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January 25, 2018

Neil L. Jacobs, Q.C.
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Via Electronic Mail

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 Limited
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: Newfoundland and Labrador Opinion on Impact of Transfer of Paladin Shares pursuant to Deed of Company Arrangement

We are qualified to practice law within the province of Newfoundland and Labrador and have acted as Newfoundland and Labrador counsel to Aurora Energy Ltd. (the "Corporation") in connection with whether the transfer of 98% of Paladin's outstanding shares to current debt holders under an Australian deed of company arrangement ("Deed") would trigger or constitute a default under the Licenses (as outlined below) pursuant to their terms or the Laws of the Province of Newfoundland and Labrador ("Province").

By way of background, we have been informed that:

1. Paladin Energy Limited (subject to deed of company arrangement) ("PEL") is listed on the ASX.
2. PEL indirectly owns 100% of Aurora Energy Canada Ltd ("Aurora").
3. Aurora is the holder of the licences for the Michelin project.

4. PEL is currently under the control of Matthew Woods, Hayden White and Gayle Dickerson of KPMG in their capacity as joint and several deed administrators (“Administrators”) appointed by the directors in July 2017 as part of a solvency protection regime in Australia.
5. We understand that the Administrators of PEL has 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:
 - (a) converting PEL’s approximately \$667,800,000.00 existing debt into equity; and
 - (b) raising \$115,000,000.00 of new debt.
6. 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.
7. 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.
8. 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.

For the purposes of our opinions expressed herein, we have examined originals or copies, certified or otherwise, identified to our satisfaction, of such public and corporate records, certificates, instruments and other documents and we have conducted such searches, including searches at the Mineral Claims Registry maintained by the Department of Natural Resources and considered such questions of law as we have deemed relevant and necessary as a basis for the opinions hereinafter expressed. In such examinations, we have assumed and relied upon:

- (a) the genuineness of all signatures, the authenticity of all documents submitted to us as originals and the conformity to originals of all documents submitted to us as notarial, certified, photostatic or telecopied copies thereof;
- (b) the currency and accuracy of (i) any printed search result from public offices and (ii) the indices, filing, mapping and records maintained at the public offices where we have conducted searches or made enquiries or caused searches or enquiries to be made; and

- (c) For the purposes of providing the opinion rendered in paragraph 1 hereof, we have relied exclusively on the certificate of good standing dated January 18, 2018 in respect of the Corporation issued by the Registrar of Companies for Newfoundland and Labrador, a true copy of which is attached hereto as Schedule "A".

In providing opinion 2, we have restricted our review to the following matters which we understand to be the relevant inquiries necessary to provide the opinion based on the current laws in the Province:

- (a) the *Mineral Act* (NL), RSNL 1990, c. M-12, as amended, and regulations made pursuant thereto; and
- (b) the Licenses.

For greater certainty, we have not considered the laws of any foreign country as they may relate to the transfer of the shares contemplated by the Deed and we have restricted our opinion to the Laws of the Province of Newfoundland and Labrador and the Federal Laws of Canada applicable in the Province (with the qualification that we are not opining any matter relating to compliance with Canada's Non-Resident Ownership Policy in the Uranium Mining Section) ("Laws") as at the date of this opinion nor are we providing any opinion as to the Corporation's title to the licenses listed in Schedule "B" (the "Licenses").

Based upon the foregoing and subject to the qualifications hereinafter expressed, we are of the opinion that:

1. The Corporation has been duly registered as an extra-provincial corporation and is in good standing with respect to the filing of annual returns at the Registry of Companies for Newfoundland and Labrador and is authorized to carry on undertakings in the Province of Newfoundland and Labrador.
2. The transfer of the Paladin shares contemplated by the Deed will not result in a default under the Licenses or trigger any default of the Licenses under the Laws of the Province of Newfoundland and Labrador.

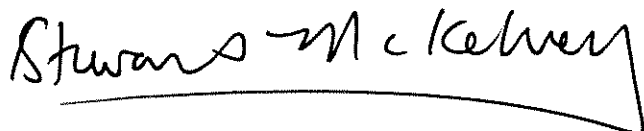
This opinion is limited to the Laws of the Province. No opinions are expressed herein with respect to the laws of any other jurisdiction.

This opinion is intended solely for the use of the addressees and is being delivered in connection with the transaction described herein and may not be relied upon by any other person or in connection with any other transaction, or quoted or referred to in any other documents, without our prior written consent.

This opinion is given as at the date hereof and we disclaim any obligation or undertaking to advise any person of any change in law or fact which may come to our attention after the date hereof.

Yours truly,

Stewart McKelvey



SCHEDULE A

Certificate of Good Standing for Aurora Energy Ltd. dated January 25, 2018.



GOVERNMENT OF NEWFOUNDLAND AND LABRADOR
Service NL

CORPORATIONS ACT

CERTIFICATE OF GOOD STANDING

Corporation Name: **AURORA ENERGY LTD.**
Corporation Number: **64197**
Date of Registration: **January 25, 2011**

I certify that this Corporation has filed all documents required under the Corporations Act of Newfoundland and Labrador and is in Good Standing.

A handwritten signature in black ink, appearing to read "Jean Toyl".

REGISTRAR OF COMPANIES
For Province of Newfoundland and Labrador
January 25, 2018

SCHEDULE B

Schedule A to the Newfoundland and Labrador opinion letter dated January 25, 2018.

Mineral License Numbers belonging to the Corporation

009415M	017286M
017289M	017290M
017292M	017299M
017300M	017301M
022145M	021146M
022147M	024697M
024932M	024946M
024948M	024995M
025621M	025641M
025649M	025651M
025658M	025675M
025676M	025677M
025678M	025680M
025681M	025682M
025683M	