

ANALYST

Regan Burrows

AUTHORISATION

Todd Lewis

PALADIN ENERGY LTD (PDN)

Strong finish on the cards

RECOMMENDATION (unchanged)

BUY

Buy

PRICE

A\$11.68

TARGET (12 MONTHS)

A\$15.30 (unchanged)

Expected return

Capital growth	31.0%
Dividend yield	0.0%
Total expected return	31.0%

Sector

Coal & Consumable Fuels

Capital structure & trading data

Enterprise value	\$5,069m
Market cap	\$5,248m
Issued capital	449m
Free float	100%
Avg. daily val. (52wk)	\$40.4m
12 month price range	A\$3.93-14.45

1H FY26 – Nothing to report

PDN recorded revenue of US\$138m (+79% vs PcP, inline with our estimate of US\$139m). COGS were US\$91.3m, excluding depreciation, (BPc US\$93.8m), largely inline with our expectations. Profit before tax was US\$9.26m, BPc US\$6.2m. Finance costs were US\$15m, which were above our expectations, and drove the divergence in the bottom line result. Underlying loss after tax was -\$6.6, with -\$7.5m attributable to NCI and members of the parent recording a \$0.872m profit, Vs BPc US\$4.4m profit. EPS was US\$0.2cps PDN finished the half with US\$278.4m in cash and short term investments, following the A\$300m equity raise, and \$100m SPP.

Still looks cheap

PDN recorded a markedly improved 2Q result, as the business completes the stockpile processing phase. The expectation, once operations rely more heavily on mined ore in the 2H, is for greater visibility on mill performance, grade and production. We suspect that should 3Q avoid any unforeseen disruptions, PDN will be cum-upgrade. We forecast FY26 production of 4.75Mlbs, above the upper end of guidance of 4.5Mlbs. Our expectation is that, as PDN rebuilds its reputation as a stable, reliable producer, the market will be free to value the business in-line with North American peers. In particular, we believe the market is ascribing little value to the PLS asset. We recently held a presentation with Management which highlighted this point, and the potentially more streamlined permitting approach for PLS (provincial approval is required, not federal).

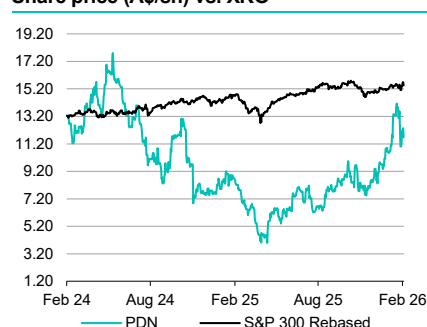
Investment thesis: Buy, TP \$15.30 (unchanged)

We retain our Buy recommendation and \$15.30/sh TP. PDN is positively exposed to rising uranium markets, with ~53% exposure to spot prices out to 2030. Production at LHM continues to improve, with transition to processing primarily fresh ore, milled grades should lift from 501ppm over 1H, as should plant performance and reliability. The only risk we see is water disruptions as we enter a seasonally tricky period known for algal blooms which impact availability from the desalination plant.

Price performance

	(1m)	(3m)	(12m)
Price (A\$)	10.60	8.11	8.26
Absolute (%)	10.2	44.0	41.4
Rel market (%)	9.3	42.3	36.8

Share price (A\$/sh) vs. XKO



Source: IRESS

Earnings estimates

Year ending 30 June	2025	2026e	2027e	2028e
Sales (US\$m)	178	336	525	567
EBITDA (US\$m)	(3)	107	265	305
NPAT (reported) (US\$m)	(58)	31	151	182
NPAT (adjusted) (US\$m)	(46)	31	151	182
EPS (adjusted) (US¢ps)	(11.6)	5.2	24.7	29.8
EPS growth (%)	8%	-145%	372%	20%
PER (x)	0.0 x	157.6 x	33.4 x	27.7 x
FCF Yield (%)	2%	-3%	1%	3%
EV/EBITDA (x)	-1671.0 x	49.1 x	19.4 x	16.2 x
Dividend (US¢ps)	-	-	-	-
Yield (%)	0%	0%	0%	0%
Franking (%)	0%	0%	0%	0%

Source: Bell Potter Securities estimates

Adjustments to Earnings

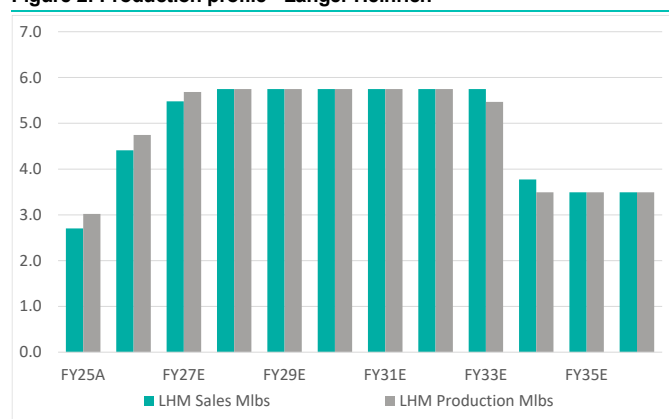
Our near-term earnings adjustments are primarily driven by incorporation of the 1H FY26 result.

Figure 1: Earnings adjustments

	Units	Prior earnings estimates			Current earnings estimates			Change		
		FY26e	FY27e	FY28e	FY26e	FY27e	FY28e	FY26e	FY27e	FY28e
Uranium spot price	US\$/lb	82	106	110	82	106	110	0%	0%	0%
Achieved uranium price	US\$/lb	75	95	99	75	95	99	0%	0%	0%
Production	Mlb	4.7	5.7	5.7	4.7	5.7	5.7	0%	0%	0%
Sales	Mlb	4.4	5.5	5.7	4.4	5.5	5.7	0%	0%	0%
Revenue	US\$m	336	525	567	336	525	567	0%	0%	0%
C1 Costs	US\$/lb	43	42	42	43	42	42	0%	0%	0%
AISC	US\$/lb	49	46	46	49	46	46	0%	0%	0%
COGS	US\$m	(205)	(240)	(242)	(223)	(240)	(242)	9%	0%	0%
Ebitda	US\$m	109	265	305	107	265	305	-2%	0%	0%
Ebit	US\$m	73	220	258	66	220	258	-10%	0%	0%
NPAT	US\$m	43	154	185	31	151	182	-28%	-2%	-2%
EPS	US\$/c/sh	8	25	30	5	25	30	-32%	-2%	-2%

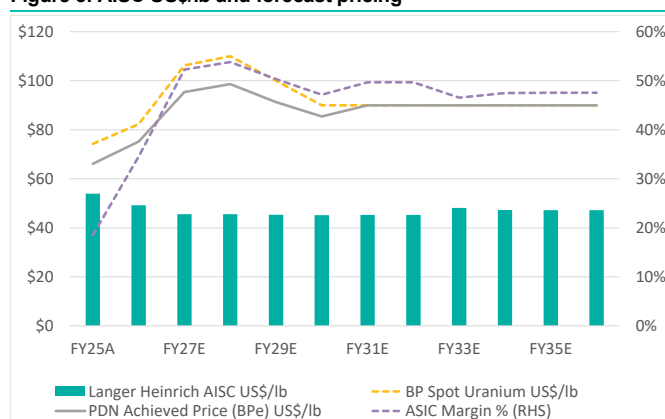
Source: Bell Potter Securities Estimates

Figure 2: Production profile - Langer Heinrich



Source: COMPANY DATA AND BELL POTTER SECURITIES ESTIMATES

Figure 3: AISC US\$/lb and forecast pricing



Source: COMPANY DATA AND BELL POTTER SECURITIES ESTIMATES

Paladin Energy Ltd (PDN)

BUSINESS OVERVIEW

Paladin Energy Ltd (PDN) is an Australian listed uranium producer. The company's strategic focus is the 75% owned Langer Heinrich Mine (LHM) located in Namibia. LHM was placed into care and maintenance in 2018 following a prolonged period of depressed uranium prices, prior to this LHM produced 43Mlb U3O8 at a C1 cash cost of US\$26/lb. LHM was returned to production at the end of the March-24 and is currently in the ramp up phase. The business acquired Fission Uranium in December 2024, and the Patterson Lakes South project (PLS). PLS is a high-grade, undeveloped uranium project in the Athabasca Basin.

VALUATION METHOD

Our target price of \$15.30/sh and Buy recommendation are maintained. We value PDN on a DCF, sum of the parts basis, comprising of our production-based estimates of cash flow for Langer Heinrich and Patterson Lakes South, accounting for net debt/ cash, corporate overheads and notional valuations for exploration. Our valuation is rounded to the nearest 5c.

Figure 4: PDN DCF Sum of the parts valuation

Sum-of-the-parts valuation	A\$m	A\$/sh
Langer Heinrich	\$ 3,518	\$ 7.83
Paterson Lakes	\$ 1,606	\$ 3.57
Exploration	\$ 1,769	\$ 3.94
Corporate overheads	-\$ 183	\$ (0.41)
Subtotal	\$ 6,710	\$ 14.93
Equity Investments	\$ -	\$ -
Net cash (debt)	\$ 189	\$ 0.42
Total undiluted	\$ 6,899	\$ 15.35
Cash from options	\$ 0.0	\$ 0.00
Total diluted	\$ 6,899	\$ 15.30

Source: BELL POTTER SECURITIES ESTIMATES

RISKS

Risks to an investment in PDN include but are not limited to:

- **Commodity price and exchange rate fluctuations.** The future earnings and valuations of exploration, development and operating resources companies are subject to fluctuations in underlying commodity prices and foreign currency exchange rates.
- **Infrastructure access.** Bulk commodity producers are particularly reliant upon access to transport infrastructure. Access to infrastructure is often subject to contractual agreements, permits, and capacity allocations. Agreements are typically long-term in nature (+10 years). Infrastructure can be subject to outages as a result of weather events or the actions of third-party providers.
- **Operating and capital cost fluctuations.** Markets for exploration, development and mining inputs can fluctuate widely and cause significant differences between planned and actual operating and capital costs. Key operating costs are linked to energy and labour markets.
- **Resource growth and mine life extensions.** Future earnings forecasts and valuations may rely upon resource and reserve growth to extend mine lives.

- **Sovereign risks.** Mining companies' assets can be located in countries other than Australia and are subject to the sovereign risks of that country.
- **Regulatory changes risks.** Changes to the regulation of infrastructure and taxation (among other things) can impact the earnings and valuation of mining companies.
- **Environmental risks.** Resources companies are exposed to risks associated with environmental degradation as a result of their exploration and mining processes. Fossil fuel producers (coal) may be particularly exposed to the environmental risks of end markets including the electricity generation and steel production industries.
- **Operating and development risks.** Mining companies' assets are subject to risks associated with their operation and development. Risks for each company can be heightened depending on method of operation (e.g. underground versus open pit mining) or whether it is a single operation company. Development assets can be subject to approvals timelines or weather events, causing delays to commissioning and commercial production.
- **Occupational health and safety risks.** Mining companies are particularly exposed to OH&S risks given the physical nature and human resource intensity of operating assets.
- **Funding and capital management risks.** Funding and capital management risks can include access to debt and equity finance, maintaining covenants on debt finance, managing dividend payments, and managing debt repayments.
- **Merger/acquisition risks.** Risks associated with value transferred during merger and acquisition activity.
- **COVID-19 risks:** Mining companies' rely on freedom of movement of workforces, functioning transport routes, reliable logistics services including road, rail, aviation and ports in order to maintain operations and get their products to market. They also rely on liquid, functioning markets to sell their products. Measures being put in place to combat the COVID-19 pandemic are posing risks to these conditions.

A\$15.30 (unchanged)

Date		15/02/26						Bell Potter Securities							
Price	AS/sh	11.68						Regan Burrows (rburrows@bellpotter.com.au, +61 8 9326 7677)							
Target price	AS/sh	15.30													
ASSUMPTIONS								FINANCIAL RATIOS							
Year Ending June	Unit	FY24A	FY25A	FY26E	FY27E	FY28E	FY29E	Year Ending June	Unit	FY24A	FY25A	FY26E	FY27E	FY28E	FY29E
COMMODITY PRICE								VALUATION							
Uranium Spot Price	US\$/lb	82	74	82	106	110	100	NPAT	US\$m	60	(58)	31	151	182	159
Uranium Term Price	US\$/lb	70	81	86	106	110	100	Reported EPS	Ac/sh	18	(7)	7	25	30	26
Uranium Spot Price	A\$/lb	131	116	121	152	157	143	Adjusted EPS	Ac/sh	(11)	(12)	5	25	30	26
Uranium Term Price	A\$/lb	112	126	126	152	157	143	EPS growth	%	19%	8%	-145%	372%	20%	-13%
AUD/USD	A\$/US\$	1	1	1	1	1	1	PER	x	0.0x	0.0x	157.6x	33.4x	27.7x	31.8x
PRODUCTION & COST								DPS	Ac/sh	0	0	0	0	0	0
Production U3O8	Mlbs	1	3	5	6	6	6	Franking	%	0%	0%	0%	0%	0%	0%
Sales U3O8	Mlbs	0	3	4	5	6	6	Yield	%	0%	0%	0%	0%	0%	0%
C1 Cash Cost	US\$/lb	-	50	52	44	42	42	FCF/share	Ac/sh	(50)	28	(38)	14	36	28
								P/FCFPS	x	(23)	42	(31)	84	32	42
PROFIT AND LOSS								EV/EBITDA	x	-381.4x	-1671.0x	49.1x	19.4x	16.2x	18.0x
Year Ending June	Unit	FY24A	FY25A	FY26E	FY27E	FY28E	FY29E	EBITDA margin	%	0%	-2%	32%	50%	54%	50%
Revenue	US\$m	0	178	336	525	567	525	EBIT margin	%	0%	-12%	20%	42%	46%	41%
Expense	US\$m	(14)	(181)	(229)	(260)	(262)	(261)	Return on assets	%	10%	-5%	2%	10%	11%	9%
EBITDA	US\$m	(14)	(3)	107	265	305	264	Return on equity	%	-8%	-6%	3%	13%	13%	10%
Depreciation	US\$m	(6)	(18)	(41)	(44)	(47)	(47)	LIQUIDITY & LEVERAGE							
EBIT	US\$m	(21)	(21)	66	220	258	218	Net debt (cash)	\$m	116	102	9	(112)	(319)	(495)
Net interest expense	US\$m	0	0	(5)	(7)	(4)	(1)	ND / E	%	0	0	0	(0)	(0)	(0)
Unrealised gains (Impairments)	US\$m	92	(12)	0	0	0	0	ND / (ND + E)	%	0	0	0	(0)	(0)	(0)
Other	US\$m	(12)	(24)	(15)	3	6	10	EBITDA / Interest	x	-	-	23	37	72	215
PBT	US\$m	60	(57)	47	216	260	227	ORE RESERVES AND MINERAL RESOURCES							
Tax expense	US\$m	0	(1)	(16)	(65)	(78)	(68)	Langer Heinrich Mine (100% basis - PDN interest 75%)							
NPAT (reported)	US\$m	60	(58)	31	151	182	159	Mt							
NPAT (underlying)	US\$m	(32)	(46)	31	151	182	159	ppm							
								Mlb							
CASH FLOW STATEMENT								Mineral Resources							
Year Ending June	Unit	FY24A	FY25A	FY26E	FY27E	FY28E	FY29E	Measured							
OPERATING CASH FLOW								Indicated							
Receipts	US\$m	-	167	268	458	523	516	Inferred							
Payments	US\$m	(46)	(162)	(223)	(274)	(214)	(260)	Total							
Tax	US\$m	-	(1)	-	(40)	(83)	(70)	Ore Reserves							
Net interest	US\$m	1	(7)	(5)	(4)	2	9	Proven							
Other	US\$m	(3)	(0)	0	-	-	-	Probable							
Operating cash flow	US\$m	(48)	(4)	40	141	228	196	Total							
INVESTING CASHFLOW								VALUATION							
Property, plant and equipment	US\$m	(2)	(21)	(19)	(20)	(20)	(20)	Issued capital							
Mine development	US\$m	-	-	-	-	-	-	Unit							
Other	US\$m	(92)	48	(178)	-	-	-	Ordinary shares							
Investing cash flow	US\$m	(95)	27	(197)	(20)	(20)	(20)	Options in the money							
Free Cash Flow	US\$m	(143)	23	(157)	121	208	176	Diluted							
								Current							
FINANCING CASHFLOW								+ 12 months							
Share issues/(buy-backs)	US\$m	-	-	240	-	-	-	+ 24 months							
Debt proceeds	US\$m	70	17	(47)	-	-	-	Sum-of-the-parts valuation							
Debt repayments	US\$m	-	-	(20)	(40)	(40)	(40)	\$m							
Dividends	US\$m	-	-	-	-	-	-	\$/sh							

Source: Bell Potter Securities estimates

**RECOMMENDATION
STRUCTURE**

BUY	Expect >15% total return on a 12 month view. For stocks regarded as 'Speculative' a return of >30% is expected.
HOLD	Expect total return between -5% and 15% on a 12 month view.
SELL	Expect <-5% total return on a 12 month view.

RESEARCH TEAM

STAFF MEMBER	TITLE/SECTOR	PHONE	@bellpotter.com.au
Chris Savage	Head of Research Industrials	612 8224 2835	csavage
Stuart Howe	Deputy Head of Research Resources	613 9325 1856	showe
Rob Crookston	Head of Strategy	612 8224 2813	rcrookston
Paul Basha	Strategy	612 8224 2862	pbasha
Kion Sapountzis	Strategy	613 9235 1824	ksapountzis
ANALYSTS			
John Hester	Healthcare	612 8224 2871	jhester
Martyn Jacobs	Healthcare	613 9235 1683	mjacobs
Thomas Wakim	Healthcare	612 8224 2815	twakim
Brenton Anderson	Healthcare	613 9235 1807	banderson
Michael Ardrey	Industrials	613 9256 8782	mardrey
Leo Armati	Industrials	612 8224 2846	larmati
Joseph House	Industrials	613 9325 1624	jhouse
Baxter Kirk	Industrials	613 9235 1625	bkirk
Hayden Nicholson	Industrials	613 9235 1757	hnicolson
Chami Ratnapala	Industrials	612 8224 2845	cratnapala
Jonathan Snape	Industrials	613 9235 1601	jsnape
Ritesh Varma	Industrials	613 9235 1658	rvarma
Connor Eldridge	Real Estate	612 8224 2893	celdridge
Andy MacFarlane	Real Estate	612 8224 2843	amacfarlane
Regan Burrows	Resources	618 9236 7677	rburrows
David Coates	Resources	612 8224 2887	dcoates
Todd Lewis	Resources	618 9326 7672	tlewis
James Williamson	Resources	613 9235 1692	jwilliamson
Andrew Ho	Associate Analyst	613 9235 1953	aho
Evelyn Murdoch	Associate Analyst	612 8224 2849	emurdoch

RESEARCH COVERAGE & POLICIES For Bell Potter Securities' Research Coverage Decision Making Process and Research Independence Policy please refer to our company website: <https://bellpotter.com.au/research-independence-policy/>.

AUTHORING RESEARCH ANALYST'S CERTIFICATION The Authoring Research Analyst is responsible for the content of this Research Report, and, certifies that with respect to each security that the Analyst covered in this Report (1) all the views expressed accurately reflect the Analyst's personal views about those securities and were prepared in an independent manner and (2) no part of the Analyst's compensation was, is or will be, directly or indirectly, related to specific recommendations or views expressed by that Research Analyst in the Research Report.

RESEARCH ANALYST'S COMPENSATION Research Analyst's compensation is determined by Bell Potter Securities Research Management and Bell Potter Securities' Senior Management and is based upon activities and services intended to benefit the investor clients of Bell Potter Securities Ltd. Compensation is not linked to specific transactions or recommendations. Like all Company employees Research Analysts receive compensation that is impacted by overall Company profitability.

PRICES The Price appearing in the Recommendation panel on page 1 of the Research Report is the Closing Price on the Date of the Research Report (appearing in the top right hand corner of page 1 of the Research Report), unless a before midday (am) time appears below the Date of the Research Report in which case the Price appearing in the Recommendation panel will be the Closing Price on the business day prior to the Date of the Research Report.

AVAILABILITY The completion and first dissemination of a Recommendation made within a Research Report are shortly after the close of the Market on the Date of the Research Report, unless a before midday (am) time appears below the Date of the Research Report in which case the Research Report will be completed and first disseminated shortly after that am time.

DISSEMINATION Bell Potter generally disseminates its Research to the Company's Institutional and Private Clients via both proprietary and non-proprietary electronic distribution platforms. Certain Research may be disseminated only via the Company's proprietary distribution platforms; however such Research will not contain changes to earnings forecasts, target price, investment or risk rating or investment thesis or be otherwise inconsistent with the Author's previously published Research. Certain Research is made available only to institutional investors to satisfy regulatory requirements. Individual Bell Potter Research Analysts may also opt to circulate published Research to one or more Clients by email; such email distribution is discretionary and is done only after the Research has been disseminated. The level and types of service provided by Bell Potter Research Analysts to Clients may vary depending on various factors such as the Client's individual preferences as to frequency and manner of receiving communications from Analysts, the Client's risk profile and investment focus and perspective (e.g. market-wide, sector specific long term and short term etc.) the size and scope of the overall Client relationship with the Company and legal and regulatory constraints.

AUSTRALIA**Bell Potter Securities Limited**

ABN 25 006 390 772
Level 29, 101 Collins Street, Melbourne
Victoria, 3000

T +61 3 9256 8700
bellpotter.com.au

HONG KONG**Bell Potter Securities (HK) Limited**

Room 1601, 16/F, Prosperity Tower
39 Queens Road Central
Hong Kong, 0000

T +852 3750 8400

USA**Bell Potter Securities (US) LLC**

Floor 39, 444 Madison Avenue
New York NY 10022, U.S.A

T +1 917 819 1410

UNITED KINGDOM**Bell Potter Securities (UK) Limited**

16 Berkeley Street, London
England W1J 8DZ United Kingdom

T +44 7734 2929

DISCLAIMERS

This Research Report is a private communication to Clients and is not intended for public circulation or for the use of any third party, without the prior written approval of Bell Potter Securities Limited.

The Research Report is for informational purposes only and is not intended as an offer or solicitation for the purpose of sale of a security. Any decision to purchase securities mentioned in the Report must take into account existing public information on such security or any registered prospectus.

This is general investment advice only and does not constitute personal advice to any person. Because this Research Report has been prepared without consideration of any specific client's financial situation, particular needs and investment objectives ('relevant personal circumstances'), a Bell Potter Securities Limited Broker (or the financial services licensee, or the representative of such licensee, who has provided you with this report by arrangement with Bell Potter Securities Limited) should be made aware of your relevant personal circumstances and consulted before any investment decision is made on the basis of this Research Report.

While this Research Report is based on information from sources which are considered reliable, Bell Potter Securities Limited has not verified independently the information contained in this document and Bell Potter Securities Limited and its directors, employees and consultants do not represent, warrant or guarantee expressly or impliedly, that the information contained in this Research Report is complete or accurate.

Nor does Bell Potter Securities Limited accept any responsibility for updating any advice, views, opinions or recommendations contained in this Research Report or for correcting any error or omission which may have become apparent after the Research Report has been issued.

Bell Potter Securities Research Department has received assistance from the Company referred to in this Research Report including but not limited to discussions with management of the Company. Bell Potter Securities Policy prohibits Research Analysts sending draft Recommendations, Valuations and Price Targets to subject companies. However, it should be presumed that the Author of the Research Report has had discussions with the subject Company to ensure factual accuracy prior to publication.

All opinions, projections and estimates constitute the judgement of the Author as of the Date of the Research Report and these, plus any other information contained in the Research Report, are subject to change without notice. Prices and availability of financial instruments also are subject to change without notice.

Notwithstanding other departments within Bell Potter Securities Limited advising the subject Company, information obtained in such role is not used in the preparation of the Research Report.

Although Bell Potter Research does not set a predetermined frequency for publication, if the Research Report is a fundamental equity research report it is the intention of Bell Potter Research to provide research coverage of the covered issuers, including in response to news affecting the issuer. For non-fundamental Research Reports, Bell Potter Research may not provide regular updates to the views, recommendations and facts included in the reports.

Notwithstanding that Bell Potter maintains coverage on, makes recommendations concerning or discusses issuers, Bell Potter Research may be periodically restricted from referencing certain issuers due to legal or policy reasons. Where the component of a published trade idea is subject to

a restriction, the trade idea will be removed from any list of open trade ideas included in the Research Report. Upon lifting of the restriction, the trade idea will either be re-instated in the open trade ideas list if the Analyst continues to support it or it will be officially closed.

Bell Potter Research may provide different research products and services to different classes of clients (for example based upon long-term or short term investment horizons) that may lead to differing conclusions or recommendations that could impact the price of a security contrary to the recommendations in the alternative Research Report, provided each is consistent with the rating system for each respective Research Report.

Except in so far as liability under any statute cannot be excluded, Bell Potter Securities Limited and its directors, employees and consultants do not accept any liability (whether arising in contract, in tort or negligence or otherwise) for any error or omission in the document or for any resulting loss or damage (whether direct, indirect, consequential or otherwise) suffered by the recipient of the document or any other person.

In the USA and the UK this Research Report is only for institutional investors. It is not for release, publication or distribution in whole or in part in the two specified countries. In Hong Kong this Research Report is being distributed by Bell Potter Securities (HK) Limited which is licensed and regulated by the Securities and Futures Commission, Hong Kong. In the United States this Research Report is being distributed by Bell Potter Securities (US) LLC which is a registered broker-dealer and member of FINRA. Any person receiving this Research Report from Bell Potter Securities (US) LLC and wishing to transact in any security described herein should do so with Bell Potter Securities (US) LLC.