



PALADIN ENERGY LTD
(administrators appointed)

ACN 061 681 098

Letter to shareholders

5 December 2017

Dear shareholder

Application for Court approval for compulsory transfer of your shares for no consideration

We refer to the appointment of Hayden White, Gayle Dickerson and I, of KPMG, as joint and several administrators (**Administrators**) of Paladin Energy Ltd (administrators appointed) (**Paladin**), Paladin Finance Pty Ltd (administrators appointed) and Paladin Energy Minerals NL (administrators appointed) (together, the **Companies**) on 3 July 2017.

DOCA proposal

The Administrators have received a proposal from a group of Paladin's unsecured bondholders to implement a capital restructure of Paladin, which is intended to enable Paladin and its subsidiaries to continue operating as a going concern and have Paladin reinstated to quotation on ASX. The restructure is to be implemented pursuant to the terms of a deed of company arrangement (**DOCA**).

The creditors of Paladin will meet on 7 December 2017 to consider, amongst other things, whether the DOCA should be entered into. On 30 November 2017, the Administrators issued a Report to Creditors in which the Administrators expressed their opinion that it is in the interests of Paladin's creditors to execute the DOCA. The Report to Creditors may be downloaded from the websites detailed further below.

s444GA application

It is a condition to completion of the transaction described in the DOCA that the Administrators obtain a Court order pursuant to section 444GA of the *Corporations Act 2001* (Cth).

The section 444GA Court order will allow the Administrators to perform the DOCA by transferring 98% of your shares in Paladin to certain participating creditors under the DOCA and certain other parties who participate in a debt capital raising being undertaken by Paladin to raise US\$115m of additional capital (**s444GA Order**).

If Paladin's creditors resolve to enter into the DOCA, the Administrators intend to file an application with the Supreme Court of New South Wales for the s444GA Order.

The directions hearing in the proceeding is tentatively listed for 12 December 2017. At this hearing it is expected that the Court will make various procedural and timetabling orders about the conduct of

the proceeding. The substantive hearing (at which the Court will determine whether to make the s444GA Order) is expected to be listed for 21 December 2017.

If the s444GA Order is made by the Court and the other conditions to the DOCA satisfied, **98% of your shares in Paladin will be automatically transferred for no consideration.**

The Court will **only** approve the transfer if it is satisfied that your shares in Paladin have no value.

In order to determine the value of the shares in Paladin, the Administrators have engaged an independent expert to prepare a report setting out the likely return to shareholders if the Court refuses to make the s444GA Order and Paladin is placed into liquidation (**Independent Expert's Report**).

Next steps

The transfer of 98% of your shares in Paladin for no consideration is a **serious matter**.

Accordingly, the Administrators will make available to shareholders an explanatory statement describing the section 444GA process, which will contain a copy of the Independent Expert's Report (**Explanatory Statement**).

It is expected that from close of business on 11 December 2017 the Explanatory Statement (and Independent Expert's Report) will be available for download from the following websites:

- ASX website: www.asx.com.au (by looking up the code "PDN");
- The Administrators' website: <https://home.kpmg.com/au/en/home/services/advisory/deal-advisory/services/restructuring/creditors-shareholders/paladin.html>; and
- Paladin's website: <http://www.paladinenergy.com.au/announcements>.

It is highly recommended that from 11 December onwards you regularly review these websites, as the Administrators intend to upload additional relevant documents to them, including any orders made by the Court. A copy of the Explanatory Statement (containing the Independent Expert's Report) can also be emailed to you, free of charge, upon request.

Your rights

If you have any concerns, objections or questions in relation to the section 444GA process, please contact the Administrators as soon as possible by calling +61 8 9263 7477 or by emailing paladinenergy@kpmg.com.au.

You also have the right to provide the Administrators with your views on the section 444GA hearing. Please do so in writing so the Administrators can provide your views to the Court for the Judge's attention. You can also instruct a barrister or lawyer to appear on your behalf at the section s444GA hearing. If you propose to take either of these steps, please provide a copy of your correspondence, or notice of your intention to appear at the hearing, to the Administrators as soon as possible, and in any event by no later than **19 December 2017** by way of email to paladinenergy@kpmg.com.au.

You should seek independent legal, financial and taxation advice before making a decision on whether to take any action in relation to this matter.

The Administrators remain available to discuss any concerns or questions you may have.

Yours faithfully

Matthew Woods
Partner, Restructuring Services, KPMG
for and on behalf of
PALADIN ENERGY LIMITED (ADMINISTRATORS APPOINTED)