



PALADIN ENERGY LTD

ACN 061 681 098

NOT FOR DISTRIBUTION TO UNITED STATES NEWSWIRE SERVICES OR FOR DISSEMINATION IN THE UNITED STATES

24 November 2014

ASX Market Announcements

By Electronic Lodgement

PLACEMENT, ENTITLEMENT OFFER AND UPDATE ON OPERATIONS AND OUTLOOK

Paladin Energy Ltd (“Paladin” or the “Company”) is pleased to announce a number of measures to recapitalise the Company and address its medium term funding requirements, including the convertible bonds due in November 2015. Following these measures, and other initiatives to be implemented in early 2015, Paladin expects to be fully funded until at least June 2016¹.

- **Placement to HOPU Clean Energy (Singapore) Pte. Ltd. (“HOPU”) of ~A\$61 million (~US\$52 million), at A\$0.42 per share**
 - HOPU to subscribe for ~144.9 million shares, representing 15% of Paladin’s current capital base, at A\$0.42 per share, a ~15% premium to the 30 day VWAP² of A\$0.364 per share
 - All necessary approvals have been received and the investment is not subject to any conditions
 - Mr Zhang, Senior Managing Director of HOPU has been invited to join the Board of Paladin
 - Foreign Investment Review Board (FIRB) approval has been received that allows for an investment by HOPU in Paladin of up to 19.99%
 - HOPU Investments is a private equity firm focusing on China-related investment opportunities
- **Underwritten Entitlement Offer to raise ~A\$144 million (~US\$125 million), at A\$0.26 per share**
 - Fully underwritten 1-for-2 Entitlement Offer to raise ~A\$144 million (~US\$125 million)
 - The Entitlement Offer price of A\$0.26 per share (“Entitlement Offer Price”) represents a ~23% discount to TERP³.
 - HOPU has committed to subscribe for its full entitlement under the institutional tranche of the Entitlement Offer and will participate in last-in-relief sub-underwriting of the retail tranche of the Entitlement Offer to bring its shareholding up to a maximum of 15% of issued capital following the Placement and Entitlement Offer
- **Proceeds from the Placement and Entitlement Offer are intended to address Paladin’s existing 2015 convertible bonds (“2015 CBs”)**
 - Further initiatives intended for early 2015 to provide cash buffer for working capital to fund operations and financing costs, such that Paladin will be fully funded to at least June 2016¹

¹ Assumes completion of the Placement and Entitlement Offer as well as other deleveraging initiatives targeted for early 2015 (discussed further below). Also assumes a spot uranium price of approximately US\$38/lb and achievement of current production guidance and budgeted costs

² Volume weighted average price of Paladin shares traded on ASX from 13 October to 21 November 2014

³ TERP is the theoretical price at which Paladin shares should trade immediately after the ex-date for the Entitlement Offer. TERP is a theoretical calculation only and the actual price at which Paladin shares trade immediately after the ex-date for the Entitlement Offer will depend on many factors and may not be equal to TERP. TERP is calculated by reference to Paladin’s closing price on 21 November 2014

CEO and Managing Director, John Borshoff, commented, "The recapitalisation package will allow Paladin to significantly de-risk its balance sheet and enhance its future funding flexibility. We look forward to welcoming HOPU to the Paladin share register as a long-term, strategic investment partner with financial capacity. HOPU's investment demonstrates its confidence in the uranium industry and its understanding of Paladin's unique positioning in the uranium sector. It also increases Paladin's funding options going forward."

Paladin Chairman Rick Crabb welcomes Mr Wendong Zhang to the Paladin Board. "Mr Zhang's experience as a Chinese banker on Wall Street and strong connection through the HOPU network into Chinese industry will provide a fresh dynamic to our Board. I am very much looking forward to the new paradigm that the HOPU strategic investment presents for our Company."

HOPU Chairman, Mr Fang Fenglei, said "Paladin is a successful explorer, developer, operator and acquirer of uranium assets. We are extremely pleased to enter into a strategic partnership with a reputable player with strong operational capabilities. We look forward to working closely with Paladin's team in the pursuit of its future strategic objectives."

Operational outlook update

Paladin has also today confirmed that it remains on track to meet production guidance for FY2015 at 5.4Mlb to 5.8Mlb U₃O₈. The Langer Heinrich mine has now successfully introduced the new resin in the NIMCIX circuits and scaling issues are fully resolved. The new resin will reduce operating costs through reduced reagent consumption and will also increase the circuit uranium transfer capacity and overall process recovery. Construction of the Bicarbonate Recovery Plant at Langer Heinrich is well advanced and scheduled for commissioning in January 2015.

The above mentioned initiatives put Paladin in a strong position to achieve its long term C1 cost target of low US\$20s/lb at Langer Heinrich.

Uranium outlook

The initiatives announced today are occurring at an opportune time as the uranium market is clearly recovering from its post Fukushima malaise with Paladin well situated to benefit from any upturn. Uranium spot price recovery in recent months from a low of US\$28/lb to a recent high of US\$44/lb indicates both a tightness in supply and the effects of possible realignment of some supply sources due to negative geopolitical developments. With China as the nuclear growth leader, confirming its strong commitment in build up of its reactor fleet over the next 30 years combined with supply shortfalls identified in the mid-term, Paladin believes uranium is set for a long period of price strength.

Primary product available for the spot market has declined appreciably, largely due to production cutbacks that occurred during FY2014, which are all now affecting supply into the spot market for FY2015 and beyond. Factors contributing to production cutbacks and availability of product in the spot market include: Paladin placing Kayelekera on care and maintenance; Paladin's sale of a minority equity stake in Langer Heinrich with its associated off-take arrangement; the sole uranium producer in Uzbekistan (Navoi) realigning previous spot market material into multi-year sales agreements with two major utility buyers; and US ISR producers and Rössing restricting production only to what they need to deliver into long term contracts. Consequently some 10Mlb to 12Mlb of annual production is removed from the market, thus creating a supply squeeze in the prompt spot market.

Also, in Japan, authorities have cleared the final hurdle for restart of the Sendai 1 & 2 reactors paving the way for a revival of the stalled Japanese nuclear industry. Start-up of the Sendai 1 & 2 reactors will signify confidence in follow-on approvals on those applications accounting for 18 additional reactors located across 12 sites in Japan.

Placement to raise ~A\$61 million

Paladin has today signed a subscription agreement with HOPU, one of the leading China based private equity firms, under which HOPU will unconditionally subscribe for ~144.9 million fully paid ordinary shares in Paladin ("Placement"), being 15% of Paladin's current capital base, representing approximately 13% of Paladin's issued capital following the Placement.

The Placement will raise ~A\$61 million (~US\$52 million) based on an issue price of A\$0.42 per share, representing a ~11% premium to the closing price of Paladin shares on 21 November 2014 and a ~15% premium to the 30 day volume weighted average price of Paladin shares traded on ASX for the period ending 21 November 2014. The

new shares issued under the Placement will rank equally in all respects with existing Paladin shares. As the Placement shares will be issued on 24 November 2014 prior to the Entitlement Offer record date, HOPU is expected to be eligible for participation in the Entitlement Offer.

In addition to the Placement, HOPU has committed to subscribe for its full entitlement under the institutional tranche of the Entitlement Offer (representing an investment of ~A\$19 million), and will participate in last-in-relief sub-underwriting of the retail tranche of the Entitlement Offer to bring its shareholding up to a maximum of 15% of issued capital following the Placement and Entitlement Offer.

Depending on the acceptances under the Entitlement Offer, HOPU's pro forma shareholding post completion of the Placement and Entitlement Offer, will be between 13% and 15%.

Paladin intends to enlarge its Board by appointing Mr. Zhang from HOPU as a director. Mr. Zhang has over 23 years of experience in financial services and international capital markets and was among the first generation of Chinese bankers on Wall Street. Previous experience includes three global investment banks in three cities and co-founder of two boutique investment advisory firms focusing on China opportunities. Mr. Zhang holds a B.A. in engineering and economics from Dartmouth College, USA.

Entitlement Offer to raise ~A\$144 million

Eligible Shareholders (being shareholders with a registered address in Australia or New Zealand and, for the institutional component only, shareholders in certain other jurisdictions) will be entitled to subscribe for 1 new Paladin share for every 2 existing Paladin shares held as at 7:00pm (AEDT) on the record date of Thursday, 27 November 2014. The Entitlement Offer Price of A\$0.26 per new share represents a ~23% discount to the theoretical ex-entitlement share price ("TERP")⁴ of A\$0.336 per share. New shares issued under the Entitlement Offer will rank equally with existing ordinary shares.

The institutional tranche of the Entitlement Offer is open from Monday, 24 November 2014 to Tuesday, 25 November 2014 and the retail tranche of the Entitlement Offer ("Retail Entitlement Offer") will be open from Monday, 1 December 2014 to Wednesday, 10 December 2014. Further details of the Retail Entitlement Offer will be despatched to eligible shareholders on Monday, 1 December 2014. Existing retail shareholders will have the opportunity to apply for additional shares above their entitlement as part of the retail Entitlement Offer. The Entitlement Offer is non-renounceable and entitlements will not be tradeable or otherwise transferrable. The Entitlement Offer is fully underwritten.

Ongoing initiatives Paladin is engaged in ongoing discussions with major international nuclear utilities, who have expressed a strategic interest in Paladin with a view to crystallising considerable value in early 2015.

The rationale for these entities is the opportunity it provides to access the Paladin platform including technical capabilities and intellectual property, world class asset pipeline, the opportunity to enter into additional arms-length offtake contracts and possible equity participation on developing projects. This in turn will provide additional funds to both deleverage the balance sheet and support growth objectives. As an alternative to this strategic investment, Paladin will consider a potential long-dated convertible bond, the attractiveness of which will be considered against any proposals received from potential strategic partners.

The Board of Paladin reiterates that, given the status of these initiatives and the measures announced today, it considers there will be no requirement for a further call on Paladin shareholders to meet its debt obligations in the medium term and expects to be fully funded until at least 30 June 2016.⁵ With an improving uranium price environment as well as continued strategic interest in the Company and its operations, Paladin believes that it is also well placed to address the expiry of its remaining convertible bonds due in April 2017.

J.P. Morgan Australia Limited ("J.P. Morgan") is acting as financial adviser to Paladin in relation to the Placement and as a sole underwriter, bookrunner and lead manager for the Entitlement Offer.

⁴ TERP is the theoretical price at which Paladin shares should trade immediately after the ex-date for the Entitlement Offer. TERP is a theoretical calculation only and the actual price at which Paladin's shares will trade immediately after the ex-date for the Entitlement Offer will depend on many factors and may not be equal to TERP. TERP is calculated by reference to Paladin's closing price on 21 November 2014

⁵ Assumes completion of the Placement, Entitlement Offer and completion of other deleveraging initiatives targeted for early 2015. Also assumes a spot uranium price of approximately US\$38/lb and achievement of current production guidance and budgeted costs

The key dates for the Entitlement Offer are:

Key events	Date ⁶
Trading halt, Institutional Entitlement Offer opens and Placement settlement & allotment	Monday, 24 November 2014
Institutional Entitlement Offer closes and Institutional Entitlement Offer shortfall bookbuild	Tuesday, 25 November 2014
Trading halt lifted	Wednesday, 26 November 2014
Entitlement Offer record date	7.00pm (Sydney time) Thursday, 27 November 2014
Retail entitlement offer booklets despatched and Retail Entitlement Offer opens	Monday, 1 December 2014
Institutional Entitlement Offer settlement	Wednesday, 3 December 2014
Institutional Entitlement Offer allotment	Thursday, 4 December 2014
Retail Entitlement Offer closes (cheques only)	Friday, 5 December 2014
Retail Entitlement Offer closes (BPAY only)	Wednesday, 10 December 2014
Retail Entitlement Offer allotment	Wednesday, 17 December 2014
Quotation of Retail Entitlement Offer shares	Thursday, 18 December 2014
Retail Entitlement Offer holding statements despatched	Friday, 19 December 2014

Eligible retail shareholders will be sent a retail entitlement offer booklet on 1 December 2014 including a personalised entitlement and acceptance form which will provide further details of how to participate in the Retail Entitlement Offer.

Yours faithfully
Paladin Energy Ltd



JOHN BORSHOFF
Managing Director/CEO

⁶ All dates are indicative only. Paladin reserves the right to change these dates without prior notice.

About Paladin

Paladin is a publicly-listed company with listings on the Australian, Canadian and the Namibian stock exchanges and has its headquarters in Perth, Western Australia. The Company specialises in uranium exploration, project development and uranium mining operations. It is the only company in the world to have developed two modern conventional uranium mines in the past 20 years and is recognised for successfully applying innovative mining technologies to both its Langer Heinrich Mine in Namibia and its Kayelekera Mine in Malawi. Paladin has an installed capacity to produce a total of 8.5Mlb per annum from both these operations.

While creating this production base over the past eight years, Paladin has concurrently established a strategically important, geographically diverse, project pipeline to support future growth of its uranium production base. Paladin has succeeded in positioning itself uniquely amongst the major uranium suppliers of the world with demonstrated successful achievements and offers a proven platform from which to replicate the growth that it has achieved over the past eight years with minimal risk.

About HOPU

HOPU Investments is a private equity firm focusing on China-related investment opportunities. With offices located in Beijing, Hong Kong, and Singapore, HOPU's team has unique expertise in investment, financing and capital markets, as well as diverse experience working with State Owned Enterprises and private entrepreneurs.

HOPU's key investment focus is to create, develop and pursue investment opportunities that are driven by China's ongoing economic reforms and developments, in particular in consumer, energy, mining, agriculture and financial services sectors.

HOPU Investments has recently raised US\$1.85 billion committed capital for HOPU USD Master Fund II from investors comprising of sovereign wealth and global institutional investors. For further information in relation to HOPU please contact Victoria Liu at victoria.liu@hopucap.com

NOT FOR DISTRIBUTION OR RELEASE IN THE UNITED STATES

This announcement does not constitute an offer to sell, or the solicitation of an offer to buy, any securities in the United States. Neither the entitlements nor the new shares have been, or will be, registered under the U.S. Securities Act of 1933, as amended (the "Securities Act"), or the securities laws of any state or other jurisdiction of the United States.

Accordingly, the entitlements and the new shares may not be offered or sold in the United States unless they have been registered under the Securities Act, or are offered and sold in a transaction exempt from, or not subject to, the registration requirements of the Securities Act and applicable U.S. state securities laws. There will be no public offering of the entitlements or the new shares in the United States.

Neither this announcement nor any other documents relating to the offer of entitlements or new shares may be sent or distributed to persons in the United States.

This announcement contains forward-looking statements, which can usually be identified by the use of words such as "may", "will", "expect", "intend", "plan", "estimate", "anticipate", "believe", "continue", "objectives", "outlook", "guidance" or words of similar effect. These forward-looking statements are not guarantees or predictions of future performance, and involve known and unknown risks, uncertainties and other factors, many of which are beyond the control of Paladin, and which may cause actual outcomes to differ materially from those expressed in the statements contained in this announcement. Forward-looking statements include statements regarding the risks to Paladin's balance sheet and the availability of future funding, Paladin's cost-savings initiatives and their expected impact on operating costs, the outlook for the uranium market and its future deleveraging initiatives. Undue reliance should not be placed on these forward-looking statements. These forward-looking statements are based on information available to Paladin as of the date of this announcement. Except as required by law or regulation (including the ASX Listing Rules) Paladin undertake no obligation to update these forward-looking statements.