

SAVJANI & CO.

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Barrister-at-Law

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25th January 2018

Private & Confidential

ASX Compliance Pty Ltd

Attention: Elizabeth Harris

Level 40, Central Park

152-158 St Georges Terrace

Perth WA 6000

By email: Elizabeth.Harris@asx.com.au

Paladin Energy Limited

Attention: Rick Crabb

Level 4, 502 Hay Street

Subiaco WA 6008

By email: Rick.Crabb@paladinenergy.com.au

KPMG

Attention: Matthew Woods

235 St George's Terrace

Perth WA 6000

By email: mwoods1@kpmg.com.au

Dear Sirs

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

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1 Background

The information set out in this section has been supplied to us by King & Wood Mallesons.



- 1.1 We have been informed that:
- (a) PEL is listed on the ASX.
 - (b) PEL owns 100% of Paladin Energy Minerals NL (subject to deed of company arrangement) (**PEM**).
 - (c) PEM owns 85% of Paladin (Africa) Limited (**PAL**). The remaining 15% is owned by the Government of Malawi. 1 share in PAL is owned by another PEL subsidiary, PEM Malawi Pty Ltd.
 - (d) PAL owns the Kayelekera mine in Malawi.
 - (e) PEL and PEM are 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.
- 1.2 We understand that the Administrators of PEL and PEM 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:
- (a) converting PEL's approximately \$667.8m existing debt into equity; and
 - (b) raising \$115m of new debt.
- 1.3 The debt to be converted to equity is:
- (a) \$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
 - (b) \$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**):
- (a) 70% to existing bondholders and Deutsche Bank AG in proportion to their claims against PEL;
 - (b) 25% to the subscribers for the \$115m new debt; and
 - (c) 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 Opinion

- 2.1 It is our opinion that the Proposed Restructure will not trigger any competition authority findings or any defaults under the mineral licence held by PAL.
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3 Limitations of opinion and qualifications

- 3.1 We have acted as your legal advisers in Malawi in respect of PEL. This advice relates only to Malawian law and is given on the basis that it is to be construed in accordance with Malawian law. We express no opinion on the laws of any jurisdiction other than Malawi. This advice is given as of its date and is confined to matters of Malawian law to our knowledge in force as at that date, as applied and interpreted in Malawi.
- 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 Malawian 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:
- (a) relied on by another person; or
 - (a) disclosed, except:
 - (i) to the Administrators and members of the PEL group and their advisers;
 - (ii) to the ASX or other relevant regulators consistent with the Purpose;
 - (iii) 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
 - (iv) 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;
 - (v) in connection with any litigation or proposed litigation in relation to this opinion; or
 - (vi) this advice may be uploaded to PEL's ASX markets announcement platform if required by the ASX in connection with the Purpose.
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- 3.6 This opinion is strictly limited to the matters stated in it and does not apply by implication to other matters.
- 3.7 This opinion is given in respect of the laws of Malawi which, to our knowledge are in force at 9.00 am on the date of this letter.

4 Limitation of liability

- 4.1 Reasonable care has been taken in issuing this opinion. In the event of any claim(s) by you or the Administrators arising against us from reliance on this opinion our liability, if any, for making good such claim(s) is limited to such aggregate amount as may be paid out in respect of such claim(s) under our professional indemnity insurance policy in effect from time to time plus the amount of the excess under such policy.
- 4.2 If for whatever reason no payment is made under our professional indemnity insurance policy, our liability in respect of all claims relating to this opinion shall be limited to our fee charged and actually collected in relation to our issuing this opinion.
- 4.3 Notwithstanding the provision of any law relating to the limitation of proceedings, any claim for compensation against us shall be limited and no claim shall be raised if the matter has not been brought to court within twelve months after the facts on which the claim is based are known to you or the Administrators or could have been reasonably known to you or the Administrators. In any event no claim relating to this opinion shall be brought against us twelve months after the date of this opinion.

Yours faithfully,



KRISHNA SAVJANI



DUNCAN SINGANO

For: **Savjani & Co**