



PALADIN ENERGY LTD

ACN 061 681 098

5 May 2017

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

By Electronic Lodgement

Dear Sir/Madam

PALADIN TO PROCEED WITH POTENTIAL SALE OF LANGER HEINRICH

Paladin Energy Limited (**Paladin** or the **Company**) (ASX:PDN / TSX:PDN) refers to its previous announcements regarding its Restructure Proposal, and a potential option in favour of CNNC Overseas Uranium Holding Ltd (**CNNC**) which, if validly exercised, could entitle CNNC to acquire Paladin's interest in the Langer Heinrich Mine (**LHM**).

On 23 March 2017, Paladin announced it had resolved to commence arbitration proceedings against CNNC asserting that no 'event of default' had occurred under the LHM Shareholders' Agreement. At the same time, CNNC sought to progress the potential option via discussions with the Company and also directly with its bondholders and their advisers. During these discussions various concessions were discussed that could benefit the Company. Furthermore, during this time, Paladin progressed ideas for an alternative solvent restructuring proposal with its creditors.

Paladin has now agreed that without any admission of the validity of CNNC's claims and without prejudice to its rights under the LHM Shareholders' Agreement, it will allow an independent valuation process to move forward. The valuation is the first step in a process that may lead to CNNC acquiring Paladin's 75% interest in LHM.

The Company made the decision to allow the valuation process to move forward having consideration for: the expected valuation range for its interest in LHM; stakeholders' attitude to a protracted and costly arbitration; and the possibility that subject to further engagement and support of key stakeholders, it may be able to propose an alternative solvent restructuring.

The valuation is to be performed by an independent international investment bank with uranium experience and is expected to take 5-6 weeks. Under the LHM Shareholders' Agreement, once the valuation is complete CNNC has 30 days to exercise the option. An acquisition of Paladin's interest in LHM pursuant to the option would include the right to buy one or both of: the Company's shareholder loan of approximately US\$251m at its full face value; and its equity in LHM. A 5% discount to fair market value would apply to the equity portion.

Paladin retains the support of its stakeholders and is seeking to finalise an alternative restructuring proposal that can be put forward as a valid solvent restructuring to be implemented in the event CNNC

acquires its stake in LHM.

Paladin will continue to provide its stakeholders with material updates as soon as it is in a position to do so.

It is intended that Paladin's shares will remain in suspension until Paladin has resolved how it will progress any alternative restructure, including in circumstances where Paladin no longer owns an interest in LHM. This is expected to be announced before the results of the valuation.

Yours faithfully

Paladin Energy Ltd

A handwritten signature in blue ink, appearing to read 'Alex Molyneux', is positioned above the printed name and title.

ALEXANDER MOLYNEUX
CEO

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