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Consolidated Income Statement
For the year ended 30 June 2021

	Notes	2021 US$'000	2020 US$'000
Revenue			
Revenue	11	2,985	-
Cost of sales	12	(2,973)	-
Gross profit		**12**	**-**
Other income	12	2,452	10,306
Foreign exchange loss (net)	12	(3,934)	-
Administration, marketing and non-production costs	12	(24,225)	(31,477)
Loss before interest and tax		**(25,695)**	**(21,171)**
Finance costs	12	(32,412)	(24,880)
Net loss before income tax from continuing operations		**(58,107)**	**(46,051)**
Income tax expense	13	(151)	-
Net loss after tax from continuing operations		**(58,258)**	**(46,051)**
Loss after tax from discontinued operations	18	-	(46,401)
Net loss after tax		**(58,258)**	**(92,452)**
Attributable to:			
Non-controlling interests		(14,275)	(12,586)
Members of the parent		(43,983)	(79,866)
Net loss after tax		**(58,258)**	**(92,452)**
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	(2.0)	(1.7)
- discontinued operations, basic and diluted (US cents)	14	-	(2.4)

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 2021

	Notes	2021 US$'000	2020 US$'000
Net loss after tax		(58,258)	(92,452)
Other comprehensive income			
Items that may be subsequently reclassified to profit or loss:			
Foreign currency translation	9	2,975	(1,254)
Revaluation of financial assets	9	8,201	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		-	-
Other comprehensive profit for the year, net of tax		11,176	979
Total comprehensive loss for the year		**(47,082)**	**(91,473)**
Total loss attributable to:			
Non-controlling interests		(14,275)	(12,586)
Members of the parent		(32,807)	(78,887)
		(47,082)	**(91,473)**

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 2021

	Notes	2021 US$'000	2020 US$'000
ASSETS			
Current assets			
Cash and cash equivalents	6a	30,661	34,237
Restricted cash	6b	1,000	1,000
Trade and other receivables	16	1,978	1,116
Prepayments		1,259	1,222
Inventories	17	5,123	5,132
TOTAL CURRENT ASSETS		**40,021**	**42,707**
Non-current assets			
Trade and other receivables	16	4,776	5,512
Non-current financial assets	19	12,880	4,328
Right-of-use assets		780	215
Property, plant and equipment	20	178,089	190,889
Mine development	21	16,748	18,548
Exploration and evaluation expenditure	22	99,557	93,369
Intangible assets	23	8,312	8,831
TOTAL NON-CURRENT ASSETS		**321,142**	**321,692**
TOTAL ASSETS		**361,163**	**364,399**
LIBILITIES			
Current liabilities			
Trade and other payables	24	2,262	1,544
Lease liabilities		49	215
Provisions	25	540	522
TOTAL CURRENT LIABILITIES		**2,851**	**2,281**
Non-current liabilities			
Interest bearing loans and borrowings	7	-	134,394
Other Interest bearing loans - CNNC	8	68,743	102,638
Lease liabilities		788	-
Provisions	25	42,073	32,087
TOTAL NON-CURRENT LIABILITIES		**111,604**	**269,119**
TOTAL LIABILITIES		**114,455**	**271,400**
NET ASSETS		**246,708**	**92,999**
EQUITY			
Contributed equity	9	2,489,082	2,327,789
Reserves	9	(59,354)	(70,269)
Accumulated losses		(2,146,511)	(2,104,132)
Parent interests		**283,217**	**153,388**
Non-controlling interests		(36,509)	(60,389)
TOTAL EQUITY		**246,708**	**92,999**

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 2021

	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 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	-	978	-	979	-	979
Total comprehensive income/(loss) for the year net of tax	**-**	**978**	**(79,866)**	**(78,887)**	**(12,586)**	**(91,473)**
Share-based payment	-	351	-	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**
Loss for the period	-	-	(43,983)	(43,983)	(14,275)	(58,258)
Other comprehensive income	-	11,176	-	11,176	-	11,176
Total comprehensive income/(loss) for the year net of tax	**-**	**11,176**	**(43,983)**	**(32,807)**	**(14,275)**	**(47,082)**
Share-based payment	2,355	(261)	-	2,094	-	2,094
Capital raising	158,938	-	-	158,938	-	158,938
Earn in of 5% share of Michelin Project	-	-	1,604	1,604	(1,604)	-
Transactions with owners in their capacity as owners	-	-	-	-	36,759	39,759
Balance at 30 June 2021	**2,489,082**	**(59,354)**	**(2,146,511)**	**283,217**	**(36,509)**	**246,708**

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 2021

	Notes	2021 US$'000	2020 US$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers[1]		2,985	-
Payments to suppliers and employees[2]		(9,787)	(13,628)
Exploration and evaluation expenditure		-	(4)
Other income[3]		1,340	1,766
Interest received		95	435
Interest and other costs of finance paid		(47)	(47)
Tax paid		(151)	-
NET CASH OUTFLOW FROM OPERATING ACTIVITIES	15	**(5,565)**	**(11,478)**
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for property, plant and equipment		(38)	(273)
Proceeds from sale of property, plant & equipment		50	39
Capitalised exploration expenditure		(1,081)	(1,014)
LHM restart study costs		(2,142)	(3,059)
Proceeds from sale of subsidiary		1,000	4,000
NET CASH OUTFLOW FROM INVESTING ACTIVITIES		**(2,211)**	**(307)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares		166,560	21,664
Equity fundraising costs		(7,597)	(800)
Secured Notes interest paid[4]		(42,765)	-
Repayment of Secured Notes		(115,000)	-
Subsidiary sale consent fee to Noteholders and other selling costs		-	(1,142)
NET CASH INFLOW FROM FINANCING ACTIVITIES		**1,198**	**19,722**
NET (DECREASE)/ INCREASE IN CASH AND CASH EQUIVALENTS		**(6,578)**	**7,937**
Unrestricted cash and cash equivalents at the beginning of the financial year		34,237	25,360
Effects of exchange rate changes on cash and cash equivalents		3,002	940
UNRESTRICTED CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR		**30,661**	**34,237**

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

[1] *During FY2021 the Company participated in a spot trading opportunity.*

[2] *Includes cost of sales relating to the spot trade of US$2,973,000.*

[3] *During FY2021 the Company reached final settlement for litigation related to previous activities at the Kayelekera Mine in the amount of US$1,316,000 (not related to the sale to Lotus Resources Ltd).*

[4] *The Group's accounting policy is to treat interest as a finance cost.*

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BASIS OF PREPARATION

NOTE 1. CORPORATE INFORMATION

The Financial Report of Paladin Energy Ltd (Paladin) for the year ended 30 June 2021 was authorised for issue by the Directors on 26 August 2021.

Paladin is a company limited by shares, incorporated and domiciled in Australia whose shares are publicly traded on the ASX in Australia, with additional listings on the Munich, Berlin, Stuttgart and Frankfurt Stock Exchanges in Europe; and the Namibian Stock Exchange in Africa. The Company also trades on the OTCQX market in the United States and the Munich, Berlin, Stuttgart and Frankfurt markets.

The Group's principal place of business is Level 8, 191 St Georges Terrace, Perth, Western Australia. The nature of the operations and principal activities of the Group are described in the Operating and Financial Review (unaudited) on pages 8 to 10.

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 2021.

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 2020. The nature and impact of each new standard and amendment is described below:

Reference	Summary	Impact
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.	There was no material impact on the financial statements.
ASIC Areas of Focus for 30 June 2020	In its most recent publication in June 2020, ASIC identified five areas of focus which address financial reporting under COVID-19 conditions and should be read in conjunction with ASIC's COVID-19 frequently asked questions.	There was no material impact on the following five areas: • Asset values • Provisions • Solvency and going concern assessments • Events occurring after year end and before completing the financial report, and • Disclosures and Operating and Financial Review (OFR).

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 2021 (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

Functional and Presentation Currency

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).

Transactions and Balances

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)

<u>Group Companies</u>

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.

Significant Accounting Judgements, Estimates and Assumptions

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions in applying the group's accounting policies 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.

Areas involving significant estimates or judgements are:

- Estimated fair value of certain financial liabilities -Note 8

Estimates and judgements are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

NOTE 4. GOING CONCERN

At 30 June 2020 the Directors assessed that there was material uncertainty that may have cast significant doubt on the entity's ability to continue as a going concern. This related to the Group's ability to repay the US$115,000,000 Senior Secured Notes with a balance, including accrued interest, of US$134,394,000 maturing in 2023.

Paladin fully redeemed the US$115,000,000 senior secured notes in April 2021. The senior secured notes have subsequently been cancelled and delisted and all security registrations have been discharged.

At 30 June 2021, Paladin has no corporate debt.

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 Directors are satisfied that it is appropriate to prepare the financial statements on a going concern basis.

SEGMENT INFORMATION

NOTE 5. SEGMENT INFORMATION

Identification of Reportable Segments

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

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

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

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

[1] *In May 2018, the Company received the consent of relevant stakeholders to place the LHM into care and maintenance and the LHM stopped presenting ore to the plant.*
[2] *In FY2021, the Company has only undertaken the work required to meet minimum tenement commitments.*

NOTE 5. SEGMENT INFORMATION (CONTINUED)

The following tables present revenue, expenditure and asset information regarding operating segments for the years ended 30 June 2021 and 30 June 2020.

Year ended 30 June 2021	Exploration U$'000	Namibia US$'000	Australia US$'000	Consolidated US$'000
Sales to external customers	-	2,985	-	2,985
Total consolidated revenue	**-**	**2,985**	**-**	**2,985**
Cost of sales	-	(2,973)	-	(2,973)
Gross profit	**-**	**12**	**-**	**12**
Other income	-	40	5,475	5,515
Other expenses	-	(25,141)	(6,081)	(31,222)
Segment loss before income tax and finance costs	-	**(25,089)**	**(606)**	**(25,695)**
Finance costs	-	(8,992)	(23,420)	(32,412)
Loss before income tax	**-**	**(34,081)**	**(24,026)**	**(58,107)**
Income tax expense	-	-	(151)	(151)
Net loss after tax	**-**	**(34,081)**	**(24,177)**	**(58,258)**
At 30 June 2021				
Segment assets/total assets	94,840	215,156	51,167[1]	361,163

	Australia U$'000	Canada US$'000	Namibia US$'000	Consolidated US$'000
Non-current assets (excluding financial instruments) by country	68,755	31,540	207,967	308,262
Additions to non-current assets by country				
- Property, Plant and Equipment	39	-	-	39
- Exploration and Evaluation Expenditure	566	510	2,167	3,243

[1] *Includes US$30,350,000 in cash and cash equivalents.*

NOTE 5. SEGMENT INFORMATION (CONTINUED)

Year ended 30 June 2020	Exploration U$'000	Namibia US$'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 before income tax and finance costs	**(4)**	**(16,696)**	**-**	**(4,471)**	**(21,171)**
Finance costs	-	(7,447)	-	(17,433)	(24,880)
Loss 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 U$'000	Canada US$'000	Namibia 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.*

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

	2021 US$'000	2020 US$'000
Cash at bank and on hand	3,608	5,264
Short-term bank deposits	27,053	28,973
Total cash and cash equivalents	**30,661**	**34,237**

NOTE 6b. RESTRICTED CASH

	2021 US$'000	2020 US$'000
Restricted cash at bank	1,000	1,000
Total restricted cash and cash equivalents	**1,000**	**1,000**

The cash is restricted for use in respect of an environmental guarantee provided by the 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	2021 US$'000	2020 US$'000
Non-Current			
Senior secured notes	2023	-	134,394
Total non-current interest bearing loans and borrowings		**-**	**134,394**
Senior secured notes			
Face value of senior secured notes issued		-	115,000
Equity component		-	(7,475)
Liability component on initial recognition		**-**	**107,525**
Transaction costs		-	(9,099)
Accretion expense		-	5,222
Capitalised interest		-	30,746
Liability component at 30 June		**-**	**134,394**
Senior secured notes redemption			
Repayment of senior secured notes issued		115,000	-
Senior secured notes redemption premium & interest paid		42,765	-
Total redemption		**157,765**	**-**

Senior loans and borrowings

Paladin fully redeemed the US$115,000,000 senior secured notes in April 2021. The Senior Notes have subsequently been cancelled and delisted and all security registrations have been discharged.

FY2020

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 Notes repayable on 25 January 2023. The Senior Notes were 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 Senior Notes were not convertible and were listed on the Singapore Stock Exchange. The underwriters of the Notes received 3% of the Company's issued shares.

PIK Interest on the Notes accrued at a rate of 10% per annum and was deferred on each interest payment date commencing on 31 March 2018. No additional Notes were issued in respect of such deferred PIK interest. Each amount of deferred PIK interest also bore interest at the rate of 10% per annum from and including the date on which the payment was deferred. However Paladin was 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 could 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 was not required to pay cash interest. All amounts of deferred PIK interest (and any interest accrued thereon) were due and payable (in cash) when the notes were redeemed.

NOTE 7. INTEREST BEARING LOANS AND BORROWINGS (CONTINUED)

Fair value disclosures

Details of the fair value of the Group's interest bearing liabilities are set out in Notes 8 and 10.

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

NOTE 8. OTHER INTEREST BEARING LOANS - CNNC

	2021 US$'000	2020 US$'000
(Non-Current)		
LHU's loans from CNNC	68,743	102,638

As part of the sale of the 25% interest in Langer Heinrich Mauritius Holdings Limited (LHMHL) in 2014 to CNNC Overseas Uranium Holding Limited (CNNC), US$96,000,000 (representing 25%) of the intercompany shareholder loans owing by Langer Heinrich Uranium (Pty) Ltd (LHU) to Paladin Finance Pty Ltd (PFPL) were assigned to CNNC under the same interest rate and conditions in place at the time.

Under the Shareholders' Agreement between CNNC, PFPL and LHMHL, each shareholder has agreed not to demand repayment of the loans 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 LHU generating sufficient free cash flows to repay the loans and these loans have not been guaranteed by Paladin.

On consolidation, PFPL's 75% share of the LHU 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 LHU's assets and liabilities, LHU's shareholder loan liability to CNNC is recognised on the consolidated statement of financial position.

On 1 January 2021, two shareholder loan facility agreements were extended with revised terms. The face value of the loans remain the same. The revised terms included modifications to the term and interest rate of the loans. These revisions are considered a substantial modification under AASB9.

Under AASB9 Financial Instruments, amendments constituting a "substantial" modification of the loan terms require the original loan facilities to be "extinguished" and derecognised and new loan facilities are recognised at fair value.

The revised terms of the shareholder loans reflect a mix of fixed and floating rate interest and interest free periods and consider that the LHM is on care and maintenance and not generating revenue. The shareholders loan terms may not be reflective of market conditions for external borrowings at this time.

The future value of anticipated cash flows, based on the revised loan terms, has been derived using an income approach by discounting the revised cashflows at a rate of that the Company considers representative of an unsecured borrowing rate available in the market.

NOTE 8. OTHER INTEREST BEARING LOANS – CNNC (CONTINUED)

As a result, the book value of the total amount of the shareholder loans amounting to US$400,438,000 (owing to the Group and CNNC at 31 December 2020) was derecognised and "new" loans recognised at a fair value of US$247,633,000 at that date with the difference taken directly to equity as a shareholder contribution. After eliminations, the fair value of the CNNC share of the loan facilities was recognised at US$64,432,000.

The difference between the fair value and face value of the loans has been recognised in equity and will be unwound over the term of the loans through the effective interest rate. At 30 June 2021 $2,918,000 accretion expense had been recognised from 1 January 2021.

The effect of modification has resulted in the following balances being recognised in the LHU accounts as set out below:

Balance of shareholder loans at 30 June 2020 (at amortised cost)	**US$'000**
Amount owing to PFPL (eliminated on consolidation)	291,766
Amount owing to CNNC	102,638
Total LHU shareholder loans	**394,408**

Balance of shareholder loans at 1 January 2021 (at fair value)	**US$'000**
Amount owing to PFPL (eliminated on consolidation)	183,201
Amount owing to CNNC	64,432
Total LHU shareholder loans	**247,633**

There is no change in the face value of the loans which amounted to $105,584,000 at 30 June 2021.

NOTE 9. CONTRIBUTED EQUITY AND RESERVES

Issued and Paid Up Capital

	Number of Shares			
	2021	**2020**	**2021 US$'000**	**2020 US$'000**
Ordinary shares				
Issued and fully paid	2,677,756,397	2,027,891,013	2,489,082	2,327,789

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.

NOTE 9. CONTRIBUTED EQUITY AND RESERVES (CONTINUED)

Movements in ordinary shares on issue

Date		Number of Shares	Issue Price A$	Exchange Rate US$: A$	Total US$'000
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**
December 2020	SARs exercised	1,056,623	-	-	-
December 2020	Conversion of PRs	14,250,000	-	-	-
January 2021	Conversion of PRs	14,250,000	-	-	-
March 2021	Conversion of PRs	14,250,000	-	-	-
March 2021	Share placement	520,330,943	0.37	1.31480	146,427
April 2021	Institutional offer	70,712,253	0.37	1.29958	20,132
April 2021	SARs exercised	245,195	-	-	-
May 2021	Conversion of PRs	14,250,000	-	-	-
May 2021	SARs exercised	326,377	-	-	-
June 2021	SARs exercised	193,993	-	-	-
	Transfer from share-based payment reserve				2,355
	Transaction costs				(7,621)
Balance 30 June 2021		**2,677,756,397**			**2,489,082**

NOTE 9. CONTRIBUTED EQUITY AND RESERVES (CONTINUED)

Reserves	Consolidation reserve US$'000	Listed option application reserve US$'000	Share based payment 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 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)**
Share-based payments	-	-	(261)	-	-	-	(261)
Foreign currency translation	-	-	-	2,975	-	-	2,975
Revaluation of financial assets	-	-	-	-	8,201	-	8,201
Balance at 30 June 2021	**48,319**	**137**	**48,042**	**(180,372)**	**10,434**	**14,086**	**(59,354)**

NOTE 9. CONTRIBUTED EQUITY AND RESERVES (CONTINUED)

Nature and Purpose of Reserves

Consolidation reserve

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.

Listed option application reserve

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.

Share-based payments reserve

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

Financial assets at fair value in other comprehensive income

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.

Foreign currency translation reserve

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.

Premium on acquisition reserve

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 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

Foreign Exchange Risk

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 both US and Australian 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.

NOTE 10. FINANCIAL RISK MANAGEMENT (CONTINUED)

Market Risk (continued)

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

	2021 US$'000	2020 US$'000
Financial assets		
Cash and cash equivalents	17,428	4,627
Trade and other receivables	416	321
Non-current financial assets	12,880	4,328
	30,724	**9,276**
Financial liabilities		
Trade and other payables	(1,097)	(813)
Net exposure	29,627	8,463

The following table summarises the sensitivity of financial instruments held at balance sheet date to movements in the exchange rate of the Australian dollar to the US dollar, with all other variables held constant. The 9% sensitivity is based on reasonably possible changes, over a financial year, using the observed range of actual historical rates for the preceding five year period.

	IMPACT ON PROFIT/LOSS		IMPACT ON EQUITY	
	2021 US$'000	2020 US$'000	2021 US$'000	2020 US$'000
Post-Tax Gain/(Loss)				
AUD/USD +9% (2020: +5%)	(2,051)	(312)	891	159
AUD/USD -9% (2020: -5%)	1,712	282	(744)	(144)

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

	2021 US$'000	2020 US$'000
Financial assets		
Cash and cash equivalents	78	1,604
Trade and other receivables	38	69
	116	**1,673**
Financial liabilities		
Trade and other payables	(169)	(98)
Net exposure	(53)	1,575

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.

The interest rate risk on interest-bearing liabilities is not considered to be a material risk. These loans represent the 25% of intercompany shareholder loans owing by LHU to Paladin Finance Pty Ltd (PFPL) that were assigned to CNNC upon the sale of a 25% interest in LHMHL to CNNC in 2014. These loans maintain the same conditions as the intercompany shareholder loans and have a range of fixed and floating rates. During the year, the shareholder loans were extended with revised conditions. Note 8 details the impact of the extensions. All other financial assets and liabilities in the form of receivables, investments in shares, payables and provisions, are non-interest bearing.

NOTE 10. FINANCIAL RISK MANAGEMENT (CONTINUED)

Market Risk (continued)

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:

	2021 US$'000	2020 US$'000
Financial assets		
Cash and cash equivalents – short-term Deposit	30,661	34,237
Restricted cash	1,000	1,000
	31,661	**35,237**
Financial liabilities		
Interest-bearing liabilities	(68,743)	(102,638)
Net exposure	(37,082)	(67,401)

Market Price Risk

Price risk is the risk that the Group's financial position will be adversely affected by movements in the market value of its available-for-sale financial assets.

The financial instruments exposed to movements in market value are as follows:

	2021 US$'000	2020 US$'000
Financial assets		
Other financial assets	12,880	4,328

The following table summarises the sensitivity of financial instruments held at balance date to movements in the market price of available-for-sale financial instruments, with all other variables held constant. The 25% sensitivity is based on reasonable possible changes, over a financial year, using the observed range of actual historical prices.

	IMPACT ON EQUITY	
	2021 US$'000	2020 US$'000
Post-Tax Gain/(Loss)		
Market price +25% (2020: +25%)	2,254	757
Market price -25% (2020: -25%)	(2,254)	(757)
Post-tax impact on reserve		
Market price +25% (2020: +25%)	2,254	757
Market price -25% (2020: -25%)	(2,254)	(757)

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
	US$'000	US$'000	US$'000	US$'000	US$'000
2021					
Trade and other payables	2,262	2,262	-	-	-
LHU's loans from CNNC - principal	80,928	-	-	-	80,928
Interest payable on CNNC loans	24,656	-	-	-	24,656
Total payables	**107,846**	**2,262**	**-**	**-**	**105,584**
2020					
Trade and other payables	1,541	1,541	-	-	-
Loans and borrowings	115,000	-	-	115,000	-
Deferred interest	30,745	-	-	30,745	-
LHU's loans from CNNC - principal	80,928	-	-	-	80,928
Interest payable on CNNC loans	21,710	-	-	-	21,710
Total payables	**249,924**	**1,541**	**-**	**145,745**	**102,638**

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's receivables are due from 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$38,415,000 (2020: US$41,866,000), comprising cash and receivables.

	2021 US$'000	2020 US$'000
Current		
Cash and cash equivalents*	30,661	34,237
Restricted cash*	1,000	1,000
Other receivables – other entities	1,978	1,116
	33,639	**36,353**
Non-Current		
Other receivables – other entities	4,776	5,513
Total	**38,415**	**41,866**

* The Group's maximum deposit with a single financial institution represents 62% (2020: 77%) of cash and cash equivalents. This financial institution has a credit rating of Aa3 (2020: Aa3).

Restricted cash is held in Namibia, this financial institution has a credit rating of Ba2 (2020: Ba2).

NOTE 10. FINANCIAL RISK MANAGEMENT (CONTINUED)

Credit Risk (continued)

		Receivables ageing analysis			
	Total	**<1 year**	**1-2 years**	**2-3 years**	**>3 years**
2021	**US$'000**	**US$'000**	**US$'000**	**US$'000**	**US$'000**
2021					
Trade receivables	-	-	-	-	-
Other receivables	6,754	1,978	380	4,396	-
Total receivables	**6,754**	**1,978**	**380**	**4,396**	**-**
2020					
Trade receivables	-	-	-	-	-
Other receivables	6,629	1,116	316	1,492	3,705
Total receivables	**6,629**	**1,116**	**316**	**1,492**	**3,705**

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 2021:

	2021		2020	
	Carrying amount US$'000	**Fair value US$'000**	**Carrying amount US$'000**	**Fair value US$'000**
Interest bearing loans and borrowings				
- Senior secured notes[1]	-	-	134,394	68,627
Total non-current	**-**	**-**	**134,394**	**68,627**

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.

[1] *Paladin fully redeemed the US$115,000,000 senior secured notes in April 2021. The senior secured notes have subsequently been cancelled and delisted and all security registrations have been discharged. Refer to note 7.*

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 2021				Year ended 30 June 2020			
	(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	12,880	-	-	12,880	4,328	-	-	4,328
Share receivables	-	-	1,889	1,889	-	-	1,467	1,467
Cash receivables	-	-	4,364	4,364	-	-	4,623	4,623
	12,880	**-**	**6,253**	**19,133**	**4,328**	**-**	**6,090**	**10,418**
Financial liabilities for which fair values are disclosed								
US$115M senior secured notes[1]	-	-	-	-	68,627	-	-	68,627
	-	**-**	**-**	**-**	**68,627**	**-**	**-**	**68,627**

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 is 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 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.

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

NOTE 10. FINANCIAL RISK MANAGEMENT (CONTINUED)

Capital Management (continued)

	2021 US$'000	2020 US$'000
Debt (face value plus accrued interest)[1]	-	145,745
Less cash and cash equivalents	(30,661)	(34,237)
Net debt	**(30,661)**	**111,508**
Total equity	246,708	92,999
Total Capital	**216,047**	**204,507**
Gearing Ratio (defined as net debt/total capital)	**0%**	**55%**

PERFORMANCE FOR THE YEAR

NOTE 11. REVENUE

	2021 US$'000	2020 US$'000
Sale of uranium	2,985	-
Total	**2,985**	**-**

During FY2021 the Company participated in a uranium spot trading opportunity.

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, however the Group is in Care and Maintenance and consequently minimal revenue is being generated. 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 provide for the nature and timing of satisfaction of performance obligations, including payment terms and 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 to the customer 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.

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

NOTE 12. INCOME AND EXPENSES

	2021 US$'000	2020 US$'000
Cost of Sales		
Inventory purchased	(2,973)	-
Total	**(2,973)**	**-**
Other Income		
Other income	2,452	2,027
Foreign exchange gain (net)	-	8,279
Total	**2,452**	**10,306**
Foreign exchange loss (net)	**(3,934)**	**-**
Administration, Marketing and Non-Production Costs		
Corporate and marketing	(3,539)	(6,695)
Corporate restructure costs	(300)	(182)
LHM mine site	(3,011)	(3,065)
LHM depreciation	(15,120)	(21,048)
LHM restructure costs	-	(84)
Other	(2,255)	(403)
Total	**(24,225)**	**(31,477)**
Finance Costs		
Senior Secured Notes	(12,019)	(13,568)
LHU's loans from CNNC	(2,946)	(4,374)
Paladin (Africa) Ltd sale consent fee to Noteholders and other selling costs	-	(1,188)
Accretion expense relating to Senior Secured Notes	(11,352)	(2,677)
Mine closure provision accretion expense	(3,128)	(3,073)
Accretion expense on shareholder loan	(2,918)	-
Lease interest expense	(2)	-
Other finance costs	(47)	-
Total	**(32,412)**	**(24,880)**
Total depreciation and amortisation expense	(15,241)	(21,107)

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	2021 US$'000	2020 US$'000
Wages and salaries	(3,457)	(4,368)
Defined contribution superannuation	(332)	(439)
Share-based payments	(2,094)	(340)
Other employee benefits	(561)	(438)
Total	**(6,444)**	**(5,585)**

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

	2021 US$'000	2020 US$'000
Income Tax Expense		
Current income tax		
Current income tax expense	151	-
Deferred income tax		
Related to the origination and reversal of temporary differences	-	-
Income tax expense reported in the Income Statement	**151**	**-**
Amounts Charged or Credited Directly to Equity		
Deferred income tax related to items charged or credited directly to equity:		
Fair value adjustment to CNNC Loans	(13,815)	-
Tax losses recognised to offset fair value adjustment	13,815	-
Income tax benefit reported in equity	-	-
Numerical Reconciliation of Income Tax Benefit to Prima Facie Tax Payable		
Loss before income tax expense from continuing operations	**(58,107)**	**(46,051)**
Tax at the Australian tax rate of 30% (2020 – 30%)	17,432	13,815
Difference in overseas tax rates	4,899	3,530
Non-deductible items	1,356	99
Under/over prior year adjustment	-	
Tax losses utilised		
Deferred tax assets on losses not recognised	(23,536)	(17,444)
Income tax expense reported in the income statement	**151**	**-**

Tax Losses	2021 US$'000	2020 US$'000
Australian unused tax losses for which no deferred tax asset has been recognised[1]	(87,014)	(72,154)
Other unused tax losses for which no deferred tax asset has been recognised[2]	(380,039)	(381,546)
Total unused tax losses for which no deferred tax asset has been recognised	**(467,053)**	**(453,700)**

[1] *Including tax losses transferred from SRL on consolidation*
[2] *Excluding tax losses from discontinued operation*

NOTE 13. INCOME AND OTHER TAXES (CONTINUED)

	2021 US$'000	2020 US$'000
Deferred Income Tax		
Deferred tax liabilities		
Accelerated prepayment deduction for tax purposes	(110)	(58)
Accelerated depreciation for tax purposes	(70,820)	(75,984)
Exploration expenditure	(2,294)	(1,311)
Inventory / Consumables	(3,152)	(3,154)
Asset disposal	-	(407)
Other	-	(823)
Gross deferred tax liabilities	(76,376)	(81,737)
Set off of deferred tax assets	76,376	81,737
Net deferred tax liabilities	-	-
Deferred tax assets		
Revenue losses available for offset against future taxable income	88,293	112,670
Foreign currency balances	45,582	65,955
Interest bearing liabilities	29,269	21,322
Provisions	8,085	4,174
Other	2,750	64
Deferred tax assets not recognised	(97,603)	(122,448)
Gross deferred tax assets	76,376	81,737
Set off against deferred tax liabilities	(76,376)	(81,737)
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

	2021 US cents	2020 US cents
Loss per share attributable to ordinary equity holders of the Parent from continuing operations	(2.0)	(1.7)

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

	2021 US$'000	2020 US$'000
Net loss attributable to ordinary equity holders of the Parent from continuing operations	(43,983)	(33,465)

	2021 Number of Shares	2020 Number of Shares
Weighted average number of ordinary shares used in calculation of basic earnings per share	2,201,765,877	1,966,201,370
Weighted average number of ordinary shares used in calculation for diluted earnings per share	2,205,415,804	1,966,201,370
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	3,649,927	-

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 2021 and 2020 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 ACTIVITIES

	2021 US$'000	2020 US$'000
Reconciliation of Net Loss After Tax to Net Cash Flows Used in Operating Activities		
Net loss	(58,258)	(92,452)
Adjustments for		
Depreciation and amortisation	15,241	21,107
Sundry income	(1,015)	-
Gain on disposal of property, plant and equipment	(12)	(8)
Net exchange differences	3,525	(1,111)
Share-based payments	2,028	340
Financing costs	29,447	23,691
Accretion expense on shareholder loan	2,918	-
Loss on sale of subsidiary	-	42,540
Changes in operating assets and liabilities		
(Increase)/decrease in prepayments	(37)	2
Increase in trade and other receivables	(128)	(5,274)
Decrease in inventories	9	232
Increase/(decrease) in trade and other payables	700	(809)
Increase/(decrease) in provisions	17	(175)
Decrease/(increase) in assets classified as held for sale	-	355
Increase in liabilities directly associated with assets classified as held for sale	-	84
Net cash flows used in operating activities	**(5,565)**	**(11,478)**

OPERATING ASSETS AND LIABILITIES

NOTE 16. TRADE AND OTHER RECEIVABLES

	Notes	2021 US$'000	2020 US$'000
Current			
Trade receivables and other receivables	A	1,877	1,057
GST and VAT	B	101	59
Total current receivables		**1,978**	**1,116**
Non-Current			
Trade receivables and other receivables	A	4,396	5,197
Long term deposits	C	380	315
Total non-current receivables		**4,776**	**5,512**

A. Trade receivables are non-interest bearing. Carrying value approximates fair value due to the short-term nature of the receivables. Other receivables are amounts that generally arise from transactions outside the usual operating activities of the group.

Future receivables from the Kayelekera Sale include:

- A$3M additional shares in Lotus Resources Limited due to be issued 13 March 2023;
- US$5M repayment of the environmental performance bond (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.

B. GST and VAT receivables relates to amounts due from Governments in Australia, Namibia and Canada.

C. Long term deposits relate 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.

Other Receivables

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

NOTE 16. 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 17. INVENTORIES

	2021 US$'000	2020 US$'000
Current		
Stores and consumables (at cost)	5,123	5,132
Total current inventories at the lower of cost and net realisable value	**5,123**	**5,132**

Inventory Expense

Uranium inventories sold recognised as an expense for the year ended 30 June 2021 totalled US$2,973,000 for the Group. All inventory was purchased (2020: US$Nil).

Write-down of Inventories

During 2021 stores and consumables held at the LHM were written down by US$5,105 (2020: US$68,682) due to obsolescence.

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 18. DISCONTINUED OPERATIONS AND ASSETS AND LIABILITIES CLASSIFIED AS HELD FOR SALE

1. Description

FY2020 - 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 of shares (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 holds a 9.43% interest at 30 June 2021.

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. 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 2022), and the final US$3M on the third anniversary (13 March 2023). At 30 June 2021 US$5M has been received by Paladin.

At 30 June 2020 - Future receivables from the Kayelekera Sale include:

- A$3M additional shares in Lotus to be issued on 13 March 2023;
- US$5M repayment of the environmental performance bond (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.

2. Financial performance and cash flow information of discontinued operations

	2021 US$'000	2020 US$'000
(Loss)/profit after tax from discontinued operations		
Other income	-	188
Change in estimate of KM mine closure provision	-	-
Care and maintenance expenses	-	(4,049)
Loss on sale of subsidiary after income tax	-	(42,540)
(Loss)/profit after tax from discontinued operations	**-**	**(46,401)**
Cash Flows		
Net cash outflow from operating activities	-	(3,238)
Net cash inflow from investing activities	-	-
Net decrease in cash and cash equivalents	**-**	**(3,238)**

NOTE 18. DISCONTINUED OPERATIONS AND ASSETS AND LIABILITIES CLASSIFIED AS HELD FOR SALE (CONTINUED)

3. Details of the sale of the subsidiary

	2021 US$'000	2020 US$'000
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)**

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.

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.

[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 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.*

NOTE 19. NON-CURRENT FINANCIAL ASSETS

	2021 US$'000	2020 US$'000
Non-current financial assets	12,880	4,328

The Group has an investment in Lotus Resources Limited and at 30 June 2021 held 90,000,000 shares (2020: 90,000,000 shares) subject to a 12-month voluntary escrow which expired on 13 March 2021. The market value of these shares at 30 June 2021 is A$17.1M (US$12.9M) (2020: A$6.3M (US$4.3M)) based on a share price of A$0.19 (2020: 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 20. PROPERTY, PLANT AND EQUIPMENT

	Total US$'000	Plant and Equipment US$'000	Land and Buildings US$'000	Construction Work in Progress US$'000
2021				
Net carrying value				
At 1 July 2020	190,889	185,361	4,772	756
Additions	39	39	-	-
Depreciation and amortisation expense	(12,819)	(12,455)	(364)	-
Disposals	(38)	(38)	-	-
Foreign currency translation	18	18	-	-
At 30 June 2021	**178,089**	**172,925**	**4,408**	**756**
Cost	380,059	369,442	9,861	756
Accumulated depreciation	(201,970)	(196,517)	(5,453)	-
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)	-

NOTE 20. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

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.

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 Langer Heinrich Mine CGU.

NOTE 21. MINE DEVELOPMENT

	2021 US$'000	2020 US$'000
Mine development – at cost	63,091	63,091
Less accumulated depreciation and impairment	(46,343)	(44,543)
Net carrying value – mine development	**16,748**	**18,548**
Net carrying value at start of year	18,548	22,958
Depreciation and amortisation expense	(1,800)	(4,410)
Net carrying value at end of year	**16,748**	**18,548**

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

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 22. 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 2021:

	Valhalla/Skal	Isa North	Carley Bore	Canada	Manyingee	Fusion	LHU	Total
Areas of interest	**US$'000**	**US$'000**	**US$'000**	**US$'000**	**US$'000**	**US$'000**	**US$'000**	**US$'000**
Balance 1 July 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**
Expenditure capitalised	79	259	51	510	108	69	2,167	3,243
Foreign exchange differences	-	-	-	2,945	-	-	-	2,945
Balance 30 June 2021	**39,520**	**7,802**	**7,917**	**31,340**	**7,524**	**228**	**5,226**	**99,557**

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.

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 23. INTANGIBLE ASSETS

	2021 US$'000	2020 US$'000
At 30 June		
Intangible assets – at cost	17,803	17,803
Less accumulated depreciation and impairment	(9,491)	(8,972)
Net carrying value – intangible assets	**8,312**	**8,831**

Amortisation of US$519,000 (2020: US$631,000) is included in non production costs 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
2021			
Net carrying value at 1 July 2020	2,473	6,358	8,831
Amortisation expense	(145)	(374)	(519)
Net carrying value at 30 June 2021	2,328	5,984	8,312
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

Description of the Group's Intangible Assets

1. Right to supply of power

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

2. Right to supply of water

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

NOTE 23. INTANGIBLE ASSETS (CONTINUED)

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:

<u>Right to use water and power supply</u>

Useful lives	Life of mine
Amortisation method used	Straight line method over the remaining useful life (16 years). The amortisation method is reviewed at each financial year-end.
Impairment testing	Annually and more frequently when an indication of impairment exists.

NOTE 24. TRADE AND OTHER PAYABLES

	2021 US$'000	2020 US$'000
Current		
Trade and other payables	2,262	1,541
Unearned Revenue	-	3
Total current payables	**2,262**	**1,544**

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 25. PROVISIONS

	2021 US$'000	2020 US$'000
Current		
Employee benefits	540	522
Total current provisions	**540**	**522**
Non-Current		
Environmental rehabilitation provision	42,073	32,087
Total non-current provisions	**42,073**	**32,087**

Movements in Provisions

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

	Environmental Rehabilitation US$'000
At 1 July 2020	32,087
Unwinding of discount rate	3,128
Foreign currency movements	6,858
At 30 June 2021	**42,073**
2021	
Current	-
Non-current	42,073
2020	
Current	-
Non-current	32,087

Nature and Timing of Provisions

Environmental rehabilitation

A provision for environmental rehabilitation and mine closure has been recorded in relation to the 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 25. 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 26. KEY MANAGEMENT PERSONNEL

Details of Key Management Personnel

1 Directors

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

2 Executives

Mr Ian Purdy	Chief Executive Officer
Ms Anna Sudlow	Chief Financial Officer
Mr Jonathon Clements	General Manager - Projects & Development
Mr Jess Oram	General Manager Exploration (appointed 19 July 2021)
Mr Alex Rybak	General Manager – Business Development & Marketing (appointed 19 July 2021)

Compensation of Key Management Personnel: Compensation by Category

	2021 US$'000	2020 US$'000
Short-term employee benefits	981,379	1,345,071
Post-employment benefits	54,206	57,344
Share-based payments	1,957,547	86,935
	2,993,132	**1,489,350**

NOTE 27. AUDITORS' REMUNERATION

The auditor of the Paladin Energy Ltd Group is PricewaterhouseCoopers.

	2021 US$'000	2020 US$'000
Amounts received or due and receivable by PricewaterhouseCoopers (Australia) for:		
Audit or review of the financial report of the consolidated Group	140,237	127,850
Other services	-	-
Taxation services:		
Tax compliance services	27,900	39,854
International tax consulting	-	10,329
Other tax advice	-	-
Sub-total	**168,137**	**178,033**
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	27,965	24,352
Other services	288	1,219
Taxation services:		
Tax compliance services	450	481
Sub-total	**28,703**	**26,052**
Total	**196,840**	**204,085**

NOTE 28. 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 2021 other than:

	2021 US$'000	2020 US$'000
Tenements		
Commitments for tenements contracted for at the reporting date but not recognised as liabilities, payable:		
Within one year	90	41
Later than one year but not later than 5 years	681	987
More than 5 years	493	539
Total tenements commitment	**1,264**	**1,567**

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:

	2021 US$'000	2020 US$'000
Within one year	145	503
Later than one year but not later than 5 years	1,023	297
More than 5 years	558	1,115
Total other commitments	**1,726**	**1,915**

In relation to the Manyingee Project, the re-negotiated acquisition terms provide for a payment of A$750,000 (US$564,899) (2020: A$750,000 (US$515,187)) by the Group to the vendors when all project development approvals are obtained.

Bank Guarantees

As at 30 June 2021 the Group has outstanding US$123,549 (A$164,032) (2020: US$154,656 (A$225,145)) as a current guarantee provided by a bank for the corporate office lease; a US$11,298 (A$15,000) (2020: US$92,734 (A$135,000)) guarantee for tenements and a US$48,958 (A$65,000) (2020: US$44,650 (A$65,000)) guarantee for corporate credit cards.

NOTE 29. RELATED PARTIES

Key Management Personnel

The only related party transactions are with Directors and Key Management Personnel. Refer to Note 26. Details of material controlled entities are set out in Note 30.

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

Non-Current	2021 US$'000	2020 US$'000
At 1 July 2020	102,638	98,264
Interest charged	2,946	4,374
Fair value adjustment to shareholder loan	(39,759)	-
Accretion expense	2,918	-
At 30 June 2021	**68,743**	**102,638**
Purchase of uranium	2,973	-

NOTE 30. GROUP INFORMATION

Information Relating to Paladin Energy Ltd (parent)

	2021 US$'000	2020 US$'000
Current assets	32,127	32,989
Total assets	252,854	232,448
Current liabilities	1,388	1,336
Total liabilities	11,934	147,265
Issued capital	2,489,082	2,327,789
Accumulated losses	(2,813,872)	(2,293,279)
Option application reserve	137	137
Share-based payments reserve	48,042	48,303
Revaluation reserve	10,434	2,233
Total shareholders' equity	266,177	85,183
Net loss after tax from operations	(41,141)	(12,149)
Total comprehensive loss	**(41,141)**	**(12,149)**

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 recognised a provision of US$42,073,000 for the LHM Environmental Trust Fund.

NOTE 30. GROUP INFORMATION (CONTINUED)

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.

Investments in Material Controlled Entities

NAME	COUNTRY OF INCORPORATION	PERCENTAGE INTEREST HELD	
		2021	2020
		%	%
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	65	60

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

NOTE 31. EVENTS AFTER THE BALANCE DATE

Since the end of the financial year, the Directors are not aware of any other matter or circumstance not otherwise dealt with in this report, that has significantly or may significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in subsequent periods.

NOTE 32. 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 2021:

Reference/ Title	Summary	Application date of standard*	Application date for Group*
Narrow scope amendments issued for AASB 116, AASB 137, AASB 3 and Annual Improvements made to AASB 1, AASB 9, AASB 16 and AASB 141 (AASB 2020-3)	The AASB has made • Narrow scope amendments to - AASB 116 Property, Plant and Equipment in relation to proceeds before intended use - AASB 137 Provisions, Contingent Liabilities and Contingent - Assets in relation to onerous contracts and the cost of fulfilling a contract - AASB 3 Business combinations in relation to references to the Conceptual Framework, and - Annual improvements to AASB 16, AASB 1, AASB 9 and AASB 141.	1 January 2022	1 July 2022
Classification of liabilities as current or non-current (AASB 2020-1, AASB 2020-6)	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 2023	1 July 2023

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

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 2021, 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 39 to 87, 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 2021 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) 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 2021 (**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 26th August 2021

On behalf of the board

____
Cliff Lawrenson
Chairman

Independent auditor's report

To the members of Paladin Energy Ltd

Report on the audit of the financial report

Our opinion

In our opinion:

The accompanying financial report of Paladin Energy Ltd (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 2021 and of its financial performance for the year then ended

(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 2021
- 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 significant accounting policies and other explanatory information
- 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 & 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.

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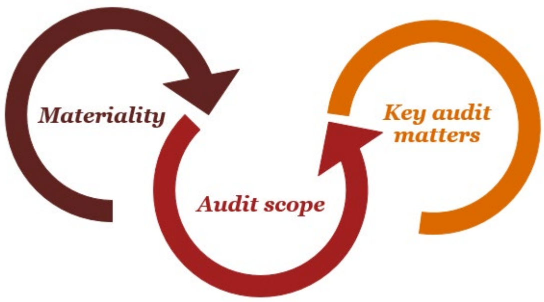
Our audit approach

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	*Audit scope*
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.	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 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. • 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.

Key audit matter	***How our audit addressed the key audit matter***
Revision of shareholder loan terms *(Refer to note 8) US68,743,000* On 1 January 2021 the shareholder loan facility agreements between the Group's 75%-owned Namibian subsidiary Langer Heinrich Uranium (Pty) Ltd and its shareholders were extended. The revised terms and conditions of the facility agreements were sufficiently different from previous terms and conditions such that the new arrangements constituted an extinguishment of the previous facilities and the recognition, at fair value, of the new facilities. In accordance with AASB 9 *Financial Instruments* the fair values of the loans under the revised facility agreements were determined by applying a market interest rate to the future cash flows arising from the loans. The difference between these fair values and the carrying amount of the loans at 1 January 2021 represents a non-cash contribution from owners and has been recognised in equity. This was a key audit matter due to the complexity of the accounting requirements for debt modifications, the judgement required to determine the fair value of the revised loans and the significant adjustments to the carrying value of the loans resulting from the revision.	We focused our work on assessing the appropriateness of the accounting treatment for the revised shareholder loan terms and our procedures included: • obtaining the revised shareholder loan facility agreements to assess the relevant changes in terms and conditions • assessing the assumptions used by management in determining whether the revision resulted in a debt modification or extinguishment under AASB 9 Financial Instruments • assessing the reasonableness of the interest rate used to calculate the fair value of the revised loans • testing the mathematical accuracy of the calculation of fair values of the revised loans • assessing the reasonableness of the calculation of interest expense subsequent the revision on 1 January 2021 • assessing the appropriateness of disclosures relating to this matter in the financial report

Key audit matter	*How our audit addressed the key audit matter*
Assessment of impairment indicators for Langer Heinrich *(Refer to notes 5 and 20-23) US$207,967,000* The Group performed an assessment for impairment indicators as required by Australian Accounting Standards for the Langer Heinrich Cash Generating Unit (CGU) which is currently in care & maintenance. As at 30 June 2021, the US$207,967,000 Namibian segment non-current assets (comprising property, plant and equipment, mine properties, exploration and evaluation and intangible 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 2021 for the Langer Heinrich CGU. We applied professional scepticism in our evaluation of judgements made by the Group and our procedures included: • comparing medium and long term uranium pricing to external industry forecasts • comparing resource estimates to the most recent Langer Heinrich Resource Statement • comparing foreign exchange and inflation rate assumptions to current economic forecasts • assessing the Group's market capitalisation as an indicator for impairment • assessing the reasonableness of the accounting policy and method selected in light of the Accounting Standards
Closure and rehabilitation provisions *(Refer to note 25) US$42,073,000* 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 2021 the consolidated statement of financial position included provisions for such obligations of US$42.1 million. 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 and inflation rates applied to future cash outflows associated with rehabilitation activities to bring them to their present value.	We obtained the Group's assessment of its 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: • comparing the rehabilitation costs being estimated at Langer Heinrich to an external expert's assessment of the rehabilitation obligation • examining supporting information for significant changes in future cost estimates from the prior year • assessing the timing of work to be performed by comparison to mine plans and environmental rehabilitation plans submitted to relevant authorities • considering the appropriateness of the discount and inflation rates utilised in calculating the provision by comparing them to current market consensus rates.

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 2021, 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 24 to 35 of the directors' report for the year ended 30 June 2021.

In our opinion, the remuneration report of Paladin Energy Ltd for the year ended 30 June 2021 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

Justin Carroll
Partner

Perth
26 August 2021