



Private & Confidential

W17129/cg Ref

ASX Compliance Pty Ltd
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Paladin Energy Limited
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KPMG
Attention: Matthew Woods
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Perth WA 6000
By email: mwoods1@kpmg.com.au

18 January, 2018

Dear Sirs,

ADVICE

This advice has been prepared for you in connection with the reinstatement to quotation of Paladin Energy Limited (subject to deed of company arrangement) (PEL).

This advice sets out the Namibian local law impacts of the proposed whole of company restructure of PEL. Its purpose is to confirm that the Proposed Restructure (defined below) will not trigger any Namibian competition authority findings or any defaults under the mineral licences held by PEL subsidiaries in Namibia (Purpose).

1. Background

1.1 We have been informed that:

1.1.1 PEL is listed on the Australian Securities Exchange (**ASX**).

1.1.2 PEL owns 100% of Paladin Finance Pty Ltd (subject to deed of company arrangement) (**PFPL**).

1.1.3 PFPL owns 75% of Langer Heinrich Mauritius Limited ("**LHM**"). The remaining 25% is owned by CNNC Overseas Uranium Holding Pty Ltd.

1.1.4 LHM owns Langer Heinrich Uranium (Proprietary) Limited ("**LHUM**") which owns the Langer Heinrich uranium mine in Namibia.

1.1.5 PEL and PFPL are currently under the control of Matthew Woods, Hayden White and Gayle Dickerson of KPMG in their capacity as joint and several deed administrators the (**Administrators**) appointed by the directors in July as part of a solvency protection regime in Australia.

1.2 We understand that the Administrators of PEL and PFPL 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:

1.2.1 converting PEL's approximately \$667.8m existing debt into equity; and

1.2.2 raising \$115m of new debt.

1.3 The debt to be converted to equity is:

1.3.1 \$283.3m owed to Deutsche Bank AG and other creditors (acquired from Électricité de France S.A. as announced by PEL on 22 December 2017); and

1.3.2 \$384.5m owed to current PEL bondholders.

1.4 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**):

1.4.1 70% to existing bondholders and Deutsche Bank AG in proportion to their claims against PEL;

1.4.2 25% to the subscribers for the \$115m new debt; and

1.4.3 3% to the underwriters of the \$115m new debt.

1.5 Practically, the Transfer will involve initially transferring the shares to 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.

2. Advice

2.1 It is our opinion that the Proposed Restructure will not trigger any competition authority findings or any defaults under the mineral licences held by LHUL.

3. Limitations and qualifications

3.1 We have acted as your legal advisers in Namibia in respect of PEL. This advice relates only to Namibian law and is given on the basis that it is to be construed in accordance with Namibian law. We express no opinion on the laws of any jurisdiction other than Namibia. This advice is given as of its date and is confined to matters of Namibian law in force as at that date, as applied and interpreted according to present published case law in Namibia.

3.2 We assume no duty to update this advice or inform the addressees or any other person to whom a copy of this advice may be communicated of any change in Namibian law, or any other circumstance that occurs, or is disclosed to us, after the date on which this advice is given, which might have an impact on the opinions given in this advice.

3.3 We have assumed that all background information provided to us regarding the Proposed Restructure is correct. We have not been involved in the negotiation or preparation of any documents relating to the Proposed Restructure.

3.4 We have assumed that the parties referred to in this advice are legal entities duly incorporated and validly existing under the laws of their place of incorporation.

3.5 This advice is addressed to you personally and may not, without our prior written consent, be:

3.5.1 relied on by another person; or




- 3.5.2 disclosed, except:
- 3.5.2.1 to the Administrators and members of the PEL group and their advisers;
 - 3.5.2.2 to the ASX or other relevant regulators consistent with the Purpose;
 - 3.5.2.3 in the ordinary course of your business on the basis that the persons to whom this advice is disclosed may not rely on it and may not disclose it to any other person; or
 - 3.5.2.4 if required by law or in accordance with an official directive or request (whether or not having the force of law) with which you generally comply in carrying on your business;
 - 3.5.2.5 in connection with any litigation or proposed litigation in relation to this advice; or
 - 3.5.2.6 this advice may be uploaded to PEL's ASX markets announcement platform if required by the ASX in connection with the Purpose.
- 3.6 This advice is strictly limited to the matters stated in it and does not apply by implication to other matters.
- 3.7 This advice and the opinions given herein is given in respect of the laws of Namibia which are in force at the date of this letter.

Yours faithfully,

ENSAfrica Namibia

(Incorporated as Lorentz Angula Inc.)



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