PALADIN ENERGY LTD

ACN 061 681 098

Ref: 424531

16 May 2017

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

By Electronic Lodgement

Dear Sir/Madam

31 March 2017 Interim Financial Report and MD&A

Attached please find the Interim Financial Report for the nine months ended 31 March 2017 including News Release, Management Discussion and Analysis, Interim Financial Statements and Certifications as required in accordance with Canadian reporting requirements.

Yours faithfully
Paladin Energy Ltd

ALEXANDER MOLYNEUX
CEO

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PALADIN ENERGY LTD

ACN 061 681 098

NEWS RELEASE

FINANCIAL REPORT FOR THE NINE MONTHS ENDED 31 MARCH 2017 AND OUTLOOK

Perth, Western Australia – 16 May 2017: Paladin Energy Ltd ("Paladin" or "the Company") **(ASX:PDN / TSX:PDN)** announces the release of its condensed consolidated interim financial report for the nine months ended 31 March 2017. The condensed consolidated financial report is appended to this News Release.

HIGHLIGHTS

References below to 2017 and 2016 are to the equivalent nine months ended 31 March 2017 and 2016 respectively.

Operations

- **Langer Heinrich Mine (LHM) produced*(1)* 3.396Mlb U_3O_8 for the nine months ended 31 March 2017, down 7% from 2016.**
  - **Ore milled of 2,691,209t, down 1% vs. 2016.**
  - **Average plant feed grade of 651ppm U_3O_8, down 8% vs. 2016.**
  - **Overall recovery of 87.9%, up 3% vs. 2016.**
  - **C1 cash cost of production for 2017 of US$17.51/lb.**
- **C1 unit cost of production*(2)* for 2017 was US$17.51/lb, a decrease of 32% from US$25.65/lb in 2016.**
- **LHM mine plan adjustment involving reduced mining material movement, combined with processing plant feed coming from stockpiled low and medium grade ores was implemented in November 2016.**

Sales and revenue

- **Sales revenue of US$69.4M for 2017, selling 2.856Mlb U_3O_8.**
- **Average realised uranium sales price for 2017 was US$24.32/lb U_3O_8 compared to the average TradeTech weekly spot price for the period of US$23.10/lb U_3O_8.**

Profitability

- **Gross loss for 2017 of US$22.2M compared to a gross profit for 2016 of US$25.7M.**
- **Underlying EBITDA*(3)* for 2017 of US$5.1M, an US$11.1M deterioration from an underlying EBITDA of US$16.2M for 2016.**
- **Underlying all-in cash expenditure*(4)* per pound of uranium production for 2017 was US$27.97/lb, a decrease of 28% compared to 2016 of US$38.71/lb.**

[1] LHM production volumes and unit C1 cost of production include an adjustment to in-circuit inventory relating to leached uranium within process circuit.
[2] C1 cost of production = cost of production excluding product distribution costs, sales royalties and depreciation and amortisation before adjustment for impairment. C1 cost, which is non-IFRS information, is a widely used 'industry standard' term.
[3] EBITDA = The Company's Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) represents profit before finance costs, taxation, depreciation and amortisation, impairments, foreign exchange gains/losses, restructure costs and other income. EBITDA, which is non-IFRS information, is a widely used 'industry standard' term.
[4] Underlying All-In Cash Expenditure = total cash cost of production plus non-production costs, capital expenditure, KM care & maintenance expenses, corporate costs, exploration costs and debt servicing costs and mandatory repayments, excluding one-off restructuring and non-recurring costs. Underlying All-In Cash Expenditure, which is a non-IFRS measure, is widely used in the mining industry as a benchmark to reflect operating performance.

Corporate and strategic initiatives

- **Cash and cash equivalents at 31 March 2017 of US$21.8M, which was above the guidance range previously provided of US$10M to US$20M.**
- **In December 2016, Paladin sold a number of non-core Australian exploration assets to Uranium Africa Ltd for approximately US$1.9M. The assets sold included the Oobagooma and Angela/Pamela projects located in Western Australia and the Northern Territory respectively and Paladin's interest in the Bigrlyi project located in the Northern Territory. It is expected that these asset sales will result in annual cost savings due to reductions in rates, rentals and statutory commitments payable to keep the tenements in good standing.**
- **Paladin also sold its entire shareholding in Deep Yellow Ltd for approximately US$2.6M in the December 2016 quarter.**
- **On 28 December 2016, the Company announced the appointment of an expert by Électricité de France (EdF) and Paladin to determine the value of additional security proposed by Paladin for the prepayment made by EdF. If the value determined is less than the value required by the Long Term Supply Contract (LTSC), the outstanding amount (being approximately US$273M as at 31 March 2017)) must be repaid within 30 days of that determination. Based on initial feedback from the expert, and subject to finalisation of the expert's report, the value of the additional security is likely to be insufficient. The expert's final decision is expected to be made by the end of May. Paladin and EdF are in discussions about a possible standstill from EdF if that repayment becomes due and payable.**
- **On 10 January 2017, the Company announced that it had resolved to enter into a proposal to restructure its balance sheet (Restructure Proposal) which contemplates the exchange of its existing 2017 Convertible Bonds (US$212M) and 2020 Convertible Bonds (US$150M) into US$115M of New Secured Bonds due 2022, US$102M of New 2024 Convertible Bonds and US$145M of Paladin shares. The Restructure Proposal is subject to the condition that Paladin continues to own 75% of LHM, which is in doubt given CNNC's decision to require the valuation of LHM in order to decide if it will exercise its potential option.**
- **The minority sale of a 30% interest in the Manyingee Project did not complete prior to the mutually agreed drop dead date of 31 March 2017 to satisfy all the conditions to closing. Whilst Avira Energy Limited satisfied a number of conditions, including a positive vote of its shareholders and approval of the Australian Foreign Investment Review Board, it did not close a requisite capital raising within the pre-agreed timeframe to complete the transaction.**
- **Nedbank Limited (Nedbank) granted the Company a waiver in relation to Paladin failing to satisfy the minimum asset value threshold as required by Langer Heinrich Uranium (Pty) Ltd's Revolving Credit Facility with Nedbank. The waiver provided by Nedbank was due to lapse on 31 March 2017 however, consistent with ongoing support that Paladin is receiving from its other stakeholders, Nedbank has agreed to extend the waiver until 30 June 2017, subject to formal documentation which is now being agreed.**
- **On 26 April 2017, the Company launched a consent solicitation procedure seeking approval from holders of the Company's 2017 Convertible Bonds to: amend the final maturity date of the 2017 Convertible Bonds to 30 September 2017; and defer the interest payment due on 30 April 2017 to 30 September 2017, with interest to accrue on both the principal outstanding and the accrued and unpaid interest until 30 September 2017. A meeting of the holders of the 2017 Convertible Bonds has been convened, to consider the extraordinary resolutions, to be held on 18 May 2017.**
- **On 5 May 2017, the Company announced it will allow an independent valuation process to move forward to value its 75% interest in LHM. The valuation is the first step in a process that may lead to CNNC acquiring LHM. 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.**

- **On 16 May 2017, Paladin announced an Alternative Restructuring Proposal that can be implemented if the Company's 75% interest in LHM is sold. Under the Alternative Restructuring Proposal: net proceeds from any sale of Paladin's 75% interest in LHM will be distributed between EdF (repaid in priority) and the holders of the Existing Convertible Bonds; the balance of any Existing Convertible Bonds (if any and including accrued interest to the closing date), will be exchanged into New 2022 Secured Convertible Bonds; and the EdF LTSC will remain on foot on terms acceptable to EdF. Bondholders representing 57.6% of the 2017 Convertible Bonds and 55.0% of the 2020 Convertible Bonds have signed binding undertakings in support of the Alternative Restructure Proposal. The Alternative Restructuring Proposal remains highly conditional with such conditions outlined in the Company's ASX release of 16 May 2017.**

Outlook

- **Key relevant guidance items for the quarter to 30 June 2017 include:**
  - **Uranium production – In line with the reduced mining plan, the feed grade will be lower and uranium production is expected to be in the range of 0.75Mlb to 0.85Mlb.**
  - **Uranium sales – Anticipated to be in the range of 1.1Mlb to 1.3Mlb U_3O_8.**
  - **LHM C1 cash costs – Expected to be within the range of US$21/lb to US$23/lb.**
- **Guidance for the full-year to 30 June 2017:**
  - **Uranium production – Expected to be in excess of 4.0Mlb U_3O_8.**
  - **LHM C1 cash costs – Expected to be within the range of US$16.50/lb to US$18.50/lb.**

Results

(References below to 2017 and 2016 are to the equivalent nine months ended 31 March 2017 and 2016 respectively).

Safety and sustainability

The Company's 12 month moving average Lost Time Injury Frequency Rate[(5)] (LTIFR) increased to 2.2 as compared to 1.9 at the end of the last quarter. The 12 month moving average LTIFR for the previous year was 2.2.

Three Lost Time Injuries (LTI) were reported during the nine months at LHM: a process operator sustained an injury to the right ankle descending a fixed ladder, a maintenance tradesman injured a shoulder while using a drill and a process operator sustained a chemical burn to the foot when entering a flooded bund with inappropriate personal protective equipment.

The Company achieved 999 Lost Time Injury (LTI) free days at the Kayelekera Mine (KM) for ~1.7 Million man hours.

Langer Heinrich Mine (LHM)

LHM produced 3.396Mlb U_3O_8 for the nine months ended 31 March 2017, down 7% from the previous year (2016: 3.644Mlb U_3O_8).

- Ore milled of 2,691,209t, down 1% vs. 2016.
- Average plant feed grade of 651ppm U_3O_8, down 8% vs. 2016.
- Overall recovery of 87.9%, up 3% vs. 2016.

The unit C1 cost of production for the nine months decreased by 32% from US$25.65/lb in 2016 to US$17.51/lb in 2017 primarily due to a strong operating performance and the impact of the write-down of LHM's ore stockpiles that occurred at 30 June 2016.

Kayelekera Mine (KM) remains on care and maintenance

- Activities at site focused on water treatment, discharge and monitoring.
- Company in discussion with external consultants with respect to the potential to prepare a re-start project implementation plan.

Profit and Loss

Total sales volume for 2017 was 2.856Mlb U_3O_8 (2016: 3.094Mlb).

Sales revenue for 2017 decreased by 43% from US$121.9M in 2016 to US$69.4M in 2017, as a result of a 38% decrease in realised sales price and an 8% decrease in sales volume.

The average realised uranium sales price for 2017 was US$24.32/lb U_3O_8 (2016: US$39.41/lb U_3O_8), compared to the TradeTech weekly spot price average for the period of US$23.10/lb U_3O_8.

Gross loss for the period decreased by 186% from a gross profit of US$25.7M in 2016 to a gross loss of US$22.2M in 2017 due to a 38% decrease in realised sales price, an 8% decrease in sales volume, and an impairment of inventory of US$26.7M (2016: US$Nil), which was partially offset by a 33% decrease in cost of sales.

Impairments of inventory of US$26.7M were recognised in 2017 (2016: US$Nil)

Impairments comprise of a US$18.4M impairment of LHM ore stockpiles, US$5.1M impairment of LHM product-in-circuit and a US$3.2M impairment of finished goods due to low uranium prices.

Net loss after tax attributable to members of the Parent for 2017 of US$84.0M (2016: Net loss US$39.3M).

[5] *All frequency rates are per million personnel hours*

Underlying EBITDA has deteriorated by US$11.1M for the period from an underlying EBITDA of US$16.2M for 2016 to US$5.1M for 2017, mainly due to a 38% decrease in the realised sales price.

Cash flow

The Group's principal source of liquidity as at 31 March 2017, was cash of US$21.8M (30 June 2016: US$59.2M). Any cash available to be invested is held with Australian banks with a minimum AA- Standard & Poor's credit rating over a range of maturities. Of this, US$19.5M is held in US dollars.

Cash outflow from operating activities was US$43.7M in 2017 (2016: outflow US$35.4M), primarily due to payments to suppliers and employees of US$111.7M and net interest paid of US$14.6M, which were partially offset by receipts from customers of US$70.5M and the receipt of US$12.7M of unearned revenue from the prepayment of sales.

Cash outflow from investing activities for 2017 was US$3.7M (2016: US$3.8M):

- Plant and equipment acquisitions of US$6.6M
- Capitalised exploration expenditure of US$1.6M
- Partially offset by the proceeds from the sale of non-core assets of US$4.5M.

Cash inflow from financing activities was US$9.6M in 2017 (2016: outflow US$122.5M), was attributable to the drawdown of US$20M under the LHM secured Revolving Credit Facility, which was partially offset by a US$10.4M distribution to CNNC by way of repayment of intercompany loans owing by LHM that have been assigned to CNNC.

Cash position

At 31 March 2017, the Group's cash and cash equivalents were US$21.8M, which was above the guidance range previously provided of US$10M to US$20M.

The documents comprising the condensed consolidated interim financial report for the nine months ended 31 March 2017, including Management Discussion and Analysis, Financial Statements and Certifications are attached and will be filed with the Company's other documents on Sedar (sedar.com) and on the Company's website (paladinenergy.com.au).

Outlook

Uranium market

The TradeTech weekly spot price average for 2017 was US$23.10/lb, a fall of 34% compared to the weekly spot average for 2016 average of US$35.08/lb.

Following price increases at the start of the calendar year, uranium spot price has traded over a range of $21.15-$26.50/lb since late January and currently stands around $21.25/lb.

US reactor vendor and nuclear fuel services company Westinghouse Electric Co. filed for Chapter 11 bankruptcy protection on 29 March 2017. The company, a subsidiary of Japan's Toshiba Corporation, is seeking to restructure its business to address financial losses and ongoing construction challenges at its US nuclear power plant projects. The US projects, four AP1000 units under construction at Vogtle in Georgia and VC Summer in North Carolina, now may face additional delays or even curtailment.

In Asia there have been positive developments in the process to restart Japanese reactors. In late March, the Osaka High Court overturned an injunction that had been preventing operation of Kansai's Takahama Units 3 and 4 since it was imposed by a lower court in early 2016. The two units are anticipated to restart in May after completion of planned maintenance checks. A court in Hiroshima denied an injunction seeking to shutdown Shikoku's Ikata Unit 3. This reactor was returned to service in September 2016. In April, Tokyo Electric Power Co. announced it plans to restart reactors at its Kashiwazaki-Kariwa nuclear power plant in

Kashiwazaki, Niigata Prefecture in early 2019. The Kashiwazaki-Kariwa plant is one of the world's largest nuclear power stations in terms of output capacity.

The board of directors of Électricité de France resisted government pressure to announce the permanent closure of France's oldest reactor Fessenheim. In response, the government issued a decree specifying that the plant must close once the new Flamanville 3 plant comes into operation. Fessenheim's ultimate fate may now be decided by the winner of the current French presidential election.

Paladin remains hopeful that a recovery in the uranium market is underway, albeit in its early stages. However, anticipated utility activity has been slow to manifest and future spot price increases and stability remain reliant on a more substantive re-engagement by utility end-users of uranium.

Company strategy

Paladin believes a uranium industry turnaround is imminent. However, given the current low pricing environment, its current strategies are focused on optimising actions to maximise cash flow whilst also prudently enacting capital management actions. Paladin's strategies are aimed at maximising shareholder value through the uranium price downturn whilst remaining positioned for a future normalisation of the uranium market and price. Key elements of the Company's strategy include:

- Maximising LHM operating cash flows through optimisation initiatives that preserve the integrity of the long-term life of mine plan.
- Maintaining KM and the Company's exploration assets on a minimal expenditure, care and maintenance basis.
- Minimise corporate and administrative costs.
- Progress strategic initiatives with respect to partnerships, strategic investment, funding and corporate transactions, that result in de-risking Paladin's funding structure or provide clear value accretion for stakeholders.
- Prepare for growth

Company outlook

LHM's adjusted Life of Mine plan (LOM) was implemented in November 2016, which involves reducing mining material movement combined with processing plant feed coming from stockpiled low and medium grade ores. The revised mine plan effectively shifts higher-grade ore processing into later years when uranium prices are expected to be higher. The FY2017 average feed grade will be reduced into the range of 550ppm to 570ppm vs our previous internal Company budget of 700ppm. The impact of the change will reduce finished U_3O_8 production by up to 1.0Mlb to 1.5Mlb per year for each of the next two years. However, the requirement for less movement of mined material on site during the period reduces cash operating costs by well in excess of any lost revenue. Using Paladin's internal assumptions the initiative will generate approximately US$40M of cumulative incremental operating cash flow for FY2017 and FY2018.

Key relevant guidance items for the quarter to 30 June 2017 include:

- Uranium production – In line with the reduced mining plan, the feed grade will be lower and uranium production is expected to be in the range of 0.75Mlb to 0.85Mlb.
- Uranium sales – Anticipated to be in the range of 1.1Mlb to 1.3Mlb U_3O_8.
- LHM C1 cash costs – Expected to be within the range of US$21lb to US$23/lb.

Guidance for the full-year to 30 June 2017:

- Uranium production – Expected to be in excess of 4.0Mlb U_3O_8.
- LHM C1 cash costs – Expected to be within the range of US$16.50/lb to US$18.50/lb.

GENERALLY ACCEPTED ACCOUNTING PRACTICE

The news release includes non-GAAP performance measures: C1 cost of production, EBITDA, non-cash costs as well as other income and expenses. The Company believes that, in addition to the conventional measures prepared in accordance with GAAP, the Company and certain investors use this information to evaluate the Company's performance and ability to generate cash flow. The additional information provided herein should not be considered in isolation or as a substitute for measures of performance prepared in accordance with GAAP.

DECLARATION

The information in this announcement that relates to minerals exploration and mineral resources is based on information compiled by David Princep BSc, P.Geo FAusIMM (CP) who has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity that he is undertaking to qualify as Competent Person as defined in the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code). Mr Princep is a full-time employee of Paladin Energy Ltd. Mr. Princep consents to the inclusion of the information in this announcement in the form and context in which it appears.

CONFERENCE CALL

Conference Call and Investor Update is scheduled for 07:30 Perth & Hong Kong, Wednesday 17 May 2017; 00:30 London, Tuesday 16 May 2017 and 19:30 Toronto, Tuesday 16 May 2017. Details are included in a separate news release dated 8 May 2017.

CONTACTS

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PALADIN ENERGY LTD

A.C.N. 061 681 098

FINANCIAL REPORT

FOR THE NINE MONTHS ENDED

31 MARCH 2017

Table of Contents – Third Quarter Report 31 March 2017

The financial report covers the Group consisting of Paladin Energy Ltd (referred throughout as the Company or Paladin) and its controlled entities.

The following Management Discussion and Analysis ("MD&A") for Paladin Energy Ltd ("Company") and its controlled entities ("Group") should be read in conjunction with the condensed consolidated financial report for the nine months ended 31 March 2017. The effective date of this unaudited report is 16 May 2017.

The financial information presented in this MD&A has been extracted from the attached financial statements. For the purpose of preparing our MD&A, we consider the materiality of information. Information is considered material if: (i) such information results in, or would reasonably be expected to result in, a significant change in market price or value of our shares; or (ii) there is a substantial likelihood that a reasonable investor would consider it important in making an investment decision; or (iii) it would significantly alter the total mix of information available to investors. We evaluate materiality with reference to all relevant circumstances, including potential market sensitivity.

Additional information relating to the Company, including public announcements, is available at www.paladinenergy.com.au.

Additional information relating to the Company and its operations, including the Company's Quarterly Activities Report for each of the periods ended 30 September 2016, 31 December 2016, and 31 March 2017 and the most recent Audited Annual Report for the year ended 30 June 2016 and other public announcements are available at www.paladinenergy.com.au.

FORWARD LOOKING STATEMENTS

Some of the statements contained in this MD&A, including those relating to strategies and other statements, are predictive in nature, and depend upon or refer to future events or conditions, or include words such as "expects", "intends", "plans", "anticipates", "believes", "estimates", "with an expectation of", "is expected", "are expected", or similar expressions that are forward looking statements. Forward looking statements include, without limitation, the information concerning possible or assumed further results of operations as set forth herein. These statements are not historical facts but instead represent only expectations, estimates and projections regarding future events and are qualified in their entirety by the inherent risks and uncertainties surrounding future expectations generally.

The forward looking statements contained in this MD&A are not guarantees of future performance and involve certain risks and uncertainties that are difficult to predict. The future results of the Group may differ materially from those expressed in the forward looking statements contained in this MD&A due to, among other factors, the risks and uncertainties inherent in the business of the Group. The Company does not undertake any obligation to update or release any revisions to these forward looking statements to reflect events or circumstances after the date of this MD&A or to reflect the occurrence of anticipated events.

OVERVIEW

The Group has two uranium mines in Africa[1], uranium exploration projects in Australia, Africa and Canada, and a strategy to become a major uranium mining house. The Company is incorporated under the laws of Western Australia with a primary share market listing on the Australian Securities Exchange ("ASX") and additional listings on the Toronto Stock Exchange ("TSX") in Canada; as well as the Munich, Berlin, Stuttgart and Frankfurt Stock Exchanges in Europe; and the Namibian Stock Exchange in Africa.

[1] Langer Heinrich Mine, Namibia (operating). Kayelekera Mine, Malawi (on care and maintenance).

The main activities and results during the nine months ended 31 March 2017 were:

References below to 2017 and 2016 are to the equivalent nine months ended 31 March 2017 and 2016 respectively.

OPERATIONS*

- Langer Heinrich Mine (LHM) produced 3.396Mlb U_3O_8 for the nine months ended 31 March 2017, down 7% from 2016.
    - Ore milled of 2,691,209t, down 1% vs. 2016.
    - Average plant feed grade of 651ppm U_3O_8, down 8% vs. 2016.
    - Overall recovery of 87.9%, up 3% vs. 2016.
    - C1 cash cost of production for 2017 of US$17.51/lb.

- Kayelekera Mine (KM) remains on care and maintenance.
    - Activities at site focused on water treatment, discharge and monitoring.
    - Company in discussion with external consultants with respect to the potential to prepare a re-start project implementation plan.

- C1 cost of production:
    - LHM unit C1 cost of production for the nine months decreased by 32% from US$25.65/lb in the nine months to 31 March 2016 to US$17.51/lb in the nine months to 31 March 2017 primarily due to strong operating performance and the impact of the US$168.9M write-down of LHM's ore stockpiles that occurred at 30 June 2016.

- Annual production guidance unchanged, expected to be in excess of 4.0Mlb of U_3O_8.

- The Company's 12 month moving average Lost Time Injury Frequency Rate (LTIFR) increased to 2.2 as compared to 1.9 at the end of the last quarter. The 12 month moving average LTIFR for the previous year was 2.2. Three Lost Time Injuries (LTI) were reported during the nine months: a process operator sustained an injury to the right ankle descending a fixed ladder, a maintenance tradesman injured a shoulder while using a drill and a process operator sustained a chemical burn to the foot when entering a flooded bund with inappropriate personal protective equipment. The Company achieved 999 LTI free days at KM.

SALES AND REVENUE

- Sales revenue of US$69.4M for the nine months, selling 2.856Mlb U_3O_8 at an average price of US$24.32/lb U_3O_8 (vs. average spot price of US$23.10/lb).

CORPORATE INITIATIVES

- On 10 January 2017, the Group announced its original Restructure Proposal (refer to Note 3).

- On 16 May 2017, the Group announced its Alternative Restructure Proposal (refer to Note 3).

- A US$25.0M 24-month Revolving Credit Facility was implemented at LHM. The purpose is to provide a buffer facility that can be drawn in periods where LHM-level working capital requirements are in deficit, mainly due to the timing of sales receipts. The provider of the Revolving Credit Facility is Nedbank Limited, through its UK registered subsidiary, N.B.S.A. Limited.

OTHER

- Underlying EBITDA of US$5.1M has deteriorated by US$11.1M compared to the nine months ended 31 March 2016.
- Underlying all-in cash expenditure per pound of uranium production for the nine months ended 31 March 2017 of US$27.97/lb, a decrease of 28% compared to the nine months ended 31 March 2016 of US$38.71/lb.
- The TradeTech weekly spot price average for the nine months ended 31 March 2017 was US$23.10/lb, a fall of 34% compared to the weekly spot average for the nine months ended 31 March 2016 average of US$35.08.
- Final contracts for the Hinkley Point C nuclear power station were signed in London on 29 September 2016 between the UK Government, Electricite de France and China General Nuclear marking the end of the project development phase and the move into construction. The station's two EPR plants are scheduled to begin operations in 2025 and will provide approximately 7% of the UK's future electricity needs.
- KazAtomProm announced a cut of 10% of planned 2017 uranium production which is expected to have a positive impact on uranium prices.
- In late March 2017, the Osaka High Court overturned an injunction that had been preventing operation of Kansai's Takahama Units 3 and 4 since it was imposed by a lower court early in 2016. The two units are anticipated to restart in May 2017 after completion of planned maintenance checks. A court in Hiroshima denied an injunction seeking to shutdown Shikoku's Ikata Unit 3. This reactor was returned to service in September 2016. In April 2017, Tokyo Electric Power Co. announced it plans to restart reactors in Kashiwazaki-Kariwa nuclear power plant in Kashiwazaki, Niigata Prefecture in early 2019. The Kashiwazaki-Kariwa plant is one of the world's largest nuclear power stations in terms of output capacity.
- At 31 March 2017, the Group's cash and cash equivalents were US$21.8M, a decrease of US$37.4M from US$59.2M at 30 June 2016. Guidance previously provided was for the 31 March 2017 cash balance to be in the range of US$10M to US$20M.

* LHM production volumes and unit C1 cost of production include an adjustment to in-circuit inventory relating to leached uranium within the process circuit.

NON IFRS MEASURES

C1 cost of production

C1 cost of production = cost of production excluding product distribution costs, sales royalties and depreciation and amortisation before adjustment for impairment. C1 cost, which is a non-IFRS measure, is a widely used 'industry standard' term. We use this measure as a meaningful way to compare our performance from period to period. We believe that, in addition to conventional measures prepared in accordance with IFRS, certain investors use this information to evaluate our performance. C1 cost information (unaudited) has been extracted from the financial statements. Refer to page 9 for reconciliation.

Underlying EBITDA

The Company's Earnings Before Interest, Tax, Depreciation and Amortisation (Underlying EBITDA) represents profit before finance costs, taxation, depreciation and amortisation, impairments, foreign exchange gains/losses, restructure costs and other income. As the mining industry is a capital-intensive industry, capital expenditures, the level of gearing and finance costs may have a significant impact on the net profit of companies with similar operating results. Therefore, the Company believes underlying EBITDA may be helpful in analysing the operating results of a mining company like itself. Although underlying EBITDA is widely used in the mining industry as a benchmark to reflect operating performance, financing capability and liquidity, it is not regarded as a measure of operating performance and liquidity under IFRS. Refer to page 8 for reconciliation.

Underlying All-In Cash Expenditure per Pound

Underlying All-In Cash Expenditure = total cash cost of production plus non-production costs, capital expenditure, KM care & maintenance expenses, corporate costs, exploration costs and debt servicing costs and mandatory repayments, excluding one-off restructuring costs and non-recurring costs. Underlying All-In Cash Expenditure, which is a non-IFRS measure, is widely used in the mining industry as a benchmark to reflect operating performance. We use this measure as a meaningful way to compare our performance from period to period as it provides a more comprehensive view of costs than the cash cost approach. Refer to page 9 for reconciliation.

FINANCIAL RESULTS

	% Change	**NINE MONTHS ENDED 31 MARCH 2017**	**2016**
Production volume (Mlb)	(7)%	3.396	3.644
Sales volume (Mlb)	(8)%	2.856	3.094
Realised sales price (US$/lb)	(38)%	24.32/lb	39.41/lb
		US$M	**US$M**
Revenue	(43)%	69.6	122.4
Cost of Sales	33%	(65.1)	(96.7)
Impairment – inventory	(100)%	(26.7)	-
Gross (loss)/profit	**(186)%**	**(22.2)**	**25.7**
Impairments	100%	-	(1.0)
Loss after tax attributable to members of the parent	**(114)%**	**(84.0)**	**(39.3)**
Other comprehensive loss for the period, net of tax		(4.8)	(11.6)
Total comprehensive loss attributable to the members of the parent	**(74)%**	**(88.8)**	**(50.9)**
Loss per share - basic & diluted (US cents)	(113)%	(4.9)	(2.3)

References below to 2017 and 2016 are to the equivalent nine months ended 31 March 2017 and 2016 respectively.

Revenue in 2017 decreased by 43%, due to a 38% decrease in realised sales price and an 8% decrease in sales volume.

Gross Loss in 2017 of US$22.2M is a deterioration from the gross profit in 2016 of US$25.7M due to a 38% decrease in realised sales price, an 8% decrease in sales volume, and an impairment of inventory of US$26.7M (2016: US$Nil), which was partially offset by a 33% decrease in cost of sales. Impairments comprise of a US$18.4M impairment of LHM ore stockpiles, US$5.1M impairment of LHM product-in-circuit and a US$3.2M impairment of finished goods due to low uranium prices.

Loss after Tax Attributable to the Members of the Parent for 2017 of US$84.0M is higher than the loss of US$39.3M in 2016, and is predominantly due to the US$26.7M impairment of inventory discussed earlier, an increase in finance costs as a result of the acceleration of the non-cash accretion relating to the 2020 Convertible Bonds, a US$11.1M foreign exchange loss (2016: foreign exchange gain US$9.2M), which has been partially offset by a US$3.9M decrease in administration, marketing and non-production costs, a decrease in KM care and maintenance expenses of US$3.1M and a lower income tax expense of US$1.1M (2016: US$13.7M).

Segment Information
The Namibian segment loss in 2017 of US$43.3M is a turnaround from the profit in 2016 of US$7.8M, as a result of a 38% decrease in realised sales price, an 8% decrease in sales volume, and an impairment of inventory of US$26.7M (2016: US$Nil), which was partially offset by a 33% decrease in cost of sales and a US$13.7M decrease in income tax expense. The Malawian segment loss decreased by US$3.0M as a

result of lower care and maintenance costs. The exploration activities loss has decreased by US$0.3M. In the Unallocated portion, the Group reflected the remaining Income Statement activities, which for 2017 comprise mainly marketing, corporate, finance and administration costs. The loss (costs) in this area has increased by US$11.5M. This is predominantly due to an increase in finance costs as a result of the acceleration of the non-cash accretion relating to the 2020 Convertible Bonds which has been partially offset by a decrease in administration and corporate costs through the various cost reduction initiatives.

Underlying EBITDA

	Note	NINE MONTHS ENDED 31 MARCH 2017 US$M	2016 US$M
Loss/Profit before interest and tax		(44.8)	12.1
Depreciation and amortisation	**9**	10.7	14.7
Impairment loss reversed on sale of inventory	**9**	-	(7.1)
Impairment of inventory and ore stockpiles	**11**	26.7	-
Foreign exchange losses/(gains)	**9**	11.1	(9.2)
Restructure costs	**9**	3.8	4.7
Impairment of assets	**9**	-	1.0
Profit on disposal of assets	**9**	(2.4)	-
Underlying EBITDA		**5.1**	**16.2**

Underlying EBITDA has decreased by US$11.1M, mainly due to a 38% decrease in the realised sales price.

REALISED SALES PRICE AND SALES & PRODUCTION VOLUMES

	% Change	NINE MONTHS ENDED 31 MARCH 2017 US$	2016 US$
Realised uranium sales price	(38)%	US$24.32/lb	US$39.41/lb
		Mlb U_3O_8	**Mlb U_3O_8**
Sales volume	(8)%	2.856	3.094
Production	(7)%	3.396	3.644

The average realised uranium sales price for the nine months ended 31 March 2017 was US$24.32lb U_3O_8 compared to the TradeTech weekly spot price average for the period of US$23.10/lb U_3O_8.

RECONCILIATION OF C1 COST OF PRODUCTION TO COST OF GOODS SOLD

	NINE MONTHS ENDED 31 MARCH	
	2017	**2016**
Volume Produced (Mlb)	*3.396*	*3.644*
Cost of Production/lb (C1)	*US$17.51/lb*	*US$25.65/lb*
	US$M	US$M
Cost of Production (C1)	59.4	93.5
Depreciation & amortisation	11.8	17.1
Production distribution costs	3.1	2.4
Royalties	2.2	3.7
Other	0.1	-
Inventory movement	(11.5)	(20.0)
Cost of goods sold	**65.1**	**96.7**

The C1 cost of production for the nine months ended 31 March 2017 decreased by 32% to US$17.51/lb U_3O_8 (2016: US$25.65/lb U_3O_8).

The unit C1 cash cost of production decrease was primarily due to strong operating performance and the impact of the US$168.9M write-down of LHM's ore stockpiles at 30 June 2016.

ANALYSIS OF UNDERLYING ALL-IN CASH EXPENDITURE PER POUND OF URANIUM PRODUCTION

	% Change	**NINE MONTHS ENDED 31 MARCH**	
		2017 US$/lb	**2016 US$/lb**
LHM – C1 cost of production	**32%**	17.51	25.65
Mining – (decrease)/increase in ore stockpiles		3.30	(1.18)
Royalties		0.65	1.02
Product distribution costs		0.99	0.64
Commercial & administration – non production		0.57	0.84
Social development		0.01	0.05
LHM – total cash cost of production	**15%**	23.03	27.02
Capex		1.94	0.58
LHM – total cash cost of production after capex	**10%**	24.97	27.60
KM – care & maintenance expenses		1.34	2.00
Corporate costs		0.71	1.37
Exploration costs		0.57	0.76
Debt servicing costs		0.38[(1)]	6.98
Underlying all-in cash expenditure	**28%**	**27.97**	**38.71**

[(1)]Excludes interest on convertible bonds, assuming that this interest will no longer be paid after the implementation of the original Restructure Proposal or Alternative Restructure Proposal (refer to Note 3).

Underlying all-in cash expenditure per pound of uranium production for the period ended 31 March 2017 was US$27.97/lb, a decrease of 28% compared to the period ended 31 March 2016 of US$38.71/lb.

ANALYSIS OF ADMINISTRATION, MARKETING & NON-PRODUCTION COSTS

		NINE MONTHS ENDED 31 MARCH	
	% Change	**2017 US$M**	**2016 US$M**
Total	**30%**	**(8.9)**	**(12.8)**

Costs for the nine months ended 31 March 2017 decreased by US$3.9M, mainly due to a 45% decrease in corporate and marketing costs from US$4.9M in 2016 to US$2.7M in 2017 and a 19% decrease in restructure costs from US$4.7M in 2016 to US$3.8M in 2017.

Certain Balance Sheet items are set out below:

SUMMARISED STATEMENT OF FINANCIAL POSITION

	31 MARCH 2017 UNAUDITED US$M	**30 JUNE 2016 AUDITED US$M**	**30 June 2015 AUDITED US$M**
Cash and cash equivalents	21.8	59.2	183.7
Inventories	41.4	35.9	231.6
Total assets	740.2	791.1	1,100.0
Interest bearing loans and borrowings	467.6	429.2	534.5
Total long-term liabilities	375.9	493.4	859.3
Net liabilities/assets	**(51.7)**	**48.9**	**198.3**

Cash and Cash Equivalents have decreased by US$37.4M, mainly as a result of payments to suppliers and employees of US$111.7M, a US$10.4M distribution to CNNC Overseas Uranium Holding Ltd ("CNNC") by way of repayment of intercompany loans owing by LHM that have been assigned to CNNC, net interest paid of US$14.6M and payments for property, plant and equipment at LHM of US$6.6M. This was partially offset by receipts from customers of US$70.5M, the drawdown of US$20M under the LHM secured Revolving Credit Facility, the receipt of US$12.7M of unearned revenue from the prepayment of sales and proceeds from the sale of non-core assets of US$4.5M.

Inventories have increased by US$5.5M, predominantly due to an increase in the number of pounds of finished goods at 31 March 2017 which was partially offset by the US$26.7M of impairments discussed earlier.

Interest Bearing Loans and Borrowings have increased by US$38.4M, primarily as a result of the drawdown of US$20M under the LHM secured Revolving Credit Facility and the non-cash accretion of the convertible bonds of US$26.9M, partially offset by a US$10.4M distribution to CNNC by way of repayment of intercompany loans owing by LHM that have been assigned to CNNC.

Segment Assets: Namibian assets have decreased predominantly due to a decrease in cash, debtors and property, plant and equipment which was partially offset by an increase in inventories. Malawian assets, which are predominantly cash and stores and consumables, have remained stable. The Exploration segment assets have decreased predominantly as a result of a decrease in the US dollar value of exploration assets. The Canadian dollar weakened against the US dollar which resulted in a decrease in the US dollar value of Canadian dollar denominated exploration assets, which was partially offset by an increase in the US dollar value of Australian dollar denominated exploration assets as the Australian dollar strengthened against the US dollar and capitalised exploration expenditure. In the Unallocated portion, assets increased primarily due to an increase in cash and cash equivalents resulting from a US$29.6M distribution to Paladin by way of repayment of intercompany loans owing by LHM to Paladin.

LIQUIDITY AND CAPITAL RESOURCES

The Group's principal source of liquidity as at 31 March 2017, was cash of US$21.8M (30 June 2016: US$59.2M). Any cash available to be invested is held with Australian banks with a minimum AA- Standard & Poor's credit rating over a range of maturities. Of this, US$19.5M is held in US dollars.

Cash flow – nine months ended 31 March 2017

Net Cash Outflow from Operating Activities was US$43.7M in 2017 (2016: US$35.4M), primarily due to payments to suppliers and employees of US$111.7M (2016: US$125.5M) and net interest paid of US$14.6M (2016: US$21.1M), which were partially offset by receipts from customers of US$70.5M (2016: US$111.6M) and the receipt US$12.7M of unearned revenue from the prepayment of sales (2016: US$Nil).

Net Cash Outflow from Investing Activities was US$3.7M in 2017 (2016: US$3.8M) and is due primarily to plant and equipment acquisitions of US$6.6M (2016: US$2.6M) at LHM, including flash-splash 2 upgrade of US$2.4M and TSF5 construction of US$3.6M, as well as capitalised exploration expenditure of US$1.6M (2016: US$3.9M), which were partially offset by the proceeds from the sale of non-core assets of US$4.5M (2016: US$Nil). Paladin sold its entire shareholding in Deep Yellow Ltd for US$2.6M, its interest in the Bigrlyi project for US$0.4M and its interest in Oobagooma and Angela/Pamela projects for US$1.5M.

Net Cash Inflow from Financing Activities of US$9.6M in 2017 is attributable to the drawdown of US$20M under the LHM secured Revolving Credit Facility, which was partially offset by a US$10.4M distribution to CNNC by way of repayment of intercompany loans owing by LHM that have been assigned to CNNC. The net outflow in 2016 of US$122.5M in 2016 was attributable to the repurchase of US$62M April 2017 Convertible Bonds for US$56.4M (excluding accrued interest), repayment of US$60.9M under the LHM syndicated loan facility and US$5.2M distribution to CNNC by way of repayment of intercompany loans assigned to CNNC.

GOING CONCERN

As at 31 March 2017, the Group had a net current asset deficit of US$338.0M (30 June 2016: deficit US$139.9M), including cash on hand of US$21.8M (30 June 2016: US$59.2M). Included within this cash on hand is US$0.7M (30 June 2016: US$0.6M), which is restricted for use in respect of supplier guarantees provided by LHM. For the nine months ended 31 March 2017, the Group made a net loss after tax attributable to the ordinary equity holders of US$84.0M (31 March 2016: net loss US$39.3M) and a net cash outflow from operating activities of US$43.7M (31 March 2016: outflow US$35.4M).

Repayment obligations[(1)] during the next twelve months to 31 March 2018 in respect of interest bearing loans and borrowings are summarised as follows:

- interest payments of US$28.4M for the 2017 and 2020 Convertible Bonds;
- interest payments of US$1.3M for the LHM Secured Revolving Credit facility;
- US$212M principal repayment of the 2017 Convertible Bonds maturity deferred to 30 September 2017; and
- US$5M principal repayment of the LHM Secured Revolving Credit facility.

[(1)] With the support of its major creditors, the Group is not proposing to make these repayments other than on the implementation of the original Restructure Proposal or Alternative Restructure Proposal set out below.

If the expert appointed by Électricité de France (EdF) and Paladin determines that the value of the additional security proposed by Paladin for the prepayment made by EdF is less than the value required by the Long Term Supply Contract (LTSC), the outstanding amount (being approximately US$273M as at 31 March 2017)) must be repaid within 30 days of that determination. Based on initial feedback from the expert, and subject to finalisation of the expert's report, the value of the additional security is likely to be insufficient. The expert's final decision is expected to be made by the end of May. Paladin and EdF are in discussions about a possible standstill from EdF if that repayment becomes due and payable.

The balance sheet restructure proposal (Restructure Proposal) that was announced on 10 January 2017 was subject to the condition that Paladin continues to own 75% of LHM, which is in doubt given CNNC's decision to require the valuation of LHM in order to decide if it will exercise its potential option. In the event CNNC does not acquire the Company's 75% interest in LHM, the Company intends to pursue the original Restructure Proposal. However, as is prudent in the current circumstances, Paladin has also progressed with its stakeholders an alternative solvent restructuring proposal which can be implemented in circumstances where it ceases to hold an interest in LHM (Alternative Restructure Proposal).

The ability of the Group to pay its debts as and when they fall due and thus to continue as a going concern is dependent upon the achievement of either the original Restructure Proposal or the Alternative Restructure Proposal.

The key terms of the Alternative Restructure Proposal are:

- Net proceeds from any sale of Paladin's 75% interest in LHM to be distributed between EdF (repaid in priority) and the holders of the Existing Convertible Bonds;
- the balance of any Existing Convertible Bonds (if any and including accrued interest to the closing date), will be exchanged into New 2022 Secured Convertible Bonds with a 7.5% coupon capitalised in arrears; and
- the EdF LTSC to remain on foot on terms acceptable to EdF.

Bondholders representing 57.6% of the 2017 Convertible Bonds and 55.0% of the 2020 Convertible Bonds have signed binding undertakings in support of the Alternative Restructure Proposal (and negotiations are continuing with the balance of the bondholders in each series)

The key conditions to the Alternative Restructure Proposal are:

- CNNC completing the acquisition of Paladin's 75% interest in LHM for cash consideration which results in net proceeds of at least US$500M;
- formal approval of holders of the Existing Convertible Bonds;
- approval of EdF;
- approval of shareholders;
- agreement being reached between the Company and an ad-hoc committee of bondholders as to the long form version of the document necessary to implement the Alternative Restructure Proposal;
- there being no superior proposal; and
- all necessary regulatory approvals, including Australia's Foreign Investment Review Board.

As a result of the matters set out above, there is a material uncertainty related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern and therefore whether it would realise its assets and extinguish its liabilities in the normal course of the business and the amounts stated in the financial report. The financial report does not include adjustments relating to the recoverability or classification of the recorded assets amounts nor to the amounts or classification of liabilities that might be necessary should the Group not be able to continue as a going concern.

(All figures are in US dollars unless otherwise indicated)

Based on the Group's expectation that the conditions of either the original Restructure Proposal or the Alternative Restructure Proposal will be met, and advice from third party advisers, the Directors are satisfied that it is appropriate to prepare the financial statements on a going concern basis.

OUTSTANDING SHARE INFORMATION

As at 16 May 2017, Paladin had 1,712,843,812 fully paid ordinary shares issued. The following table sets out the fully paid ordinary shares and those issuable under the Group Employee Performance Share Rights Plan and in relation to the Convertible Bonds:

As at 16 May 2017	Number
Ordinary shares	1,712,843,812
Issuable under Performance Share Rights Plan (SARs)*	-
Issuable under Executive Share Option Plan	3,000,000
Issuable in relation to the US$212M Convertible Bonds	115,846,995
Issuable in relation to the US$150M Convertible Bonds	421,348,315
Total	**2,253,039,122**

*The number of ordinary shares ultimately issuable upon vesting of the Share Appreciation Rights will vary as the number of ordinary shares to be issued is based upon Paladin's relative share price growth over the relevant vesting periods. The number disclosed in the table above is based on the closing share price at 15 May 2017 of A$0.105. The securities of Paladin have been suspended from official quotation, at the request of the Company, since 10 March 2017.

CRITICAL ACCOUNTING ESTIMATES

The preparation of the Unaudited Financial Report requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Significant areas requiring the use of management estimates relate to the determination of the following: carrying value or impairment of inventories, financial investments, property, plant and equipment, intangibles, mineral properties and deferred tax assets; carrying value of rehabilitation, mine closure, sales contracts provisions and deferred tax liabilities; and the calculation of share-based payments.

FINANCIAL INSTRUMENTS

At 31 March 2017, the Group has exposure to interest rate risk, which is the risk that the Group's financial position will be adversely affected by movements in interest rates that will increase the cost of floating rate debt or opportunity losses that may arise on fixed rate convertible bonds in a falling interest rate environment. Interest rate risk on cash and short-term deposits is not considered to be a material risk due to the historically low US dollar interest rates of these financial instruments.

The Group has no significant monetary foreign currency assets or liabilities apart from Namibian Dollar cash, receivables, payables and provisions and Australian dollar cash and payables and Canadian Dollar payables.

The Group currently does not engage in any hedging or derivative transactions to manage uranium price movements, interest rate or foreign currency risks.
The Group's credit risk is the risk that a contracting entity will not complete its obligation under a financial instrument that will result in a financial loss to the Group. The carrying amount of financial assets represents the maximum credit exposure. The Group trades only with recognised, credit worthy third

parties. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not material.

The Group's treasury function is responsible for the Group's capital management, including management of the long-term debt and cash as part of the capital structure. This involves the use of corporate forecasting models which enable analysis of the Group's financial position, including cash flow forecasts, to determine the future capital management requirements. To ensure sufficient funding for operational expenditure and growth activities, a range of assumptions are modelled so as to provide the flexibility in determining the Group's optimal future capital structure.

OTHER RISKS AND UNCERTAINTIES

Risk Factors

The Group is subject to other risks that are outlined in the Annual Information Form 51-102F2, which is available on SEDAR at sedar.com

TRANSACTIONS WITH RELATED PARTIES

During the period ended 31 March 2017, no payments were made to Director-related entities. Directors of the Company receive fees as outlined in the Company's management circular forming part of the Company's Notice of AGM.

DISCLOSURE CONTROLS

The Group has applied its Disclosure Control Policy to the preparation of the Unaudited Consolidated Financial Report for period ended 31 March 2017, associated Management Discussion and Analysis and Report to Shareholders. An evaluation of the Group's disclosure controls and procedures used has been undertaken and concluded that the disclosure controls and procedures were effective.

INTERNAL CONTROLS

The Group has designed appropriate Internal Controls over Financial Reporting (ICFR) and ensured that these were in place for the period ended 31 March 2017. An evaluation of the design of ICFR has concluded that it is adequate to prevent a material misstatement of the Group's Unaudited Consolidated Financial Report as at 31 March 2017.

DESIGNATED FOREIGN ISSUER PURSUANT TO CANADIAN SECURITY LAWS

Pursuant to Canadian National Instrument 71-102 Continuous Disclosure and Other Exemptions Relating to Foreign Issuers, Paladin Energy Ltd hereby discloses that it is a Designated Foreign Issuer as such term is defined in the Instrument and is subject to the regulatory requirements of Australian Securities laws and the rules and regulations of the Australian Securities Exchange.

SUBSEQUENT EVENTS

Other than disclosed below, since 31 March 2017, the Directors are not aware of any other matter or circumstance not otherwise dealt with in this report, that has significantly or may significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in subsequent periods with the exception of the following, the financial effects of which have not been provided for in the 31 March 2017 Financial Report:

Manyingee Sale Not Complete

On 3 April 2017, the Company announced that the minority sale of a 30% interest in the Manyingee Project had not completed prior to the mutually agreed drop dead date of 31 March 2017 to satisfy all the conditions to closing. Whilst Avira Energy Limited satisfied a number of conditions, including a positive vote of its shareholders and approval of the Australian Foreign Investment Review Board, it did not close a requisite capital raising within the pre-agreed timeframe to complete the transaction.

Bondholder and Nedbank Standstill

On 3 April 2017, the Company announced that certain bondholders remain subject to standstills agreed previously with the Company, representing 75.1% of holders of 2017 Convertible Bonds and 86.6% of holders of 2020 Convertible Bonds, which remain effective. In order to provide the Company with time to resolve the potential option in favour of CNNC which, if validly exercised, could entitle CNNC to acquire Paladin's interest in LHM (Potential CNNC Option) and progress the Restructure Proposal or a suitable alternative, the Company is negotiating amended standstill deeds with its major bondholders to take account of the recent circumstances (including the Potential CNNC Option). The effect of the standstill arrangements in place is that forthcoming payments due upon maturity of the 2017 Convertible Bonds (due April 2017) and interest payments due under the 2017 and 2020 Convertible Bonds (due March and April 2017) will be deferred with the consent of a binding majority of holders of the two series of bonds.

The Company also referred to the waiver it was granted by Nedbank Limited (Nedbank) in relation to Paladin failing to satisfy the minimum asset value threshold as required by Langer Heinrich Uranium (Pty) Ltd's Revolving Credit Facility with Nedbank (described in the Company's 31 December 2016 Half Year Report announced on 14 February 2017). The waiver provided by Nedbank was due to lapse on 31 March 2017 however, consistent with ongoing support that Paladin is receiving from its other stakeholders, Nedbank has agreed to extend the waiver until 30 June 2017, subject to formal documentation which is now being agreed.

2017 Bondholder Consent and Solicitation Launched

On 26 April 2017, the Company announced it had launched a consent solicitation procedure seeking approval from holders of the Company's US$274M convertible bonds (with US$212M due to be repaid) due 30 April 2017 (2017 Convertible Bonds) to:

- amend the final maturity date of the 2017 Convertible Bonds from 30 April 2017 to 30 September 2017; and
- defer the interest payment due on 30 April 2017 to 30 September 2017, with interest to accrue on both the principal outstanding and the accrued and unpaid interest until 30 September 2017.

In exchange for bondholder support, Paladin has agreed to additional undertakings and events of default under the 2017 Convertible Bonds which, among other things, restrict certain disposals of assets by Paladin subject to certain exceptions.

The consent solicitation procedure will formalise the current standstill agreed with the majority of holders by amending the terms of the 2017 Convertible Bonds. The amendments require the approval of:

- holders of 75% of the aggregate principal amount of the 2017 Convertible Bonds outstanding at a meeting of bondholders; or
- holders of 90% of the aggregate principal amount of the 2017 Convertible Bonds outstanding agreeing to a resolution in writing (i.e. no meeting is required).

The meeting of bondholders has been convened to be held on 16 May 2017. If holders of at least 90% of the aggregate principal amount of bonds outstanding submit voting instructions in favour of the proposal, no meeting of bondholders will be held and the amending resolution will be held to have passed.

Currently, the Company has received indicative support with respect to the amendments noted above from bondholders representing approximately 92% of the aggregate principal amount of the 2017 Convertible Bonds, and has entered into standstill arrangements with bondholders representing 77%, of the aggregate principal amount of the 2017 Convertible Bonds outstanding. Paladin is therefore confident that it will receive the necessary bondholder support to approve the amendments noted above.

It is intended that Paladin's shares will remain in suspension until Paladin has resolved how it will progress any restructure.

Paladin to Proceed with Potential Sale of Langer Heinrich Mine

On 5 May 2017, the Company announced it had now agreed that without any admission of the validity of CNNC's claims and without prejudice to its rights under the Langer Heinrich Mine (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:

(i) the Company's shareholder loan of approximately US$251m at its full face value; and
(ii) 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.

Strategic and Funding Process: Alternative Proposed Balance Sheet Restructuring

On 16 May 2017, Paladin announced an Alternative Restructuring Proposal that can be implemented if the Company's 75% interest in LHM is sold. Under the Alternative Restructuring Proposal: net proceeds from any sale of Paladin's 75% interest in LHM will be distributed between EdF (repaid in priority) and the holders of the Existing Convertible Bonds; the balance of any Existing Convertible Bonds (if any and including accrued interest to the closing date), will be exchanged into New 2022 Secured Convertible Bonds; and the EdF LTSC will remain on foot on terms acceptable to EdF. Bondholders representing 57.6% of the 2017 Convertible Bonds and 55.0% of the 2020 Convertible Bonds have signed binding undertakings in support of the Alternative Restructure Proposal. The Alternative Restructuring Proposal remains highly conditional with such conditions outlined in the Company's ASX release of 16 May 2017.

The key terms of the Alternative Restructure Proposal are set out below.

- Net proceeds from any sale of Paladin's 75% interest in LHM to be distributed between EdF (repaid in priority) and the holders of the Existing Convertible Bonds
- Balance of any Existing Convertible Bonds (if any and including accrued interest to the closing date), to be exchanged into New 2022 Secured Convertible Bonds
- EdF LTSC to remain on foot on terms acceptable to EdF
- Bondholders representing 57.6% of the 2017 Convertible Bonds and 55.0% of the 2020 Convertible Bonds have signed binding undertakings in support of the Alternative Restructure Proposal (and negotiations are continuing with the balance of bondholders)
- Key conditions to the Alternative Restructure Proposal:
    - CNNC completing the acquisition of Paladin's 75% interest in LHM for net proceeds of at least US$500 million;
    - formal approval of holders of the Existing Convertible Bonds;
    - approval of EdF;
    - approval of shareholders;
    - agreement being reached between the Company and an ad-hoc committee of bondholders as to the long form version of documentation to implement the Alternative Restructure Proposal;
    - there being no superior proposal; and
    - all necessary regulatory approvals, including Australia's Foreign Investment Review Board
- Concurrent with implementation of the Alternative Restructure Proposal, Paladin proposes to undertake a 20:1 consolidation of its shares.

PALADIN ENERGY LTD AND CONTROLLED ENTITIES
CONSOLIDATED INCOME STATEMENT
EXPRESSED IN US DOLLARS

	Notes	Nine months ended 31 March 2017 US$M	Nine months ended 31 March 2016 US$M
Revenue			
Revenue	8	69.6	122.4
Cost of sales	9	(65.1)	(96.7)
Impairment - inventories	11	(26.7)	-
Gross (loss)/profit		(22.2)	25.7
Other income	9	2.4	9.2
Exploration and evaluation expenses	13	(0.6)	(0.7)
Administration, marketing and non-production costs	9	(8.9)	(12.8)
Other expenses	9	(15.5)	(9.3)
(Loss)/profit before interest and tax		(44.8)	12.1
Finance costs	9	(52.0)	(37.0)
Net loss before income tax from continuing operations		**(96.8)**	**(24.9)**
Income tax expense		(1.1)	(13.7)
Net loss after tax from continuing operations		**(97.9)**	**(38.6)**
Profit after tax from discontinued operations	9	1.2	-
Net loss after tax		**(96.7)**	**(38.6)**
Attributable to:			
Non-controlling interests		(12.7)	0.7
Members of the parent		(84.0)	(39.3)
Net loss after tax		**(96.7)**	**(38.6)**
Loss per share (US cents)			
Loss after tax from operations attributable to ordinary equity holders of the Company			
- basic and diluted (US cents)		(4.9)	(2.3)

The above Consolidated Income Statement should be read in conjunction with the accompanying notes.

PALADIN ENERGY LTD AND CONTROLLED ENTITIES
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
EXPRESSED IN US DOLLARS

	Nine months ended 31 March 2017 US$M	Nine months ended 31 March 2016 US$M
Net loss after tax from operations	**(96.7)**	**(38.6)**
Other comprehensive income		
Items that may be reclassified subsequently to profit or loss:		
Transfer of realised gains to other income on disposal of available-for-sale financial assets	(1.0)	-
Net gain/(loss) on available-for-sale financial assets	1.0	(0.7)
Transfer of impairment loss on available-for-sale financial assets to income statement	-	0.7
Foreign currency translation	(4.8)	(11.6)
Income tax on items of other comprehensive income	-	-
Items that will not be subsequently reclassified to profit or loss:		
Foreign currency translation attributable to non-controlling interests	0.1	-
Other comprehensive loss for the period, net of tax	**(4.7)**	**(11.6)**
Total comprehensive loss for the period	**(101.4)**	**(50.2)**
Total comprehensive loss attributable to:		
Non-controlling interests	(12.6)	0.7
Members of the parent	(88.8)	(50.9)
	(101.4)	(50.2)

The above Consolidated Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

PALADIN ENERGY LTD AND CONTROLLED ENTITIES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
EXPRESSED IN US DOLLARS

	Notes	As at 31 March 2017 Unaudited US$M	As at 30 June 2016 Audited US$M
ASSETS			
Current assets			
Cash and cash equivalents		21.8	59.2
Trade and other receivables	10	12.3	12.2
Prepayments		2.5	1.6
Inventories	11	41.4	35.9
TOTAL CURRENT ASSETS		78.0	108.9
Non current assets			
Trade and other receivables	10	0.4	1.2
Other financial assets		-	0.9
Property, plant and equipment	12	244.9	256.8
Mine development		37.7	39.8
Exploration and evaluation expenditure	13	332.3	336.1
Intangible assets		10.7	11.1
Deferred tax assets		36.2	36.3
TOTAL NON CURRENT ASSETS		662.2	682.2
TOTAL ASSETS		740.2	791.1
LIABILITIES			
Current liabilities			
Trade and other payables		22.1	31.5
Interest bearing loans and borrowings	5	379.1	204.7
Other interest bearing loans - CNNC	6	-	10.4
Provisions	14	2.1	2.2
Unearned revenue		12.7	-
TOTAL CURRENT LIABILITIES		416.0	248.8
Non current liabilities			
Interest bearing loans and borrowings	5	-	127.8
Other interest bearing loans - CNNC	6	88.5	86.3
Provisions	14	87.4	79.3
Unearned revenue	15	200.0	200.0
TOTAL NON CURRENT LIABILITIES		375.9	493.4
TOTAL LIABILITIES		791.9	742.2
NET (LIABILITIES)/ASSETS		**(51.7)**	**48.9**
EQUITY			
Contributed equity	7(a)	2,101.1	2,101.1
Reserves		29.3	49.9
Accumulated losses		(2,091.0)	(2,023.7)
Parent interests		39.4	127.3
Non-controlling interests		(91.1)	(78.4)
TOTAL EQUITY		**(51.7)**	**48.9**

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

PALADIN ENERGY LTD AND CONTROLLED ENTITIES
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
EXPRESSED IN US DOLLARS

	Contributed Equity US$M	Available for Sale Reserve US$M	Share-Based Payments Reserve US$M	Convertible Bond Non-Distrib-utable Reserve US$M	Foreign Exchange Revaluation Reserve US$M	Acquisition Reserve US$M	Option Application Reserve US$M	Consoli-dation Reserve US$M	Accumu-lated Losses US$M	Owners of the Parent US$M	Non-Controlling Interests US$M	Total US$M
Balance at 1 July 2016	**2,094.9**	**(5.4)**	**46.4**	**94.3**	**(137.6)**	**14.9**	**0.1**	**48.4**	**(1,901.7)**	**254.3**	**(56.0)**	**198.3**
Loss for the period	-	-	-	-	-	-	-	-	(39.3)	(39.3)	0.7	(38.6)
Other comprehensive income	-	0.4	-	-	(12.0)	-	-	-	-	(11.6)	-	(11.6)
Total comprehensive loss for the period, net of tax	-	0.4	-	-	(12.0)	-	-	-	(39.3)	(50.9)	0.7	(50.2)
Share-based payment	5.9	-	0.4	-	-	-	-	-	-	6.3	-	6.3
Vesting of performance rights	0.2	-	(0.2)	-	-	-	-	-	-	-	-	-
Balance at 31 March 2016	**2,101.0**	**(5.0)**	**46.6**	**94.3**	**(149.6)**	**14.9**	**0.1**	**48.4**	**(1,941.0)**	**209.7**	**(55.3)**	**154.4**
Balance at 1 July 2016	**2,101.1**	**(4.7)**	**46.7**	**94.3**	**(149.8)**	**14.9**	**0.1**	**48.4**	**(2,023.7)**	**127.3**	**(78.4)**	**48.9**
Transfer of Reserves	-	4.6	-	-	(21.0)	-	-	-	16.7	0.3	(0.1)	0.2
Loss for the period	-	-	-	-	-	-	-	-	(84.0)	(84.0)	(12.7)	(96.7)
Other comprehensive income	-	0.1	-	-	(4.9)	-	-	-	-	(4.8)	0.1	(4.7)
Total comprehensive loss for the period, net of tax	-	0.1	-	-	(4.9)	-	-	-	(84.0)	(88.8)	(12.6)	(101.4)
Share-based payment	-	-	0.6	-	-	-	-	-	-	0.6	-	0.6
Balance at 31 March 2017	**2,101.1**	**-**	**47.3**	**94.3**	**(175.7)**	**14.9**	**0.1**	**48.4**	**(2,091.0)**	**39.4**	**(91.1)**	**(51.7)**

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

PALADIN ENERGY LTD AND CONTROLLED ENTITIES
CONSOLIDATED STATEMENT OF CASH FLOWS
EXPRESSED IN US DOLLARS

	Nine months ended 31 March 2017 US$M	Nine months ended 31 March 2016 US$M
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	70.5	111.6
Unearned revenue	12.7	-
Payments to suppliers and employees	(111.7)	(125.5)
Exploration and evaluation expenditure	(0.6)	(0.7)
Other income	-	0.3
Interest received	0.1	0.4
Interest paid	(14.7)	(21.5)
NET CASH OUTFLOW FROM OPERATING ACTIVITIES	(43.7)	(35.4)
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for property, plant and equipment	(6.6)	(2.6)
Proceeds from sale of property, plant and equipment	-	2.5
Proceeds from sale of investments	2.6	0.2
Proceeds from sale of subsidiary	0.4	-
Proceeds from sale of tenements	1.5	-
Capitalised exploration expenditure	(1.6)	(3.9)
NET CASH OUTFLOW FROM INVESTING ACTIVITIES	(3.7)	(3.8)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of loans and borrowings	(10.4)	(66.1)
Drawdown of secured revolving credit facility	20.0	-
Repurchase of convertible bonds	-	(56.4)
NET CASH INFLOW/(OUTFLOW) FROM FINANCING ACTIVITIES	9.6	(122.5)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(37.8)	(161.7)
Cash and cash equivalents at the beginning of the period	59.2	183.7
Effects of exchange rate changes on cash and cash equivalents	0.4	(0.6)
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL PERIOD	21.8	21.4

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

NOTE 1. CORPORATE INFORMATION

The Interim Financial Report of the Group for the nine months ended 31 March 2017 was authorised for issue in accordance with a resolution of the Directors on 16 May 2017.

Paladin Energy Ltd is a company limited by shares, incorporated and domiciled in Australia whose shares are publicly traded on the ASX, with additional listings on the Toronto Stock Exchange in Canada, the Munich, Berlin, Stuttgart and Frankfurt Stock Exchanges in Europe, as well as the Namibian Stock Exchange in Africa.

The Group's principal place of business is Hay Street, Subiaco, Western Australia. The nature of the operations and principal activities of the Group are described in the Management Discussion and Analysis on pages 3 to 17.

NOTE 2. BASIS OF PREPARATION

This condensed consolidated interim financial report for the nine months ended 31 March 2017 has been prepared in accordance with Australian Accounting Standards Board ("AASB") 134 *Interim Financial Reporting* and the Corporations Act 2001.

This condensed consolidated interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this unaudited report is to be read in conjunction with the Annual Report for the year ended 30 June 2016 and any public announcements made by Paladin during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001*.*

The condensed consolidated interim financial report is presented in United States dollars and all values are rounded to the nearest hundred thousand dollars (US$100,000) unless otherwise stated under the option available to the Company under Australian Securities and Investments Commission ("ASIC") Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191. The Company is an entity to which the Instrument applies.

The accounting policies adopted are consistent with those of the previous financial year unless otherwise stated.

New and amended accounting standards and interpretations

From 1 July 2016 the Group has adopted all Australian Accounting Standards and Interpretations effective for annual periods beginning on or before 1 July 2016. The Group has not elected to early adopt any new accounting standards and interpretations.

New standards adopted by the Group include:

<u>AASB 2014-3 - Amendments to Australian Accounting Standards – Accounting for Acquisitions of Interests in Joint Operations [AASB 1 & AASB 11]</u>
AASB 2014-3 amends AASB 11 Joint Arrangements to provide guidance on the accounting for acquisitions of interests in joint operations in which the activity constitutes a business.

<u>AASB 1057 - Application of Australian Accounting Standards</u>
AASB 1057 lists the application paragraphs for each other Standard (and Interpretation), grouped where they are the same.

<u>AASB 2015-2 - Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101</u>
AASB 2015-2 makes amendments to AASB 101 Presentation of Financial Statements arising from the IASB's Disclosure Initiative project.

NOTE 2. BASIS OF PREPARATION (continued)

New and amended accounting standards and interpretations (continued)

AASB 2015-9 - Amendments to Australian Accounting Standards – Scope and Application Paragraphs [AASB 8, AASB 133 & AASB 1057]
AASB 2015-9 inserts scope paragraphs into AASB 8 and AASB 133 in place of application paragraph text in AASB 1057.

These new standards have had no impact on the financial position and performance of the Group.

NOTE 3. GOING CONCERN

As at 31 March 2017, the Group had a net current asset deficit of US$338.0M (30 June 2016: deficit US$139.9M), including cash on hand of US$21.8M (30 June 2016: US$59.2M). Included within this cash on hand is US$0.7M (30 June 2016: US$0.6M), which is restricted for use in respect of supplier guarantees provided by LHM. For the nine months ended 31 March 2017, the Group made a net loss after tax attributable to the ordinary equity holders of US$84.0M (31 March 2016: net loss US$39.3M) and a net cash outflow from operating activities of US$43.7M (31 March 2016: outflow US$35.4M).

Repayment obligations(1) during the next twelve months to 31 March 2018 in respect of interest bearing loans and borrowings are summarised as follows:

- interest payments of US$28.4M for the 2017 and 2020 Convertible Bonds;
- interest payments of US$1.3M for the LHM Secured Revolving Credit facility;
- US$212M principal repayment of the 2017 Convertible Bonds maturity deferred to 30 September 2017; and
- US$5M principal repayment of the LHM Secured Revolving Credit facility.

(1) With the support of its major creditors, the Group is not proposing to make these repayments other than on the implementation of the original Restructure Proposal or Alternative Restructure Proposal set out below.

If the expert appointed by Électricité de France (EdF) and Paladin determines that the value of the additional security proposed by Paladin for the prepayment made by EdF is less than the value required by the Long Term Supply Contract (LTSC), the outstanding amount (being approximately US$273M as at 31 March 2017)) must be repaid within 30 days of that determination. Based on initial feedback from the expert, and subject to finalisation of the expert's report, the value of the additional security is likely to be insufficient. The expert's final decision is expected to be made by the end of May. Paladin and EdF are in discussions about a possible standstill from EdF if that repayment becomes due and payable.

The balance sheet restructure proposal (Restructure Proposal) that was announced on 10January 2017 was subject to the condition that Paladin continues to own 75% of LHM, which is in doubt given CNNC's decision to require the valuation of LHM in order to decide if it will exercise its potential option. In the event CNNC does not acquire the Company's 75% interest in LHM, the Company intends to pursue the original Restructure Proposal. However, as is prudent in the current circumstances, Paladin has also progressed with its stakeholders an alternative solvent restructuring proposal which can be implemented in circumstances where it ceases to hold an interest in LHM (Alternative Restructure Proposal).

The ability of the Group to pay its debts as and when they fall due and thus to continue as a going concern is dependent upon the achievement of either the original Restructure Proposal or the Alternative Restructure Proposal.

NOTE 3. GOING CONCERN (continued)

The key terms of the Alternative Restructure Proposal are:

- Net proceeds from any sale of Paladin's 75% interest in LHM to be distributed between EdF (repaid in priority) and the holders of the Existing Convertible Bonds;
- the balance of any Existing Convertible Bonds (if any and including accrued interest to the closing date), will be exchanged into New 2022 Secured Convertible Bonds with a 7.5% coupon capitalised in arrears; and
- the EdF LTSC to remain on foot on terms acceptable to EdF.

Bondholders representing 57.6% of the 2017 Convertible Bonds and 55.0% of the 2020 Convertible Bonds have signed binding undertakings in support of the Alternative Restructure Proposal (and negotiations are continuing with the balance of the bondholders in each series)

The key conditions to the Alternative Restructure Proposal are:

- CNNC completing the acquisition of Paladin's 75% interest in LHM for cash consideration which results in net proceeds of at least US$500M;
- formal approval of holders of the Existing Convertible Bonds;
- approval of EdF;
- approval of shareholders;
- agreement being reached between the Company and an ad-hoc committee of bondholders as to the long form version of the document necessary to implement the Alternative Restructure Proposal;
- there being no superior proposal; and
- all necessary regulatory approvals, including Australia's Foreign Investment Review Board.

As a result of the matters set out above, there is a material uncertainty related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern and therefore whether it would realise its assets and extinguish its liabilities in the normal course of the business and the amounts stated in the financial report. The financial report does not include adjustments relating to the recoverability or classification of the recorded assets amounts nor to the amounts or classification of liabilities that might be necessary should the Group not be able to continue as a going concern.

Based on the Group's expectation that the conditions of either the original Restructure Proposal or the Alternative Restructure Proposal will be met, and advice from third party advisers, the Directors are satisfied that it is appropriate to prepare the financial statements on a going concern basis.

NOTE 4. SEGMENT INFORMATION

Identification of reportable segments

The Company has identified its operating segments to be Exploration, Namibia and Malawi, on the basis of the nature of the activity and geographical location and different regulatory environments. The main segment activity in Namibia and Malawi[(1)] is the production and sale of uranium from the mines located in these geographic regions. The Exploration segment is focused on developing exploration and evaluation projects in Australia and Canada. Unallocated portion covers the Company's sales and marketing, treasury, corporate and administration.

Discrete financial information about each of these operating segments is reported to the Group's executive management team (chief operating decision makers) on at least a monthly basis.

The accounting policies used by the Group in reporting segments internally are the same as those contained in the accounts and in the prior period. Inter-entity sales are priced with reference to the spot rate.

Corporate charges comprise non-segmental expenses such as corporate office expenses. A proportion of the corporate charges are allocated to Namibia and Malawi on the basis of timesheet allocations with the balance remaining in Unallocated.

The Group's customers are major utilities and other entities located mainly in USA, Australia, China, Taiwan and UK. These revenues are attributed to the geographic location of the mines being the reporting segments Namibia and Malawi.

(1) Currently on care and maintenance due to low uranium price. Production ceased on 6 May 2014.

NOTE 4. SEGMENT INFORMATION (continued)

The following tables present revenue, expenditure and asset information regarding operating segments for the nine months ended 31 March 2017 and 31 March 2016.

Nine months ended 31 March 2017	**Exploration US$M**	**Namibia US$M**	**Malawi US$M**	**Unallocated US$M**	**Consolidated US$M**
Sales to external customers	-	69.4	-	-	69.4
Other revenue	-	-	-	0.2	0.2
Total consolidated revenue	-	69.4	-	0.2	69.6
Cost of goods sold	-	(65.1)	-	-	(65.1)
Impairment of inventory	-	(26.7)	-	-	(26.7)
Gross profit/(loss)	-	(22.4)	-	0.2	(22.2)
Other income and expenses	(0.6)	(13.4)	(4.3)	(4.3)	(22.6)
Segment (loss)/profit before income tax and finance costs	(0.6)	(35.8)	(4.3)	(4.1)	(44.8)
Finance costs	-	(7.5)	(0.2)	(44.3)	(52.0)
Segment loss before income tax	(0.6)	(43.3)	(4.5)	(48.4)	(96.8)
Income tax benefit/(expense)	0.2	-	-	(1.3)	(1.1)
Segment loss after income tax	(0.4)	(43.3)	(4.5)	(49.7)	(97.9)
At 31 March 2017					
Segment total assets	**333.8**	**386.0**	**1.0**	**19.4**[1]	**740.2**

[1] Includes US$16.6M in cash and cash equivalents.

Nine months ended 31 March 2016	**Exploration US$M**	**Namibia US$M**	**Malawi US$M**	**Unallocated US$M**	**Consolidated US$M**
Sales to external customers	-	121.9	-	-	121.9
Other revenue	-	-	-	0.5	0.5
Total consolidated revenue	-	121.9	-	0.5	122.4
Cost of goods sold	-	(96.7)	-	-	(96.7)
Gross profit	-	25.2	-	0.5	25.7
Impairment of asset	-	-	-	(1.0)	(1.0)
Other income and expenses	(0.7)	6.2	(7.4)	(10.7)	(12.6)
Segment (loss)/profit before income tax and finance costs	(0.7)	31.4	(7.4)	(11.2)	12.1
Finance costs	-	(9.9)	(0.1)	(27.0)	(37.0)
Loss before income tax	(0.7)	21.5	(7.5)	(38.2)	(24.9)
Income tax expense	-	(13.7)	-	-	(13.7)
(Loss)/profit after income tax	(0.7)	7.8	(7.5)	(38.2)	(38.6)
At 30 June 2016					
Segment total assets	**337.8**	**441.0**	**0.9**	**11.4**[1]	**791.1**

[1] Includes US$8.6M in cash and cash equivalents and US$0.9M available-for-sale financials assets.

NOTE 5. INTEREST BEARING LOANS AND BORROWINGS

	Maturity	31 March 2017 US$M	30 June 2016 US$M
Current			
Secured revolving credit facility[(1)]	2018	19.6	-
Unsecured convertible bonds[(2)]	2017	211.3	204.7
Unsecured convertible bonds[(3)]	2020	148.2	-
Total current interest bearing loans and borrowings		**379.1**	**204.7**
Non Current			
Unsecured convertible bonds[(3)]	2020	-	127.8
Total non current interest bearing loans and borrowings		**-**	**127.8**

The above figures include transaction costs which offset the balance in accordance with the requirements of Accounting Standards.

Secured bank loans

(1) In June 2016, a US$25.0M 24-month Revolving Credit Facility was implemented at LHM. The purpose is to provide a buffer facility that can be drawn in periods where LHM-level working capital requirements are in deficit, mainly due to the timing of sales receipts. The provider of the Revolving Credit Facility is Nedbank Limited (Nedbank), through its UK registered subsidiary, N.B.S.A. Limited. At 31 March 2017 the Company had drawn US$20M under this facility. The facility is repayable on 9 June 2018 and bears interest at LIBOR plus 5.17%.

The impairment of LHM's ore stockpiles on 24 August 2016 resulted in Paladin Energy Ltd's Consolidated Net Asset Value going below the minimum threshold as required within the Revolving Credit Facility. As a result, Nedbank provided a waiver until such time as the Company presents an acceptable funding plan for the 2017 Convertible Bonds. The waiver provided by Nedbank was due to lapse on 31 March 2017 however, consistent with ongoing support that Paladin is receiving from its other stakeholders, Nedbank has agreed to extend the waiver until 30 June 2017, subject to formal documentation which is now being agreed. As a result of the waiver ending within 12 months after the reporting period, the balance of US$19.6M (US$20.0M facility less capitalised transaction costs) has been classified as current at 31 March 2017.

Unsecured convertible bonds

(2) On 30 April 2012, the Company issued US$274M in convertible bonds with a coupon rate of 6% (underlying effective interest rate of 10.68%) maturing on 30 April 2017 with a conversion price of US$1.83 for Company shares. During the year ended 30 June 2016, the Company repurchased a principal amount of US$62M thereby reducing the principal amount outstanding to US$212M. The cash expenditure for the repurchase was approximately US$57.5M (including accrued interest) as the bonds were bought back at an average price of 91.0 per cent.

(3) On 31 March 2015, the Company issued US$150M in convertible bonds with a coupon rate of 7% (underlying effective interest rate of 12.37%) maturing on 31 March 2020 with a conversion price of US$0.356 for Company shares.

NOTE 5. INTEREST BEARING LOANS AND BORROWINGS (continued)

Unsecured convertible bonds (continued)

Standstill agreements are currently in place with bondholders representing 75.1% of the holders of the 2017 Convertible Bonds and 86.6% of the holders of the 2020 Convertible Bonds until 30 June 2017. The effect of the standstill agreements is that the forthcoming payments due upon maturity of the 2017 Convertible Bonds (due April 2017) and interest payments due under the 2017 and 2020 Convertible Bonds (due March and April 2017) will be deferred with the consent of a binding majority of bondholders.

The Company has launched a consent solicitation procedure seeking approval from holders of the 2017 Convertible Bonds to amend the final maturity date of the 2017 Convertible Bonds from 30 April 2017 to 30 September 2017.

NOTE 6. OTHER INTEREST BEARING LOANS AND BORROWINGS - CNNC

Current	**Maturity**	**31 March 2017 US$M**	**30 June 2016 US$M**
Other loan - CNNC		**-**	**10.4**
Non Current	**Maturity**		
Other loan – CNNC	2018 to 2021	**88.5**	**86.3**

As part of the sale of a 25% interest in the Langer Heinrich mining operation, US$96M (representing 25%) of the intercompany shareholder loans owing by LHM to Paladin Finance Pty Ltd ("PFPL") were assigned to CNNC under the same interest rate (LIBOR plus a margin between 2% and 4.25%) and existing conditions.

Pursuant to the intercompany shareholder loan agreements, repayment dates range from 2018 to 2021, however, under the Shareholders' Agreement between CNNC and PFPL, each shareholder has agreed not to demand repayment without the prior written consent of the other shareholder. As neither CNNC nor PFPL can demand repayment, the repayment of the loans can be deferred. Repayment is dependent on LHM generating sufficient free cash flows to repay the loans and the loans have not been guaranteed by Paladin Energy Ltd (Paladin).

All loan repayments from LHM will be paid on a pro rata basis against the outstanding balances. In July 2016 US$10.4M was repaid to CNNC.

On consolidation, PFPL's 75% share of the LHM intercompany shareholder loans are eliminated against the intercompany shareholder loans receivable recorded in PFPL and therefore, they do not appear on Paladin's consolidated statement of financial position. As a result of the consolidation of 100% of LHM's assets and liabilities, LHM's total liability of US$88.5M to CNNC is recognised on the consolidated statement of financial position.

NOTE 7. CONTRIBUTED EQUITY

(a) Issued and paid up capital

Ordinary shares	31 March 2017 Number of Shares	30 June 2016 Number of Shares	31 March 2017 US$M	30 June 2016 US$M
Issued and fully paid	1,712,843,812	1,712,843,812	2,101.1	2,101.1

(b) Movements in ordinary shares on issue

Date		Number of Shares	Issue Price A$	Exchange Rate US$: A$	Total US$M
Balance 30 June 2015		**1,666,927,668** [(1)]			**2,094.9**
August 2015	Acquisition of Carley Bore Project	45,000,000	0.18	1.36273	5.9
September 2015	Rights vested	163,265	-	-	-
October 2015	Rights vested	78,047	-	-	-
December 2015	Rights vested	547,442	-	-	-
May 2016	Rights vested	127,390	-	-	-
	Transfer from share-based payments reserves				0.3
Balance 30 June 2016		**1,712,843,812** [(1)]			**2,101.1**
Balance 31 March 2017		**1,712,843,812** [(1)]			**2,101.1**

[(1)] Includes 184 shares held by Paladin Employee Plan Pty Ltd.

EXPRESSED IN US DOLLARS

NOTE 7. CONTRIBUTED EQUITY (continued)

(c) Options

Issued unlisted employee options outstanding to the employees and consultants directly engaged in corporate, mine construction, operations and exploration and evaluation work for the Company are as follows:

	31 March 2017 Number	30 June 2016 Number
Number of unlisted employee options	3,000,000	3,000,000

Consisting of the following:

Date granted	Exercisable date	Expiry date	Fair value	Exercise price	Number
10 August 2015	10 August 2015	10 August 2018	A$0.07	A$0.20	1,000,000
10 August 2015	8 November 2015	8 November 2018	A$0.06	A$0.30	1,000,000
10 August 2015	23 December 2015	23 December 2018	A$0.06	A$0.40	1,000,000
Total					**3,000,000**

(d) Share Appreciation Rights (SARs)

Issued unlisted employee share appreciation rights outstanding to the employees and consultants directly engaged in corporate, mine construction, operations and exploration and evaluation work for the Company are as follows:

	31 March 2017 Number	30 June 2016 Number
Number of unlisted employee share appreciation rights	9,611,000	7,125,000

Consisting of the following:

Date granted	Exercisable date	Expiry date	Fair value	Exercise price	Number
20 October 2015	1 November 2016	1 November 2021	A$0.13	A$0.20	3,122,500
20 October 2015	1 November 2017	1 November 2022	A$0.13	A$0.20	1,561,250
20 October 2015	1 November 2018	1 November 2023	A$0.13	A$0.20	1,561,250
3 March 2016	1 November 2016	1 November 2021	A$0.10	A$0.20	232,500
3 March 2016	1 November 2017	1 November 2022	A$0.10	A$0.20	116,250
3 March 2016	1 November 2018	1 November 2023	A$0.10	A$0.20	116,250
27 September 2016	11 November 2017	11 November 2022	A$0.08	A$0.20	967,000
27 September 2016	11 November 2018	11 November 2023	A$0.08	A$0.20	967,000
27 September 2016	11 November 2019	11 November 2024	A$0.08	A$0.20	967,000
Total					**9,611,000**

NOTE 8. REVENUE

	Nine months ended 31 March 2017 US$M	2016 US$M
Revenue		
Sale of uranium	69.4	121.9
Interest income from non-related parties	0.2	0.5
Total	**69.6**	**122.4**

NOTE 9. OTHER INCOME AND EXPENSES

	2017 US$M	2016 US$M
Cost of sales		
Cost of production (C1)	58.4	93.5
Depreciation and amortisation	11.8	17.1
Production distribution costs	3.1	2.4
Royalties	2.2	3.7
Other	0.1	-
Inventory movement	(10.5)	(20.0)
Total	**65.1**	**96.7**
Other income		
Foreign exchange gain (net)	-	9.2
Gain on disposal of investments	1.7	-
Gain on disposal of tenements	0.7	-
Total	**2.4**	**9.2**

NOTE 9. OTHER INCOME AND EXPENSES (continued)

	Nine months ended 31 March 2017 US$M	Nine months ended 31 March 2016 US$M
Administration, marketing and non-production costs		
Corporate and marketing	(2.7)	(4.9)
Restructure costs	(3.8)	(4.7)
LHM mine site	(2.0)	(2.5)
Depreciation and amortisation	-	(0.4)
Other	(0.4)	(0.3)
Total	**(8.9)**	**(12.8)**
Other expenses		
Impairment of aircraft [(1)]	-	(0.3)
Impairment of available-for-sale financial assets	-	(0.7)
LHM fixed costs during plant shutdown	-	(0.8)
KM care and maintenance expenses	(4.4)	(7.5)
Foreign Exchange Loss (net)	(11.1)	-
Total	**(15.5)**	**(9.3)**

[(1)] 2016, as a result of KM being placed on care and maintenance, the Company made a decision to sell its aircraft and the sale was completed in January 2016. An impairment expense of US$0.3M was recorded in the 'Unallocated' portion of the segment information.

	2017 US$M	2016 US$M
Finance costs		
Interest expense	(21.0)	(23.7)
Accretion relating to convertible bonds (non-cash)	(26.9)	(10.1)
Profit on convertible bond buyback	-	2.2
Unwind of discount on mine closure provision	(4.1)	(2.5)
Facility costs	-	(2.9)
Total	**(52.0)**	**(37.0)**
Profit after tax from discontinued operations		
Reclassification of foreign currency translation reserve	0.9	-
Expenses	(0.1)	-
Gain on disposal of subsidiary	0.4	-
Total	**1.2**	**-**

In December 2016, Paladin sold a subsidiary company, Northern Territory Uranium Pty Ltd, which holds an interest in the Bigrlyi exploration project located in the Northern Territory, to Uranium Africa Ltd for approximately US$0.4M.

NOTE 10. TRADE AND OTHER RECEIVABLES

	31 March 2017 US$M	30 June 2016 US$M
Current		
Trade receivables	-	1.0
GST and VAT	11.9	9.8
Sundry debtors	0.4	1.4
Total current receivables	**12.3**	**12.2**
Non Current		
Sundry debtors	0.4	1.2
Total non current receivables	**0.4**	**1.2**

NOTE 11. INVENTORIES

	31 March 2017 US$M	30 June 2016 US$M
Current		
Stores and consumables	10.6	8.6
Work-in-progress	5.1	5.1
Finished goods	25.7	22.2
Total current inventories at the lower of cost and net realisable value	**41.4**	**35.9**

During the period ended 31 March 2017, the carrying value of inventories held was reduced to net realisable value resulting in an impairment loss of US$26.7M (2016: US$Nil) for the period, recognised in cost of sales. The impairment of inventories includes:

a. Impairment of ore stockpiles of US$18.4M. A change in LHM's life of mine plan, in order to reduce costs and improve cash flows, has resulted in a change in the timescale for processing the ore stockpiles. The stockpiles are now expected to be processed over the next two to three years, which due to the lower forecast prices (compared to forecast prices in future periods when the ore stockpiles were originally planned to be processed) has resulted in the net realisable value at 31 March 2017 being estimated as US$Nil. The net realisable value of the ore stockpiles is dependent on a number of key factors including: uranium price (for which a combination of spot and forward pricing has been used for the next two to three years), future processing costs, grade and recovery rates.
b. Impairment of finished product of US$3.2M due to low uranium prices.
c. Impairment of product-in-circuit of US$5.1M due to the write-off of the build-up of solubilised uranium present in the interstitial water in TSF3 and low uranium prices.

NOTE 12. PROPERTY, PLANT AND EQUIPMENT

	31 March 2017 US$M	30 June 2016 US$M
Plant and equipment (at cost) (1)	713.4	721.4
Less accumulated depreciation and impairment	(483.1)	(473.5)
Total plant and equipment	230.3	247.9
Land and buildings (at cost) (2)	10.4	10.3
Less accumulated depreciation	(4.1)	(3.7)
Total land and buildings	6.3	6.6
Construction work in progress (at cost) (3)	8.3	2.3
Less impairment	-	-
Total construction work in progress	8.3	2.3
Total property, plant and equipment	**244.9**	**256.8**

(1) Includes additions of US$0.6M (30 June 2016: US$0.4M) and a reduction of $8.6M to previously capitalised costs due to the settlement of the litigation relating to the Stage 3 expansion at LHM (Refer to Note 16(f)).
(2) Includes additions of US$Nil (30 June 2016: US$Nil)
(3) Includes additions of US$6.0M (30 June 2016: US$3.3M)

Property, plant and equipment; mine development and intangibles are tested for impairment whenever events or changes in circumstances indicate that the carrying value may not be recoverable.

The Group conducts an internal review of asset values at each reporting date, which is used as a source of information to assess for any indicators of impairment. Factors, such as changes in uranium prices, production performance and mining and processing costs are monitored to assess for indicators of impairment. If any indication of impairment exists, an estimate of the asset's recoverable amount is calculated.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. Recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows that are largely independent of the cash inflows from other assets or groups of assets (cash-generating units).

The future recoverability of the property, plant and equipment, mine development and intangibles is dependent on a number of key factors including: uranium price, discount rates used in determining the estimated discounted cash flows, foreign exchanges rates, tax rates, the level of proved and probable reserves and measured, indicated and inferred mineral resources, future technological changes which could impact the cost of production and future legal changes, including changes to environmental restoration obligations.

NOTE 12. PROPERTY, PLANT AND EQUIPMENT (continued)

The recoverable value of the LHM property, plant and equipment has been determined based on a Fair Value Less Costs Of Disposal Model (FVLCOD). FVLCOD calculation use pre-tax free cash flows based on financial projections for the approved life of mine plan (LOM). The key operating assumptions and their basis of estimation are:

- Future production based on the latest LOM and using a recovery factor of 88.8% per management's best estimates.
- Commodity price forecast ranging from US$20.65/lb to US$45.50/lb per TradeTech forecast pricing.
- Exchange rate forecast of USD/NAD ranging from 14.00 to 16.00 derived from external currency forecasters.
- Future total operating expenses per pound (real) ranging from US$20.86/lb to US$35.84/lb based on the current budget and management's best estimates.
- Discount rate applied to cash flow projections of 10%.

These estimates and assumptions are subject to risk and uncertainty. Therefore there is a possibility that a change in circumstances will impact these projections, which may impact the recoverable amount.

NOTE 13. EXPLORATION AND EVALUATION EXPENDITURE

The following table details the expenditures on interests in mineral properties by area of interest for the nine months ended 31 March 2017:

Areas of interest	Valhalla/ Skal [1] US$M	Isa North US$M	Carley Bore US$M	Canada US$M	NGM US$M	Other Uranium Projects US$M	Angela/ Pamela Bigrlyi [2] US$M	Total US$M
Balance 30 June 2016	**89.1**	**10.0**	**8.4**	**220.7**	**-**	**7.9**	**-**	**336.1**
Acquisition property payments	-	-	-	-	-	-	-	-
Project exploration and evaluation expenditure								
Labour	-	0.1	0.1	0.3	-	-	-	0.5
Outside services	-	-	0.3	-	-	-	-	0.3
Other expenses	0.1	0.2	0.3	0.5	0.1	0.1	0.1	1.4
Total expenditure	**0.1**	**0.3**	**0.7**	**0.8**	**0.1**	**0.1**	**0.1**	**2.2**
Expenditure expensed	(0.1)	(0.3)	-	-	(0.1)	-	(0.1)	(0.6)
Expenditure capitalised	**-**	**-**	**0.7**	**0.8**	**-**	**0.1**	**-**	**1.6**
Foreign exchange differences	0.2	0.4	-	(5.3)	-	-	-	(4.7)
Cost of tenements sold - Oobagooma	-	-	-	-	-	(0.7)	-	(0.7)
Balance 31 March 2017	89.3	10.4	9.1	216.2	-	7.3	-	332.3

[1] Summit has a 50% interest in the Valhalla/Skal Projects with the other 50% interest held by the Paladin Group. The above table now reflects 100% of the Valhalla/Skal Projects with the non-controlling interest reflected on the face of the Statement of Financial Position.

[2] In December 2016, Paladin sold a number of non-core Australian exploration assets to Uranium Africa Ltd for approximately US$1.9M. The assets sold included the Oobagooma and Angela/Pamela projects located in Western Australia and the Northern Territory respectively and Paladin's interest in the Bigrlyi project located in the Northern Territory.

NOTE 14. PROVISIONS

	31 March 2017 US$M	30 June 2016 US$M
Current		
Employee benefits	2.1	2.2
Total current provisions	**2.1**	**2.2**
Non Current		
Employee benefits	0.1	0.1
Rehabilitation provision	86.0	77.9
Demobilisation provision	1.3	1.3
Total non current provisions	**87.4**	**79.3**

NOTE 15. UNEARNED REVENUE

	31 March 2017 US$M	30 June 2016 US$M
Non Current		
Unearned revenue	200.0	200.0
Total unearned revenue	**200.0**	**200.0**

In 2012, Paladin entered into a six-year off-take agreement with Électricité de France (“EdF”), a major electricity generator and distribution company in France, to deliver a total of 13.73Mlb U_3O_8 in the period from 2019 to 2024. Uranium sold to EdF under the contract will be at prevailing spot prices at the time of delivery, subject to escalating floor and ceiling prices, with the floor price being at a significant premium to both current spot and long term reference prices. The off-take is an obligation of the Company and it is intended to be fulfilled through the acquisition of U_3O_8 from the Company’s operating assets and joint ventures at the time of delivery.

Under this agreement, a US$200M cash prepayment was received in 2012. The prepayment related to 44.51% of the total volume to be delivered under the contract, at the present value of the contracted floor price, determined using an imputed interest rate of 7.619%.

The Group’s accounting policy is to recognise revenue from the long-term off-take agreement as a payment for future product to be delivered. Advance customer payments are unearned revenues at the time of receipt.

Under the Group’s accounting policy, the unearned revenue is not accreted to the future value of the contracted floor price that has been prepaid. When the product is delivered to the customer, the unearned revenue will be released to the income statement at its original carrying value.

The Company has granted EdF security over 60.1% of the Michelin project in Canada. Under certain circumstances, the company may elect, or be required to replace the Michelin security with other appropriate security.

On 28 December 2016, Paladin announced that it had received a notice from EdF requesting security for the prepayment in addition to its existing security over 60.1% of the Michelin project in Canada. Under certain circumstances, Paladin may be required to provide additional security and Paladin has been discussing potential additional security, and the value of that additional security, with EdF.

NOTE 15. UNEARNED REVENUE (continued)

The Company and EdF have appointed an independent expert to determine the value of additional security proposed by Paladin under the off-take agreement. If the expert determines that the value of the additional security is less than the value required by the off-take agreement, the outstanding amount (being approximately US$273M at 31 March 2017) must be repaid within 30 days of that determination. The expert's decision is expected to be made by the end of May 2017. Based on initial feedback from the expert, and subject to the finalisation of the expert's report, the value of the additional security is likely to be insufficient. Paladin and EdF are in discussions about a possible standstill from EdF, if that repayment becomes due and payable.

NOTE 16. COMMITMENTS AND CONTINGENCIES

There were no outstanding commitments or contingencies, which are not disclosed in the Financial Report of the Group as at 31 March 2017 other than:

	31 March 2017 US$M	30 June 2016 US$M
(a) Tenements		
Commitments for tenements contracted for at the reporting date but not recognised as liabilities, payable:		
Within one year [1]	2.1	0.9
Later than one year but not later than 5 years	13.7	11.9
More than 5 years	4.1	7.5
Total tenements commitment	**19.9**	**20.3**

[1] The Company intends on submitting a request for a commitment variation for the Isa North EPM's. The requested reduction amounts to US$437,965 / (A$571,500)

These include commitments relating to tenement lease rentals and the minimum expenditure requirements of the Namibian, Malawian, Canadian, Western Australian, South Australian, Northern Territorian and Queensland Mines Departments attaching to the tenements and are subject to re-negotiation upon expiry of the exploration leases or when application for a mining licence is made.

These are necessary in order to maintain the tenements in which the Group and other parties are involved. All parties are committed to meet the conditions under which the tenements were granted in accordance with the relevant mining legislation in Namibia, Malawi, Australia and Canada.

NOTE 16. COMMITMENTS AND CONTINGENCIES (continued)

(b) Operating Lease Commitments

The Group has entered into various property leases relating to rental of offices and residential accommodation.

These non-cancellable leases have remaining terms of between 1 month and 49 months. All leases include a clause to enable upward revision of rental charge on an annual basis according to prevailing market conditions.

Future minimum rentals payable under non-cancellable operating leases as at 31 March are as follows:

	31 March 2017 US$M	30 June 2016 US$M
Within one year	0.5	0.3
Later than one year but not later than 5 years	1.1	1.2
More than 5 years	-	-
Total operating lease commitment	**1.6**	**1.5**

(c) Other Commitments

Commitments for mining, transport and reagents contracted for at the reporting date but not recognised as liabilities, payable:

Within one year	11.3	10.8
Later than one year but not later than 5 years	-	-
More than 5 years	-	-
Total other commitments	**11.3**	**10.8**

(d) Acquisition Costs

In relation to the Manyingee Uranium Project, the re-negotiated acquisition terms provide for a payment of A$0.75M / (US$0.57M) (30 June 2016: A$0.75M (US$0.56M)) by the Group to the vendors when all project development approvals are obtained.

(e) Bank Guarantees

As at 31 March 2017 the Group has outstanding US$172,538 / (A$225,145) (30 June 2016: US$450,713 / A$607,651) as a current guarantee provided by a bank for the corporate office lease, a US$130,278 / (A$170,000) (30 June 2016: US$132,055 (A$172,500) guarantee for tenements, a US$49,812 / (A$65,000) (30 June 2016: US$95,408 (A$128,630) guarantee for corporate credit cards and a US$10M (30 June 2016: US$10M) KM environmental performance guarantee.

NOTE 16. COMMITMENTS AND CONTINGENCIES (continued)

(f) Contingent Liability

A dispute arose between a Group company and a contractor in relation to the contract for the Stage 3 expansion at LHM. The contractor was seeking payment of a disputed sum of N$151.1M, which is approximately US$10.0M. The Group denied the claim and vigorously defended it. The Group also counter claimed damages from the contractor and cross-claimed from another contractor. The precise quantum of the counter-claim and cross claim was never established, however the merits of the Company's defences against the claims were considered to be good, and it was expected that in the final result the Company's quantum was likely to exceed any residual entitlement that may have been due on the contractors' claims.

LHM and the contractor have agreed to settle all litigation associated with this matter, i.e. all claims and counter claims. The parties signed the settlement documentation on 19 July 2016 which resulted in no payment being made by either party.

NOTE 17. EVENTS AFTER THE REPORTING PERIOD

Other than disclosed below, since the 31 March 2017, the Directors are not aware of any other matter or circumstance not otherwise dealt with in this report, that has significantly or may significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in subsequent periods with the exception of the following, the financial effects of which have not been provided for in the 31 March 2017 Financial Report:

Manyingee Sale Not Complete

On 3 April 2017, the Company announced that the minority sale of a 30% interest in the Manyingee Project had not completed prior to the mutually agreed drop dead date of 31 March 2017 to satisfy all the conditions to closing. Whilst Avira Energy Limited satisfied a number of conditions, including a positive vote of its shareholders and approval of the Australian Foreign Investment Review Board, it did not close a requisite capital raising within the pre-agreed timeframe to complete the transaction.

Bondholder and Nedbank Standstill

On 3 April 2017, the Company announced that certain bondholders remain subject to standstills agreed previously with the Company, representing 75.1% of holders of 2017 Convertible Bonds and 86.6% of holders of 2020 Convertible Bonds, which remain effective. In order to provide the Company with time to resolve the potential option in favour of CNNC which, if validly exercised, could entitle CNNC to acquire Paladin's interest in LHM (Potential CNNC Option) and progress the Restructure Proposal or a suitable alternative, the Company is negotiating amended standstill deeds with its major bondholders to take account of the recent circumstances (including the Potential CNNC Option). The effect of the standstill arrangements in place is that forthcoming payments due upon maturity of the 2017 Convertible Bonds (due April 2017) and interest payments due under the 2017 and 2020 Convertible Bonds (due March and April 2017) will be deferred with the consent of a binding majority of holders of the two series of bonds.

The Company also referred to the waiver it was granted by Nedbank Limited (Nedbank) in relation to Paladin failing to satisfy the minimum asset value threshold as required by Langer Heinrich Uranium (Pty) Ltd's Revolving Credit Facility with Nedbank (described in the Company's 31 December 2016 Half Year Report announced on 14 February 2017). The waiver provided by Nedbank was due to lapse on 31 March 2017 however, consistent with ongoing support that Paladin is receiving from its other stakeholders, Nedbank has agreed to extend the waiver until 30 June 2017, subject to formal documentation which is now being agreed.

NOTE 17. EVENTS AFTER THE REPORTING PERIOD (continued)

2017 Bondholder Consent and Solicitation Launched

On 26 April 2017, the Company announced it had launched a consent solicitation procedure seeking approval from holders of the Company's US$274M convertible bonds (with US$212M due to be repaid) due 30 April 2017 (2017 Convertible Bonds) to:

- amend the final maturity date of the 2017 Convertible Bonds from 30 April 2017 to 30 September 2017; and
- defer the interest payment due on 30 April 2017 to 30 September 2017, with interest to accrue on both the principal outstanding and the accrued and unpaid interest until 30 September 2017.

In exchange for bondholder support, Paladin has agreed to additional undertakings and events of default under the 2017 Convertible Bonds which, among other things, restrict certain disposals of assets by Paladin subject to certain exceptions.

The consent solicitation procedure will formalise the current standstill agreed with the majority of holders by amending the terms of the 2017 Convertible Bonds. The amendments require the approval of:

- holders of 75% of the aggregate principal amount of the 2017 Convertible Bonds outstanding at a meeting of bondholders; or
- holders of 90% of the aggregate principal amount of the 2017 Convertible Bonds outstanding agreeing to a resolution in writing (i.e. no meeting is required).

The meeting of bondholders has been convened to be held on 16 May 2017. If holders of at least 90% of the aggregate principal amount of bonds outstanding submit voting instructions in favour of the proposal, no meeting of bondholders will be held and the amending resolution will be held to have passed.

Currently, the Company has received indicative support with respect to the amendments noted above from bondholders representing approximately 92% of the aggregate principal amount of the 2017 Convertible Bonds, and has entered into standstill arrangements with bondholders representing 77%, of the aggregate principal amount of the 2017 Convertible Bonds outstanding. Paladin is therefore confident that it will receive the necessary bondholder support to approve the amendments noted above.

It is intended that Paladin's shares will remain in suspension until Paladin has resolved how it will progress any restructure.

Paladin to Proceed with Potential Sale of Langer Heinrich Mine

On 5 May 2017, the Company announced it had now agreed that without any admission of the validity of CNNC's claims and without prejudice to its rights under the Langer Heinrich Mine (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.

NOTE 17. EVENTS AFTER THE REPORTING PERIOD (continued)

Paladin to Proceed with Potential Sale of Langer Heinrich Mine (continued)

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:

(i) the Company's shareholder loan of approximately US$251m at its full face value; and
(ii) 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.

Strategic and Funding Process: Alternative Proposed Balance Sheet Restructuring

On 16 May 2017, Paladin announced an Alternative Restructuring Proposal that can be implemented if the Company's 75% interest in LHM is sold. Under the Alternative Restructuring Proposal: net proceeds from any sale of Paladin's 75% interest in LHM will be distributed between EdF (repaid in priority) and the holders of the Existing Convertible Bonds; the balance of any Existing Convertible Bonds (if any and including accrued interest to the closing date), will be exchanged into New 2022 Secured Convertible Bonds; and the EdF LTSC will remain on foot on terms acceptable to EdF. Bondholders representing 57.6% of the 2017 Convertible Bonds and 55.0% of the 2020 Convertible Bonds have signed binding undertakings in support of the Alternative Restructure Proposal. The Alternative Restructuring Proposal remains highly conditional with such conditions outlined in the Company's ASX release of 16 May 2017.

The key terms of the Alternative Restructure Proposal are set out below.

- Net proceeds from any sale of Paladin's 75% interest in LHM to be distributed between EdF (repaid in priority) and the holders of the Existing Convertible Bonds
- Balance of any Existing Convertible Bonds (if any and including accrued interest to the closing date), to be exchanged into New 2022 Secured Convertible Bonds
- EdF LTSC to remain on foot on terms acceptable to EdF
- Bondholders representing 57.6% of the 2017 Convertible Bonds and 55.0% of the 2020 Convertible Bonds have signed binding undertakings in support of the Alternative Restructure Proposal (and negotiations are continuing with the balance of bondholders)
- Key conditions to the Alternative Restructure Proposal:
  - CNNC completing the acquisition of Paladin's 75% interest in LHM for net proceeds of at least US$500 million;
  - formal approval of holders of the Existing Convertible Bonds;
  - approval of EdF;
  - approval of shareholders;
  - agreement being reached between the Company and an ad-hoc committee of bondholders as to the long form version of documentation to implement the Alternative Restructure Proposal;
  - there being no superior proposal; and
  - all necessary regulatory approvals, including Australia's Foreign Investment Review Board
- Concurrent with implementation of the Alternative Restructure Proposal, Paladin proposes to undertake a 20:1 consolidation of its shares.

APPENDIX A
Form 52-109F2 - Certification of interim filings – full certificate

I, Alexander Molyneux, the certifying officer and Chief Executive Officer, Paladin Energy Ltd, certify the following:

1. Review: I have reviewed the interim financial statements and interim MD&A (together, the "interim filings") of Paladin Energy Ltd for the interim period ended 31 March 2017.

2. No misrepresentations: Based on my knowledge, having exercised reasonable diligence, the interim filings do not contain any untrue statement of a material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made, for the period covered by the interim filings.

3. Fair presentation: Based on my knowledge, having exercised reasonable due diligence, the interim financial statements together with the other financial information included in the interim filings fairly present in all material respects the financial condition, results of operations and cash flows of the issuer, as of the date of and for the periods presented in the interim filings.

4. Responsibility: The issuer's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (DC&P) and internal control over financial reporting (ICFR), as those terms are defined in National Instrument 52-109 Certification of Disclosure in Issuer's Annual and Interim Filings, for the issuer.

5. Design: Subject to the limitations, if any, described in paragraphs 5.2 and 5.3, the issuer's other certifying officer and I have, as at the end of the period covered by the interim filings

   (a) designed DC&P, or caused it to be designed under our supervision, to provide reasonable assurance that:

      (i) material information relating to the issuer is made known to us by others, particularly during the period in which the annual filings are being prepared; and
      (ii) information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted by it under securities legislation is recorded, processed, summarised and reported within the time periods specified in securities legislation; and

   (b) designed ICFR, or caused it to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the issuer's GAAP.

5.1 Control Framework: The control framework the issuer's other certifying officer and I used to design the issuer's ICFR is the Internal Control – Integrated Framework issued by the Committee of Sponsoring Organisations of the Treadway Commission (COSO).

5.2 ICFR – material weakness relating to design: N/A

5.3 Limitation on scope of design: N/A

6. Reporting changes in ICFR: The issuer has disclosed in its interim MD&A any change in the issuer's ICFR that occurred during the period beginning on 1 July 2016 and ended on 31 March 2017 that has materially affected, or is reasonably likely to materially affect, the issuer's ICFR.

Dated: 16 May 2017

Alexander Molyneux
Chief Executive Officer

Form 52-109F2 - Certification of interim filings – full certificate

I, Craig Barnes, the certifying officer and Chief Financial Officer, Paladin Energy Ltd, certify the following:

1. Review: I have reviewed the interim financial statements and interim MD&A (together, the "interim filings") of Paladin Energy Ltd for the interim period ended 31 March 2017.

2. No misrepresentations: Based on my knowledge, having exercised reasonable diligence, the interim filings do not contain any untrue statement of a material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made, for the period covered by the interim filings.

3. Fair presentation: Based on my knowledge, having exercised reasonable due diligence, the interim financial statements together with the other financial information included in the interim filings fairly present in all material respects the financial condition, results of operations and cash flows of the issuer, as of the date of and for the periods presented in the interim filings.

4. Responsibility: The issuer's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (DC&P) and internal control over financial reporting (ICFR), as those terms are defined in National Instrument 52-109 Certification of Disclosure in Issuer's Annual and Interim Filings, for the issuer.

5. Design: Subject to the limitations, if any, described in paragraphs 5.2 and 5.3, the issuer's other certifying officer and I have, as at the end of the period covered by the interim filings

   (a) designed DC&P, or caused it to be designed under our supervision, to provide reasonable assurance that:

      (i) material information relating to the issuer is made known to us by others, particularly during the period in which the annual filings are being prepared; and
      (ii) information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted by it under securities legislation is recorded, processed, summarised and reported within the time periods specified in securities legislation; and

   (b) designed ICFR, or caused it to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the issuer's GAAP.

5.1 Control Framework: The control framework the issuer's other certifying officer and I used to design the issuer's ICFR is the Internal Control – Integrated Framework issued by the Committee of Sponsoring Organisations of the Treadway Commission (COSO).

5.2 ICFR – material weakness relating to design: N/A

5.3 Limitation on scope of design: N/A

6. Reporting changes in ICFR: The issuer has disclosed in its interim MD&A any change in the issuer's ICFR that occurred during the period beginning on 1 July 2016 and ended on 31 March 2017 that has materially affected, or is reasonably likely to materially affect, the issuer's ICFR.

Dated: 16 May 2017

Craig Barnes
Chief Financial Officer