58% at 30 June 2019 to 55% at 30 June 2020.

Ore Reserves and Mineral Resources

PROJECT LOCATIONS AND RESOURCE OVERVIEW



Unless specifically noted, Mineral Resources were prepared and first disclosed under the JORC Code 2004. These estimates have not been updated since to comply with JORC Code (2012) on the basis that the information that the estimates are derived from has not materially changed since it was last reported.

NAMIBIA

Langer Heinrich

Langer Heinrich is located in central western Namibia approximately 80km east of Swakopmund. Langer Heinrich is a surficial calcrete type uranium deposit containing a JORC Code (2012) compliant Mineral Resource of 119.7Mlb U_3O_8 at a grade of 445ppm U_3O_8 and 38.8Mlb V_2O_5 at grade of 145ppm V_2O_5 at a cutoff of grade of 250ppm U_3O_8. The deposit consists of seven mineralised zones designated Detail 1 to 7 along the length of the Langer Heinrich valley within the 15km length of a contiguous paleo drainage system.

Langer Heinrich Operation transitioned to C&M in August 2018.

CANADA

Michelin Project

Paladin, through its wholly-owned subsidiary Aurora Energy Ltd (Aurora), holds rights to 52,250 hectares of mineral claims within the Central Mineral Belt of Labrador (CMB), Canada, approximately 140km north of Happy Valley-Goose Bay and 40km southwest of the community of Postville.

Paladin currently holds a 60% interest (increased from 55% in May 2020) in a special purpose joint venture (Michelin Joint Venture) which owns the Michelin Project. The Michelin Joint Venture includes a farm out agreement over a five year period whereby Paladin will receive an additional 5% participating interest in the Michelin Project on an annual basis in return for Paladin funding all obligations for the Michelin Project over this period.

The mineral claims cover a significant area of prospective ground over the CMB. The claims contain 105.6Mlb U_3O_8 Measured and Indicated Mineral Resources as well as an additional 22Mlb U_3O_8 Inferred Mineral Resource in six deposits. The largest of these deposits is Michelin which contains a total JORC Code (2012) compliant Mineral Resource of 92.0Mlb U_3O_8, 82.2Mlb of which is classified Measured and Indicated. Michelin is still open along strike and at depth. Cut-off grades for all deposits except Jacques Lake reflect the use of open cut (200ppm) and underground (500ppm) mining methodologies in the determination of prospects for eventual economic extraction. For Jacques Lake, there was insufficient Mineral Resources remaining after pit optimisation studies to warrant any portion being considered for underground mining.

QUEENSLAND

Mount Isa Project

The Mount Isa Project, which is now wholly-owned by Paladin, is located 40km north of Mount Isa and consists of six Mineral Development Licences.

The Mount Isa Project includes 10 deposits containing 106.2Mlb U_3O_8 Measured and Indicated Mineral Resources as well as 42.2Mlb U_3O_8 Inferred Mineral Resources at a cut-off grade of 250ppm U_3O_8 for all deposits except Valhalla which utilised a cut-off grade of 230ppm U_3O_8.

WESTERN AUSTRALIA

Manyingee Project

Manyingee is located in the north-west of Western Australia, 1,100km north of Perth and 85km inland from the coastal township of Onslow. The property is comprised of three mining leases covering 1,307 hectares. Field trials by AFMEX demonstrated that the Manyingee sandstone-hosted uranium deposit is amenable to extraction by in-situ recovery (ISR) in 1985.

Manyingee contains an Indicated Mineral Resource of 15.7Mlb U_3O_8 grading 850ppm and an Inferred Mineral Resource of 10.2Mlb U_3O_8 grading 850ppm (JORC Code (2012) compliant) at a cut-off grade of 250ppm U_3O_8.

Carley Bore

Carley Bore is located approximately 100km south of Manyingee in Western Australia. Carley Bore consists of two contiguous exploration licences with granted retention status.

The Carley Bore deposit contains an JORC Code (2012) compliant Mineral Resources, 5.0Mlb U_3O_8 grading 420ppm in the Indicated category and 10.6Mlb U_3O_8 grading 280ppm in the Inferred category at a cut-off grade of 150ppm U_3O_8. Potential exists for extensions to mineralisation north and south of the estimated Carley Bore Mineral Resource.

MALAWI

Kayelekera Mine

Paladin sold its interest in the Kayelekera Mine on 13 March 2020.

MINERAL RESOURCES AND ORE RESERVES SUMMARY

The following tables detail the Company's Mineral Resources and Ore Reserves and the changes that have occurred within FY2020. There were no material changes to the Company's Mineral Resources and Ore Reserves other than disposal of the interests upon sale of the Kayelekera Project.

		30 June 2019			30 June 2020			Change	
Uranium Mineral Resources		**Mt**	**Grade ppm U_3O_8**	**Mlb U_3O_8**	**Mt**	**Grade ppm U_3O_8**	**Mlb U_3O_8**	**Mt**	**Mlb U_3O_8**
Namibia									
Measured	Langer Heinrich[1]								
In-situ		60.7	515	68.7	66.2	490	71.9	5.5	3.2
MG ROM stockpiles		-	-	-	4.7	520	5.4	4.7	5.4
LG ROM stockpiles		-	-	-	26.1	325	18.7	26.1	18.7
Total Measured		60.7	515	68.7	97.0	445	95.9	36.3	27.2
Indicated									
In-situ		21.5	460	21.7	18.8	435	18.0	-2.7	-3.7
Inferred									
In-situ		8.7	470	9.0	6.3	420	5.8	-2.4	-3.2
Stockpiles		30.8	355	24.0	-	-	-	-30.8	-24.0
Malawi									
Measured	Kayelekera	0.7	1,010	1.7	-	-	-	-0.7	-1.7
Indicated		12.7	700	19.6	-	-	-	-12.7	-19.6
Inferred		5.4	620	7.4	-	-	-	-5.4	-7.4
Stockpiles		1.6	755	2.6	-	-	-	-1.6	-2.6

[1] JORC Code (2012) compliant

Ore Reserves and Mineral Resources (continued)

Uranium Mineral Resources		30 June 2019 Mt	30 June 2019 Grade ppm U_3O_8	30 June 2019 Mlb U_3O_8	30 June 2020 Mt	30 June 2020 Grade ppm U_3O_8	30 June 2020 Mlb U_3O_8	Change Mt	Change Mlb U_3O_8
Canada									
Measured	Michelin[1]	17.6	965	37.6	17.6	965	37.6	-	-
	Rainbow	0.2	920	0.4	0.2	920	0.4	-	-
Indicated	Gear	0.4	770	0.6	0.4	770	0.6	-	-
	Inda	1.2	690	1.8	1.2	690	1.8	-	-
	Jacques Lake[1]	13.0	630	18.0	13.0	630	18.0	-	-
	Michelin[1]	20.6	980	44.6	20.6	980	44.6	-	-
	Nash	0.7	830	1.2	0.7	830	1.2	-	-
	Rainbow	0.8	860	1.4	0.8	860	1.4	-	-
Inferred	Gear	0.3	920	0.6	0.3	920	0.6	-	-
	Inda	3.3	670	4.8	3.3	670	4.8	-	-
	Jacques Lake[1]	3.6	550	4.4	3.6	550	4.4	-	-
	Michelin[1]	4.5	985	9.9	4.5	985	9.9	-	-
	Nash	0.5	720	0.8	0.5	720	0.8	-	-
	Rainbow	0.9	810	1.6	0.9	810	1.6	-	-
Australia									
Measured	Valhalla	16.0	820	28.9	16.0	820	28.9	-	-
Indicated	Andersons	1.4	1,450	4.6	1.4	1,450	4.6	-	-
	Bikini	5.8	495	6.3	5.8	495	6.3	-	-
	Duke Batman	0.5	1,370	1.6	0.5	1,370	1.6	-	-
	Odin	8.2	555	10.0	8.2	555	10.0	-	-
	Skal	14.3	640	20.2	14.3	640	20.2	-	-
	Valhalla	18.6	840	34.5	18.6	840	34.5	-	-
	Carley Bore[1]	5.4	420	5.0	5.4	420	5.0	-	-
	Manyingee[1]	8.4	850	15.7	8.4	850	15.7	-	-
Inferred	Andersons	0.1	1,640	0.4	0.1	1,640	0.4	-	-
	Bikini	6.7	490	7.3	6.7	490	7.3	-	-
	Duke Batman	0.3	1,100	0.7	0.3	1,100	0.7	-	-
	Honey Pot	2.6	700	4.0	2.6	700	4.0	-	-
	Mirrioola	2.0	560	2.5	2.0	560	2.5	-	-
	Odin	5.8	590	7.6	5.8	590	7.6	-	-
	Skal	1.4	520	1.6	1.4	520	1.6	-	-
	Valhalla	9.1	640	12.8	9.1	640	12.8	-	-
	Watta	5.6	400	5.0	5.6	400	5.0	-	-
	Warwai	0.4	360	0.3	0.4	360	0.3	-	-
	Carley Bore[1]	17.4	280	10.6	17.4	280	10.6	-	-
	Manyingee[1]	5.4	850	10.2	5.4	850	10.2	-	-

[1] *JORC Code (2012) compliant*

Ore Reserves and Mineral Resources (continued)

Vanadium Mineral Resources		30 June 2019 Mt	Grade ppm V_2O_5	Mlb V_2O_5	30 June 2020 Mt	Grade ppm V_2O_5	Mlb V_2O_5	Change Mt	Mlb V_2O_5
Namibia									
Measured	Langer Heinrich[1]								
In-situ		-	-	-	66.2	160	23.3	66.2	23.3
MG ROM stockpiles		-	-	-	4.7	170	1.8	4.7	1.8
LG ROM stockpiles		-	-	-	26.1	105	6.0	26.1	6.0
Total Measured		-	-	-	97.0	145	31.1	97.0	31.1
Indicated									
In-situ		-	-	-	18.8	140	5.8	18.8	5.8
Inferred									
In-situ		-	-	-	6.3	135	1.9	6.3	1.9

[1]JORC Code (2012) compliant

Uranium Ore Reserves		30 June 2019 Mt	grade ppm U_3O_8	Mlb U_3O_8	30 June 2020 Mt	grade ppm U_3O_8	Mlb U_3O_8	Change Mt	Mlb U_3O_8
Namibia	Langer Heinrich[1]								
Proven		42.0	525	48.5	42.0	525	48.5	-	-
Probable		13.1	485	14.0	13.1	485	14.0	-	-
Stockpiles		30.8	355	24.0	30.8	355	24.0	-	-
Malawi	Kayelekera								
Proven		0.4	1,170	1.0	-	-	-	-0.4	-1.0
Probable		5.3	880	10.4	-	-	-	-5.3	-10.4
Stockpiles		1.6	755	2.6	-	-	-	-1.6	-2.6

Figures may not add due to rounding. Mineral Resources and Ore Reserves quoted on a 100% basis.
[1]JORC Code (2012) compliant

All of the Company's Mineral Resources and Ore Reserves are internally peer reviewed at the time of estimation and are subject to ongoing review, as and when required. Should any Mineral Resources or Ore Reserves be utilised within a Bankable or Definitive Feasibility Study, it is expected that an audit by independent experts would be conducted.

The information above relating to exploration, Mineral Resources and ore reserves is, except where stated, based on information compiled by David Princep B.Sc P.Geo FAusIMM(CP) who is an independent consultant and who is a member of the AusIMM. Mr Princep has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity that he/she is undertaking to qualify as Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Princep consents to the inclusion of this information in the form and context in which it appears.

HEALTH AND SAFETY

Paladin is committed to provide and maintain a safe and healthy work environment with the aim of 'Zero Harm' from occupational injuries and illnesses in the work place. Paladin considers excellence in radiation management essential to our business success and is fully committed to achieving minimum radiation exposure to its workers, members of the public and the surrounding natural environment and minimising the potential impact by the safe management of radioactive waste at its uranium mining and processing operations.

Paladin's safety and health performance of its operations is measured through the external internationally recognised National Occupational Safety Association (NOSA) Five Star System ensuring transparency and complementing its own internal audit processes.

Proactive Lead Safety Indicators such are used as a tool to further improve safety outcomes.

The Company's annual Lost Time Injury Frequency Rate (LTIFR) remained at 0.00 (2018:0.00). For FY2020, there were no Lost Time Injuries (LTIs), the same as for the previous year.

SUSTAINABLE DEVELOPMENT

Paladin is committed to the goal of sustainable development, which is reflected in its corporate values. The Company also emphasises acting with integrity, honesty and cultural sensitivity in all of its dealings. In support of this commitment, Paladin applies and adheres to established and internationally recognised principles of sustainable development for all global activities.

In implementing its sustainable development programme, Paladin aims to achieve a balance between economic, environmental and social needs in all phases of its projects, and takes into consideration its employees, communities, shareholders and other key stakeholders.

Corporate Sustainability Reporting

Sustainability reporting reflects Paladin's commitment to be accountable to its internal and external stakeholders with regard to the Company's sustainability performance and future direction. This year will see Paladin produce its ninth Sustainability Report, a copy of which will be posted on the Company's website www.paladinenergy.com.au in November 2020. These Reports summarise Paladin's key sustainability issues, its approach to managing them and its related performance across the Company's Langer Heinrich Mine (LHM) operation in Namibia and exploration activities in Australia and Canada. The report is presented in accordance with the Global Reporting Initiative (GRI) Reporting Standards, with Paladin's focus on those standards/indicators that are considered material to the Company. We have conducted materiality assessments to define the reporting parameters.

Paladin has been reporting on its approach to sustainable development within its Annual Reports since 2008. Paladin produced its first stand-alone annual Sustainability Report for 2012. Paladin now has an established comprehensive process to systematically collect data for various sustainability metrics at its operations in Namibia. The process involves the collection and consolidation of site-level data in accordance with the GRI Standards.

Our Commitment

Paladin is committed to ensuring that effective environmental management is planned and undertaken for all aspects of its operations. The approach to environmental management is guided by Paladin's Environmental Policy, which promotes high standards for environmental performance across its operations. The key points of the Policy include:

- Complying with applicable environmental legislation;
- Ensuring operations have developed an environmental management system;
- Identifying, assessing and managing environmental risks;
- Implementing and assigning accountabilities for standards, guidelines and procedures;
- Striving to achieve continuous improvement in environmental performance;
- Preventing and mitigating pollution;
- Communicating environmental responsibility to employees and contractors;
- Effective consultation with stakeholders on environmental issues;

- Inspections and audits of environmental performance; and
- Reporting on environmental performance.

Paladin has established Corporate Sustainable Development Standards for all of its operational subsidiaries. Operational compliance with Paladin's Standards forms part of the site based Environmental Audit Programme.

In March 2020, prior to the sale of Kayelekera, there was record rainfall at the Kayelekera Mine that was largely contained in rainfall runoff storage ponds. A relatively minor release of rainfall runoff water occurred, which was measured and analysed, and found to be lower than World Health Organisation compliance and statutory limits for uranium and other contaminants in the river system. Malawian regulators assessed that the Kayelekera Mine's response to the issue was appropriate and there was no environmental or community impact from this rainfall runoff release. There were no other reportable environmental incidents recorded during the year.

CORPORATE GOVERNANCE FRAMEWORK

The Board of Directors of Paladin Energy Ltd is responsible for the corporate governance of the Group.

Paladin has adopted systems of control and accountability as the basis for the administration of corporate governance. The Company reviews and amends its corporate governance policies as appropriate to reflect the growth of the Company, current legislation and good practice. Copies or summaries of key corporate governance policy documents can be found on the Company's website (www.paladinenergy.com.au).

The Company's Corporate Governance Statement, dated 30 June 2020, and approved by the Board on 28 August 2020, outlines the key principles and practices of the Company which, taken as a whole, represents the system of governance and is reported against the Recommendations contained within the ASX Corporate Governance Council's (ASX CGC) 3rd Edition of its Corporate Governance Principles and Recommendations. For FY2020, Paladin has complied with these recommendations and has referenced these throughout this Corporate Governance Statement.

Paladin's Corporate Governance Statement can be found in the Corporate Governance section of the Investor Centre on its website at www.paladinenergy.com.au, along with the ASX Appendix 4G, a checklist cross-referencing the ASX Principles and Recommendations to disclosures in this statement, the current Annual Report and the Company website. The Corporate Governance Statement, together with the 4G, has been lodged with the ASX.

The Directors of Paladin Energy Ltd present their report together with the financial report of the Group consisting of Paladin Energy Ltd (Company) and the entities (Group) it controlled at the end of, or during, the year ended 30 June 2020 and the auditor's report.

Over the year, Paladin made significant changes to its Board and Executive Management Team to provide the technical and commercial skill set necessary to lead the Company going forward. The decision to restructure the board was made following discussions with and feedback received from shareholders. The Company has previously announced the following changes to the Board of Directors:

- Mr Cliff Lawrenson appointed Non-Executive Chairman (29 October 2019)
- Mr Peter Main and Mr Peter Watson appointed Non-Executive Directors (11 December 2019)

The restructuring of the Board included a reduction in the number of Directors from four to three to provide a board right sized for the Company's current position and to provide a reduction in total annual Director's remuneration.

Compensation payable to Paladin's Chairman was reduced from A$125,000 to A$110,000 and the fixed cash compensation payable to the remaining Non-Executive Directors was been reduced from A$80,000 to A$70,000.

The result of these changes is that fixed compensation payable to the Board has been reduced by A$115,000 per annum.

Performance Rights were issued to Non-Executives in lieu of a portion of cash remuneration. The total 14M performance rights represent 0.69% of issued share capital.

On 4 February 2020, Paladin also announced the appointment of Mr Ian Purdy as Chief Executive Officer (CEO). Mr Purdy has a proven leadership record as a successful CEO and CFO with extensive Australian and international natural resources experience.

DIRECTORS

The following persons were Directors of Paladin Energy Ltd and were in office for the period stated:

Mr Cliff Lawrenson *B.Com (Hons)* ***(appointed 29 October 2019)***
(Non-Executive Chairman)

Mr Lawrenson holds postgraduate qualifications in commerce and finance and has worked extensively in project development and investment banking around the world, including in South Africa, Australia, USA and Singapore. Mr Lawrenson is an experienced mining executive and director with deep expertise in the minerals and energy sectors derived from his considerable global experience. He has a successful track record of leading strategic direction in companies and executing corporate transactions.

Mr Lawrenson's previous roles include Managing Director of Atlas Iron Ltd from January 2017 to October 2018 when the company was acquired by Hancock Prospecting Pty Ltd. Prior to this, he led several ASX listed companies through various stages of development. Mr Lawrenson held the position of Group Chief Executive Officer of GRD Ltd from 2006 to 2009, GRD Ltd incorporated GRD Minproc Ltd, OceanaGold Ltd and Global Renewables. Prior to joining GRD Ltd, Mr Lawrenson was a senior executive and vice president of CMS Energy Corporation in the United States of America and Singapore for seven years. An investment banking career preceded the above.

Special Responsibilities
Member of Audit and Risk Committee from 29 October 2019
Chairman of Remuneration Committee from 29 October 2019
Chairman of Nomination and Governance Committee from 29 October 2019
Member of Sustainability Committee from 29 October 2019

Current Directorships: Pacific Energy Pty Ltd, Onsite Rentals Group

Former Directorships (last three years): Atlas Iron Limited

Mr Peter Watson (appointed 11 December 2019)
Non-Executive Director

Mr Peter Watson is a chemical engineer with more than 35 years' experience in the global resources sector across senior technical, project, and management roles as well as corporate experience in running ASX listed companies. His experience includes project development, project delivery, asset optimisation and mining facilities operations across multiple commodities and global jurisdictions, including Africa. Mr Watson has held technical and senior executive roles with a number of companies, culminating in his appointment as the MD & CEO of Sedgman Limited. Mr Watson has also held a number of senior and directorship roles at Strandline Resources Ltd, Sedgman Limited, New Century Resources, Resource Generation and EvacGroup (private), bringing significant board level experience at both the public and wholly owned company level, particularly on matters covering project development and delivery, operations re-start, safety, governance, financial reporting, risk management, strategy and leadership.

Special Responsibilities
Member of Audit and Risk Committee from 11 December 2019
Member of Remuneration Committee from 11 December 2019
Member of Nomination and Governance Committee from 11 December 2019
Chairman of Sustainability Committee from 11 December 2019

Current Directorships: Strandline Resources (ASX:STA) and New Century Resources Ltd (ASX:NCZ).

Former Directorships (last three years): Resource Generation (ASX:RES) – resigned November 2018

Mr Peter Main (appointed 11 December 2019)
Non-Executive Director

Mr Peter Main is a mining and finance professional with extensive experience spanning more than 30 years. During that time, Mr Main has developed an extensive working knowledge in financial markets centred around the mining sector developing a wealth of industry experience. During his career Mr Main has spent 13 years in a variety of roles in the mining industry from operations through to CEO of a TSX-V listed mining company, obtaining diverse experience across most facets of the industry. He spent 20 years in finance, more recently in an advisory capacity to the mining and finance industries. Prior to that Mr Main primarily worked for investment banks, including 11 years managing the Royal Bank of Canada's (RBC) Australian equity sales and trading business and co-managing RBC's regional business. Mr Main also spent six years at Hartley Poynton as a mining analyst and almost nine years full time service in the Australian Army.

Special Responsibilities
Chairman of Audit and Risk Committee from 11 December 2019
Member of Remuneration Committee from 11 December 2019
Member of Nomination and Governance Committee from 11 December 2019
Member of Sustainability Committee from 11 December 2019

Current Directorships: Nil

Former Directorships (last three years): Rizal Resources (TSX-V)

Mr Rick Wayne Crabb *B. Juris (Hons), LLB, MBA, FAICD* ***(retired 29 October 2019)***
(Non-Executive Chairman)

Mr Crabb holds degrees of Bachelor of Jurisprudence (Honours), Bachelor of Laws and Master of Business Administration from the University of Western Australia. He practised as a solicitor from 1980 to 2004 with Robinson Cox (now Clayton Utz) and Blakiston & Crabb (now Gilbert + Tobin) specialising in mining, energy, corporate and commercial law and advised in relation to numerous project developments in Australia, Asia and Africa. He is also non-executive chairman of Eagle Mountain Mining Limited (since 6 September 2017) and non-executive chairman of Ora Gold Limited (director since November 2017). He was a non-executive director of Golden Rim Resources Ltd (from August 2001 to November 2017) and has held numerous other public listed company directorships over the past 30 years. Mr Crabb was a councilor on the Western Australian Division of the Australian Institute of Company Directors from 2008 to 2017.

Mr Crabb was appointed to the Paladin Board on 8 February 1994 and as Chairman on 27 March 2003.

Special Responsibilities
Chairman of the Board
Chairman of Remuneration Committee from 1 February 2018 (member from 1 June 2005)
Chairman of Nomination and Governance Committee from 1 February 2018 (member from 1 June 2005)
Member of Sustainability Committee from 25 November 2010

Mr David Riekie *B. Econ. Dip Acc. CA, MAICD* ***(resigned 11 December 2019)***
(Non-Executive Director)

Mr Riekie is an experienced ASX director at both the Executive and Non-Executive level. He has operated in a variety of countries globally and throughout Africa; notably Namibia and Tanzania. He has throughout his career provided corporate, strategic and compliance services to a variety of organisations operating in the Resource and Industrial sector, usually enterprises seeking expansion capital and listing on ASX. He has been directly responsible for successful capital raising, stakeholder engagement, acquisition and divestment programmes. Additional experiences were been gained during his time as a corporate reconstruction specialist with Price Waterhouse. He has overseen, exploration and resource development, scoping and feasibility studies, production, optimisation and rehabilitation initiatives. He has special interest in the energy and energy storage sector, primarily through energy storage minerals and commodities with specific knowledge of uranium, oil and gas, graphite, lithium, nickel, copper and cobalt. Mr Riekie is a Non-Executive Director of remote power generation and energy solutions specialist, ASX listed Zenith Energy Limited.

Mr Riekie was appointed to the Paladin Board on 1 February 2018.

Special Responsibilities
Chairman of Audit and Risk Committee from 1 February 2018
Member of Remuneration Committee from 1 February 2018
Member of Nomination and Governance Committee from 1 February 2018

Mr Daniel Harris *B.Sc* ***(resigned 11 December 2019)***
(Non-Executive Director)

Mr Harris is a seasoned and highly experienced mining executive and director. Most recently, Mr Harris held the role of interim CEO and Managing Director of ASX listed Atlas Iron until January 2017 and then resumed his role as a Non-executive Director and Chairman of the Audit and Risk Committee until March 2019. Mr Harris has been involved in all aspects of the industry for over 40 years and held both COO and CEO positions in Atlantic Ltd and Strategic Minerals Corporation and was also the former Vice President of EVRAZ Plc in Moscow. Mr Harris is a consultant and member of the Advisory Board of Black Rock Metals in Montreal and is a consultant and advisor to GSA Environmental in the UK. Mr Harris is currently a Non-executive Director of Perth based Australian Vanadium Ltd and is a Non-executive Director of Queensland Energy and Minerals, based in Brisbane.

Mr Harris was appointed to the Paladin Board on 1 February 2018.

Special Responsibilities
Chairman of Sustainability Committee from 1 February 2018
Member of Remuneration Committee from 1 February 2018
Member of Nomination and Governance Committee from 1 February 2018
Member of Audit and Risk Committee from 1 February 2018

Mr John Hodder *B.Sc. B.Com.* ***(resigned 11 December 2019)***
(Non-Executive Director)

Mr Hodder is a Geologist by background with a B.Sc. in Geological Sciences and a B.Com. in Finance and Commerce from the University of Queensland. He spent ten years in the mining and oil and gas industries before completing an M.B.A. at London Business School. Mr Hodder established the Commonwealth Development Corporation (CDC) mining, oil and gas investment department in 1995 and was responsible for its investment activities for some eight years. He has served as a director of a number of junior mining companies and has significant experience of operating and investing in Africa. Mr Hodder also worked at Suncorp and Solaris as a Fund Manager focusing on the resources sector managing an index-linked natural resource portfolio of $1.25bn. In 2014 Mr Hodder was one of three principals who established Tembo Capital a mining focused private equity fund group.

Mr Hodder was appointed to the Paladin Board on 14 February 2018.

Special Responsibilities
Member of Audit and Risk Committee from 14 February 2018
Member of Nomination and Governance Committee from 14 February 2018

CHIEF EXECUTIVE OFFICER

Mr Ian Purdy *BCom FCA FAICD* ***(appointed 4 February 2020)***

Mr Purdy is a highly-respected executive with more than three decades' experience within Australian and international natural resources companies. In his time as a CEO and CFO of listed and private companies, Mr Purdy has delivered significant shareholder value through managing and optimising operations, delivering large projects and executing on business improvements and asset sales. He also has extensive capital markets experience and a proven track record of delivering company funding requirements.

Mr Purdy was previously the CFO of Quadrant Energy, Managing Director and CEO of Mirabela Nickel Limited, Managing Director of Norilsk Nickel Australia, Director of Finance and Strategy of LionOre Australia, and has held senior finance and commercial roles at North Limited and WMC Limited.

Mr Scott Sullivan *BEng (Hons1), MBA,* FAusIMM), GAICD ***(ceased employment 3 March 2020)***

Mr Sullivan is an experienced mining industry executive with over 30 years of diversified mining experience, across multiple commodities and projects domestically and internationally. His experience spans strategic planning in mines and smelters; feasibilities; commissioning; mine expansion and restructuring; mine, port and rail infrastructure; project management; sustainability and government and has a strong emphasis on operational optimisation.

He was General Manager of Newcrest's large and complex Telfer gold-copper mine in the Pilbara Western Australia. Prior roles include CEO and Managing Director roles with ASX-listed companies centered in West Africa and the US and Asset President of NSW Energy Coal at BHP Billiton, being directly responsible for the operation and rapid expansion of one of Australia's iconic and highest producing coal mines, Mt Arthur, along with the Caroona Coal project and BHPB's share in the NCIG port infrastructure in Newcastle. Mr Sullivan was also GM of the Wambo Coal OC and UG operations in the Hunter Valley with Peabody Energy and successfully commissioned the UG mine to be one of the most productive thin seam Long Wall mines in the world.

JOINT COMPANY SECRETARY

Ms Andrea Betti *CA, AGIA, BCom, MBA*

Ms Betti is an accounting and corporate governance professional with over 20 years' experience in accounting, corporate governance, corporate advisory, finance and corporate banking. Ms Betti has acted as Chief Financial Officer and Company Secretary for companies in the private and publicly listed sectors, as well as senior executive roles in the banking and finance industry.

Mr Ranko Matic *B.Bus, CA*

Mr Matic is a Chartered Accountant with over 25 years' experience in the areas of financial and executive management, accounting, audit, business and corporate advisory. Mr Matic serves as a Non-Executive Director and Company Secretary for a number of publicly listed natural resources companies.

BOARD AND COMMITTEE MEETINGS

The number of Directors' meetings and meetings of committees held during the financial year, and the number of meetings attended by each Director in the period they held office were:

	Board of Directors		Audit and Risk Committee		Remuneration Committee		Nomination and Governance Committee		Sustainability Committee	
Name	**Number attended**	**Number eligible to attend**	**Number attended**	**Number eligible to attend**	**Number attended**	**Number eligible to attend**	**Number attended**	**Number eligible to attend**	**Number attended**	**Number eligible to attend**
Mr Cliff Lawrenson	5	5	2	2	1	1	-	-	1	1
Mr Peter Watson	4	4	1	1	1	1	-	-	1	1
Mr Peter Main	4	4	1	1	1	1	-	-	-	-
Mr Rick Crabb	3	3	-	-	1	1	-	-	1	1
Mr David Riekie	4	4	2	2	1	1	-	-	-	-
Mr Daniel Harris	4	4	2	2	1	1	-	-	1	1
Mr John Hodder	4	4	2	2	-	-	-	-	-	-

Of the above Board meetings, 5 were face to face with the remainder held electronically.

INTERESTS IN THE SECURITIES OF THE COMPANY

As at the date of this report, no Director owns securities of Paladin Energy Ltd.

PRINCIPAL ACTIVITY

The principal activity of the Group was the development and operation of the Langer Heinrich Mine in Namibia, together with exploration and evaluation activities in Australia and Canada.

REVIEW AND RESULTS OF OPERATIONS

A detailed operational and financial review of the Group is set out on pages 6 to 8 of this report under the section entitled Operating and Financial Review.

The Group's loss after tax from continuing operations for the year is US$46,051,000 (2019: loss after tax US$49,122,000) representing a decrease of 6% from the previous year.

Included in the Consolidated Financial Statements for the year ended 30 June 2020 is an independent auditor's report which includes an Emphasis of Matter paragraph in regard to the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern. For further information, refer to Note 4 in the Consolidated Financial Statements, together with the auditor's report.

DIVIDENDS

No dividend has been paid during the financial year and no dividend is recommended for the current year.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

Significant changes in the state of affairs of the Group during the financial year were as follows:

<u>Capital Raising</u>
On 13 September 2019, Paladin successfully completed the Placement of 262,812,641 ordinary shares to raise A$30,223,000 (US$20,654,000) (before costs) and on 8 October 2019 that it had issued a further 12,994,100 ordinary shares to raise A$1,494,000 (US$1,010,000) under a Share Purchase Plan (SPP).

<u>Sale of Kayelekera Mine</u>
On 13 March 2020, Paladin completed the sale of its 85% interest in Paladin (Africa) Ltd to Lotus Resources Limited (65%) and Lily Resources Pty Ltd (20%).

Paladin became a substantial shareholder in Lotus Resources Limited on 13 March 2020, holding a 14.46% interest following the issue of 90,000,000 shares at a 2cps issue price. These shares are subject to a 12-month voluntary escrow.

Future receivables from the Kayelekera Sale include:

- A$3M additional shares in Lotus Resources Limited due on 13 March 2023;
- US$6M repayment of the environmental performance bond (US$1M due 13 March 2021, US$2M due 13 March 2022 and US$3M due 13 March 2023);
- A 3.5% production royalty derived from future production at the Kayelekera Mine, capped at A$5M (US$3.4M).

APPOINTMENT OF NEW CEO AND BOARD CHANGES

On 29 October 2019, Paladin appointed Mr Cliff Lawrenson as Chairman following Mr Rick Crabb's retirement.

On 11 December 2019, in response to discussions and feedback received from shareholders, Paladin appointed Mr Peter Main and Mr Peter Watson as Non-Executive Directors and on 4 February 2020, Paladin appointed Mr Ian Purdy as Chief Executive Officer (CEO).

SIGNIFICANT EVENTS AFTER THE BALANCE DATE

Since the end of the financial year, the Directors are not aware of any 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.

LIKELY DEVELOPMENTS

Likely developments in the operations of the Group are set out under the section entitled Operating and Financial Review.

ENVIRONMENTAL REGULATIONS

The Group is subject to environmental regulation in respect to its exploration, evaluation, development and operational activities for uranium projects under the laws of the countries in which its activities are conducted. The Group currently has a mining and processing operation in Namibia (on care and maintenance due to current uranium market conditions), as well as exploration projects in Australia, and Canada. The Group's Policy is to ensure compliance with all applicable environmental laws and regulations in the countries in which it conducts business.

Specific environmental regulations, approvals and licenses for the exploration, development and operation are required to conduct the activities at each site. In addition, many other international and industry standards are also applied to the Group's activities, including those specified for the global Uranium industry. These environmental laws, regulations and standards relate to environmental factors such as radiation, water, flora, fauna, air quality, noise, waste management and pollution control.

The Directors are not aware of any environmental matters which would have a significant adverse effect on the Group.

REMUNERATION FOR THE YEAR AT A GLANCE

Executive Remuneration – cash value of earnings realised (unaudited)

Details of the remuneration received by the Key Management Personnel are prepared in accordance with statutory requirements and Accounting Standards, and are detailed further in the Remuneration Report.

In keeping with Paladin's practice since 2011, the tables below set out the cash value of earnings realised by the CEO and other executives considered to represent Key Management Personnel (KMP) for 2019 and 2020 and the intrinsic value of share-based payments that vested to KMP during the period. This voluntary disclosure is in addition and different to the disclosures required by the Corporations Act and Accounting Standards, particularly in relation to share rights. As a general principle, the Accounting Standards require a value to be placed on share rights based on probabilistic calculations at the time of grant, which may be reflected in the remuneration report even if ultimately the share rights do not vest because vesting conditions are not met. By contrast, this table discloses the intrinsic value of share rights, which represents only those share rights which actually vested and resulted in shares issued to a KMP. The intrinsic value is Paladin's closing share price on the date of vesting.

Paladin believes that this additional information is useful to investors as recognised by the 2009 Productivity Commission Inquiry Report *'Executive Remuneration in Australia'*. The Commission recommended that remuneration reports should include actual levels of remuneration received by the individuals named in the report in order to increase its usefulness to investors.

The cash value of earnings realised include cash salary and fees, superannuation, cash bonuses and other benefits received in cash during the year and the intrinsic value of long-term incentives vesting during the 2020 year. The tables do not include the accounting value for share rights and share appreciation rights granted in the current and prior years, as this value may or may not be realised as they are dependent on the achievement of certain performance hurdles. The accounting value of other long-term benefits which were not received in cash during the year have also been excluded.

All cash remuneration is paid in Australian dollars to those parties listed below, therefore the tables are presented in both A$ and US$ (being the functional and presentation currency of Paladin). The detailed schedules of remuneration presented later in this report are presented in US$.

REMUNERATION FOR THE YEAR AT A GLANCE

Executive Remuneration - cash value of earnings realised (unaudited)

2020 (A$) / (US$)

Name	Base Salary & Superannuation		Other		Total Cash	
	A$	US$	A$	US$	A$	US$
Mr Ian Purdy(1)	214,649	143,969	-	-	214,649	143,969
Ms Anna Sudlow	320,124	214,713	-	-	320,124	214,713
Mr Scott Sullivan(2)	310,847	208,491	266,056(5)	178,448(5)	576,903	386,939
Mr Michael Drake(3)	363,207	243,609	159,919(5)	107,261(5)	523,126	350,870
Mr Craig Barnes(4)	151,356	101,517	-	-	151,356	101,517
Total	**1,360,183**	**912,299**	**425,975**	**285,709**	**1,786,158**	**1,198,008**

Refer to the Compensation of Key Management Personnel table later in the Remuneration Report for audited information required in accordance with the Corporations Act 2001 and its Regulations.

Exchange rate used is average for 2020 financial year US$1 = A$1.49094.

(1) Appointed 4 February 2020.
(2) Ceased employment 3 March 2020.
(3) Resigned 3 July 2020.
(4) Resigned 9 August 2019.
(5) Ex gratia termination payment plus payment in lieu of notice.

2019 (A$) / (US$)

Name	Base Salary & Superannuation		Other		Total Cash	
	A$	US$	A$	US$	A$	US$
Mr Scott Sullivan	400,000	285,885	200,000(1)	142,943(1)	600,000	428,828
Mr Craig Barnes	389,477	278,364	-	-	389,477	278,364
Mr Michael Drake	128,892	92,121	82,250(2)	58,785(2)	211,142	150,906
Total	**918,369**	**656,370**	**282,250**	**201,728**	**1,200,619**	**858,098**

Refer to the Compensation of Key Management Personnel table later in the Remuneration Report for audited information required in accordance with the Corporations Act 2001 and its Regulations.

Exchange rate used is average for 2019 financial year US$1 = A$1.39916.

(1) Bonus awarded for FY2019.
(2) Fees for services as a consultant prior to commencing as an employee on 11 February 2019.

REMUNERATION REPORT (Audited)

This Remuneration Report outlines the Director and Executive remuneration arrangements of the Company and the Group in accordance with the requirements of the Corporations Act 2001 (Cth) and its Regulations. For the purposes of this report, KMP of the Group are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Group, directly or indirectly, including any Director, whether executive or otherwise, of the parent company.

Over the year, Paladin made significant changes to its Board and Executive Management Team to provide the technical and commercial skill set necessary to lead the Company going forward. The decision to restructure the board was made following discussions with and feedback received from shareholders.

Key Management Personnel comprise:

- Mr Cliff Lawrenson, Non-Executive Chairman *(appointed 29 October 2019)*
- Mr Ian Purdy, Chief Executive Officer *(appointed 4 February 2020)*
- Mr Peter Watson, Non-Executive Director *(appointed 11 December 2019)*
- Mr Peter Main, Non-Executive Director *(appointed 11 December 2019)*
- Ms Anna Sudlow, Chief Financial Officer *(appointed 1 July 2019)*
- Mr Craig Barnes, Chief Financial Officer *(resigned 9 August 2019)*
- Mr Rick Crabb, Non-Executive Chairman *(retired 29 October 2019)*
- Mr Scott Sullivan, Chief Executive Officer *(ceased employment 3 March 2020)*
- Mr David Riekie, Non-Executive Director *(resigned 11 December 2019)*
- Mr Daniel Harris, Non-Executive Director *(resigned 11 December 2019)*
- Mr John Hodder, Non-Executive Director *(resigned 11 December 2019)*
- Mr Michael Drake, Chief Operating Officer *(resigned 3 July 2020)*

For the purposes of this report, the term Executive encompasses the CEO and senior executives of the Group.

REMUNERATION APPROVAL PROCESS

The Remuneration Committee is charged with assisting the Board by reviewing and making appropriate recommendations on remuneration packages for the KMP. In addition, it makes recommendations on long-term incentive plans and associated performance hurdles together with the quantum of grants made, taking into account both the individual's and Paladin's performance.

The Remuneration Committee, chaired by Mr Cliff Lawrenson, held two meetings during the year. Messrs Watson and Main are also Committee members. The CEO is invited to attend those meetings which consider the remuneration strategy of the Group and recommendations in relation to KMP.

The Committee approves the quantum of any short-term incentive bonus pool and the total number of any long-term incentive grants to be made and recommends the same for approval by the Board. The remuneration for the CEO is determined by the Remuneration Committee.

REMUNERATION REPORT (Audited) (continued)

KEY ELEMENTS OF KEY MANAGEMENT PERSONNEL REMUNERATION STRATEGY

The overall focus of Paladin's remuneration strategy is to:

- Provide competitive and fair reward;
- Be flexible and responsive in line with market expectations;
- Align executive interests with those of Paladin's shareholders; and
- Comply with applicable legal requirements and appropriate standards of governance.

The above strategies also recognise the financial position of the Group given the low prevailing uranium prices. This strategy applies group wide for all employees.

The overall level of compensation takes into account Paladin's earnings and growth in shareholder wealth, together with the achievement of strategic goals but must also reflect current economic conditions. Consideration of Paladin's earnings will be more relevant as Paladin moves from care and maintenance, to restart and profitability, which is highly dependent on prevailing Uranium prices.

The Board is cognisant of general shareholder concern that long-term equity-based remuneration be linked to Paladin's performance and growth in shareholder value. Share Appreciation Rights (SARs) issued under the Long Term Incentive (LTI) programme usually have a one to three-year performance period. These SARs will therefore only vest at the end of a one to three-year period. This promotes a focus on long-term performance as the value of the SARs is linked to the ongoing performance of Paladin. This period represents an appropriate balance between providing a genuine and foreseeable incentive to KMP and fostering a long-term alignment to shareholder interests. If a KMP resigns during this period, they will ordinarily forfeit their SARs.

The table below compares the earnings per share to the closing share price for Paladin's five most recently completed financial years.

	30 June 2016	30 June 2017	30 June 2018	30 June 2019	30 June 2020
(Loss)/profit for the year attributable to members of the parent (US$'000)	(121,981)	(457,785)	367,762	(30,345)	(79,866)
EPS continuing operations (US cents)	(7.1)	(26.7)	21.5	(1.7)	(1.7)
Share Price (A$)	A$0.185	A$0.047[1]	A$0.175	A$0.125	A$0.10
Increase/(decrease) in share price	(24)%	(75)%	272%	(29)%	(20)%
Dividend payment (US$'000)	-	-	-	-	-

[1] The securities of Paladin were suspended from official quotation, at the request of Paladin, on 13 June 2017 and were reinstated on 16 February 2018.

The remuneration structure for the Key Management Personnel has two elements:

- Fixed remuneration; and,
- Long-term incentives.

REMUNERATION REPORT (Audited) (continued)

COMPONENTS OF KEY MANAGEMENT PERSONNEL REMUNERATION

These are detailed as follows:

Remuneration Component	Elements	Details
Fixed Remuneration	Annual base salary determined as at 1 July each year	The 'not at risk' cash component which may include certain salary sacrifice packaging.
	Statutory superannuation contributions	Statutory % of base salary.
Variable Performance Linked Remuneration (“at risk” remuneration)	Long-term incentive, granted under the Rights Plan	Award determined based on individual performance and contribution and Paladin's performance. Vesting dependent on creation of shareholder value together with a retention element.

Fixed Remuneration

This is reviewed annually with consideration given to both Paladin's and the individual's performance and effectiveness. Market data, focused on the mining industry, is analysed with a focus on maintaining parity or above with companies of similar complexity and size operating in the resources sector and becoming an employer of choice. Paladin did not engage remuneration consultants during the year.

REMUNERATION REPORT (Audited) (continued)

COMPONENTS OF KEY MANAGEMENT PERSONNEL REMUNERATION (continued)

Variable Performance Linked Remuneration

Long-term Incentives

Paladin believes that encouraging its KMPs to become shareholders is the best way of aligning their interests with those of its shareholders. In 2009, Paladin implemented an Employee Performance Share Rights Plan (the Rights Plan) together with a Contractor Performance Share Rights Plan (the Contractor Rights Plan). These plans are referred to jointly as the Rights Plans and were reaffirmed by shareholders at the 2018 Annual General Meeting.

The Rights Plans are long-term incentive plans aimed at advancing the interests of Paladin by creating a stronger link between employee performance and reward and increasing shareholder value by enabling participants to have a greater involvement with, and share in, the future growth and profitability of Paladin. They are an important tool in assisting to attract and retain talented people.

Performance Rights (PRs)

PRs were issued to the CEO, CFO and Non-Executive Directors in order to provide an equity based component to their respective remuneration packages.

Each PR that vests will automatically entitle the holder to be issued with one share.

The PRs have been issued for nil cash consideration and no consideration is payable by the holder upon the vesting of a PR. The holder of any Shares issued on the vesting of the PRs will generally be restricted from selling, transferring or otherwise disposing of the Shares for a period ending 12 months after the date that the relevant vesting condition was satisfied.

Any PRs that have not vested on or before the date that is five years after the date of the issue will automatically lapse and become incapable of vesting into Shares.

The number of share rights able to be issued under the Plans is limited to 5% of the issued capital.

A summary of PRs held by KMPs is on page 29.

Share Appreciation Rights (SARs)

SARs are granted under the plan for no consideration. SARs are a right to receive a bonus equal to the appreciation in Paladin's share price over a period. SARs benefit the holder with an increase in share price; the holder is not required to pay the exercise price, but rather just receives the amount of the value increase in shares. The number of ordinary shares ultimately issuable upon vesting of the SARs will vary as the number of ordinary shares to be issued is based upon Paladin's relative share price growth over the relevant vesting periods.

The number of share rights able to be issued under the Plans is limited to 5% of the issued capital. The 5% limit includes incentive grants under all plans made in the previous five years (with certain exclusions under the Australian corporate legislation).

The Board is cognisant of general shareholder concern that long-term equity-based rewards should be linked to the performance of Paladin. The holder of a SAR only receives an amount equivalent to the share price increase (i.e. the net appreciation amount, which is the market price on exercise date minus market price on grant date) in shares.

Paladin does not offer any loan facilities to KMPs.

A summary of SARs held by KMPs is on page 29.

REMUNERATION REPORT (Audited) (continued)

COMPONENTS OF KEY MANAGEMENT PERSONNEL REMUNERATION (continued)

Variable Performance Linked Remuneration (continued)

Shares Acquired Under the Rights Plan

Shares to be allocated to participants on vesting are currently issued from equity. No consideration is paid on the vesting of the share rights and resultant shares carry full dividend and voting rights.

Change of Control

All PRs and SARs will vest on a change of control event. The Remuneration Committee considers that this is appropriate given that shareholders (or a majority thereof) would have collectively elected to accept a change of control event. Moreover the number of SARs relative to total issued shares is very insignificant and thus are not considered a disincentive to a change of control.

Cessation of Employment

Under the Rights Plan, all PRs and SARs will be cancelled on cessation of employment, unless special circumstances exist such as retirement, total and permanent disability, redundancy or death.

Performance Rights of KMPs (excluding Non-Executive Directors) at 30 June 2020

Date granted	Expiry date	Fair value	Vesting price	Number
5 February 2020	5 February 2025	A$0.038	A$0.20	6,250,000
5 February 2020	5 February 2025	A$0.038	A$0.30	6,250,000
5 February 2020	5 February 2025	A$0.038	A$0.40	6,250,000
5 February 2020	5 February 2025	A$0.038	A$0.50	6,250,000
30 April 2020	12 June 2025	A$0.05	A$0.20	2,500,000
30 April 2020	12 June 2025	A$0.05	A$0.30	2,500,000
30 April 2020	12 June 2025	A$0.05	A$0.40	2,500,000
30 April 2020	12 June 2025	A$0.05	A$0.50	2,500,000
Total				**35,000,000**

In summary, this balance represents 1.73% of the issued capital.

Share Appreciation Rights of KMPs (excluding Non-Executive Directors) at 30 June 2020

Date granted	Exercisable date	Expiry date	Fair value	Exercise price	Number
11 February 2019	1 March 2020	1 March 2025	A$0.05	A$0.20	700,000(1)
11 February 2019	1 March 2021	1 March 2026	A$0.07	A$0.20	700,000(1)
11 February 2019	1 March 2022	1 March 2027	A$0.09	A$0.20	1,100,000(1)
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
Total					**5,000,000**

(1) Michael Drake – now lapsed due to resignation. Will be cancelled during FY2021.

In summary, this balance represents 0.25% of the issued capital.

REMUNERATION REPORT (Audited) (continued)

KEY ELEMENTS OF NON-EXECUTIVE DIRECTOR REMUNERATION STRATEGY

The focus of the remuneration strategy is to:

- Attract and retain talented and dedicated directors.
- Remunerate appropriately to reflect the:
  - size of Paladin;
  - the nature of its operations;
  - the time commitment required; and,
  - the responsibility the Directors carry.

The aggregate annual remuneration permitted to be paid to Non-Executive Directors is A$1,200,000 (US$804,861) as approved by shareholders at the 2008 AGM. Fees paid for the year to 30 June 2020 total A$304,758 (US$204,408).

Remuneration Component	Elements	Details (per annum)
Base Fee	Must be contained within aggregate limit	Chairman A$110,000 (US$73,779) Non-Executive Director A$70,000 (US$46,950)
Superannuation	Statutory contributions are included in the fees set out above	Statutory % of fees

Performance Rights

The Board acknowledges that the granting of PRs to Non-Executive Directors is contrary to Recommendation 8.2 of the ASX Corporate Governance Principles and Recommendations (3rd Edition). However, the Board considers the issue of the PRs to be reasonable in the circumstances in order to align Non-Executive Directors' interests with that of shareholders and to provide appropriate remuneration to the Non-Executive Directors for their ongoing commitment to Paladin whilst minimising expenditure of Paladin's cash resources.

The Board notes that in connection with the grant of the PRs to Non-Executive Directors, the fixed annual cash compensation payable to Paladin's Chairman has been reduced from A$125,000 to A$110,000 and that the fixed cash compensation payable to the remaining Non-Executive Directors has been reduced from A$80,000 to A$70,000. In addition, the number of Directors on Paladin's Board has been reduced from four to three, reducing the annual cash compensation by a further A$80,000. The result of these changes is that fixed compensation payable to the Board has been reduced by A$115,000 per annum.

PRs were issued to Non-Executive Directors in lieu of a portion of cash remuneration. The PRs were issued in order to provide an equity based component to their respective remuneration packages.

Performance Rights held by Non-Executive Directors at 30 June 2020

Date granted	Expiry date	Fair value	Vesting price	Number
5 February 2020	5 February 2025	A$0.038	A$0.20	3,500,000
5 February 2020	5 February 2025	A$0.038	A$0.30	3,500,000
5 February 2020	5 February 2025	A$0.038	A$0.40	3,500,000
5 February 2020	5 February 2025	A$0.038	A$0.50	3,500,000
Total				**14,000,000**

In summary, this balance represents 0.69% of the issued capital.

REMUNERATION REPORT (Audited) (continued)

Other Fees/Benefits

In addition, Paladin's Constitution provides for additional compensation to be paid if any of the Directors are called upon to perform extra services or make any special exertions on behalf of Paladin or the business of Paladin. Paladin may compensate such Director in accordance with such services or exertions, and such compensation may be either in addition to or in substitution for the Directors' fees referred to above. No additional fees were paid during the year, other than the Directors' fees disclosed.

Non-Executive Directors are also entitled to be reimbursed for reasonable expenses incurred whilst engaged on Paladin business. There is no entitlement to compensation on termination of Non-Executive directorships. Non-Executive Directors do not earn retirement benefits (other than the statutory superannuation) and are not entitled to any form of performance linked remuneration.

REMUNERATION REPORT (audited) (continued)

Compensation of Key Management Personnel of the Group for the years ended 30 June 2020 and 2019.

		Short-Term Benefits			Post Employment	Share Based Payment	Total	Total	Total Performance Related	Total Performance Related
	Year	Salary & Fees US$	Other US$	Termination Payment US$	Superannuation US$	Share Rights US$	US$	A$	US$	%
Non-Executive Directors										
Mr Cliff Lawrenson[(1)]	**2020**	**51,106**	**-**	**-**	**1,271**	**12,304**	**64,681**	**96,436**	**12,304**	**19.0**
Peter Main[(2)]	**2020**	**26,126**	**-**	**-**	**-**	**8,203**	**34,329**	**51,181**	**8,203**	**23.9**
Peter Watson[(2)]	**2020**	**23,859**	**-**	**-**	**2,267**	**8,203**	**34,329**	**51,181**	**8,203**	**23.9**
Mr Rick Crabb[(3)]	**2020**	**25,522**		**-**	**2,425**	**-**	**27,947**	**41,667**	**-**	-
	2019	81,588	-	-	7,751	-	89,339	125,000	-	-
Mr David Riekie[(4)]	**2020**	**21,867**	**-**	**-**	**2,077**	**-**	**23,944**	**35,699**	**-**	**-**
	2019	52,216	-	-	4,961	-	57,177	80,000	-	-
Mr Daniel Harris[(4)]	**2020**	**23,944**	**-**	**-**	**-**	**-**	**23,944**	**35,699**	**-**	**-**
	2019	57,177	-	-		-	57,177	80,000	-	-
Mr John Hodder[(4)]	**2020**	**23,944**	**-**	**-**	**-**	**-**	**23,944**	**35,699**	**-**	**-**
	2019	57,177	-	-		-	57,177	80,000	-	-
Other Key Management Personnel										
Ian Purdy[(5)]	**2020**	**136,926**	**-**	**-**	**7,043**	**51,268**	**195,237**	**291,086**	**51,268**	**26.3**
Anna Sudlow[(6)]	**2020**	**200,626**	**-**	**-**	**14,087**	**61,082**	**275,795**	**411,194**	**61,082**	**22.1**
Mr Scott Sullivan[(7)]	**2020**	**197,926**	**-**	**178,448**[(12)]	**10,565**	**(55,155)**	**331,784**	**494,670**	**(55,155)**	**-**
	2019	271,211	142,943[(10)]	-	14,674	80,643	509,471	712,833	223,586	43.9
Mr Craig Barnes[(8)]	**2020**	**97,995**	**-**	**-**	**3,522**	**-**	**101,517**	**151,356**	**-**	**-**
	2019	263,690	-	-	14,674	-	278,364	389,477	-	-
Mr Michael Drake[(9)]	**2020**	**229,522**	**-**	**107,260**[(12)]	**14,087**	**1,030**	**351,899**	**524,661**	**1,030**	**0.3**
	2019	85,576	58,785[(11)]	-	6,545	24,768	175,674	245,797	24,768	14.1
Total - 2020		**1,059,363**	**-**	**285,708**	**57,344**	**86,935**	**1,489,350**	**2,220,529**	**86,935**	
Total – 2019		868,635	201,728	-	48,605	105,411	1,224,379	1,713,107	248,354	

Notes to the Compensation Table

Presentation Currency - The compensation table has been presented in US$, Paladin's functional and presentation currency. The A$ value has also been shown as this is considered to be the most relevant comparator between years, given that 100% of KMP's contracts for services were denominated in A$ and this eliminates the effects of fluctuations in the US$ and A$ exchange rate. Exchange rate used is average for 2020 financial year US$1 = A$1.49094 (2019 financial year US$1 = A$1.39916.

(1) Appointed 29 October 2019
(2) Appointed 11 December 2019
(3) Retired 29 October 2019
(4) Resigned 11 December 2019
(5) Appointed 4 February 2020
(6) Appointed 1 July 2019
(7) Ceased employment 3 March 2020. FY2019 share based payments expense relating to unvested SARs has been reversed.
(8) Resigned 9 August 2019
(9) Resigned 3 July 2020
(10) Bonus awarded for FY2019
(11) Fees for services as a consultant prior to commencing as an employee on 11 February 2019
(12) Ex gratia termination payment plus payment in lieu of notice

REMUNERATION REPORT (audited) (continued)

Options Holdings of Key Management Personnel (Group)

30 June 2019	01 Jul 18 number	Granted as remuneration number	Fair value at grant date US$'000	Vested as shares number	Lapsed number	30 Jun 19 Number
Executives						
Mr Alexander Molyneux	3,000,000	-	-	-	(3,000,000)[1]	-
Total	3,000,000	-	-	-	(3,000,000)	-

[1] Resigned on 1 July 2018.

Share Appreciation Rights Holdings of Key Management Personnel (Group)

30 June 2020	01 Jul 19 number	Granted as remuneration number	Fair value at grant date US$	Vested as shares number	Lapsed number	30 Jun 20 Number
Executives						
Mr Scott Sullivan	5,000,000[1]	1,000,000[2]	26,509	-	(6,000,000)[3]	-
Mr Craig Barnes	2,329,000	-	-	-	(2,329,000)[4]	-
Mr Michael Drake[5]	2,500,000	-	-	-	-	2,500,000[6]
Ms Anna Sudlow	-	2,500,000[7]	112,202	-	-	2,500,000
Total	9,829,000	3,500,000	138,711	-	(8,329,000)	5,000,000

[1] 1,000,000 SARs exercisable at A$0.1775 vested on 1 July 2019 but were not exercised and have now been cancelled upon cessation on 4 February 2020.
[2] Granted 1 October 2019. Fair value per right at grant date was US$0.03. Not exercised and have now been cancelled upon cessation of employment.
[3] Ceased employment on 3 March 2020.
[4] Resigned on 9 August 2019. Not exercised and have now been cancelled.
[5] Resigned on 3 July 2020. Not exercised and lapsed on 3 July 2020 due to resignation.
[6] 700,000 SARs exercisable at A$0.20 vested on 1 March 2020 but have not been exercised with 1,800,000 SARs exercisable at A$0.20 lapsing on 3 July 2020.
[7] Granted 1 July 2019. Fair value per right at grant date was US$0.04.

30 June 2019	01 Jul 18 number	Granted as remuneration number	Fair value at grant date US$	Vested as shares number	Lapsed number	30 Jun 19 Number
Executives						
Mr Scott Sullivan	-	5,000,000[1]	216,386	-	-	5,000,000
Mr Craig Barnes	2,329,000	-	-	-	-	2,329,000
Mr Michael Drake	-	2,500,000[2]	129,335	-	-	2,500,000
Total	2,329,000	7,500,000	345,721	-	-	9,829,000

[1] Granted 1 July 2018. Fair value per right at grant date was US$0.04.
[2] Granted 11 February 2019. Fair value per right at grant date was US$0.05.

Performance Rights Holdings of Key Management Personnel (Group)

30 June 2020	01 Jul 19 number	Granted as remuneration number	Fair value at grant date US$	Vested as shares number	Lapsed number	30 Jun 20 Number
Executives						
Mr Cliff Lawrenson	-	6,000,000[1]	153,232	-	-	6,000,000
Mr Peter Watson	-	4,000,000[1]	102,155	-	-	4,000,000
Mr Peter Main	-	4,000,000[1]	102,155	-	-	4,000,000
Mr Ian Purdy	-	25,000,000[1]	638,467	-	-	25,000,000
Ms Anna Sudlow	-	10,000,000[2]	345,390	-	-	10,000,000
Total	-	49,000,000	1,341,399	-	-	49,000,000

[1] Granted 5 February 2020. Fair value per right at grant date was US$0.026.
[2] Granted 30 April 2020. Fair value per right at grant date was US$0.035.

REMUNERATION REPORT (audited) (continued)

Shares held in Paladin Energy Ltd (number)

30 June 2020	Balance 01 Jul 19	On Vesting of Rights	Net Change Other	Balance 30 June 20
Directors				
Mr Rick Crabb	219,630	-	(219,630)[1]	-
Executives				
Mr Scott Sullivan	100,000	-	(100,000)[2]	-
Total	319,630	-	(319,630)	-

[1] Retired on 29 October 2019.
[2] Ceased employment on 3 March 2020.

30 June 2019	Balance 01 Jul 18	On Vesting of Rights	Net Change Other	Balance 30 June 19
Directors				
Mr Rick Crabb	119,630	-	100,000[1]	219,630
Executives				
Mr Scott Sullivan	-	-	100,000[1]	100,000
Total	119,630	-	200,000	319,630

[1] On market purchase.

No other KMP held shares during the year ended 30 June 2020 and 30 June 2019.

All equity transactions with KMP have been entered into under terms and conditions no more favourable than those the Group would have adopted if dealing at arm's length.

CONTRACTS FOR SERVICES

Remuneration and other terms of employment for the KMP are normally formalised in contracts for services.

All contracts with KMP may be terminated early by either party providing between three and six months written notice or providing payments in lieu of the notice period (based on fixed component of remuneration). On termination notice by Paladin, any rights that have vested, or that will vest during the notice period, will be released. Rights that have not yet vested will be forfeited.

REMUNERATION REPORT (audited) (continued)

CONTRACTS FOR SERVICES (continued)

Mr Ian Purdy, Chief Executive Officer (appointed 4 February 2020)

Term of agreement – no fixed term.

Base salary, (plus statutory superannuation entitlements), of A$500,000.

Long term incentive: Mr. Purdy was granted 25,000,000 Performance Rights upon appointment, under Paladin's Employee Performance Share Rights Plan, on 5 February 2020, as follows:-

Date granted	Expiry date	Fair value	Vesting price	Number
5 February 2020	5 February 2025	A$0.038	A$0.20	6,250,000
5 February 2020	5 February 2025	A$0.038	A$0.30	6,250,000
5 February 2020	5 February 2025	A$0.038	A$0.40	6,250,000
5 February 2020	5 February 2025	A$0.038	A$0.50	6,250,000
Total				**25,000,000**

No termination benefit is specified in the agreement.

Notice period six months.

Mr Scott Sullivan, Chief Executive Officer (ceased employment 3 March 2020)

Term of agreement – no fixed term.

Base salary, inclusive of superannuation of A$406,400 (2019: A$400,000).

Short term incentive/bonus: up to a maximum of 50% of the total annual remuneration package, to be paid in cash and determined having regard to market relativities, the performance of the Company and Mr Sullivan's performance.

Long term incentive: Mr Sullivan was issued 5,000,000 Share Appreciation Rights (SARs) on 1 July 2018 under Paladin's Employee Performance Share Rights Plan. The SARs had an exercise price of A$0.1775 and were to vest in accordance with the following vesting conditions:

- 1,000,000 vested on 1 July 2019
- 1,000,000 to vest on 1 July 2020
- 1,000,000 to vest on 1 July 2021
- 2,000,000 to vest on 1 July 2022 provided the Langer Heinrich Mine has restarted production.

Long term incentive: Mr Sullivan was issued 1,000,000 Share Appreciation Rights (SARs) on 1 October 2019 under Paladin's Employee Performance Share Rights Plan. The SARs had an exercise price of A$0.12 were to in accordance with the following vesting conditions:

- 500,000 to vest on 1 October 2020
- 250,000 to vest on 1 October 2021
- 250,000 to vest on 1 October 2022

All the above SARs issued in 2018 and 2019 have lapsed, unexercised.

No termination benefit is specified in the agreement.

Notice period six months.

Mr Michael Drake, Chief Operating Officer (resigned 3 July 2020)

Term of agreement – no fixed term.

Base salary, inclusive of superannuation of A$330,000.

Short term incentive/bonus: up to a maximum of 40% of the total annual remuneration package, to be paid in cash or shares in Paladin (or a combination of both at Paladin's election) and determined having regard to market relativities, the performance of the Company and Mr Drake's performance.

REMUNERATION REPORT (audited) (continued)

CONTRACTS FOR SERVICES (continued)

Long term incentive: Mr Drake was issued 2,500,000 Share Appreciation Rights (SARs) on 11 February 2019 under Paladin's Employee Performance Share Rights Plan. The SARs had an exercise price of A$0.20 were to vest in accordance with the following vesting conditions:

- 700,000 vested on 1 March 2020
- 700,000 will vest on 1 March 2021 (now lapsed due to resignation)
- 1,100,000 will vest on 1 March 2022 (now lapsed due to resignation)

No termination benefit is specified in the agreement.

Notice period three months.

<u>Ms Anna Sudlow, Chief Financial Officer (appointed 1 July 2019)</u>

Term of agreement – no fixed term.

Base salary, inclusive of superannuation of A$320,000.

Long term incentive: Ms. Sudlow was issued 2,500,000 Share Appreciation Rights (SARs) on 1 July 2019 under Paladin's Employee Performance Share Rights Plan. The SARs have an exercise price of A$0.1226 and will vest in accordance with the following vesting conditions:

- 700,000 vested on 1 July 2020
- 700,000 will vest on 1 July 2021
- 1,100,000 will vest on 1 July 2022

Long term incentive: Ms. Sudlow was granted 10,000,000 Performance Rights, under Paladin's Employee Performance Share Rights Plan, on 30 April 2020, as follows:-

Date granted	Expiry date	Fair value	Vesting price	Number
30 April 2020	12 June 2025	A$0.05	A$0.20	2,500,000
30 April 2020	12 June 2025	A$0.05	A$0.30	2,500,000
30 April 2020	12 June 2025	A$0.05	A$0.40	2,500,000
30 April 2020	12 June 2025	A$0.05	A$0.50	2,500,000
Total				**10,000,000**

No termination benefit is specified in the agreement.

Notice period six months.

Remuneration for all parties referred to above includes provision of an initial and ongoing discretionary participation in Paladin's long-term incentive plans.

1,700,000 (2019: 605,500) Share Appreciation Rights vested to Key Management Personnel during the year ended 30 June 2020. No (2019: Nil) Share Appreciation Rights were exercised during the year ended 30 June 2020.

TOTAL PERFORMANCE RIGHTS

The outstanding balance of Performance Rights at 30 June 2020 are as follows:

Date granted	Expiry date	Fair value	Vesting price	Number
5 February 2020	5 February 2025	A$0.038	A$0.20	9,750,000
5 February 2020	5 February 2025	A$0.038	A$0.30	9,750,000
5 February 2020	5 February 2025	A$0.038	A$0.40	9,750,000
5 February 2020	5 February 2025	A$0.038	A$0.50	9,750,000
30 April 2020	12 June 2025	A$0.05	A$0.20	2,500,000
30 April 2020	12 June 2025	A$0.05	A$0.30	2,500,000
30 April 2020	12 June 2025	A$0.05	A$0.40	2,500,000
30 April 2020	12 June 2025	A$0.05	A$0.50	2,500,000
Total				**49,000,000**

In summary, this balance represents 2.42% of the issued capital.

TOTAL SHARE APPRECIATION RIGHTS

The outstanding balance of Share Appreciation Rights at 30 June 2020 are as follows:

Date granted	Exercisable date	Expiry date	Fair value	Exercise price	Number
20 October 2015	1 November 2016	1 November 2021	A$0.13	A$0.20	918,750
20 October 2015	1 November 2017	1 November 2022	A$0.13	A$0.20	459,375
20 October 2015	1 November 2018	1 November 2023	A$0.13	A$0.20	459,375
3 March 2016	1 November 2016	1 November 2021	A$0.10	A$0.20	50,000
3 March 2016	1 November 2017	1 November 2022	A$0.10	A$0.20	25,000
3 March 2016	1 November 2018	1 November 2023	A$0.10	A$0.20	25,000
27 September 2016	11 November 2017	11 November 2022	A$0.08	A$0.20	269,000
27 September 2016	11 November 2018	11 November 2023	A$0.08	A$0.20	269,000
27 September 2016	11 November 2019	11 November 2024	A$0.08	A$0.20	269,000
16 April 2018	16 April 2018	16 April 2023	A$0.17	A$0.15	1,326,250
16 April 2018	16 April 2019	16 April 2024	A$0.05	A$0.15	663,125
16 April 2018	16 April 2020	16 April 2025	A$0.07	A$0.15	663,125
11 February 2019	1 March 2020	1 March 2025	A$0.05	A$0.20	700,000
11 February 2019	1 March 2021	1 March 2026	A$0.07	A$0.20	700,000
11 February 2019	1 March 2022	1 March 2027	A$0.09	A$0.20	1,100,000
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	1,312,500
1 October 2019	1 October 2021	1 October 2026	A$0.04	A$0.12	656,250
1 October 2019	1 October 2022	1 October 2027	A$0.05	A$0.12	656,250
Total					**13,022,000**

In summary, this balance represents 0.64% of the issued capital.

No shares were issued on the exercise of Share Appreciation Rights during the year ended 30 June 2020.

End of audited Remuneration Report

DIRECTORS' INDEMNITIES

During the year Paladin has incurred premiums to insure the Directors and/or Officers for liabilities incurred as costs and expenses that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of Paladin and or its controlled entities. Under the terms and conditions of the insurance contract, the nature of liabilities insured against and the premium paid cannot be disclosed.

INDEMINIFICATION OF AUDITORS

To the extent permitted by law, Paladin has agreed to indemnify its auditors, PricewaterhouseCoopers, as part of the terms of its audit engagement agreement against claims by third parties arising from the audit (for an unspecified amount). The Directors of Paladin Energy Limited have not provided PricewaterhouseCoopers with any indemnities. No payment has been made to indemnify PricewaterhouseCoopers during or since the financial year.

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 Paladin under ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191. Paladin is an entity to which the Instrument applies.

TOTAL PERFORMANCE RIGHTS

The outstanding balance of Performance Rights at the date of this report are as follows:

Date granted	Expiry date	Fair value	Vesting price	Number
5 February 2020	5 February 2025	A$0.038	A$0.20	9,750,000
5 February 2020	5 February 2025	A$0.038	A$0.30	9,750,000
5 February 2020	5 February 2025	A$0.038	A$0.40	9,750,000
5 February 2020	5 February 2025	A$0.038	A$0.50	9,750,000
30 April 2020	12 June 2025	A$0.05	A$0.20	2,500,000
30 April 2020	12 June 2025	A$0.05	A$0.30	2,500,000
30 April 2020	12 June 2025	A$0.05	A$0.40	2,500,000
30 April 2020	12 June 2025	A$0.05	A$0.50	2,500,000
Total				**49,000,000**

TOTAL SHARE APPRECIATION RIGHTS

The outstanding balance of Share Appreciation Rights at the date of this report are as follows:

Date granted	Exercisable date	Expiry date	Fair value	Exercise price	Number
20 October 2015	1 November 2016	1 November 2021	A$0.13	A$0.20	918,750
20 October 2015	1 November 2017	1 November 2022	A$0.13	A$0.20	459,375
20 October 2015	1 November 2018	1 November 2023	A$0.13	A$0.20	459,375
3 March 2016	1 November 2016	1 November 2021	A$0.10	A$0.20	50,000
3 March 2016	1 November 2017	1 November 2022	A$0.10	A$0.20	25,000
3 March 2016	1 November 2018	1 November 2023	A$0.10	A$0.20	25,000
27 September 2016	11 November 2017	11 November 2022	A$0.08	A$0.20	269,000
27 September 2016	11 November 2018	11 November 2023	A$0.08	A$0.20	269,000
27 September 2016	11 November 2019	11 November 2024	A$0.08	A$0.20	269,000
16 April 2018	16 April 2018	16 April 2023	A$0.17	A$0.15	1,326,250
16 April 2018	16 April 2019	16 April 2024	A$0.05	A$0.15	663,125
16 April 2018	16 April 2020	16 April 2025	A$0.07	A$0.15	663,125
11 February 2019	1 March 2020	1 March 2025	A$0.05	A$0.20	700,000(1)
11 February 2019	1 March 2021	1 March 2026	A$0.07	A$0.20	700,000(1)
11 February 2019	1 March 2022	1 March 2027	A$0.09	A$0.20	1,100,000(1)
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	1,312,500
1 October 2019	1 October 2021	1 October 2026	A$0.04	A$0.12	656,250
1 October 2019	1 October 2022	1 October 2027	A$0.05	A$0.12	656,250
Total					**13,022,000**

(1) Michael Drake – now lapsed due to resignation. Will be cancelled during FY2021.

AUDITOR

PricewaterhouseCoopers were appointed auditors for Paladin by shareholders at the 2016 Annual General Meeting on 18 November 2016.

NON-AUDIT SERVICES

During the year, non-audit and assurance services were provided by Paladin's auditor, PricewaterhouseCoopers. The Directors are satisfied that the provision of non-audit and assurance services is compatible with the general standard of independence for auditors imposed by the Corporations Act. The nature and scope of each type of non-audit and assurance service provided means that auditor independence was not compromised.

Details of amounts paid or payable to PricewaterhouseCoopers can be found in Note 28.

LEAD AUDITOR'S INDEPENDENCE DECLARATION

The Lead Auditor's Independence Declaration is set out on page 40 of the Financial Report.

Dated this 28 day of August 2020

Signed in accordance with a resolution of the Directors

Cliff Lawrenson
Chairman
Perth, Western Australia

Auditor's Independence Declaration

As lead auditor for the audit of Paladin Energy Limited for the year ended 30 June 2020, 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 audit, and

(b) no contraventions of any applicable code of professional conduct in relation to the audit.

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

Justin Carroll
Partner
PricewaterhouseCoopers

Perth
28 August 2020

PricewaterhouseCoopers, ABN 52 780 433 757
Brookfield Place, 125 St Georges Terrace, PERTH WA 6000, GPO Box D198, PERTH WA 6840
T: +61 8 9238 3000, F: +61 8 9238 3999, www.pwc.com.au

Contents of the Financial Report

Consolidated Income Statement
For the year ended 30 June 2020

	Notes	2020 US$'000	2019 US$'000
Revenue			
Revenue	11	-	21,491
Cost of sales	12	-	(16,951)
Gross profit		-	4,540
Other income	12	10,306	1,028
Administration, marketing and non-production costs	12	(31,477)	(32,190)
Loss before interest and tax		(21,171)	(26,622)
Finance costs	12	(24,880)	(22,500)
Net loss before income tax from continuing operations		**(46,051)**	**(49,122)**
Income tax expense	13	-	-
Net loss after tax from continuing operations		**(46,051)**	**(49,122)**
(Loss)/profit after tax from discontinued operations	19	(46,401)	6,130
Net loss after tax		**(92,452)**	**(42,992)**
Attributable to:			
Non-controlling interests		(12,586)	(12,647)
Members of the parent		(79,866)	(30,345)
Net loss after tax		**(92,452)**	**(42,992)**
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)	14	(1.7)	(1.7)
– discontinued operations, basic and diluted (US cents)	14	(2.4)	0.4

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

Consolidated Statement of Comprehensive Income

For the year ended 30 June 2020

	2020 US$'000	2019 US$'000
Net loss after tax	**(92,452)**	**(42,992)**
Other comprehensive income		
Items that may be subsequently reclassified to profit or loss:		
Foreign currency translation	(1,254)	(1,247)
Revaluation of financial assets	2,233	-
Income tax on items of other comprehensive income	-	-
Items that will not be subsequently reclassified to profit or loss:		
Foreign currency translation attributable to non-controlling interests	-	(242)
Other comprehensive profit/(loss) for the year, net of tax	979	(1,489)
Total comprehensive loss for the year	**(91,473)**	**(44,481)**
Total comprehensive loss attributable to:		
Non-controlling interests	(12,586)	(12,889)
Members of the parent	(78,887)	(31,592)
	(91,473)	(44,481)

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

Consolidated Statement of Financial Position

As at 30 June 2020

	Notes	2020 US$'000	2019 US$'000
ASSETS			
Current assets			
Cash and cash equivalents	6a	34,237	25,360
Restricted cash	6b	1,000	1,023
Trade and other receivables	17	1,116	1,017
Prepayments		1,222	1,224
Inventories	18	5,132	5,363
Assets classified as held for sale	19	-	10,829
TOTAL CURRENT ASSETS		42,707	44,816
Non-current assets			
Trade and other receivables	17	5,512	338
Non-current financial assets	20	4,328	-
Right-of-use assets		215	-
Property, plant and equipment	21	190,889	206,599
Mine development	22	18,548	22,958
Exploration and evaluation expenditure	23	93,369	90,523
Intangible assets	24	8,831	9,462
TOTAL NON-CURRENT ASSETS		321,692	329,880
TOTAL ASSETS		364,399	374,696
LIABILITIES			
Current liabilities			
Trade and other payables	25	1,541	2,350
Lease liabilities		215	-
Provisions	26	522	697
Unearned revenue		3	146
Liabilities classified as held for sale	19	-	42,394
TOTAL CURRENT LIABILITIES		2,281	45,587
Non-current liabilities			
Interest bearing loans and borrowings	7	134,394	118,149
Other Interest bearing loans - CNNC	8	102,638	98,264
Provisions	26	32,087	36,058
TOTAL NON-CURRENT LIABILITIES		269,119	252,471
TOTAL LIABILITIES		271,400	298,058
NET ASSETS		**92,999**	**76,638**
EQUITY			
Contributed equity	9	2,327,789	2,306,925
Reserves	9	(70,269)	(71,598)
Accumulated losses		(2,104,132)	(2,025,649)
Parent interests		153,388	209,678
Non-controlling interests		(60,389)	(133,040)
TOTAL EQUITY		**92,999**	**76,638**

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

Consolidated Statement of Changes in Equity

For the year ended 30 June 2020

	Contributed Equity (Note 9) US$'000	Reserves (Note 9) US$'000	Accumulated Losses US$'000	Attributable to Owners of the Parent US$'000	Non-Controlling Interests US$'000	Total US$'000
Balance at 1 July 2018	**2,301,286**	**(62,769)**	**(2,002,644)**	**235,873**	**(129,113)**	**106,760**
Loss for the period	-	-	(30,345)	(30,345)	(12,647)	(42,992)
Other comprehensive loss	-	(1,247)	-	(1,247)	(242)	(1,489)
Total comprehensive loss for the year net of tax	-	**(1,247)**	**(30,345)**	**(31,592)**	**(12,889)**	**(44,481)**
SARS exercised	90	-	-	90	-	90
Share-based payment	-	26	-	26	-	26
Acquisition of 17.92% interest in Summit Resources Ltd	5,549	(1,652)	-	3,897	(3,897)	-
Summit Resources Ltd change in functional currency	-	(5,956)	5,952	(4)	-	(4)
Earn in of 5% share of Michelin Project	-	-	1,388	1,388	(1,388)	-
Acquisition of control of Michelin Project	-	-	-	-	14,247	14,247
Balance at 30 June 2019	**2,306,925**	**(71,598)**	**(2,025,649)**	**209,678**	**(133,040)**	**76,638**
Loss for the period	-	-	(79,866)	(79,866)	(12,586)	(92,452)
Other comprehensive income	-	979	-	979	-	979
Total comprehensive income/(loss) for the year net of tax	-	**979**	**(79,866)**	**(78,887)**	**(12,586)**	**(91,473)**
Share-based payment	-	350	-	350	-	350
Capital raising	20,864	-	-	20,864	-	20,864
Sale of Paladin Africa Ltd	-	-	-	-	86,620	86,620
Earn in of 5% share of Michelin Project	-	-	1,383	1,383	(1,383)	-
Balance at 30 June 2020	**2,327,789**	**(70,269)**	**(2,104,132)**	**153,388**	**(60,389)**	**92,999**

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

Consolidated Statement of Cash Flows

For the year ended 30 June 2020

	Notes	2020 US$'000	2019 US$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		-	22,467
Payments to suppliers and employees		(13,628)	(35,950)
Exploration and evaluation expenditure		(4)	(16)
Other income		409	314
Proceeds from assignment of royalty interest		1,357	-
Interest received		435	380
Interest and other costs of finance paid		(47)	-
NET CASH OUTFLOW FROM OPERATING ACTIVITIES	15	**(11,478)**	**(12,805)**
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for property, plant and equipment		(273)	(50)
Proceeds from sale of property, plant & equipment		39	402
Capitalised exploration expenditure		(1,014)	(1,303)
LHM restart study costs		(3,059)	-
Proceeds from sale of subsidiary		4,000	-
NET CASH OUTFLOW FROM INVESTING ACTIVITIES		**(307)**	**(951)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares		21,664	-
Equity fundraising costs		(800)	-
Subsidiary sale consent fee to Noteholders and other selling costs		(1,142)	-
NET CASH INFLOW FROM FINANCING ACTIVITIES		**19,722**	**-**
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**7,937**	**(13,756)**
Unrestricted cash and cash equivalents at the beginning of the financial year		25,360	39,166
Effects of exchange rate changes on cash and cash equivalents		940	32
Cash and cash equivalents transferred to 'Assets Classified as Held for Sale'		-	(82)
UNRESTRICTED CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR	6a	**34,237**	**25,360**

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes. Non cash investing and financing activities are disclosed in Note 16.

BASIS OF PREPARATION

NOTE 1. CORPORATE INFORMATION

The Financial Report of Paladin Energy Ltd (Paladin) for the year ended 30 June 2020 was authorised for issue by the Directors on 28 August 2020.

Paladin is a company limited by shares, incorporated and domiciled in Australia whose shares are publicly traded on the ASX, with additional listings on the Munich, Berlin, Stuttgart and Frankfurt Stock Exchanges in Europe; and the Namibian Stock Exchange in Africa.

The Group's principal place of business is Level 4, 502 Hay Street, Subiaco, Western Australia. The nature of the operations and principal activities of the Group are described in the Operating and Financial Review (unaudited) on pages 6 to 8.

NOTE 2. STRUCTURE OF THE FINANCIAL REPORT

The Notes to the Consolidated Financial Statements have been grouped into six key categories, which are summarised as follows:

Basis of Presentation

This section sets out the group's significant accounting policies that relate to the financial statements as a whole. Where an accounting policy is specific to one note, the policy is described in the note to which it relates. Accounting policies determined non-significant are not included in the financial statements.

Segment Information

This section compares performance across operating segments.

Capital Structure

This section outlines how the group manages its capital and related financing costs.

Performance for the Year

This section focuses on the results and performance of the group. This covers both profitability and the resultant return to shareholders via earnings per share combined with cash generation.

Operating Assets and Liabilities

This section shows the assets used to generate the group's trading performance and the liabilities incurred as a result. Liabilities relating to the group's financing activities are addressed in the Capital Structure section.

Other Notes

This section deals with the remaining notes that do not fall into any of the other categories.

NOTE 3. BASIS OF PREPARATION

Introduction and Statement of Compliance

The Financial Report is a general purpose Financial Report, which has been prepared in accordance with the requirements of the *Corporations Act 2001,* Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board.

NOTE 3. BASIS OF PREPARATION (continued)

Introduction and Statement of Compliance (continued)

The Financial Report complies with International Financial Reporting Standards as issued by the International Accounting Standards Board. The Financial Report has also been prepared on a historical cost basis. Where necessary, comparatives have been reclassified and repositioned for consistency with current year disclosures. For the purposes of preparing the consolidated financial statements, the Company is a for-profit entity.

The 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.

Changes in Accounting Policies

Apart from the changes in accounting policies noted below, the accounting policies adopted are consistent with those disclosed in the Financial Report for the year ended 30 June 2019.

Certain prior year amounts have been reclassified for consistency with the current year presentation. These reclassifications had no effect on the report results of the Group.

The Group has adopted all new and amended Australian Accounting Standards and AASB Interpretations effective from 1 July 2019. The nature and impact of each new standard and amendment is described below:

Reference	Summary	Impact
AASB 16	**Leases** AASB 16 will primarily affect the accounting by lessees and will result in the recognition of almost all leases on the balance sheet. The standard removes the current distinction between operating and financing leases and requires recognition of an asset (the right to use the leased item) and a financial liability to pay rentals for almost all lease contracts. The accounting by lessors, however, will not significantly change.	The group has adopted AASB 16 retrospectively from 1 July 2019, but has not restated comparatives for the 2018 reporting period, as permitted under the specific transitional provisions in the standard. The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening balance sheet on 1 July 2019. On adoption of AASB 16, the group recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of AASB 117 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 July 2019. The right-of-use assets for property leases were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the balance sheet as at 30 June 2019. The change in accounting policy affected the following items in the balance sheet on 1 July 2019: · right-of-use assets – increased by US$575,000 · lease liabilities (current) – increased by US$(269,000) · lease liabilities (non-current) – increased by US$(306,000)

NOTE 3. BASIS OF PREPARATION (continued)

Basis of Consolidation

The consolidated financial statements comprise the financial statements of Paladin Energy Ltd and its subsidiaries as at 30 June 2020 (the Group).

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to affect its returns.

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee;
- Rights arising from other contractual arrangements; and
- The Group's voting rights and potential voting rights.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the statement of comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

Foreign Currency Translation

<u>Functional and Presentation Currency</u>

Items included in the Financial Statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The Consolidated Financial Statements are presented in United States dollars (US dollars).

<u>Transactions and Balances</u>

Foreign currency transactions are converted into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Income Statement. Translation differences on available-for-sale financial assets are included in the available-for-sale reserve.

NOTE 3. BASIS OF PREPARATION (continued)

Foreign Currency Translation (continued)

Group Companies

Some Group entities have a functional currency of US dollars which is consistent with the Group's presentational currency. For all other Group entities the functional currency has been translated into US dollars for presentation purposes. Assets and liabilities are translated using exchange rates prevailing at the balance date; revenues and expenses are translated using average exchange rates prevailing for the income statement year; and equity transactions are translated at exchange rates prevailing at the dates of transactions. The resulting difference from translation is recognised in a foreign currency translation reserve. Upon the sale of a subsidiary the Functional Currency Translation Reserve (FCTR) attributable to the parent is recycled to the Income Statement.

The functional currency of individual subsidiaries reflects their operating environment.

Following Paladin's acquisition of the outstanding shares in Summit Resources Ltd and its subsequent delisting from the ASX, the functional currency of the Summit group of companies was changed to United States dollars from Australian dollars in line with the Paladin Energy Group. The decision was made by management to change the entity's functional currency to one which most faithfully represents the economic effects of the underlying transactions, events and conditions that are relevant to the Company.

Significant Accounting Judgements, Estimates and Assumptions

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

NOTE 4. GOING CONCERN

The financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

The Group incurred a net loss after tax from continuing operations of US$46,051,000 (30 June 2019: loss US$49,122,000) for the year ended 30 June 2020 and a net cash outflow from operating activities of US$11,478,000 (30 June 2019: outflow US$12,805,000). As at 30 June 2020, the Group had a net current asset surplus of US$40,426,000 (30 June 2019: surplus US$41,414,000, excluding non-current Kayelekera Mine (KM) environmental rehabilitation provision of US$42,185,000 disclosed as part of liabilities directly associated with assets classified as held for sale). The Group has unrestricted cash of US$34,237,000 (30 June 2019: US$25,360,000).

During the next twelve months, there are currently no repayment obligations in respect of interest bearing loans and borrowings of US$134,394,000 and the Group has a number of options available to it to obtain sufficient funding to repay the notes by their maturity in 2023. These options include: the sale of Group assets; raising new financing and/or renegotiating the tenure or terms of the senior secured notes or raising additional equity.

NOTE 4. GOING CONCERN (continued)

As a result of these matters, there is a material uncertainty that may cast significant doubt on the entity's ability to continue as a going concern and, therefore, that the entity may be unable to realise its assets and discharge its liabilities in the normal course of business. The financial report does not include adjustments relating to the recoverability or classification of the recorded assets nor to the amounts or classification of liabilities that might be necessary should the Company not be able to continue as a going concern.

The Directors are satisfied that it is appropriate to prepare the financial statements on a going concern basis on the basis that the above can be reasonably expected to be accomplished.

SEGMENT INFORMATION

NOTE 5. SEGMENT INFORMATION

Identification of Reportable Segments

The Company has identified its operating segments to be Exploration, Namibia, Malawi 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)] and Malawi[(2)] is the production and sale of uranium from the mines located in this country's geographic regions. The Australian segment includes the Company's sales and marketing, treasury, corporate and administration and also includes revenue from stock purchased to fulfil a sales order. The Exploration[(3)] 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.

Corporate charges comprise non-segmental expenses such as corporate office expenses. A proportion of the corporate charges are allocated to Namibia and Malawi on the basis of timesheet allocations with the balance remaining in Australia.

(1) In May 2018, the Company received the consent of relevant stakeholders to place LHM into care and maintenance and LHM stopped presenting ore to the plant.
(2) On 13 March 2020, the Company completed the sale of its 85% interest in Paladin (Africa) Ltd to Lotus Resources Limited (Lotus) (65%) and Lily Resources Pty Ltd (Lily) (20%).
(3) In FY2020, the Company has only undertaken the work required to meet minimum tenement commitments.

NOTE 5. SEGMENT INFORMATION (continued)

The following table's present revenue, expenditure and asset information regarding operating segments for the years ended 30 June 2020 and 30 June 2019.

Year ended 30 June 2020	**Exploration US$'000**	**Namibia US$'000**	**Malawi US$'000**	**Australia US$'000**	**Consolidated US$'000**
Sales to external customers	-	-	-	-	-
Total consolidated revenue	**-**	**-**	-	**-**	**-**
Cost of sales	-	-	-	-	-
Gross profit	-	-	-	-	-
Other income	-	7,578	-	2,728	10,306
Other expenses	(4)	(24,274)	-	(7,199)	(31,477)
Segment (loss)/profit before income tax and finance costs	(4)	(16,696)	-	(4,471)	(21,171)
Finance costs	-	(7,447)	-	(17,433)	(24,880)
(Loss)/profit before income tax	(4)	(24,143)	-	(21,904)	(46,051)
Income tax expense	-	-	-	-	-
Net loss after tax from continuing operations	**(4)**	**(24,143)**	-	**(21,904)**	**(46,051)**
Loss after tax from discontinued operations	**-**	**-**	(46,401)	**-**	(46,401)
Net loss after tax	**(4)**	**(24,143)**	**(46,401)**	**(21,904)**	**(92,452)**
At 30 June 2020					
Segment assets/total assets	90,952	229,042	-	44,405[(1)]	364,399

	Australia US$'000	**Canada US$'000**	**Namibia US$'000**	**Other US$'000**	**Consolidated US$'000**
Non-current assets (excluding financial instruments) by country	68,817	28,105	220,442	-	317,364
Additions to non-current assets by country					
Property, Plant and Equipment	245	56	-	-	301
Exploration and Evaluation Expenditure	578	436	3,059	-	4,073

(1) Includes US$32,620,000 in cash and cash equivalents.

NOTE 5. SEGMENT INFORMATION (continued)

Year ended 30 June 2019	**Exploration US$'000**	**Namibia US$'000**	**Malawi US$'000**	**Australia US$'000**	**Consolidated US$'000**
Sales to external customers	-	6,573	-	14,918[3]	21,491
Total consolidated revenue	**-**	**6,573**	-	**14,918**	**21,491**
Cost of sales	-	(5,157)	-	(11,794)	(16,951)
Gross profit	-	1,416	-	3,124	4,540
Other income	-	669	571	359	1,599
Other expenses	(16)	(26,009)	(4,906)	(6,165)	(37,096)
Change in estimate of mine closure provision	-	-	10,465	-	10,465
Segment (loss)/profit before income tax and finance costs	(16)	(23,924)	6,130	(2,682)	(20,492)
Finance costs	-	(8,235)	-	(14,265)	(22,500)
(Loss)/profit before income tax	(16)	(32,159)	6,130	(16,947)	(42,992)
Income tax expense	-	-	-	-	-
Net (loss)/profit after tax	**(16)**	**(32,159)**	**6,130**	**(16,947)**	**(42,992)**
At 30 June 2019					
Segment assets/total assets	91,334	249,727	10,829[1]	22,806[2]	374,696

	Australia US$'000	**Canada US$'000**	**Namibia US$'000**	**Other US$'000**	**Consolidated US$'000**
Non-current assets (excluding financial instruments) by country	62,773	28,956	238,151	-	329,880
Additions to non-current assets by country					
Property, Plant and Equipment	50	2	-	-	52
Exploration and Evaluation Expenditure	639	664	-	-	1,303

In 2019, the two most significant customers equated on a proportionate basis to 69% (US$14,948,250 Taiwan) and 31% (US$6,578,598 China) of the Group's total sales revenue.

(1) Includes US$10,220,000 Kayelekera Performance Bond (restricted cash).

(2) Includes US$21,587,000 in cash and cash equivalents.

(3) During the year, the Groups parent company, Paladin Energy Ltd purchased stock to fulfil a sales order.

CAPITAL STRUCTURE

The group's objectives when managing capital are to safeguard its ability to continue as a going concern, so that it can continue to provide returns to shareholders and benefits for other stakeholders and to maintain an efficient capital structure to reduce the cost of capital. Capital includes issued capital and all other equity reserves attributable to the equity holders of the parent.

In order to maintain or adjust the capital structure, the group may issue new shares or sell assets to reduce debt.

The group monitors capital on the basis of the level of return on capital and also the level of net cash/debt. The group manages funds on a group basis with all funds being drawn by the parent entity.

NOTE 6a. CASH AND CASH EQUIVALENTS

	2020 US$'000	2019 US$'000
Cash at bank and on hand	5,264	7,297
Short-term bank deposits	28,973	18,063
Total cash and cash equivalents	**34,237**	**25,360**

NOTE 6b. RESTRICTED CASH

	2020 US$'000	2019 US$'000
Restricted cash at bank	1,000	1,023
Total restricted cash and cash equivalents	**1,000**	**1,023**

The cash is restricted for use in respect of environmental and supplier guarantees provided by LHM.

Recognition and measurement

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Cash at bank earns interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods depending on the immediate cash requirements of the Group and earn interest at the respective short-term deposit rates.

NOTE 7. INTEREST BEARING LOANS AND BORROWINGS

	Maturity	2020 US$'000	2019 US$'000
Non-Current			
Senior secured notes[1]	2023	134,394	118,149
Total non-current interest bearing loans and borrowings		**134,394**	**118,149**

	2020 US$'000	2019 US$'000
<u>Senior secured notes</u>		
Face value of senior secured notes issued	115,000	115,000
Equity component	(7,475)	(7,475)
Liability component on initial recognition	107,525	107,525
Transaction costs	(9,099)	(9,099)
Accretion expense	5,222	2,545
Capitalised interest	30,746	17,178
Liability component at 30 June	**134,394**	**118,149**

Fair value disclosures

Details of the fair value of the Group's interest bearing liabilities are set out in Note 10.

Secured loans and borrowings

(1) On 25 January 2018, as part of the effectuation of the DOCA, the Company issued US$115,000,000 9%/10% payment in kind (PIK) toggle senior secured notes repayable on 25 January 2023. The notes are secured by the majority of the Group's assets, with the main exceptions being the Group's shares in Summit Resources Limited and the Canadian subsidiaries. Subscribers for the notes received a pro-rata allocation of 25% of the Company's issued shares. The notes are not convertible and are listed on the Singapore Stock Exchange. The underwriters of the notes received 3% of the Company's issued shares.

PIK Interest on the notes accrues at a rate of 10% per annum and will be deferred on each interest payment date commencing on 31 March 2018. No additional notes will be issued in respect of such deferred PIK interest. Each amount of deferred PIK interest also bears interest at the rate of 10% per annum from and including the date on which the payment was deferred. However Paladin shall be required to pay cash interest (rather than PIK interest) at a rate of 9% per annum if (a) the operating cash flows (determined in accordance with IFRS) minus maintenance capital expenditure of Paladin and its subsidiaries (on an attributable basis) for the half-year immediately preceding such interest payment date is no less than US$5,000,000 and (b) Paladin and its subsidiaries (on a consolidated basis) have, after giving pro forma effect to such cash interest payment, no less than US$50,000,000 of cash and cash equivalents (net of restricted cash) as of the last day falling 15 calendar days before the relevant interest payment date (31 March and 30 September).

Paladin may also elect to pay cash interest at a rate of 9% per annum on each payment date commencing from 31 March 2018 for interest due in respect of any interest period except for the final interest period, with respect to 25%, 50%, 75% or 100% of the applicable interest payment (with the relevant balance being deferred PIK interest), even if Paladin is not required to pay cash interest. All amounts of deferred PIK interest (and any interest accrued thereon) is due and payable (in cash) when the notes are redeemed.

NOTE 7. INTEREST BEARING LOANS AND BORROWINGS (continued)

Recognition and measurement

Loans and borrowings are initially recognised at fair value, net of transaction costs incurred. Loans and borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the Income Statement over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance date.

The component of secured notes that exhibits characteristics of debt is recognised as a liability in the Statement of Financial Position, net of transaction costs. On issue of secured notes, the fair value of the liability component is determined using a market rate for an equivalent non-convertible bond and this amount is carried as a liability on the amortised cost basis until extinguished on conversion or redemption. The increase in the liability due to the passage of time is recognised as a finance cost. The remainder of the proceeds is allocated to the equity component and is recognised in shareholders' equity. The carrying amount of the equity component is not remeasured in subsequent years.

NOTE 8. OTHER INTEREST BEARING LOANS - CNNC

Non-Current	**30 June 2020 US$'000**	**30 June 2019 US$'000**
LHM's loans from CNNC	**102,638**	**98,264**

The increase in the loan balance during FY2020 is as a result of accrued interest.

As part of the sale of the 25% interest in LHM in 2014, US$96,000,000 (representing 25%) of the intercompany shareholder loans owing by LHM to Paladin Finance Pty Ltd (PFPL) were assigned to CNNC under the same interest rate (LIBOR plus a margin between 2% and 4.25%) and conditions as those existing at the time.

Under the Shareholders' Agreement between CNNC and PFPL, each shareholder has agreed not to demand repayment without the prior written consent of the other shareholder. As neither CNNC nor PFPL can demand repayment, the repayment of the loans can be deferred. Repayment is dependent on LHM generating sufficient free cash flows to repay the loans and the loans have not been guaranteed by Paladin.

On consolidation, PFPL's 75% share of the LHM intercompany shareholder loans are eliminated against the intercompany shareholder loans receivable recorded in PFPL and therefore, they do not appear on Paladin's consolidated statement of financial position. As a result of the consolidation of 100% of LHM's assets and liabilities, LHM's total liability of US$102,638,000 to CNNC is recognised on the consolidated statement of financial position.

NOTE 9. CONTRIBUTED EQUITY AND RESERVES

Issued and Paid Up Capital

	Number of Shares 2020	Number of Shares 2019	2020 US$'000	2019 US$'000
Ordinary shares				
Issued and fully paid	2,027,891,013	1,752,084,272	2,327,789	2,306,925

Fully paid ordinary shares carry one vote per share and carry the right to dividends.

Recognition and measurement

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

Movements in ordinary shares on issue

Date		Number of Shares	Issue Price A$	Exchange Rate US$: A$	Total US$'000
Balance at 1 July 2018		**1,712,843,812**			**2,301,286**
September 2018	SARs exercised	170,373	-	-	-
October 2018	Acquisition of Summit	34,291,724	0.20	1.39668	4,854
November 2018	Acquisition of Summit	4,778,363	0.20	1.37493	695
	Transfer from share-based payment reserve				90
Balance 30 June 2019		**1,752,084,272**			**2,306,925**
September 2019	Share placement	262,812,641	0.115	1.46333	20,654
October 2019	Share Purchase Plan	12,994,100	0.115	1.48029	1,010
	Transaction costs				(800)
Balance 30 June 2020		**2,027,891,013**			**2,327,789**

NOTE 9. CONTRIBUTED EQUITY AND RESERVES (continued)

Reserves	Consolidation reserve US$'000	Listed option application reserve US$'000	Share-based payments reserve US$'000	Foreign currency translation reserve US$'000	Financial assets at FVOCI reserve US$'000	Premium on acquisition reserve US$'000	Total US$'000
Balance at 1 July 2018	**48,319**	**137**	**47,926**	**(174,067)**	**-**	**14,916**	**(62,769)**
Acquisition of 17.92% interest in Summit Resources Ltd	-	-	-	-	-	(830)	(830)
Share-based payments	-	-	26	-	-	-	26
Foreign currency translation	-	-	-	(8,025)	-	-	(8,025)
Balance at 30 June 2019	**48,319**	**137**	**47,952**	**(182,092)**	**-**	**14,086**	**(71,598)**
Balance at 1 July 2019	**48,319**	**137**	**47,952**	**(182,092)**	**-**	**14,086**	**(71,598)**
Share-based payments	-	-	351	-	-	-	351
Foreign currency translation	-	-	-	(1,255)	-	-	(1,255)
Revaluation of financial assets	-	-	-	-	2,233	-	2,233
Balance at 30 June 2020	**48,319**	**137**	**48,303**	**(183,347)**	**2,233**	**14,086**	**(70,269)**

NOTE 9. CONTRIBUTED EQUITY AND RESERVES (continued)

Nature and Purpose of Reserves

<u>Consolidation reserve</u>

This reserve is the result of the difference between the fair value and the net assets of a reduction of interest in controlled entities where Paladin retained control.

<u>Listed option application reserve</u>

This reserve consists of proceeds from the issue of listed options, net of expenses of issue. These listed options expired unexercised and no restriction exists for the distribution of this reserve.

<u>Share-based payments reserve</u>

This reserve is used to record the value of equity benefits provided to Directors, employees and consultants as part of their remuneration.

<u>Financial assets at fair value in other comprehensive income</u>

This reserve records the changes in fair value of certain investments in equity securities in Other Comprehensive Income. The group transfers amounts from this reserve to retained earnings when the relevant equity securities are derecognised.

<u>Foreign currency translation reserve</u>

This reserve is used to record exchange differences arising on translation of the group entities that do not have a functional currency of US dollars and have been translated into US dollars for presentation purposes, as described in Note 3.

<u>Premium on acquisition reserve</u>

This reserve represents the premium paid on the acquisition of an interest in Summit.

NOTE 10. FINANCIAL RISK MANAGEMENT

Financial Risk Management Objectives and Policies

The Group's management of financial risk is aimed at ensuring net cash flows are sufficient to:

- Meet all its financial commitments; and
- Maintain the capacity to fund corporate growth activities.

The Group monitors its forecast financial position on a regular basis.

Market, liquidity and credit risk (including foreign exchange, commodity price and interest rate risk) arise in the normal course of the Group's business. These risks are managed under Board approved directives which underpin treasury practices and processes. The Group's principal financial instruments comprise interest bearing debt, cash and short-term deposits and available for sale financial assets. Other financial instruments include trade receivables and trade payables, which arise directly from operations.

Market Risk

<u>Foreign Exchange Risk</u>

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures.

Foreign exchange risk arises from future commitments, assets and liabilities that are denominated in a currency that is not the functional currency of the relevant Group company.

The Group's borrowings and deposits are largely denominated in US dollars. Currently there are no foreign exchange hedge programmes in place. However, the Group finance function manages the purchase of foreign currency to meet operational requirements.

The financial instruments exposed to movements in the Australian dollar are as follows:

	2020 US$'000	2019 US$'000
Financial assets		
Cash and cash equivalents	4,627	238
Trade and other receivables	321	373
Non-current financial assets	4,328	-
	9,276	**611**
Financial liabilities		
Trade and other payables	(813)	(588)
Net exposure	8,463	23

Based on the Group's net exposure at the balance date, a reasonably possible change in the exchange rate would not have a material impact on profit or equity

NOTE 10. FINANCIAL RISK MANAGEMENT (continued)

Market Risk (continued)

The financial instruments exposed to movements in the Namibian dollar are as follows:

	2020 US$'000	2019 US$'000
Financial assets		
Cash and cash equivalents	1,604	1,173
Trade and other receivables	69	663
	1,673	**1,836**
Financial liabilities		
Trade and other payables	(98)	(178)
Net exposure	1,575	1,658

Based on the Group's net exposure at the balance date, a reasonably possible change in the exchange rate would not have a material impact on profit or equity.

Interest Rate Risk

Interest rate risk is the risk that the Group's financial position will be adversely affected by movements in interest rates that will increase the cost of floating rate debt or opportunity losses that may arise on fixed rate borrowings in a falling interest rate environment. Interest rate risk on cash and short-term deposits is not considered to be a material risk due to the short-term nature of these financial instruments.

The Group's main interest rate risk arises from long-term debt. Floating rate debt exposes the Group to cash flow interest rate risk and fixed rate debt exposes the Group to fair value interest rate risk. All other financial assets and liabilities in the form of receivables, investments in shares, payables and provisions, are non-interest bearing.

The Group currently does not engage in any hedging or derivative transactions to manage interest rate risk.

The floating rate financial instruments exposed to interest rate movements are as follows:

	2020 US$'000	2019 US$'000
Financial assets		
Cash and cash equivalents – short-term deposits	34,237	25,360
Restricted cash	1,000	1,023
	35,237	**26,383**
Financial liabilities		
Interest-bearing liabilities	(102,638)	(98,264)
Net exposure	(67,401)	(71,881)

Based on the Group's net exposure at the balance date, a reasonably possible change in LIBOR would not have a material impact on profit or equity.

Liquidity Risk

The liquidity position of the Group is managed to ensure sufficient liquid funds are available to meet the Group's financial commitments in a timely and cost effective manner. The Group finance function continually reviews the Group's liquidity position including cash flow forecasts to determine the forecast liquidity position and maintain appropriate liquidity levels. Sensitivity analysis is conducted on a range of pricing and market assumptions to ensure the Group has the ability to meet repayment commitments. This enables the Group to manage cash flows on a long-term basis and provides the flexibility to pursue a range of funding alternatives if necessary. Note 7 details the repayment obligations in respect of the amount of the facilities.

NOTE 10. FINANCIAL RISK MANAGEMENT (continued)

The maturity profile of the Group's payables based on contractual undiscounted payments is as follows:

	Payables maturity analysis				
	Total	**<1 year**	**1-2 years**	**2-3 years**	**>3 years**
2020	**US$'000**	**US$'000**	**US$'000**	**US$'000**	**US$'000**
Trade and other payables	1,541	1,541	-	-	-
Loans and borrowings	115,000	-	-	115,000	-
Deferred interest[(1)]	30,745	-	-	30,745	-
LHM's loans from CNNC - principal	80,928	-	-	-	80,928
Interest payable on CNNC loans[(1)]	21,710	-	-	-	21,710
Total payables	**249,924**	**1,541**	**-**	**145,745**	**102,638**

[(1)] Paladin may elect to pay cash interest even if it is not required to pay cash interest, however interest can be deferred and is not payable, unless certain cash flow and cash holding limits have been met. Refer to detailed disclosure in Note 7 and Note 8.

2019	**US$'000**	**US$'000**	**US$'000**	**US$'000**	**US$'000**
Trade and other payables	2,350	2,350	-	-	-
Loans and borrowings	115,000	-	-	-	115,000
Deferred interest[(1)]	17,178	-	-	-	17,178
LHM's loans from CNNC - principal	80,928	-	-	-	80,928
Interest payable on CNNC loans[(1)]	17,335	-	-	-	17,335
Total payables	**232,791**	**2,350**	**-**	**-**	**230,441**

Credit Risk

Credit risk is the risk that a contracting entity will not complete its obligation under a financial instrument that will result in a financial loss to the Group. The carrying amount of financial assets represents the maximum credit exposure. The Group trades only with recognised, creditworthy third parties. In addition, receivable balances are monitored on an ongoing basis.

Cash and cash equivalents are also subject to the impairment requirements of AASB 9.

The maximum exposure to credit risk at the reporting date was a total of US$41,866,000 (2019 US$27,738,000), comprising cash and receivables.

	2020	**2019**
	US$'000	**US$'000**
Current		
Cash and cash equivalents*	34,237	25,360
Restricted cash	1,000	1,023
Trade receivables	-	-
Other receivables – other entities	1,116	1,017
	36,353	**27,400**
Non-Current		
Other receivables – other entities	5,513	338
Total	**41,866**	**27,738**

* The Group's maximum deposit with a single financial institution represents 77% (2019: 81%) of cash and cash equivalents. This financial institution has a credit rating of Aa3 (2019: Aa3).

NOTE 10. FINANCIAL RISK MANAGEMENT (continued)

Credit Risk (continued)

			Receivables ageing analysis		
	Total	**Current**	**>1 year**	**>1-2 year**	**>2 years**
2020	**US$'000**	**US$'000**	**US$'000**	**US$'000**	**US$'000**
Trade receivables	-	-	-	-	-
Other receivables	6,629	1,116	316	1,492	3,705
Total receivables	**6,629**	**1,116**	**316**	**1,492**	**3,705**
2019					
Trade receivables	-	-	-	-	-
Other receivables	1,355	1,017	338	-	-
Total receivables	**1,355**	**1,017**	**338**	**-**	**-**

The Group considers the probability of default upon the initial recognition of an asset. The Group also considers whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk the company compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forwarding-looking information. In calculating the expected credit loss rates, the Group has applied an expected credit loss based on industry provided information.

Fair Values

Set out below is a comparison by class of the carrying amounts and fair value of the Group's financial instruments, other than those with carrying amounts that are reasonable approximations of fair values as at 30 June 2020:

	2020		**2019**	
	Carrying amount US$'000	**Fair value US$'000**	**Carrying amount US$'000**	**Fair value US$'000**
Interest bearing loans and borrowings				
- Senior secured notes	134,394	68,627	118,149	105,546
Total non-current	134,394	68,627	118,149	105,546
Total	**134,394**	**68,627**	**118,149**	**105,546**

The Group uses various methods in estimating the fair value of a financial instrument. The methods comprise:

Level 1 – the fair value is calculated using quoted prices in active markets.

Level 2 – the fair value is estimated using inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices).

Level 3 – the fair value is estimated using inputs for the asset or liability that are not based on observable market data.

NOTE 10. FINANCIAL RISK MANAGEMENT (continued)

Fair Values (continued)

The fair value of the financial instruments as well as the methods used to estimate the fair value are summarised in the table below:

	Year ended 30 June 2020				Year ended 30 June 2019			
	(Level 1) US$'000	(Level 2) US$'000	(Level 3) US$'000	Total US$'000	(Level 1) US$'000	(Level 2) US$'000	(Level 3) US$'000	Total US$'000
Financial assets for which fair values are disclosed								
Australia listed shares	4,328	-	-	4,328	-	-	-	-
Share receivables	-	-	1,467	1,467	-	-	-	-
Cash receivables	-	-	4,623	4,623	-	-	-	-
	4,328	-	6,090	10,418	-	-	-	-
Financial liabilities for which fair values are disclosed								
US$115M senior secured notes(1)	68,627	-	-	68,627	105,546	-	-	105,546
	68,627	-	-	68,627	105,546	-	-	105,546

(1) The fair value has been determined using a valuation technique based on the quoted market price of the notes.

Quoted market price represents the fair value determined based on quoted prices on active markets as at the reporting date without any deduction for transaction costs. The fair value of the listed equity investments are based on quoted market prices.

For financial instruments not quoted in active markets, the Group uses valuation techniques such as present value techniques, comparison to similar instruments for which market observable prices exist and other relevant models used by market participants. These valuation techniques use both observable and unobservable market inputs.

For financial instruments that are recognised at fair value on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Capital Management

When managing capital, management's objective is to ensure adequate cash resources to meet the Company's commitments are maintained, as well as to maintain optimal returns to shareholders through ensuring the lowest cost of capital available to the entity.

The Company utilises a combination of debt and equity to provide the cash resources required. Management reviews the capital structure from time to time as appropriate.

The Group finance function is responsible for the Group's capital management, including management of the long-term debt and cash as part of the capital structure. This involves the use of corporate forecasting models which enable analysis of the Group's financial position including cash flow forecasts to determine the future capital management requirements. To ensure sufficient funding for operational expenditure and growth activities, a range of assumptions are modelled so as to provide the flexibility in determining the Group's optimal future capital structure.

Group finance monitors compliance with various restrictions and undertakings associated with the US$115M senior secured notes. At the time of reporting, the Company was in compliance with all of the facility's terms and conditions.

NOTE 10. FINANCIAL RISK MANAGEMENT (continued)

Capital Management (continued)

	2020 US$'000	2019 US$'000
Debt (face value plus accrued interest)[1]	145,745	132,178
Less cash and cash equivalents	(34,237)	(25,360)
Net debt	**111,508**	**106,818**
Total equity	92,999	76,638
Total Capital	**204,507**	**183,456**
Gearing Ratio (defined as net debt/total capital)	55%	58%

[1] Excludes LHM's loans from CNNC that were assigned by PFPL to CNNC and form part of CNNC's 25% interest in LHM as the Group views these as shareholder loans to LHM.

PERFORMANCE FOR THE YEAR

NOTE 11. REVENUE

Sale of uranium	-	21,491
Total	**-**	**21,491**

Recognition and Measurement

Amounts disclosed as revenue are net of duties and taxes paid. The Group's main source of revenue is the sale of uranium. Revenue is measured based on the consideration specified in a contract with a customer. The Group's sales arrangements with its customers are pursuant to enforceable contracts that indicate the nature and timing of satisfaction of performance obligations, including payment terms and where payment due dates. Each delivery is considered a separate performance obligation under the contract.

The Group recognises revenue when it transfers control over a good or service to a customer. The Group has concluded that this occurs on the delivery of the product at the converter. When uranium is delivered to converters, the converter will credit the Group's account for the volume of accepted uranium. Based on delivery terms in the sales contract with its customer, the converter will transfer the title of a contractually specified quantity of uranium to the customer's account at the converter's facility. At this point, control has been transferred and the Group recognises revenue for the uranium supply.

NOTE 12. INCOME AND EXPENSES

	2020 US$'000	2019 US$'000
Cost of Sales		
Product distribution costs	-	(209)
Royalties	-	(181)
Inventory movement	-	(5,748)
Inventory purchased	-	(10,813)
Total	**-**	**(16,951)**
Other Income		
Other income	2,027	466
Foreign exchange gain (net)	8,279	562
Total	**10,306**	**1,028**
Administration, Marketing and Non-Production Costs		
Corporate and marketing	(6,695)	(5,505)
Corporate restructure costs	(182)	(670)
LHM mine site	(3,065)	(1,651)
LHM depreciation	(21,048)	(22,251)
LHM restart study	-	(1,751)
LHM restructure costs	(84)	(174)
Other	(403)	(188)
Total	**(31,477)**	**(32,190)**
Finance Costs		
Interest expense:		
Senior Secured Notes	(13,568)	(12,321)
LHM's loans from CNNC	(4,374)	(4,934)
Paladin (Africa) Ltd sale consent fee to Noteholders and other selling costs	(1,188)	-
Accretion expense relating to Senior Secured Notes	(2,677)	(1,944)
Mine closure provision accretion expense	(3,073)	(3,301)
Total	**(24,880)**	**(22,500)**
Total depreciation and amortisation expense	(21,107)	(22,279)

Recognition and Measurement

Borrowing Costs

Borrowing costs incurred for the construction of any qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Other borrowing costs are expensed as incurred including the unwinding of discounts related to mine closure provisions. When relevant, the capitalisation rate used to determine the amount of borrowing costs to be capitalised is the weighted average interest rate applicable to the entity's outstanding borrowings during the year.

Employee Benefits Expense		
Wages and salaries	(4,368)	(5,401)
Defined contribution superannuation	(439)	(451)
Share-based payments	(340)	(116)
Other employee benefits	(438)	(778)
Total	**(5,585)**	**(6,746)**

The table above sets out personnel costs expensed during the year and are included within Administration, Marketing and Non-Production Costs within the Consolidated Income Statement.

NOTE 13. INCOME AND OTHER TAXES

	2020 US$'000	2019 US$'000
Income Tax Expense		
Current income tax		
Current income tax expense	-	-
Deferred income tax		
Related to the origination and reversal of temporary differences	-	-
Income tax expense reported in the Income Statement	-	-
Amounts Charged or Credited Directly to Equity		
Deferred income tax related to items charged or credited directly to equity:		
Foreign currency translation reserve movement	-	-
Other and prior period	-	-
Income tax benefit reported in equity	-	-
Numerical Reconciliation of Income Tax Benefit to Prima Facie Tax Payable		
(Loss)/profit before income tax expense from continuing operations	(46,051)	(49,122)
Tax at the Australian tax rate of 30% (2019 – 30%)	13,815	14,736
Difference in overseas tax rates	3,530	3,317
Non-deductible items	99	143
Under/over prior year adjustment		-
Tax losses utilised		-
Deferred tax assets on losses not recognised	(17,444)	(18,196)
Income tax expense reported in the income statement	-	-
Tax Losses		
Australian unused tax losses for which no deferred tax asset has been recognised(1)	(72,154)	(62,097)
Other unused tax losses for which no deferred tax asset has been recognised(2)	(381,546)	(368,231)
Total unused tax losses for which no deferred tax asset has been recognised	(453,700)	(430,328)

(1) Including tax losses transferred from SRL on consolidation
(2) Excluding tax losses from discontinued operation

NOTE 13. INCOME AND OTHER TAXES (continued)

	2020 US$'000	2019 US$'000
Deferred Income Tax		
Deferred tax liabilities		
Accelerated prepayment deduction for tax purposes	(58)	(283)
Accelerated depreciation for tax purposes	(75,984)	(77,484)
Foreign currency balances	-	(42,225)
Exploration expenditure	(1,311)	(10,042)
Inventory / Consumables	(3,154)	(3,198)
Asset disposal	(407)	-
Other	(823)	-
Gross deferred tax liabilities	(81,737)	(133,232)
Set off of deferred tax assets	81,737	133,232
Net deferred tax liabilities	-	-
Deferred tax assets		
Revenue losses available for offset against future taxable income	112,670	142,827
Foreign currency balances	65,955	-
Interest bearing liabilities	21,322	10,918
Provisions	4,174	-
Other	64	138
Deferred tax assets not recognised	(122,448)	(20,651)
Gross deferred tax assets	81,737	133,232
Set off against deferred tax liabilities	(81,737)	(133,232)
Net deferred tax assets recognised	-	-

Paladin and all its wholly-owned Australian resident entities are part of a tax-consolidated group under Australian tax law.

The net deferred tax assets recognised are in respect of revenue losses expected to be offset against future taxable income.

This benefit for tax losses will only be obtained if:

(1) the Consolidated Entities derive future assessable income of a nature and of an amount sufficient to enable the benefit from the deductions for the losses to be realised;

(2) the Consolidated Entities continue to comply with the conditions for deductibility imposed by tax legislation; and

(3) no changes in tax legislation adversely affect the Consolidated Entities in realising the benefit from the deductions for the losses.

Recognition and Measurement

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantially enacted, at the reporting date in the countries where the Group operates and generates taxable income.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the statement of profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to integration and establishes provisions where appropriate.

NOTE 13. INCOME AND OTHER TAXES (continued)

Recognition and Measurement (continued)

Deferred tax assets and liabilities are recognised using the full liability method for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are enacted or substantively enacted for each jurisdiction. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability. An exception is made for certain temporary differences arising from the initial recognition of an asset or a liability. No deferred tax asset or liability is recognised in relation to these temporary differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses. Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity. Deferred tax assets and liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

NOTE 14. EARNINGS PER SHARE

	2020 US cents	**2019 US cents**
Loss per share attributable to ordinary equity holders of the Parent from continuing operations	(1.7)	(1.7)

The following reflects the income and share data used in the basic and diluted earnings per share computations:

	2020 US$'000	**2019 US$'000**
Net loss attributable to ordinary equity holders of the Parent from continuing operations	(33,465)	(30,345)

	2020 Number of Shares	**2019 Number of Shares**
Weighted average number of ordinary shares used in calculation of basic earnings per share	1,966,201,370	1,739,349,593
Weighted average number of ordinary shares used in calculation for diluted earnings per share	1,966,201,370	1,740,156,128
Total number of securities not included in weighted average calculation due to their antidilutive nature in the current period, that could potentially dilute basic earnings per share in the future	-	806,535

Recognition and Measurement

Basic Earnings Per Share

Basic earnings per share are calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the period.

Diluted Earnings Per Share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares. Diluted earnings per share is the same as basic earnings per share in 2020 and 2019 as the number of potentially dilutive shares does not change the result of earnings per share.

NOTE 15. RECONCILIATION OF EARNINGS AFTER INCOME TAX TO NET CASH FLOW FROM OPERATING ACTVITIES

	2020 US$'000	2019 US$'000
Reconciliation of Net Loss After Tax to Net Cash Flows Used in Operating Activities		
Net loss	(92,452)	(42,992)
Adjustments for		
Depreciation and amortisation	21,107	22,279
Sundry income	-	143
Gain on disposal of property, plant and equipment	(8)	(25)
Change in estimate of environmental rehabilitation provision - KM	-	(10,465)
Net exchange differences	(1,111)	(562)
Share-based payments	340	116
Non-cash financing costs	23,691	22,500
Loss on sale of subsidiary	42,540	-
Changes in operating assets and liabilities		
Decrease in prepayments	2	287
(Increase)/decrease in trade and other receivables	(5,274)	7,140
Decrease in inventories	232	5,354
Decrease in trade and other payables	(809)	(11,710)
Decrease in provisions	(175)	(4,552)
Decrease/(increase) in assets classified as held for sale	355	(527)
Increase in liabilities directly associated with assets classified as held for sale	84	209
Net cash flows used in operating activities	**(11,478)**	**(12,805)**

NOTE 16. NON CASH INVESTING AND FINANCING ACTIVITIES

The non-cash elements of investing and financing activities are reconciled below:

Acquisition of outstanding shares (17.92%) in Summit Resources Ltd		
25 October 2018 issue of 34,291,724 shares	-	4,854
16 November 2018 issue of 4,778,363 shares	-	695
Acquisition of non-controlling interest (refer to Note 9)	**-**	**5,549**
Transfer of 50% participating interest in Michelin Project		
Consolidation of Michelin Project	-	14,247
Disposal of interest in Michelin Project	-	-
Transfer of participating interest (refer to Note 23)	**-**	**14,247**

OPERATING ASSETS AND LIABILITIES

NOTE 17. TRADE AND OTHER RECEIVABLES

Current	Notes	2020 US$'000	2019 US$'000
Trade receivables and other receivables	(a)	1,057	687
GST and VAT	(b)	59	330
Total current receivables		**1,116**	**1,017**
Non-Current			
Trade receivables and other receivables	(c)	5,197	-
Long term deposits	(d)	315	338
Total non-current receivables		**5,512**	**338**

(a) Trade receivables are non-interest bearing and are generally on 30 day terms. Carrying value approximates fair value due to the short-term nature of the receivables. An expected credit loss model is used for calculating an allowance for doubtful debts. No allowance has been recognised for the current year or the previous year.

(b) GST and VAT receivables relates to amounts due from Governments in Australia, Namibia, Malawi, the Netherlands and Canada.

(c) Future receivables from the Kayelekera Sale include:

- A$3M additional shares in Lotus Resources Limited due to be issued 13 March 2023;
- US$6M repayment of the environmental performance bond (US$1M due 13 March 2021, US$2M due 13 March 2022 and US$3M due 13 March 2023).

Future Shares - Changes in the fair value of financial assets at fair value through profit or loss are recognised in other gains/(losses) in the statement of profit or loss as applicable.

Future cash receivables - An expected credit loss model is used for calculating an allowance for doubtful debts. Details about the group's impairment policies and the calculation of the expected credit loss are provided in Note 10.

(d) Long term deposits relates to guarantees provided by a bank for the corporate office lease, tenements and corporate credit cards.

Recognition and Measurement

Trade Receivables

Receivables are initially recognised at fair value and subsequently at the amounts considered receivable. Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. They are generally due for settlement within 30 days and therefore are all classified as current.

Due to the short-term nature of the current receivables, their carrying amount is assumed to approximate fair value.

AASB 9 includes revised guidance on a new expected credit loss model for calculating impairment on financial assets. As both our mines are currently in care and maintenance, this change did not have a material impact on the consolidated financial statements.

Other Receivables

These amounts generally arise from transactions outside the usual operating activities of the group.

NOTE 17. TRADE AND OTHER RECEIVABLES (continued)

The group assesses on a forward-looking basis the expected credit loss associated with its debt instruments carried at amortised cost and fair value through other comprehensive income. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the group applies the simplified approach permitted by AASB 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

Trade receivables are written off where there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the group, and a failure to make contractual payments for a period of greater than 120 days past due. Impairment losses on trade receivables are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

NOTE 18. INVENTORIES

	2020 US$'000	2019 US$'000
Current		
Stores and consumables (at cost – refer below)	5,132	5,363*
Total current inventories at the lower of cost and net realisable value	**5,132**	**5,363**

* Stores and consumables held at KM have been transferred to 'Assets Classified as Held for Sale'. (Refer to Note 19).

Inventory Expense

Inventories sold recognised as an expense for the year ended 30 June 2020 totalled US$Nil (2019: US$16,951,000, which included purchased inventory of US$10,813,000) for the Group.

Write-down of Inventories

During 2020 stores and consumables held at LHM were written down by US$68,682 due to obsolescence. (During 2019 the provision for obsolete stock at LHM was revised based on the actual usage during the first year of care and maintenance, which resulted in the reduction of the provision and an increase of stores and consumables by US$3,735,000).

Recognition and Measurement

Consumable stores inventory are valued at the lower of cost and net realisable value using the weighted average cost method, after appropriate allowances for redundant and slow moving items.

Finished goods and work in progress inventory are valued at the lower of cost and net realisable value using the weighted average cost method. Cost is derived on an absorption costing basis, including both fixed and variable production costs and attributable overheads incurred up to the delivery point where legal title to the product passes. No accounting value is attributed to stockpiles containing ore at less than the cut-off grade.

The costs of production include labour costs, materials and contractor expenses which are directly attributable to the extraction and processing of ore (including any recognised expense of stripping costs); the depreciation of property, plant and equipment used in the extraction and processing of ore; and production overheads.

Significant Estimates and Assumptions

<u>Net Realisable Value of Inventories</u>

The Group reviews the carrying value of inventories regularly to ensure that their cost does not exceed net realisable value. In determining net realisable value various factors are taken into account, including sales prices and costs to complete inventories to their final form.

NOTE 19. DISCONTINUED OPERATIONS AND ASSETS AND LIABILITIES CLASSIFIED AS HELD FOR SALE

(a) Description

Sale of Kayelekera Mine

On 13 March 2020, the Company completed the sale of its 85% interest in Paladin (Africa) Ltd to Lotus Resources Limited (Lotus) (65%) and Lily Resources Pty Ltd (Lily) (20%). This is the Malawi operating segment (refer to Note 5).

The consideration for the sale of Paladin's 85% shareholding in PAL was A$5M (US$3.2M), comprising A$200,000 (US$137,000) cash, A$4.8M (US$3.1M) in Lotus shares. On 13 March 2020 Lotus issued A$1.8M (US$1.1M) shares to Paladin (90,000,000 shares), subject to a 12-month voluntary escrow, with A$3M (US$2.1M) to be issued on the third anniversary of completion, 13 March 2023. The issue price will be based on the lower of the 30-day VWAP at the time of issue, or the price of a Lotus capital raising in the 90 days preceding. Paladin is entitled to receive a 3.5% royalty based on revenues derived from future production at Kayelekera, capped at A$5M (US$3.4M).

On 13 March 2020, the Company became a substantial shareholder in Lotus, holding a 14.46% interest following the issue of 90,000,000 shares at a 2cps issue price upon completion of the sale.

Paladin is also entitled to receive the funds advanced to provide security for the US$10M environmental performance bond issued to the Government of Malawi for KM. The repayments will occur in four tranches: US$4M on completion (13 March 2020), US$1M on the first anniversary (13 March 2021), US$2M on the second anniversary (13 March 2020), and the final US$3M on the third anniversary (13 March 2023).

Future receivables from the Kayelekera Sale include:

- A$3M additional shares in Lotus Resources Limited to be issued on 13 March 2023;
- US$6M repayment of the environmental performance bond (US$1M due 13 March 2021, US$2M due 13 March 2022 and US$3M due 13 March 2023);
- A 3.5% production royalty derived from future production at the Kayelekera Mine, capped at A$5M.

(b) Assets and liabilities of disposal group classified as held for sale

The following assets and liabilities were reclassified as held for sale in relation to the discontinued operation as at 30 June 2020:

	2020 US$'000	**2019 US$'000**
Assets classified as held for sale		
Cash and cash equivalents (Note 6a)	-	83
Restricted cash (Note 6b)	-	10,220
Trade and other receivables (Note 17)	-	130
Prepayments	-	65
Inventories (Note 18)	-	331
Total assets of disposal group classified as held for sale	**-**	**10,829**
Liabilities directly associated with assets classified as held for sale		
Trade and other payables (Note 25)	-	140
Provisions (Note 26)	-	69
Environmental rehabilitation provision (Note 26)	-	42,185
Total liabilities of disposal group classified as held for sale	**-**	**42,394**
Net liabilities classified as held for sale	**-**	31,565

NOTE 19. DISCONTINUED OPERATIONS AND ASSETS AND LIABILITIES CLASSIFIED AS HELD FOR SALE (continued)

(c) Financial performance and cash flow information of discontinued operations

	2020 US$'000	2019 US$'000
(Loss)/profit after tax from discontinued operations		
Other income	188	571
Change in estimate of KM mine closure provision	-	10,465
Care and maintenance expenses	(4,049)	(4,906)
Loss on sale of subsidiary after income tax	(42,540)	-
(Loss)/profit after tax from discontinued operations	**(46,401)**	**6,130**
Cash Flows		
Net cash outflow from operating activities	(3,238)	(4,280)
Net cash inflow from investing activities	-	295
Net decrease in cash and cash equivalents	**(3,238)**	**(3,985)**

(d) **Details of the sale of the subsidiary**

Consideration received or receivable		
Cash	4,137	-
Fair value of Lotus shares issued[(1)]	1,953	-
Fair value of receivables – shares and cash[(2)]	5,986	-
Total disposal consideration	12,076	-
Carrying amount of assets sold	(10,474)	-
Carrying amount of liabilities sold	42,478	-
Gain on sale before income tax and de-recognition of non-controlling interest in PAL	44,080	-
Derecognise non-controlling interest	(86,620)	-
Loss on sale after income tax	**(42,540)**	**-**

[(1)] On 13 March 2020, the fair value of the 90M Lotus shares issued was A$0.034 per share. It has been recognised as a financial asset with subsequent fair fair value movements recognised through Other Comprehensive Income.

[(2)] The fair value of receivables has been assessed using a discount rate to reflect the credit risk and the time value of money.

Recognition and Measurement

Non-current assets (or disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less costs to sell, except for assets such as deferred tax assets, assets arising from employee benefits, financial assets and investment property that are carried at fair value and contractual rights under insurance contracts, which are specifically exempt from this requirement.

An impairment loss is recognised for any initial or subsequent write-down of the asset (or disposal group) to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset (or disposal group), but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset (or disposal group) is recognised at the date of de-recognition.

Non-current assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognised.

Non-current assets classified as held for sale and the assets of a disposal group classified as held for sale are presented separately from the other assets in the balance sheet. The liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the balance sheet.

NOTE 19. DISCONTINUED OPERATIONS AND ASSETS AND LIABILITIES CLASSIFIED AS HELD FOR SALE (continued)

A discontinued operation is a component of the entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately in the statement of profit or loss.

NOTE 20. NON-CURRENT FINANCIAL ASSETS

	30 June 2020 US$'000	30 June 2019 US$'000
Non-current financial assets	**4,328**	-

The Group has an investment in Lotus and at 30 June 2020 held 90,000,000 shares subject to a 12-month voluntary escrow. The market value of these shares in Lotus at 30 June 2020 is A$6.3M (US$4.3M) based on a share price of A$0.07 per share.

Recognition and Measurement

Financial assets are recognised on trade date, being the date on which the group commits to purchase or sell the asset.

Equity Instruments
The group measures all equity investments at fair value. Where the group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the group's right to receive payments is established.

Changes in the fair value of financial assets at FVPL are recognised in other gains/(losses) in the statement of profit or loss as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

NOTE 21. PROPERTY, PLANT AND EQUIPMENT

	Total US$'000	Plant and Equipment US$'000	Land and Buildings US$'000	Construction Work in Progress US$'000
2020				
Net carrying value				
At 1 July 2019	206,599	200,653	5,190	756
Additions	301	301	-	-
Depreciation and amortisation expense	(15,451)	(15,033)	(418)	-
Disposals	(551)	(551)	-	-
Foreign currency translation	(9)	(9)	-	-
At 30 June 2020	**190,889**	**185,361**	**4,772**	**756**
Cost	380,363	369,747	9,860	756
Accumulated depreciation	(189,474)	(184,386)	(5,088)	-
2019				
Net carrying value				
At 1 July 2018	223,986	217,499	5,635	852
Additions	52	52	-	-
Depreciation and amortisation expense	(17,108)	(16,688)	(420)	-
Reclassification of assets	-	74	-	(74)
Reclassification to mine development	(35)	(13)	-	(22)
Adjustment	(272)	(272)	-	-
Foreign currency translation	(24)	1	(25)	-
At 30 June 2019	**206,599**	**200,653**	**5,190**	**756**
Cost*	380,844	370,228	9,860	756
Accumulated depreciation*	(174,245)	(169,575)	(4,670)	-

* 2019 Property, Plant and Equipment of net carrying value US$Nil (US$341,529,306 cost and US$341,529,306 accumulated depreciation) at KM have been transferred to 'Assets Classified as Held for Sale' (Refer to Note 19).

Property, Plant and Equipment Pledged as Security for Liabilities

Refer to Note 7 for information on property, plant and equipment pledged as security.

Recognition and Measurement

All property, plant and equipment are stated at historical cost less accumulated depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the Income Statement during the financial period in which they are incurred.

NOTE 21. PROPERTY, PLANT AND EQUIPMENT (continued)

Recognition and Measurement

Property, plant and equipment costs include both the costs associated with construction of equipment associated with establishment of an operating mine, and the estimated costs of dismantling and removing the asset and restoring the site on which it is located.

Land is not depreciated. Depreciation on other assets is calculated using the unit of production basis or the straight line method to allocate their cost amount, net of their residual values, over their estimated useful lives, as follows:

- Buildings 20 years
- Databases 10 years
- Plant and equipment 2-6 years
- Leasehold improvements period of lease
- Mine plant and equipment remaining useful life of the assets

The estimates of useful lives, residual values and depreciation method are reviewed at the end of each reporting period with the effect of any changes in estimate accounted for on a prospective basis.

Significant Estimates and Assumptions

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.

The Group conducts an internal review of asset values at each reporting date, which is used as a source of information to assess for any indicators of impairment. Factors, such as changes in uranium prices, production performance and mining and processing costs are monitored to assess for indicators of impairment. If any indication of impairment exists, an estimate of the asset's recoverable amount is calculated.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. Recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels

for which there are separately identifiable cash inflows that are largely independent of the cash inflows from other assets or groups of assets (cash-generating unit or CGU).

The future recoverability of the property, plant and equipment, mine development and intangibles is dependent on a number of key factors including: uranium price, capex, life of mine, restart date, discount rates used in determining the estimated discounted cash flows, foreign exchanges rates, tax rates, the level of proved and probable reserves and measured, indicated and inferred mineral resources, future technological changes which could impact the cost of production and future legal changes, including changes to environmental restoration obligations.

Paladin did not identify any impairment indicators in relation to the LHM CGU.

NOTE 22. MINE DEVELOPMENT

	2020 US$'000	2019 US$'000
Mine development – at cost	63,091	108,267*
Less accumulated depreciation and impairment	(44,543)	(85,309)*
Net carrying value – mine development	**18,548**	**22,958**
Net carrying value at start of year	22,958	28,142
Depreciation and amortisation expense	(4,410)	(4,461)
Adjustment to base amount of mine rehabilitation	-	(723)
Net carrying value at end of year	18,548	22,958

* 2019 Mine Development of net carrying value US$Nil (US$111,800,648 cost and US$111,800,648 accumulated depreciation) at Kayelekera have been transferred to 'Assets Classified as Held for Sale' (Refer to Note 19).

Recognition and Measurement

Mine development

Pre-production costs are deferred as development costs until such time as the asset is capable of being operated in a manner intended by management and depreciated on a straight line basis. Post-production costs are recognised as a cost of production.

Significant Judgements, Estimates and Assumptions

The Group has assessed that the useful lives of the individual identifiable components of the relative ore bodies are short and that the strip ratio over the life of component is relatively uniform. Accordingly, the Group has accounted for production stripping costs as a production cost in the years ended 30 June 2019 and 2020. Refer to Note 21 for assessment of recoverability.

Proved and Probable Reserves

The Group uses the concept of a life of mine as an accounting value to determine such things as depreciation rates and the appropriate period to discount mine closure provisions. In determining life of mine, the proved and probable reserves measured in accordance with the 2012 edition of the JORC Code specific to a mine are taken into account which by their very nature require judgements, estimates and assumptions.

NOTE 23. EXPLORATION AND EVALUATION EXPENDITURE

The following table details the expenditures on interests in mineral properties by area of interest for the year ended 30 June 2020:

	Valhalla /Skal	Isa North	Carley Bore	Canada	Manyingee	Fusion	LHM	Total
Areas of interest	**US$'000**	**US$'000**	**US$'000**	**US$'000**	**US$'000**	**US$'000**	**US$'000**	**US$'000**
Balance 1 July 2018	**39,781**	**7,666**	**7,800**	**13,883**	**7,309**	**-**	**-**	**76,439**
Expenditure capitalised	112	337	47	664	45	98	-	1,303
Foreign exchange differences	(546)	(802)	-	(118)	-	-	-	(1,466)
Acquisition of control of Michelin Project[(1)]	-	-	-	14,247	-	-	-	14,247
Balance 30 June 2019	**39,347**	**7,201**	**7,847**	**28,676**	**7,354**	**98**	**-**	**90,523**
Expenditure capitalised	94	342	19	436	62	61	3,059	4,073
Foreign exchange differences	-	-	-	(1,227)	-	-	-	(1,227)
Balance 30 June 2020	**39,441**	**7,543**	**7,866**	**27,885**	**7,416**	**159**	**3,059**	**93,369**

(1) Recognises Paladin's control over the Michelin JV resulting in the consolidation of 100% of the Canadian assets with a non-controlling interest recognised for Michelin Nominees Limited's 50% interest in the Michelin Project. There is a farm out over a five year period whereby the EdF Claimants will transfer 5% participating interest in the Michelin Project to Paladin on an annual basis in return for Paladin funding all obligations for the Michelin Project over this period.

Recognition and Measurement

Exploration and evaluation expenditure related to areas of interest is capitalised and carried forward to the extent that:

1. rights to tenure of the area of interest are current; and
2. costs are expected to be recouped through successful development and exploitation of the area of interest or alternatively by its sale.

Exploration and evaluation expenditure is allocated separately to specific areas of interest. Such expenditure comprises net direct costs and an appropriate portion of related overhead expenditure directly related to activities in the area of interest.

Costs related to the acquisition of properties that contain Mineral Resources are allocated separately to specific areas of interest.

If costs are not expected to be recouped through successful development and exploitation of the area of interest, or alternatively by sale, costs are expensed in the period in which they are incurred.

Exploration and evaluation expenditure that is capitalised is included as part of cash flows from investing activities, whereas exploration and evaluation expenditure that is expensed is included as part of cash flows from operating activities.

NOTE 23. EXPLORATION AND EVALUATION EXPENDITURE (continued)

Recognition and Measurement (continued)

When a decision to proceed to development is made, the exploration and evaluation capitalised to that area is transferred to mine development. All costs subsequently incurred to develop a mine prior to the start of mining operations within the area of interest are capitalised and carried at cost. These costs include expenditure incurred to develop new ore bodies within the area of interest, to define further mineralisation in existing areas of interest, to expand the capacity of a mine and to maintain production.

Capitalised amounts for an area of interest may be written down to their recoverable amount if the area of interest's carrying amount is greater than their estimated recoverable amount.

Since 30 June 2020, there have been no events or changes in circumstances to indicate that the carrying value may not be recoverable.

NOTE 24. INTANGIBLE ASSETS

	2020 US$'000	2019 US$'000
At 30 June		
Intangible assets – at cost	17,803	17,803*
Less accumulated depreciation and impairment	(8,972)	(8,341)*
Net carrying value – intangible assets	**8,831**	**9,462**

* Intangible assets of net carrying value US$Nil (US$10,000,000 cost and US$10,000,000 accumulated depreciation) at Kayelekera have been transferred to 'Assets Classified as Held for Sale' (Refer to Note 19).

Amortisation of US$631,000 (2019: US$631,000) is included in non production costs (2019: cost of sales) in the Consolidated Income Statement.

Movements in Intangible Assets

Movements in each group of intangible asset during the financial year are set out below:

	Right to Supply of Power US$'000	Right to Supply of Water US$'000	Total US$'000
2020			
Net carrying value at 1 July 2019	2,650	6,812	9,462
Amortisation expense	(177)	(454)	(631)
Net carrying value at 30 June 2020	2,473	6,358	8,831
2019			
Net carrying value at 1 July 2018	2,827	7,266	10,093
Amortisation expense	(177)	(454)	(631)
Net carrying value at 30 June 2019	2,650	6,812	9,462

Description of the Group's Intangible Assets

1. Right to supply of power

LHM has entered into a contract with NamPower in Namibia for the right to access power at LHM. In order to obtain this right, the power line connection to the mine was funded by LHM. However, ownership of the power line rests with NamPower. The amount funded is being amortised on a straight line basis.

NOTE 24. INTANGIBLE ASSETS (continued)

2. Right to supply of water

LHM has entered into a contract with NamWater in Namibia for the right to access water at LHM. In order to obtain this right, the water pipeline connection to the mine was funded by LHM. However, ownership of the pipeline rests with NamWater. The amount funded is being amortised on a straight line basis.

Recognition and Measurement

Intangible assets acquired separately or in a business combination are initially measured at cost. The cost of an intangible asset acquired in a business combination is its fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is recognised in the Income Statement in the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised over the useful life and tested for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for prospectively by changing the amortisation period or method, as appropriate, which is a change in accounting estimate. The amortisation expense on the intangible assets with finite lives is recognised in profit or loss in the expense category consistent with the function of the intangible asset.

A summary of the policies applied to the Group's intangible assets is as follows:

Right to use water and power supply

Useful lives Life of mine

Amortisation method used Straight line method over the remaining useful life (15 years). The amortisation method is reviewed at each financial year-end.

Impairment testing Annually and more frequently when an indication of impairment exists.

The rights to use water and power supply have been granted for a minimum of 17 years from April 2007 by the relevant utilities with the option of renewal without significant cost at the end of this period.

NOTE 25. TRADE AND OTHER PAYABLES

	2020 US$'000	2019 US$'000
Current		
Trade and other payables	1,541	2,271
Onerous contracts	-	79
Total current payables	**1,541**	**2,350**

Trade payables are non-interest bearing and are normally settled on 30 day terms.

Recognition and Measurement

Trade and other payables are carried at amortised cost and represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured and are usually paid within 30 days of recognition.

NOTE 26. PROVISIONS

	2020 US$'000	2019 US$'000
Current		
Employee benefits	522	697
Total current provisions	**522**	**697**
Non-Current		
Environmental rehabilitation provision	32,087	36,058
Demobilisation provision	-	-
Total non-current provisions	**32,087**	**36,058**

Movements in Provisions

Movements in provisions during the financial year, excluding provisions relating to employee benefits, are set out below:

	Environmental Rehabilitation US$'000	Total US$'000
At 1 July 2019	36,058	**36,058**
Unwinding of discount rate	3,072	**3,072**
Foreign currency movements	(7,043)	**(7,043)**
At 30 June 2020	32,087	**32,087**
2020		
Current	-	**-**
Non-current	32,087	**32,087**
	32,087	**32,087**
2019		
Current	-	**-**
Non-current	36,058	**36,058**
	36,058	**36,058**

Nature and Timing of Provisions

Environmental rehabilitation

A provision for environmental rehabilitation and mine closure has been recorded in relation to LHM. A provision is made for rehabilitation work when the obligation arises and this is recognised as a cost of production or development as appropriate. Additionally the provision includes the costs of dismantling and demolition of infrastructure or decommissioning, the removal of residual material and the remediation of disturbed areas specific to the infrastructure to a state acceptable to various authorities.

Recognition and Measurement

Provisions

Mine closure and restoration costs include the costs of dismantling and demolition of infrastructure or decommissioning, the removal of residual material and the remediation of disturbed areas specific to the infrastructure. Mine closure costs are provided for in the accounting period when the obligation arising from the related disturbance occurs, whether this occurs during the mine development or during the production phase, based on the net present value of estimated future costs.

NOTE 26. PROVISIONS (continued)

Recognition and Measurement (continued)

As the value of the provision for mine closure represents the discounted value of the present obligation to restore, dismantle and close the mine, the increase in this provision due to the passage of time is recognised as a finance cost. The discount rate used is a pre-tax rate that reflects the current market assessment of the time value of money and the risks specific to the liability. Foreign exchange movements are treated as a finance component and recognised in the Income Statement.

Provision is made for rehabilitation work when the obligation arises and this is recognised as a cost of production or development. The rehabilitation costs provided for are the present value of the estimated costs to restore operating locations. The value of the provision represents the discounted value of the current estimate to restore and the discount rate used is the pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the liability.

Employee benefits

Short-term benefits

Liabilities for short-term benefits, including wages and salaries, and accumulating sick leave expected to be settled within 12 months of the reporting date are recognised as a current liability in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and measured at the rates paid or payable.

Long Service Leave

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Significant Accounting Judgements, Estimates and Assumptions

Environmental rehabilitation provision

The value of this provision represents the discounted value of the present obligation to rehabilitate the mine and to restore, dismantle and close the mine. The discounted value reflects a combination of management's assessment of the cost of performing the work required, the timing of the cash flows and the discount rate. A change in any, or a combination, of the three key assumptions (estimated cash flows, discount rates or inflation rates), used to determine the provision could have a material impact to the carrying value of the provision.

OTHER NOTES

NOTE 27. KEY MANAGEMENT PERSONNEL

Details of Key Management Personnel

(i) Directors

Mr Cliff Lawrenson	Chairman (Non-executive) (appointed 29 October 2019)
Mr Peter Watson	Director (Non-executive) (appointed 11 December 2019)
Mr Peter Main	Director (Non-executive) (appointed 11 December 2019)
Mr Rick Crabb	Chairman (Non-executive) (retired 29 October 2019)
Mr David Riekie	Director (Non-executive) (resigned 11 December 2019)
Mr Daniel Harris	Director (Non-executive) (resigned 11 December 2019)
Mr John Hodder	Director (Non-executive) (resigned 11 December 2019)

(ii) Executives

Mr Ian Purdy	Chief Executive Officer (appointed 4 February 2020)
Mr Scott Sullivan	Chief Executive Officer (ceased employment 3 March 2020)
Ms Anna Sudlow	Chief Financial Officer (appointed 1 July 2019)
Mr Craig Barnes	Chief Financial Officer (resigned 9 August 2019)
Mr Michael Drake	Chief Operating Officer (resigned 3 July 2020)

Compensation of Key Management Personnel: Compensation by Category

	2020 US$	**2019 US$**
Short-term employee benefits	1,345,071	1,070,363
Post-employment benefits	57,344	48,605
Share-based payments	86,935	105,411
	1,489,350	**1,224,379**

NOTE 28. AUDITORS' REMUNERATION

The auditor of the Paladin Energy Ltd Group is PricewaterhouseCoopers.

Amounts received or due and receivable by PricewaterhouseCoopers (Australia) for:		
Audit or review of the financial report of the consolidated Group	127,850	124,406
Other services		-
Taxation services:		
Tax compliance services	39,854	25,660
International tax consulting	10,329	110,090
Other tax advice	-	16,766
Sub-total	178,033	276,922
Amounts received or due and receivable by related practices of PricewaterhouseCoopers (Australia) for:		
Audit or review of the financial report of subsidiaries and audit related services	24,352	63,365
Other services	1,219	585
Taxation services:		
Tax compliance services	481	2,169
Sub-total	26,052	66,119
Total	**204,085**	**343,041**

NOTE 29. COMMITMENTS AND CONTINGENCIES

There were no outstanding commitments or contingencies, which are not disclosed in the Financial Report of the Group as at 30 June 2020 other than:

	2020 US$'000	2019 US$'000
Tenements		
Commitments for tenements contracted for at the reporting date but not recognised as liabilities, payable:		
Within one year	41	337
Later than one year but not later than 5 years	987	848
More than 5 years	539	644
Total tenements commitment	**1,567**	**1,829**

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:

	2020 US$'000	2019 US$'000
Within one year	503	2,756
Later than one year but not later than 5 years	297	366
More than 5 years	1,115	1,372
Total other commitments	**1,915**	**4,494**

In relation to the Manyingee Project, the re-negotiated acquisition terms provide for a payment of A$750,000 (US$515,187) (2019: A$750,000 (US$527,144)) by the Group to the vendors when all project development approvals are obtained.

Bank Guarantees

As at 30 June 2020 the Group has outstanding US$154,656 (A$225,145) (2019: US$158,245 (A$225,145)) as a current guarantee provided by a bank for the corporate office lease; a US$92,734 (A$135,000) (2019: US$110,700 (A$157,500)) guarantee for tenements and a US$44,650 (A$65,000) (2019: US$45,686 (A$65,000)) guarantee for corporate credit cards.

NOTE 30. RELATED PARTIES

Key Management Personnel

The only related party transactions are with Directors and Key Management Personnel. Refer to Note 27. Details of material controlled entities are set out in Note 31.

Loans from related parties – LHM's loans from CNNC (refer to Note 8)

Non-Current	2020 US$'000	2019 US$'000
At 1 July 2019	98,264	93,330
Interest charged	4,374	4,934
At 30 June 2020	**102,638**	**98,264**
Revenue from sale of uranium	-	6,579

NOTE 31. GROUP INFORMATION

Information Relating to Paladin Energy Ltd (parent)

Current assets	32,989	20,421
Total assets	232,448	205,784
Current liabilities	1,336	1,107
Total liabilities	147,265	131,899
Issued capital	2,327,789	2,306,925
Accumulated losses	(2,293,279)	(2,281,130)
Option application reserve	137	137
Share-based payments reserve	48,303	47,953
Revaluation reserve	2,233	-
Total shareholders' equity	85,183	73,885
Net loss after tax from operations	(12,149)	(52,023)
Total comprehensive loss	**(12,149)**	**(52,023)**

The financial information for the parent entity has been prepared on the same basis as the consolidated financial statements, except as set out below.

Investments in subsidiaries, associates and joint venture entities

Investments in subsidiaries, associates and joint venture entities are accounted for at cost in the financial statements of Paladin Energy Ltd. Dividends received from associates are recognised in the parent entity's profit or loss when its right to receive the dividend is established.

Details of Any Contingent Liabilities of the Parent Entity

Paladin has provided a guarantee of US$32,087,383 for the LHM Environmental Trust Fund.

Tax Consolidation

Paladin and its 100% owned Australian resident subsidiaries formed a tax consolidated group (the Group) with effect from 1 July 2003. Paladin is the head entity of the Group. Members of the Group have entered into a tax-sharing agreement that provides that the head entity will be liable for all taxes payable by the Group from the consolidation date. The parties have agreed to apportion the head entity's taxation liability within the Group based on each contributing member's share of the Group's taxable income and losses.

NOTE 31. GROUP INFORMATION (continued)

Investments in Material Controlled Entities

NAME	COUNTRY OF INCORPORATION	PERCENTAGE INTEREST HELD	
		2020	2019
		%	%
Paladin Energy Minerals NL	Australia	100	100
Langer Heinrich Mauritius Holdings Ltd	Mauritius	75	75
Langer Heinrich Uranium (Pty) Ltd	Namibia	75	75
Valhalla Uranium Pty Ltd	Australia	100	100
Summit Resources Ltd	Australia	100	100
Summit Resources (Aust) Pty Ltd	Australia	100	100
Paladin Energy Canada Ltd	Canada	100	100
Michelin Uranium Ltd	Canada	100	100
Paladin Canada Investment (NL) Ltd	Canada	100	100
Paladin Canada Holdings (NL) Ltd	Canada	100	100
Aurora Energy Ltd	Canada	60	55

All investments comprise ordinary shares and all shares held are unquoted.

NOTE 32. EVENTS AFTER THE BALANCE DATE

Since the end of the financial year, the Directors are not aware of any 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.

NOTE 33. NEW ACCOUNTING STANDARDS AND INTERPRETATIONS

Accounting Standards and Interpretations issued but not yet effective

The following Australian Accounting Standards that have recently been issued or amended but are not yet effective are relevant to the Group but have not been applied by the Group for the annual reporting period ending 30 June 2020:

Reference/ Title	Summary	Application date of standard*	Application date for Group*
AASB amends the definition of a business (AASB 2018-6)	The AASB has issued amendments to the guidance in AASB 3 Business Combinations that revises the definition of a business.	1 January 2020	1 July 2020
AASB amends the definition of material (AASB 2018-7)	The AASB has made amendments to AASB 101 Presentation of Financial Statements and AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors and consequential amendments to other Australian Accounting Standards (AAS) which: i) use a consistent definition of materiality throughout AAS and the Conceptual Framework for Financial Reporting ; ii) clarify when information is material; and iii) incorporate some of the guidance in AASB 101 about immaterial information.	1 January 2020	1 July 2020
Disclosure of the effect of new IFRS standards not yet issued in Australia (AASB 2019-5)	The AASB has made amendments to AASB 1054 Australian Additional Disclosures which clarify that entities that intend to comply with IFRS Standards will need to disclose the potential effect of new IFRS Standards that have not yet been issued by the AASB as Australian Accounting Standards.	1 January 2020	1 July 2020
Release of 4th edition of Corporate Government Principles and Recommendations	The ASX Corporate Governance Council (Council) has released the Fourth Edition of its Corporate Governance Principles and Recommendations , which will take effect for a listed entity's first full financial year commencing on or after 1 January 2020. The changes in the Fourth Edition are designed to encourage listed entities to commit to improving the culture and values of their organisation by clearly articulating the principles and policies they adopt, and remaining accountable to all stakeholders by monitoring and reporting on the organisation's performance against each standard.	1 January 2020	1 July 2020
COVID-19 rent concessions	As a result of the coronavirus (COVID-19) pandemic, rent concessions have been granted to lessees. The IASB issued amendments outlining an optional practical expedient where lessees benefiting from these rent concessions may account for them as variable lease payments in the periods in which they are granted. The AASB is expected to issue equivalent amendments shortly.	1 June 2020	1 July 2020
Classification of liabilities as current or non-current (AASB 2020-1)	The AASB issued a narrow-scope amendment to AASB 101 Presentation of Financial Statements to clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period.	1 January 2022	1 July 2022
Narrow scope amendments issued for IAS 16, IAS 37, IFRS 3 and Annual Improvements to IFRS Standards 2018-2020 affecting IFRS 1, IFRS 9, IFRS 16 and IAS 41	Certain narrow scope amendments have been approved and issued for IAS 116: Property, Plant and Equipment - Proceeds before intended use , IAS 137 Onerous Contracts - Cost of Fulfilling a Contract , IFRS 3 Reference to the Conceptual Framework and Annual Improvements to IFRS Standards 2018-2020 affecting IFRS 16, IFRS 1, IAS 41 and IFRS 9. The AASB is expected to issue equivalent Australian amendments shortly.	1 January 2022	1 July 2022

* Designates the beginning of the applicable annual reporting period unless otherwise stated.

NOTE 33. NEW ACCOUNTING STANDARDS AND INTERPRETATIONS (continued)

The Group has considered what impact these new Accounting Standards will have on the financial statements, when applied next year, and have concluded that they will have no material impact.

The Group has elected not to early adopt these new standards or amendments in the financial statements.

For Standards and Interpretations effective from 1 July 2020, it is not expected that the new Standards and Interpretations will significantly affect the Group's financial performance.

Directors' Declaration

1. In the opinion of the Directors' of Paladin Energy Ltd:

   (a) The consolidated financial statements and notes that are set out on pages 41 to 90, 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 30 June 2020 and of its performance for the financial year ended on that date; and

      (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001.

   (b) The financial statements and notes also comply with International Financial Reporting Standards as disclosed in Note 3 to the Financial Statements.

   (c) Subject to the matters set out in Note 4 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.

2. This declaration has been made after receiving the declarations required to be made in accordance with section 295A of the Corporations Act 2001 for the financial year ending 30 June 2020 (**section 295A Declarations**). The section 295A Declarations have been made by the Chief Executive Officer, Ian Purdy and the Chief Financial Officer, Anna Sudlow.

Dated at Perth on 28 August 2020

On behalf of the board

Cliff Lawrenson
Chairman

Independent auditor's report

To the members of Paladin Energy Limited

Report on the audit of the financial report

Our opinion

In our opinion:

The accompanying financial report of Paladin Energy Limited (the Company) and its controlled entities (together the Group) is in accordance with the *Corporations Act 2001*, including:

(a) giving a true and fair view of the Group's financial position as at 30 June 2020 and of its financial performance for the year then ended, and

(b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

What we have audited

The Group financial report comprises:

- the consolidated statement of financial position as at 30 June 2020
- the consolidated statement of comprehensive income for the year then ended
- the consolidated statement of changes in equity for the year then ended
- the consolidated statement of cash flows for the year then ended
- the consolidated income statement for the year then ended
- the notes to the consolidated financial statements, which include a summary of significant accounting policies, and
- the directors' declaration.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial report* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

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 and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Material uncertainty related to going concern

We draw attention to Note 4 in the financial report, which indicates that the Group incurred a net loss after tax from continuing operations of US$46.1 million and a net cash outflow from operations of US$11.5 million during the year ended 30 June 2020.

While the Group's senior secured notes of US$134.4 million have no repayment obligations until their maturity in 2023, the Langer Heinrich Mine remains in care and maintenance so the Group will not generate any cash to fund its ongoing operations or to repay these senior secured notes when due.

These conditions, along with other matters set forth in Note 4, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Our audit approach

An audit is designed to provide reasonable assurance about whether the financial report is free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial report as a whole, taking into account the geographic and management structure of the Group, its accounting processes and controls and the industry in which it operates.

The Group owns uranium mining and exploration assets in Namibia, Canada and Australia.

Materiality

For the purpose of our audit we used overall Group materiality of US$3.6 million, which represents approximately 1% of the Group's total assets.

We applied this threshold, together with qualitative considerations, to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements on the financial report as a whole.

We chose total assets as the benchmark because the Group is not currently operating its assets which are in the care and maintenance or exploration stage. The use of total assets as a benchmark provides a level of materiality which, in our view, is appropriate for the audit having regard to the expected requirements of users of the Group's financial report.

We utilised a 1% threshold based on our professional judgement, noting it is within the range of commonly acceptable asset-related thresholds in the mining industry.

Audit scope

Our audit focused on where the Group made subjective judgements; for example, significant accounting estimates involving assumptions and inherently uncertain future events.

In establishing the overall approach to the Group's audit, we determined the type of work that needed to be performed by the group engagement team and by the component auditor in Namibia operating under our instruction. We structured our audit as follows:

- The component auditor performed audit procedures on the financial information of Langer Heinrich Uranium (Pty) Ltd
- The Group engagement team performed audit procedures, as required due to their financial significance, on the financial information of the Group's remaining subsidiaries, and
- The Group engagement team and component auditor had active dialogue throughout the year through discussions, review of audit working papers and written instructions and reporting.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report for the current period. The key audit matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Further, any commentary on the outcomes of a particular audit procedure is made in that context. We communicated the key audit matters to the Audit and Risk Committee.

In addition to the matter described in the *Material uncertainty related to going concern* section, we have determined the matter(s) described below to be the key audit matters to be communicated in our report.

Key audit matter	***How our audit addressed the key audit matter***
Assessment of impairment indicators for Langer Heinrich (Refer to note *21) US$190.9 million in Property, plant and equipment* The Group performed an assessment for impairment indicators as required by Australian Accounting Standards for the Langer Heinrich Cash Generating Unit (CGU) mine which is currently in care & maintenance. As at 30 June 2020, the $220.4 million Namibian segment non-current assets are attributable to the Langer Heinrich CGU. The Group concluded that there were no impairment indicators. This was a key audit matter due to the significant carrying value of the Group's Langer Heinrich CGU and the judgements required and assumptions used in determining whether there were any impairment indicators.	We evaluated the Group's assessment of whether there were any indicators of asset impairment at 30 June 2020 for the Langer Heinrich CGU. We applied professional scepticism in our evaluation of judgements made by the Group, by amongst other procedures to evaluate its assessment: • comparing medium and long term uranium pricing to external industry forecasts, • comparing resource estimates to Langer Heinrich latest Resource Statement, • comparing production and processing volumes to historical performance and technical documentation of planned upgrades, • comparing operating costs and capital costs to underlying Life of Mine plans, • evaluated the competency and objectivity of the expert retained by the Group to assist with the preparation of the Life of Mine plans, • comparing foreign exchange and inflation rate assumptions to current economic forecast, and • evaluating the discount rate used by the Group, including having regard to the inputs utilised in the Group's weighted average costs of capital with the assistance of PwC valuation experts.
Closure and rehabilitation provisions *(Refer to note 26) US$32.1 million in Non-current Provisions* As a result of its mining and processing operations, the Group is obliged to restore and rehabilitate the environment disturbed by these operations. Rehabilitation activities are governed by a combination of legislative and licence requirements. At 30 June 2020 the consolidated statement of financial position included provisions for such obligations of US$32.1 million.	We obtained the Group's assessment of their obligations to rehabilitate disturbed areas and the estimated future cost of that work, which forms the basis for the closure and rehabilitation provision calculations (the model) for the Langer Heinrich mine. We evaluated and tested key assumptions utilised in this model by performing the following procedures: • evaluated the competency and objectivity of the expert retained by the Group to assist with the assessment of the Langer Heinrich rehabilitation obligation,

Key audit matter	*How our audit addressed the key audit matter*
This was a key audit matter given the determination of these provisions required judgement in the assessment of the nature and extent of future works to be performed, the future cost of performing the works, the timing of when the rehabilitation will take place and economic assumptions such as the discount rate and inflation rates applied to future cash outflows associated with rehabilitation activities to bring them to their present value.	• compared the rehabilitation costs being estimated at Langer Heinrich to an external expert's assessment of the rehabilitation obligation, • examined the Group's assessment for significant changes in future cost estimates from the prior year, with a focus on the impact on the timing and amount of expenditure required, • assessed the forecast timing of work to be performed by comparison to mine plans and environmental rehabilitation plans submitted to relevant authorities, and • considered the appropriateness of the discount rates and inflation rates utilised in calculating the provision by comparing them to current market consensus rates.
Sale of Paladin (Africa) Limited *(Refer to note 19)* On 13 March 2020, the Group completed the sale of their 85% interest in Paladin (Africa) Limited. There were a number of conditions precedent to complete the Share Sale Agreement (SSA) for the transaction to be recorded in the Group's financial results for the year. The Group considered that the conditions precedent of this transaction were substantially complete and accounted for the disposal of their interest and recognised US$12.1 million for the consideration, resulting in a loss on sale of US$42.5 million. This was a key audit matter as judgement was required by the Group to determine whether the conditions precedent to complete the SSA had been substantially completed. Judgement was also required in the determination of the fair value of the consideration received.	• We obtained and read the SSA to develop an understanding of the performance obligations and conditions precedent in the agreement. Based on this understanding we evaluated the Group's assessment as to which performance obligations and conditions were satisfied or substantially complete as at 30 June 2020. • We evaluated the accounting treatment of the derecognition of the assets & liabilities previously held for sale and the derecognition of the 15% non-controlling interest in Paladin (Africa) Limited. • We inspected evidence for the satisfaction of the conditions precedent and subsequent completion of the SSA. • We inspected evidence of the receipt of proceeds from Lotus Resources Limited, as required by the SSA, during the year. For the deferred consideration receivable, we evaluated the fair value determined by management with the assistance of PwC valuation experts. • We evaluated the adequacy of the disclosures made in Note 19 in light of the requirements of Australian Accounting Standards.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report for the year ended 30 June 2020, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial report

The directors of the Company are responsible for the preparation of the 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 financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf. This description forms part of our auditor's report.

Report on the remuneration report

Our opinion on the remuneration report

We have audited the remuneration report included in pages 25 to 37 of the directors' report for the year ended 30 June 2020.

In our opinion, the remuneration report of Paladin Energy Limited for the year ended 30 June 2020 complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of *the Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

PricewaterhouseCoopers

PricewaterhouseCoopers

Justin Carroll

Justin Carroll
Partner

Perth
28 August 2020

Additional Information

Pursuant to the Listing Requirements of ASX as at 3 August 2020:

(a) Distribution and number of holders

Range			Total Holders	No. of Shares
1	-	1,000	18,227	2,090,839
1,001	-	5,000	1,399	3,865,341
5,001	-	10,000	886	7,037,298
10,001	-	100,000	1,865	72,449,625
100,001	-	maximum	581	1,942,447,910
			22,958	**2,027,891,013**

19,266 shareholders hold less than a marketable parcel of shares.

(b) The twenty largest shareholders hold 83.29% of the total shares issued

Holder	No. of Shares	%
CITICORP NOMINEES PTY LIMITED	276,409,972	13.63
NDOVU CAPITAL XII B V	261,589,744	12.90
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	222,192,837	10.96
BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT DRP>	159,532,522	7.87
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED-GSCO ECA	123,492,167	6.09
J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	119,133,172	5.87
HOPU CLEAN ENERGY (SINGAPORE) PTE LTD	115,384,615	5.69
SACHEM COVE SPECIAL OPPORTUNITIES FUND LP	56,236,491	2.77
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED - A/C 2	48,271,178	2.38
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED <NT-COMNWLTH SUPER CORP A/C>	45,981,485	2.27
BNP PARIBAS NOMS PTY LTD <DRP>	40,823,286	2.01
MERRILL LYNCH (AUSTRALIA) NOMINEES PTY LIMITED	35,875,264	1.77
WASHINGTON H SOUL PATTINSON & CO LTD	28,686,505	1.41
BNP PARIBAS NOMINEES PTY LTD <LGT BANK AG DRP>	28,664,980	1.41
NATIONAL NOMINEES LIMITED	27,986,026	1.38
SANDHURST TRUSTEES LTD <COLLINS ST VALUE FUND A/C>	26,132,351	1.29
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	22,611,374	1.12
SACHEM COVE SPECIAL OPPORTUNITIES FUND LP	21,200,000	1.05
CS THIRD NOMINEES PTY LIMITED <HSBC CUST NOM AU LTD 13 A/C>	15,613,072	0.77
CS FOURTH NOMINEES PTY LIMITED <HSBC CUST NOM AU LTD 11 A/C>	13,178,449	0.65
	1,688,995,490	**83.29**

Substantial shareholders as disclosed in substantial shareholder notices given to the Company are as follows:

Tembo Capital Mining Fund II LP and related entities	13.05%
Paradice Investment Management Pty Ltd	9.516%
HOPU Clean Energy (Singapore) Pte Ltd	5.94%
Sachem Cove Special Opportunities Fund LP	5.00%

(c) Voting Rights

Ordinary Shares
For all shares, voting rights are one vote per member on a show of hands and one vote per share in a poll.

Share Appreciation Rights
There are no voting rights attached to share appreciation rights.

Performance Rights
There are no voting rights attached to performance rights.

(d) Securities Subject to Voluntary Escrow

There are no ordinary fully paid shares subject to voluntary escrow.

(e) Unquoted securities

Unlisted Share Appreciation Rights
The Company has 13,022,000 share appreciation rights on issue, issued in accordance with the Share Rights Plan approved by shareholders in November 2018. The number of beneficial holders of share appreciation rights totals 18.

Unlisted Performance Rights

The Company has 49,000,000 performance rights on issue, issued in accordance with the Share Rights Plan approved by shareholders in November 2018. The number of beneficial holders of performance rights totals five.

Additional Information (continued)

Tenements held

URANIUM PROJECTS

Project	Tenements	Interest %	JV Partner/s	Operator	Note
NAMIBIA – AFRICA					
Langer Heinrich	2 MLI	100%	-	LHUPL	1
LABRADOR/NEWFOUNDLAND – CANADA					
Central Mineral Belt	15 MLC	60%	-	AUR	
QUEENSLAND					
Mount Isa	6 MDLs	100%		PDN	
WESTERN AUSTRALIA					
Manyingee	3 MLs	100%	-	PDN	
Carley Bore	2 ELs	100%	-	PDN	

NON-URANIUM PROJECTS

Project	Tenements	Interest %	JV Partner/s	Operator	Note
QUEENSLAND					
Western Isa Joint Venture					
Mount Isa	10 EPMs	20%	Aeon Metals Limited	AML	3
	1 EPM	18% 2%	Aeon Metals Limited Centaurus Metals Limited	AML	3
SOUTH AUSTRALIA					
Reaphook JV	1 EL	7.5%	Perilya Limited Signature Resources NL	Perilya	

Tenements held (continued)

Operators		Paladin Equity (direct and indirect)	Note
AUR	Aurora Energy Ltd	60%	
CNNC	CNNC Overseas Uranium Holding Limited	0%	1
LHUPL	Langer Heinrich Uranium (Pty) Ltd	75%	1
PAC	Pacific Mines Pty Ltd	100%	
SRA	Summit Resources (Aust) Pty Ltd	100%	2
PDN	Paladin Energy Ltd		

Notes

1. Paladin holds an ultimate 75% interest in LHUPL with 25% held by CNNC.

2. Aeon Metals Limited earned 80% equity in the Western Isa Joint Venture tenements through expenditure of A$8M within three years of commencement (10 December 2007). SRA and Pacific Mines Pty Ltd have retained up to 20% equity in each of these tenements. SRA retained up to 18% equity in one of these tenements. Aeon Metals Limited were formally known as Aston Metals (Qld) Limited.

Tenement Types

EL	Exploration Licence (Australia)
EPL	Exclusive Prospecting Licence (Africa)
EPM	Exploration Permit for Minerals (Australia)
MDL	Mineral Development Licence (Australia)
ML	Mining Lease (Australia)
MLI	Mining Licence (Africa)
MLC	Mineral Licence (Newfoundland/Labrador)