



PALADIN ENERGY LTD

ACN 061 681 098

29 February 2016

ASX Market Announcements
Australian Securities Exchange
20 Bridge Street
SYDNEY NSW 2000

By Electronic Lodgement

Dear Sir/Madam

US\$81.4 MILLION REDUCTION IN TOTAL DEBT AND LANGER HEINRICH MINE RE-FINANCING

Paladin Energy Limited (**Paladin** or the **Company**) (ASX:PDN / TSX:PDN) announces a one-off US\$81.4M reduction in total debt to US\$362M through the key elements of: a repayment and termination of the US\$56.4M Langer Heinrich Mine (**LHM**) syndicated facility agreement (the **LHM Syndicated Facility**); and an additional repurchase of a principal amount of US\$25M (the **CB Repurchase**) of its outstanding US\$237M 6.00% Convertible Bonds due 2017 (the **2017 Convertible Bonds**).

HIGHLIGHTS

- **US\$81.4M reduction in total debt, through:**
 - **Repayment and termination of the US\$56.4M LHM Syndicated Facility**
 - **US\$25.0M additional repayment of the 2017 Convertible Bonds**
- **Pro-forma total debt reduced to US\$362M (from US\$443M) and comprises:**
 - **Remaining 2017 Convertible Bonds US\$212M**
 - **Convertible bonds due March 2020 US\$150M**
- **Total cash outlay for debt repayment of approximately US\$80.6M**
- **Combined savings to 30 June 2017 of US\$7.0M**
- **Greater flexibility for funding through release of restricted cash held against LHM Syndicated Facility and intended US\$25M LHM revolving working capital facility**
- **2H FY2016 'all in' cash expenditure guidance revised down to US\$33/lb to US\$35/lb (previously US\$35/lb to US\$37/lb)**

Repayment of the LHM Syndicated Facility

Paladin has resolved to repay the entire US\$56.4M remaining drawn under the LHM Syndicated Facility and terminate it. The process of providing notice to its lenders under the terms of the facility is underway. Cash expenditure for the termination is expected to be approximately US\$57.1M, which includes the principal outstanding plus accrued interest up to the date of termination. The LHM Syndicated Facility currently has an interest rate of approximately 5.08%. Terminating the LHM Syndicated Facility has a number of benefits for the Company, including: (i) release of US\$28.2M of cash which has been restricted and been held in a debt service reserve account in support of the LHM Syndicated Facility; (ii) elimination of a relatively expensive and

inflexible source of funding; and (iii) release of the security arrangements so that such security can be applied to the new working capital facility.

CB Repurchase

The Company has repurchased an additional US\$25.0M of the 2017 Convertible Bonds. Cash expenditure for the repurchase is approximately US\$23.5M (including interest to the repurchase date) as the bonds were bought back at an average price of 92.00 per cent. The repurchase results in approximately US\$3.7M of cash savings to Paladin in the form of avoided principal and coupon repayments over the period to maturity in April 2017.

This repurchase of US\$25.0M together with earlier repurchases of US\$37.0M (i.e., combined total of US\$62.0M), has reduced the principal amount outstanding of the 2017 Convertible Bonds from US\$274.0M to US\$212.0M. Combined cash savings net of the purchase outlay resulting from Paladin's repurchase activities now amount to approximately US\$10.7M in the form of avoided principal and coupon payments.

LHM revolving working capital facility and reassignment of Kayelekera environmental performance bond

Subject to approval of final terms and key consents, Paladin intends to put a US\$25.0M 12-month revolving working capital facility in place at LHM. The purpose will be to provide a buffer facility that can be drawn in periods where LHM-level working capital requirements are in deficit, mainly due to the timing of sales receipts. The provider of the revolving working capital facility is one of the Company's existing lenders under the LHM Syndicated Facility. The same lender would take over the Kayelekera environmental performance bond on an exclusive basis.

Impact on Paladin

The CB Repurchase together with the early repayment of the LHM Syndicated Facility generate cash savings to the Company in the form of avoided future interest and, in the case of the CB Repurchase, reduced principal repayment. The combined cash savings over the period to 30 June 2017 amount to US\$7.0M. The avoided interest on both loans and the elimination of the LHM Syndicated Facility mandatory principal amortisations have the effect of reducing Paladin's guidance for 'all in' cash expenditure excluding one-off initiatives for the second half of FY2016 to a range of US\$33/lb to US\$35/lb (previously guided to be US\$35/lb to US\$37/lb).

On completion of the debt reduction and LHM refinancing, the net increase in financial flexibility to Paladin results in a reduction in the external capital required to refinance the remainder of the 2017 Convertible Bonds (i.e., 'funding gap') by approximately US\$25M to US\$35M.

Yours faithfully
Paladin Energy Ltd



ALEXANDER MOLYNEUX
CEO