



PALADIN ENERGY LTD

ACN 061 681 098

2 December 2016

Mauro Piccini
Senior Adviser, Listings Compliance (Perth)
ASX Compliance Pty Ltd
Level 40, Central Park
152 – 158 St George's Terrace
Perth WA 6000

By email: mauro.piccini@asx.com.au

Dear Mr Piccini

Response to ASX Aware Letter

We refer to your letter dated 1 December 2016 entitled “Paladin Energy Limited (“PDN”): aware query” (**ASX Aware Letter**) and respond to each of your queries as follows. Capitalised terms not defined in this letter will have the meaning given in the ASX Aware Letter.

1. *Does PDN consider the information disclosed within the Announcement to be information that a reasonable person would expect to have a material effect on the price or value of its securities?*

Yes.

2. *If the answer to question 1 is “no”, please advise the basis for that view.*

Not applicable.

3. *If the answer to question 1 is “yes”, when did PDN first become aware of the information?*

Please see response to question 4 below.

4. *If the answer to question 1 is “yes” and PDN first became aware of the information before 30 November 2016, did PDN make any announcement prior to the relevant date which disclosed the information? If so, please provide details. If not, please explain why this information was not released to the market at an earlier time, commenting specifically on when you believe PDN was obliged to release the information under Listing Rules 3.1 and 3.1A and what steps PDN took to ensure that the information was released promptly and without delay.*

PDN first became aware of the possible delay to the timing of the LHM Stake Sale on 10 November 2016 and made an announcement on that date which disclosed that it was no longer likely that the LHM Stake Sale would close by the end of the fourth quarter of CY2016 (see announcement entitled: Update on Strategic Process).

In addition to restating the disclosure of 10 November 2016, the Announcement also refers to the discussions that had commenced “*with key stakeholders including certain convertible bond holders regarding potential options to address the Company’s balance sheet position*”. PDN became aware of the information disclosed within the Announcement, on 30 November 2016 once it had finalised the engagement of financial advisers and resolved to proceed on 1 December 2016 with formal discussions with key stakeholders, including certain convertible bondholders. Despite taking all necessary precautions to ensure the discussions would remain confidential, given the number and nature of the proposed discussions, PDN was not confident that confidentiality would be maintained, and disclosed accordingly.

5. *Please confirm that PDN is in compliance with the Listing Rules and, in particular, Listing Rule 3.1.*

PDN confirms it is in compliance with the Listing Rules, and, in particular, Listing Rule 3.1.

6. *Please confirm that PDN’s responses to the questions above have been authorised and approved in accordance with its published continuous disclosure policy or otherwise by its board or an officer of PDN with delegated authority from the board to respond to ASX on disclosure matters.*

PDN confirms that the responses provided in the letter in response to the above questions have been authorised and approved by the CEO and Chairman with delegated authority from the board of PDN to respond to ASX on disclosure matters.

If you have any further queries in relation to the above please contact me as soon as possible.

Kind regards



Ranko Matic
Group Company Secretary
Paladin Energy Limited



1 December 2016

Mr Ranko Matic
Company Secretary
Paladin Energy Limited
Level 4, 502 Hay Street
SUBIACO WA 6008

By email: RMatic@perth.bentleys.com.au

Dear Mr Matic

Paladin Energy Limited (“PDN”): aware query

ASX Limited (“ASX”) refers to the following:

- A. The change in the price of PDN’s securities from a high of \$0.096 on 30 November 2016 to a closing price of \$0.083 on 30 November 2016. We also note the significant increase in the volume of PDN’s securities traded since 30 November 2016.
- B. PDN’s announcement entitled “Update on Strategic Process / Funding” lodged on the ASX Market Announcements Platform and released at 08:32am AEDT on 1 December 2016 (the “Announcement”), disclosing definitive documents regarding the potential sale of a 24% interest in the Langer Heinrich Mine (LHM) for US\$175M to CNNC Overseas Uranium Holdings Ltd (“COUH”) (the “LHM Stake Sale”) are yet to be executed and it is no longer likely the transaction will close by the end of the fourth quarter of CY2016.
- C. Listing Rule 3.1, which requires a listed entity to give ASX immediately any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity’s securities.
- D. The definition of “aware” in Chapter 19 of the Listing Rules, which states that:

“an entity becomes aware of information if, and as soon as, an officer of the entity (or, in the case of a trust, an officer of the responsible entity) has, or ought reasonably to have, come into possession of the information in the course of the performance of their duties as an officer of that entity”

and section 4.4 in Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1 – 3.1B “When does an entity become aware of information”*.

- E. Listing Rule 3.1A, which sets out exceptions from the requirement to make immediate disclosure, provided that each of the following are satisfied.

“3.1A Listing rule 3.1 does not apply to particular information while each of the following is satisfied in relation to the information:

3.1A.1 *One or more of the following applies:*

- *It would be a breach of a law to disclose the information;*
- *The information concerns an incomplete proposal or negotiation;*
- *The information comprises matters of supposition or is insufficiently definite to warrant disclosure;*
- *The information is generated for the internal management purposes of the entity; or*
- *The information is a trade secret; and*

3.1A.2 *The information is confidential and ASX has not formed the view that the information has ceased to be confidential; and*

3.1A.3 *A reasonable person would not expect the information to be disclosed."*

F. ASX's policy position on the concept of "confidentiality", which is detailed in section 5.8 of Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1 – 3.1B*. In particular, the Guidance Note states that:

"Whether information has the quality of being confidential is a question of fact, not one of the intention or desire of the listed entity. Accordingly, even though an entity may consider information to be confidential and its disclosure to be a breach of confidence, if it is in fact disclosed by those who know it, then it ceases to be confidential information for the purposes of this rule."

Having regard to the above, ASX asks PDN to respond separately to each of the following questions and requests for information:

1. Does PDN consider the information disclosed within the Announcement to be information that a reasonable person would expect to have a material effect on the price or value of its securities?
2. If the answer to question 1 is "no", please advise the basis for that view.
3. If the answer to question 1 is "yes", when did PDN first become aware of the information?
4. If the answer to question 1 is "yes" and PDN first became aware of the information before 30 November 2016, did PDN make any announcement prior to the relevant date which disclosed the information? If so, please provide details. If not, please explain why this information was not released to the market at an earlier time, commenting specifically on when you believe PDN was obliged to release the information under Listing Rules 3.1 and 3.1A and what steps PDN took to ensure that the information was released promptly and without delay.
5. Please confirm that PDN is in compliance with the Listing Rules and, in particular, Listing Rule 3.1.
6. Please confirm that PDN's responses to the questions above have been authorised and approved in accordance with its published continuous disclosure policy or otherwise by its board or an officer of PDN with delegated authority from the board to respond to ASX on disclosure matters.

When and where to send your response

This request is made under, and in accordance with, Listing Rule 18.7. Your response is required as soon as reasonably possible and, in any event, by not later than half an hour before the start of trading (ie before 6.30 a.m. AWST) on Tuesday, 6 December 2016. If we do not have your response by then, ASX will have no choice but to consider suspending trading in PDN's securities under Listing Rule 17.3.

You should note that if the information requested by this letter is information required to be given to ASX under Listing Rule 3.1 and it does not fall within the exceptions mentioned in Listing Rule 3.1A, PDN's obligation is to disclose the information "immediately". This may require the information to be disclosed before the deadline set out in the previous paragraph.

ASX reserves the right to release a copy of this letter and your response on the ASX Market Announcements Platform under Listing Rule 18.7A. Accordingly, your response should be in a form suitable for release to the market.

Your response should be sent to me by e-mail at mauro.piccini@asx.com.au. It should not be sent directly to the ASX Market Announcements Office. This is to allow me to review your response to confirm that it is in a form appropriate for release to the market, before it is published on the ASX Market Announcements Platform.

Listing Rules 3.1 and 3.1A

In responding to this letter, you should have regard to PDN's obligations under Listing Rules 3.1 and 3.1A and also to Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1 – 3.1B*.

It should be noted that PDN's obligation to disclose information under Listing Rule 3.1 is not confined to, nor is it necessarily satisfied by, answering the questions set out in this letter.

Trading halt

If you are unable to respond to this letter by the time specified above, you should discuss with us whether it is appropriate to request a trading halt in PDN's securities under Listing Rule 17.1.

If you wish a trading halt, you must tell us:

- the reasons for the trading halt;
- how long you want the trading halt to last;
- the event you expect to happen that will end the trading halt;
- that you are not aware of any reason why the trading halt should not be granted; and
- any other information necessary to inform the market about the trading halt, or that we ask for.

We may require the request for a trading halt to be in writing. The trading halt cannot extend past the commencement of normal trading on the second day after the day on which it is granted.

You can find further information about trading halts in Guidance Note 16 *Trading Halts & Voluntary Suspensions*.

If you have any queries or concerns about any of the above, please contact me immediately.

Yours sincerely

[Sent electronically without signature]

Mauro Piccini
Senior Adviser, Listings Compliance Perth