



PALADIN ENERGY LTD
(subject to deed of company arrangement)
ACN 061 681 098

20 December 2017

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

By Electronic Lodgement

ADMINISTRATION AND COMPANY UPDATE

Paladin Energy Limited (subject to deed of company arrangement) (**Company** or **Paladin**) refers its previous announcements regarding the proposal received from a group of Paladin's bondholders to implement a capital restructure of Paladin pursuant to the terms of a deed of company arrangement dated 8 December 2017 (**DOCA**). It is a condition to completion of the DOCA that the Court make orders pursuant to section 444GA of the *Corporations Act 2001* (Cth).

Section 444GA process

Shareholders should note that the Court may only approve the proposed restructure under section 444GA of the Corporations Act where it is satisfied that shares in Paladin have no value.

The proposal received from Paladin's bondholders is the only restructure proposal that has been received by the deed administrators to date. If this proposal fails, the most likely alternative is the liquidation of Paladin, which requires any property (and assets) of Paladin to be used to pay Paladin's creditors before there is any payment to shareholders. As Paladin's liabilities exceed its assets, if Paladin was placed into liquidation, in the opinion of the deed administrators there will be insufficient funds to pay creditors in full and as a result shareholders will not receive any return for their shares.

However, if the proposed restructure is implemented and shareholders retain 2% of their shares, shareholders may receive some value for their shares in the future.

Timing update

A final hearing date has not yet been set and a further directions hearing has been scheduled for 21 December 2017, where a final hearing date will be sought from the Court and a timetable will be set for preparation of the matter for final hearing. It is expected that the Court will set a final hearing date for early to mid-January 2018.

If shareholders wish to appear at the directions hearing to make submissions on the timetable to be set down by the Court and/or oppose the section 444GA application at the final hearing, you will need to file with the Court, and serve on the deed administrators, a notice of appearance in the prescribed Court form and any affidavit evidence on which you wish to rely. Shareholders are encouraged to seek independent advice if they wish to take any action on this matter.

Documentation status

It is anticipated that the Explanatory Statement and Independent Expert's Report will be made available to shareholders shortly. Shareholders should review the documents carefully. Paladin will update shareholders once the documents become available, as they contain important information for shareholders in relation to the DOCA and the overall section 444GA process.

If you have any concerns, objections or questions in relation to the section 444GA process, please contact the administrators by calling +61 8 9263 7477 or by emailing paladinenergy@kpmg.com.au.

Company update

Paladin also wishes to provide an update to the market in relation to the following matters:

- As announced on 29 November 2017, EDF has issued a demand under guarantees given by Paladin Energy Canada Ltd, Paladin Canada Investments (NL) Ltd and Aurora Energy Ltd (being Canadian subsidiaries of Paladin who hold a 60.1% interest in the Michelin project). In response, these subsidiaries have sought protection under Canadian bankruptcy and insolvency law. The process may threaten the validity of the exploration licences.
- As announced on 1 December 2017, a condition of the restructure proposal requires Paladin to raise US\$115 million pursuant to the issue of new secured notes (**New Notes Issue**). The notes are not convertible into Paladin ordinary shares and are proposed to be listed on the Singapore Stock Exchange. Paladin expects to shortly sign binding agreements with the subscribers for the new notes and underwriters, so that the entire raising amount is fully underwritten. Receipt of the US\$115 million subscription funds will occur once the DOCA takes effect.
- Paladin (Africa) Limited, a 85% subsidiary of Paladin, currently has the benefit of a performance bond issued by Nedbank Limited to cover its environmental rehabilitation performance bond for the Kayelekera mine for US\$10 million facility. The performance bond expires on 31 December 2017. Paladin (Africa) Limited has a 30 day cure period to replace the performance bond and has been informed by Nedbank Limited that it will only provide a new bond if it is cash-backed by Paladin. If Paladin (Africa) Limited fails to do so this may impact its mining licence, including possible cancellation or suspension. Delays to implementation of the DOCA and the expected date for receipt of working capital under the New Notes Issue may threaten Paladin's ability to put Paladin (Africa) Limited in funds. Paladin expects to be able to replace the existing performance bond within the cure period if the DOCA takes effect promptly after the Court hearing in January.
- Having originally been retained to assist Paladin establish a sustainable business structure and to deal with the Company's debt obligations, CEO Alexander Molyneux has notified the Chairman, Bondholders and certain other key stakeholders of his intention to resign once the DOCA is successfully implemented. To ensure a new board has enough time to search for and recruit a new CEO, and to allow for an appropriate transition, Mr Molyneux has agreed that his resignation will be

proffered at the earlier of three months following re-quotation of the Company's shares on the ASX or the confirmation by the board of a new CEO.

Paladin will provide the market with further updates as they become available.

Matthew Woods

for and on behalf of

PALADIN ENERGY LIMITED (SUBJECT TO DEED OF COMPANY ARRANGEMENT)

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