

Reply to: Andrew G. Kadler  
Direct line: (604) 891-3633  
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File No.: 55118-1

January 31, 2018

ASX Compliance Pty Ltd  
Attention: Elizabeth Harris  
Level 40, Central Park  
152-158 St. George's Terrace  
Perth, WA 6000  
Australia  
By email: elizabeth.harris@asx.com.au

Paladin Energy Ltd.  
Attention: Rick Crabb  
Level 4, 502 Hay Street  
Subiaco, WA 6008  
Australia  
By email: rick.crabb@paladinenergy.com.au

KPMG  
Attention: Matthew Woods  
235 St. George's Terrace  
Perth, WA 6000  
Australia  
By email: mwoods1@kpmg.com.au

Dear Sirs/Mesdames:

Re: Paladin Energy Ltd. ("**PEL**" or the "**Company**")

We are acting as legal counsel in the Province of British Columbia, Canada, to Matthew Woods, Hayden White and Gayle Dickerson of KPMG in their capacity as joint and several deed administrators (the "**Administrators**") for the Company pursuant to a deed of company arrangement dated December 8, 2017 (the "**DOCA**").

By way of background, we have been informed that:

1. PEL (subject to deed of company arrangement) is listed on the ASX.
2. PEL is currently under the control of the Administrators, who were appointed by the directors in July 2017 as part of a solvency protection regime in Australia.
3. We understand that the Administrators have received a proposal from PEL's bondholders for a deed of company arrangement, which will involve a major restructure ("**Proposed Restructure**") to PEL's balance sheet by:

19<sup>th</sup> Floor, 885 West Georgia Street  
Vancouver, British Columbia, Canada V6C 3H4  
Telephone (604) 891-3688 Fax (604) 891-3788

- (a) converting PEL's approximately \$667,800,000.00 existing debt into equity; and
  - (b) raising \$115,000,000.00 of new debt.
4. The debt to be converted to equity is:
- (a) \$283,300,000.00 owed to Deutsche Bank AG and other creditors (acquired from Électricité de France S.A. as announced by PEL on December 22, 2017); and
  - (b) \$384,500,000.00 owed to current PEL bondholders.
5. The conversion will happen through a court sanctioned process in Australia where 98% of the existing shares in PEL are transferred from the existing shareholders. The shares will be transferred as follows ("**Transfer**"):
- (a) 70% to existing bondholders and Deutsche Bank AG in proportion to their claims against PEL;
  - (b) 25% to the subscribers for the \$115,000,000.00 new debt; and
  - (c) 3% to the underwriters of the \$115,000,000.00 new debt.
6. Practically, the Transfer will involve initially transferring the shares to three (3) separate trustees (each a "**Trustee**"). Once the relevant share recipient has confirmed that it has received the required regulatory approvals the Trustee will transfer the shares to it. Where the share recipient does not obtain the required regulatory approvals, the Trustee will sell the relevant shares and deliver the proceeds to the share recipient.

In arriving at the opinion expressed below, we have examined and relied on copies or originals of the following documents (the "**Documents**"):

- (a) Explanatory Statement dated December 22, 2017 issued by the Company (the "**Explanatory Statement**"); and
- (b) a certificate from an officer of the Company dated January 31, 2018 (the "**Certificate of Officer**"), a true copy of which is attached hereto.

In addition to the Documents, we have examined such other documentation as we have considered necessary to provide this opinion.

The Explanatory Statement describes a capital restructuring of the Company proposed to be effected through the DOCA. If the DOCA is implemented, approximately 98% of the ordinary shares of the Company will be transferred (the "**Proposed Transfer**") to creditors of the Company and other investors in exchange for the extinguishment of the majority of the Company's existing debts and the raising of US\$115 million in new funds. Under the DOCA, no consideration would be paid to the transferring shareholders for the common shares of the Company transferred in the Proposed Transfer.

On January 18, 2018, the Proposed Transfer received approval by the Supreme Court of New South Wales under section 444GA of the Australia *Corporations Act 2001*.

### Scope of Opinion

The opinion expressed herein is given only with respect to the laws of the Province of British Columbia, including the federal laws of Canada applicable therein (“**Local Law**”). We express no opinion (a) with respect to the laws of any other jurisdiction to the extent that those laws may apply as a result of the conflict of laws rules of Local Law, nor (b) whether, pursuant to those conflict of laws rules, Local Law would apply.

Our opinion is expressed in reliance upon the accuracy and completeness of the Explanatory Statement and the Certificate of Officer.

Our opinion in this opinion letter is effective as of the date hereof and speak solely to the law, factual circumstances and documents as they exist as of the date hereof.

### Assumptions

In examining and describing the above documents and in giving the opinions stated below, we have, to the extent necessary to form the opinions given below, assumed the following:

- (a) all signatures on documents submitted to us are genuine, all documents submitted to us as originals are authentic and complete, and all documents submitted to us as copies conform to authentic and complete original documents;
- (b) all facts set forth in official public records and certificates and other documents supplied by public officials or otherwise conveyed to us by public officials are and remain at all relevant times complete, true and accurate;
- (c) all facts set forth and statements and representations made in the Explanatory Statement and the Officer Certificate are and remain as at the date hereof complete, true and accurate; and
- (d) none of the documents, originals or copies, of which we have examined have been amended, and there are no agreements or understandings, written or oral, and there is no usage of trade or course of prior dealing that would, in any case, define, supplement or qualify the terms of those documents.

### Opinion

Based upon and subject to the assumptions and qualifications stated herein, we are of the opinion that the Proposed Transfer would not constitute a notifiable transaction under the *Canada Competition Act*. Accordingly, the Company is not required to notify the Commissioner of Competition of the Proposed Transfer, submit information to the Commissioner or delay the completion of the Proposed Transfer for the waiting period prescribed for notifiable transactions.

### Qualifications

The opinion expressed above are subject to the following qualifications:

- (a) No opinion is expressed with respect to any obligation to be performed in any jurisdiction outside the Province of British Columbia, where its performance will be illegal, unlawful, against public policy or ineffective by virtue of the laws of that jurisdiction.

- (b) Our opinions only address statutes and published regulations of general application in the Province of British Columbia and do not address or extend to any agreement entered into with, or any decision, order or award made by, any government department or agency or any regulatory body or authority of the Province of British Columbia or of Canada.
- (c) No opinion is expressed in this opinion letter as to any of those matters that we have assumed for the purposes of rendering the opinions expressed herein.

Reliance

This opinion is given for the benefit of, and may only be relied upon by, the persons to whom it is addressed. This opinion may not be relied upon in whole or in part by any other person or for any other purpose without our prior written consent. We shall have no obligation to revise or re-issue this opinion letter with respect to any change in law or any event, fact, circumstance or transaction that occurs after the date hereof.

Yours truly,

**KOFFMAN KALEF LLP**

Per:



Andrew G. Kadler

OFFICER'S CERTIFICATE  
PALADIN ENERGY LIMITED

Koffman Kalef LLP

- and -

Matthew Woods, KPMG

Hayden White, KPMG

Gayle Dickerson, KPMG

- and -

ASX Compliance Pty Ltd

Dear Sirs/Mesdames:

RE: Explanatory Statement dated December 22, 2017 (the "**Explanatory Statement**")  
Relating to Proposed Transfer of Shares of the Company (the "**Proposed Transfer**")  
pursuant to the Deed of Company Arrangement dated December 8, 2017 between  
Paladin Energy Ltd. (the "**Company**"), Matthew Woods, Hayden White and  
Gayle Dickerson of KPMG (as deed administrators), Matthew Woods, Hayden White  
and John Zeckendorf (as trustees), and Perpetual Corporate Trust Limited

I, CRAIG BARNES, signing in my capacity as the Chief Financial Officer of the Company and not in my personal capacity, hereby certify to the best of my knowledge, information and belief, after having made reasonable inquiry concerning the factual matters in question that, as of the date of this Certificate:

1. the information contained in the Explanatory Statement is accurate and complete;
2. the aggregate book value of assets in Canada owned by the Company or any corporations controlled by the Company, as determined by the most recent audited financial statements of the Company dated within the past 15 months, without deduction of any liabilities or encumbrances, does not exceed CDN\$88 million; and
3. the gross revenues from sale or lease of goods or rendering of services in or from Canada, as determined by the latest audited financial statements of the Company dated within the past 15 months, without deduction of any expenses, does not exceed CDN\$88 million.

I understand that you have requested this Officer's Certificate in relation to and for purposes of the legal opinion you have been asked to provide with respect to the Proposed Transfer, and I acknowledge and agree that you shall be entitled to rely on the statements made herein for purposes of providing your legal opinion, and that you are hereby authorized to provide a copy of this said Officer's Certificate to the addressees hereof and their legal counsel.

DATED at Perth, Australia, this 31 day of January, 2018.

  
Name: CRAIG BARNES

Title: Chief Financial Officer, Paladin Energy Limited