



PALADIN ENERGY LTD
(administrators appointed)

ACN 061 681 098

1 December 2017

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

By Electronic Lodgement

ADMINISTRATION UPDATE – REPORT TO CREDITORS AND PROPOSED DOCA

As previously announced, Matthew Woods, Hayden White and Gayle Dickerson from KPMG were appointed administrators (**Administrators**) of Paladin Energy Ltd (administrators appointed) (**Paladin**), Paladin Finance Pty Ltd (administrators appointed) and Paladin Energy Minerals NL (administrators appointed) (collectively, the **Companies**) on 3 July 2017.

Since that time, the Administrators have been seeking possible recapitalisation and restructuring alternatives for the Companies.

To date, the only proposal received by the Administrators is from a group of Paladin's unsecured bondholders who have formed themselves into an 'Ad-Hoc Committee' and propose to restructure the Companies' debt, and have Paladin reinstated to quotation on ASX, pursuant to the terms of a deed of company arrangement (**Proposed DOCA**).

Pursuant to section 439A of the Corporations Act, the Administrators issued their Report to Creditors on Thursday, 30 November 2017, ahead of the second meeting of creditors. In the Report, the Administrators express that in their opinion it is in the creditors interests for Paladin to execute the Proposed DOCA.

A copy of the Report, together with the Proposed DOCA, is attached to this announcement as Appendix 1.

The second meetings of creditors of the Companies' will be held concurrently at the office of KPMG, Level 8, 235 St Georges Terrace, Perth, WA on 7 December 2017 at 2.00pm (AWST).

If creditors resolve to approve execution of the Proposed DOCA, the Administrators estimate that the recapitalisation will be completed before 31 January 2018.

The key terms of the proposed DOCA include:

- a debt for equity swap affected with the Court's approval under section 444GA of the Corporations Act, pursuant to which 98% of Paladin's issued shares will be transferred to creditors (with existing shareholders retaining 2%);
- the raising of US\$115 million pursuant to the issue of a high-yield secured note; and

- the reinstatement of Paladin to official quotation on the ASX.

Implementation of the restructure remains subject to a number of conditions, including execution of the Proposed DOCA, Court approval under section 444GA of the Corporations Act, and certain regulatory approvals being granted.

As outlined in the attached Report to Creditors, it is the Administrators' opinion that it is in creditors' interests for Paladin to execute the Proposed DOCA.

Matthew Woods
for and on behalf of
PALADIN ENERGY LIMITED (ADMINISTRATORS APPOINTED)

Appendix 1 – Report to Creditors



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To the creditor as addressed

30 November 2017

Dear Sir/Madam

Paladin Energy Limited (Administrators Appointed) ACN 061 681 098 (“PEL”)
Paladin Energy Minerals NL (Administrators Appointed) ACN 073 700 393 (“PEM”)
Paladin Finance Pty Ltd (Administrators Appointed) ACN 117 234 278 (“PFPL”)

(collectively “the Companies”)

We refer to the appointment of Hayden White, Gayle Dickerson and I, Matthew Woods, of KPMG as joint and several Voluntary Administrators of the Companies on 3 July 2017.

We note that the business continues to trade and that there has been no material changes to the business during the Administration period to date.

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Meeting details

We have convened the second meeting of creditors in accordance with section 439A of the Corporations Act 2001 (“the Act”) to determine the Companies’ future. Accordingly, we enclose our Administrators’ report to creditors in accordance with rule 75-225(3) of the Insolvency Practice Rules 2016 (“IPR”) which includes:

1. Notice of concurrent meetings of creditors, being scheduled for 2.00pm (AWST) Thursday, 7 December 2017 at the offices of KPMG, Level 8, 235 St Georges Terrace, Perth WA. Teleconference facilities are available for creditors who are unable to attend the second meeting in person. In order to use this facility, creditors require approval from the Administrators or one of their representatives.

Creditors who wish to attend and vote at the Second Meeting via teleconference must lodge an informal proof of debt and appointment of proxy form with this office in accordance with the below deadline. Please contact our office for the dial in details

2. Informal proof of debt or claim form for submission prior to 4:00pm (AWST) Wednesday, 6 December 2017 to our offices
3. Appointment of proxy form for those creditors who wish to attend the meeting, for submission prior to 4:00pm (AWST) Wednesday, 6 December 2017 to our offices
4. The Administrators’ remuneration report explaining their remuneration claim (retrospective and prospective) in accordance with the Act and the Australian Restructuring, Insolvency and Turnaround Association Code of Professional Practice



To the creditor as addressed

Paladin Energy Limited (Administrators Appointed) ACN 061 681 098

Paladin Energy Minerals NL (Administrators Appointed) ACN 073 700 393

Paladin Finance Pty Ltd (Administrators Appointed) ACN 117 234 278

(“the Companies”)

30 November 2017

The Administrators’ report to creditors includes our opinion, with supporting reasons, as to whether it would be in the creditors’ interest:

- to enter into the proposed Deed of Company Arrangements (“DOCAs”); or
- for the Companies to be wound up; or
- for the Administrations to end.

The following documents accompany this letter:

- Administrators’ report pursuant to rule 75-225(3) of the IPR
- Notice of appointment
- Declaration of independence, relevant relations and indemnities
- Form 529 – Notice of Meeting of Creditors
- Informal Proof of Debt for voting purposes
- Form 532 – Appointment of a Proxy
- PEL DOCA Term Sheet
- Creditor information sheet: a guide to creditors
- Remuneration advice to creditors
- Approving fees: a guide for creditors

2 Deed Proposals to consider

As you may be aware, the Administrators received a Deed Proposal for the Companies from a group of PEL’s bondholders, referred to as the Ad-Hoc Committee (“Deed Proposals”), split as follows:

- One proposal for PEL
- One proposal for PEM and PFPL
- The key terms of the Deed Proposals for the Companies are:
 - the business and its control reverts to back to the Directors upon effectuation of the DOCAs
 - payments or distributions in cash or shares of PEL as follows:
 - the secured lender, Deutsche Bank, will receive full payment in cash of USD 60m
 - employee entitlements will be preserved and carry forward for non-terminated employees
 - terminated employees will be paid their full entitlements in cash
 - all ‘participating creditors’ (who comprise the bondholders and EDF) will receive a pro-rata share of equity (totalling 70% of the existing PEL share issue) in exchange for their debt



To the creditor as addressed

Paladin Energy Limited (Administrators Appointed) ACN 061 681 098

Paladin Energy Minerals NL (Administrators Appointed) ACN 073 700 393

Paladin Finance Pty Ltd (Administrators Appointed) ACN 117 234 278

("the Companies")

30 November 2017

- all 'participating creditors' will have the right to subscribe for a pro-rata share of USD 115m in new secured notes. Parties which participate in the new note issue will receive a pro-rata share of 25% of the existing PEL share issue
- the remaining 5% of PEL's existing share issue will be dealt with as follows:
 - 3% payable to the underwriter(s) of the new bond
 - 2% retained by the existing shareholders of PEL
- 'non-participating creditors' will be preserved after the administration completes (i.e. remain due and payable) to be paid in full, in cash
- Secured creditors' interests not paid out or otherwise dealt with under the DOCAs will be preserved and remain in place upon effectuation of the DOCAs

All share transfers are to be effected through an application to the Court pursuant to section 444GA of the Act.

Further details of the PEL Deed Proposal terms are set out further in the Administrators' report.

Based on the estimated returns to all classes of creditors, it is my opinion that it is in creditors' interests for the Companies to execute the proposed DOCAs.

3 Closing

Should you have any queries in relation to the second meeting, please contact my staff via email at au-fmpaladinenergy@kpmg.com.

Yours faithfully

Matthew Woods
Joint and Several Administrator

Encl.



Administrators' report to creditors

In accordance with rule 75-225(3)
of the Insolvency Practice Rules
2016 and section 439A of the
Corporations Act 2001

Paladin Energy Limited (Administrators Appointed) ACN 061 681 098
Paladin Energy Minerals NL (Administrators Appointed) ACN 073 700 393
Paladin Finance Pty Ltd (Administrators Appointed) ACN 117 234 278
("the Companies")

Matthew Woods, Hayden White and Gayle Dickerson
Joint and Several Administrators

30 November 2017

Glossary

\$	Australian Dollar (if not otherwise referenced as AUD)
2017 Bonds	USD 274m convertible bonds with a coupon rate of 6% maturing on 30 April 2017
2020 Bonds	USD 150m in convertible bonds with a coupon rate of 7% maturing on 31 March 2020
ABN	Australian Business Number
ACN	Australian Company Number
Act	Corporations Act 2001 (Commonwealth)
Ad-Hoc Committee	A group of PEL bondholders listed at section 2.4 of this report
Administrators	Gayle Dickerson, Hayden White and Matthew Woods of KPMG
AIIPAAP	All present and after-acquired property
ARITA	Australian Restructuring, Insolvency and Turnaround Association
ASIC	Australian Securities and Investments Commission
ASX	Australian Stock Exchange
ATO	Australian Taxation Office
AUD	Currency in Australian Dollars
AWST	Australian Western Standard Time
BAS	Business Activity Statement
BMO	Bank of Montreal
CAANZ	Chartered Accountants Australia and New Zealand
Committee of Creditors	The Committee of Creditors formed pursuant to section 436E of the Act
Convening Period	The period in which the second meeting of creditors is held in accordance with section 439A of the Act
CNNC	China National Nuclear Corporation
Deutsche Bank	Deutsche Bank AG, London Branch
Deutsche Bank Facility	Facilities with Deutsche Bank of USD 15m and USD 45m (collectively USD 60m)
Directors (PEL)	Donald Myron Shumka, Rick Wayne Crabb, Peter Mark Donkin, Philip Albert Baily, Wendong Zhang
Directors (PEM)	Rick Wayne Crabb, Ranko Matic, Craig Clinton Barnes
Directors (PFPL)	Rick Wayne Crabb, Ranko Matic, Craig Clinton Barnes
DIRRI	Declaration of Independence, Relevant Relationships and Indemnities
DOCA or Deed	Deed of Company Arrangement
EDF	Electricité de France
EOI	Expression of interest
ERV	Estimated Realisable Value
EY	Ernst and Young
FATA	Foreign Acquisitions and Takeovers Act
FEG	Fair Entitlements Guarantee
FIRB	Foreign Investment Review Board
First Meeting	First Meeting of creditors held pursuant to section 436E of the Act on Wednesday, 12 July 2017
FY15	Financial Year 2015 (1 July 2014 to 30 June 2015)
FY16	Financial Year 2016 (1 July 2015 to 30 June 2016)
FY17	Financial Year 2017 (1 July 2016 to 30 June 2017)
GST	Goods and Services Tax
HP	Hire Purchase

IPR	Insolvency Practice Rules 2016
IPS	Insolvency Practice Schedule 2016, being Schedule 2 of the Corporations Act 2001
IUJV	Isa Uranium Joint Venture
k	Thousands
kg	Kilograms
LHMHL	Langer Heinrich Mauritius Holdings Limited
LHU	Langer Heinrich Uranium Pty Ltd
LTSC	EDF Long Term Supply Contract
m	Millions
Management	Paladin Energy Ltd management
MIU	Mt Isa Uranium Pty Ltd
NAD	Namibian dollar
Nedbank	Nedbank Ltd
NPBT	Net Profit Before Tax
NSX	Namibian Stock Exchange
pa	Per annum
PAL	Paladin Africa Ltd
Paladin Group	The Companies and all associated entities which form the Paladin operating group
PAYG	Pay As You Go withholding tax
PEL	Paladin Energy Limited (Administrators Appointed)
PEM	Paladin Energy Minerals NL (Administrators Appointed)
PFPL	Paladin Finance Pty Ltd (Administrators Appointed)
PPSA	Personal Properties and Securities Act 2009
PPSR	Personal Properties and Securities Register
PWC	PricewaterhouseCoopers
RATA	Report as to Affairs
Second Meeting	Second concurrent meeting of the Companies' creditors, convened and held in accordance with Section 439A(4) of the Act
SGC	Superannuation Guarantee Charge
SGX	Singapore Exchange Limited
Shareholders Agreement	The Shareholders Agreement between CNNC and PFPL in respect of their interest in LHMHL
SRA	Summit Resources (Aust) Pty Ltd
Treasurer	Treasurer of Australia
TSX	Toronto Stock Exchange
USD or US	United States Dollar
VAT	Value-Added Tax
WA	Western Australia
The Appointment	The appointment of Gayle Dickerson, Hayden White and Matthew Woods as Administrators of the Companies on 3 July 2017
The Companies	Paladin Energy Limited (Administrators Appointed), Paladin Energy Minerals NL (Administrators Appointed), Paladin Finance Pty Ltd (Administrators Appointed)

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1. Executive summary

1.1 Report purpose

This report has been prepared pursuant to section 439A(4) of the Act in accordance with rule 75-225(3) of the IPR and the ARITA guidelines which requires that Administrators present a summary of the Administrators' preliminary investigations into the affairs of the Companies and their officeholders and present the available options to creditors based on the Administrators' findings. The following has been prepared as an executive summary of the key points in this report, and is to be read in conjunction with the detailed information set out in the balance of this report and its annexures.

1.2 Appointment

On 3 July 2017, Gayle Dickerson, Hayden Leigh White and Matthew David Woods of KPMG, 235 St Georges Terrace, Perth WA, were appointed joint and several Voluntary Administrators of Paladin Energy Limited (Administrators Appointed), Paladin Energy Minerals NL (Administrators Appointed) and Paladin Finance Pty Ltd (Administrators Appointed) pursuant to section 436A of the Act. The appointment was made following a resolution passed by the directors of the Companies, forming the opinion that the Companies were insolvent, or likely to become insolvent at some future time.

The Administrators are registered liquidators, members of ARITA and the CAANZ, and duly consented to act as voluntary administrators of the Companies, in writing, prior to their appointment. The Administrators have been, and continue to be, in control and possession of all of the Companies' assets and undertakings since their appointment.

We note that this report and meeting have been prepared/convened concurrently for PEL, PEM and PFPL based on their relationship as entities within the same consolidated group and having regard to the Deed Proposal of the Companies, which are all interdependent on each other being approved by creditors.

1.3 Cause of failure

It is the Administrators' view that PEL became increasingly undercapitalised as a consequence of:

- Heavy reliance on debt financing
- Significant, continued decline in the spot price of uranium
- No appropriate hedges or offtake agreements in place to counter the decline in the spot price of uranium

Our investigations indicate that in response to the above, the Companies were in negotiations to restructure debt obligations with their major stakeholders (i.e. EDF and bondholders) and these negotiations had materially progressed but could not successfully complete, prior to the appointment of the Administrators.

On Saturday, 1 July 2017, EDF provided notice to Management that it was not willing to support a standstill with respect to the prepayment terms under the LTSC between EDF and PEL and required payment of USD 277m when due on 10 July 2017. This was a key consideration of the restructuring proposal being proposed at that time, which ultimately meant the restructure could not proceed.

Reliance on debt and spot price of uranium

PEL relied heavily on debt financing to construct and build the Langer Heinrich and Kayelekera mines. Furthermore, PEL had not secured a sufficient number of long-term price contracts and/or entered into sufficient offtake agreements when the price of uranium was at its peak. This exposed PEL to the unfavourable movements in the spot price.

A tsunami in Japan in 2011 destroyed the Fukushima nuclear reactor, heavily impacting the worldwide demand for uranium, resulting in a large decrease in demand.

The spot price for uranium has continued to decline from 2011, with previous management unable to implement any strategies to successfully mitigate the spot price risk.

Ultimately, due to continued losses from decreased revenues, PEL became significantly undercapitalised and required a restructure of its upcoming obligations to repay EDF and coupon payments to bondholders, which were ultimately unsuccessful.

EDF Long-Term Supply Contract

On 28 December 2016, PEL announced that in accordance with EDF's rights under the prepayment agreement, PEL had received a notice from EDF requesting further security in addition to its existing security over 60.1% of the Michelin project in Canada. PEL had proposed additional security options, however, EDF was of the view that PEL's proposal was less than the value required pursuant to the terms of the agreements.

In accordance with the agreements, an independent expert was appointed by the parties to value PEL's proposed additional security. If the expert determined that the value of the additional security proposed by PEL was less than the outstanding prepayment amount, being USD 277m (inclusive of interest and costs), then the prepayment amount was due to be repaid within 30 days of that determination.

Initial restructure proposal

Whilst the above process with EDF was underway, on 10 January 2017, PEL announced a proposed restructure on the ASX. The initial restructure proposal offered to convert the outstanding 2017 and 2020 convertibles bonds into:

- USD 115m of New Secured Bonds due to be repaid in 2022, with a 7% cash coupon;
- USD 102m of New 2024 Convertible Bonds, with a zero coupon and conversion price of USD 0.0512/share (i.e. approximately AUD 0.07/share);
- USD 145m of Paladin shares at AUD 0.05/share; and
- Any accrued unpaid interest to be exchanged 75%:25% into the New Secured Bonds and the New 2024 Convertible Bonds respectively.

The majority of bondholders had signed undertakings supporting the initial restructure proposal.

In addition to bondholder support, the initial restructure proposal was subject to a number of conditions being satisfied. Of these conditions, PEL was dependant on CNNC not exercising its rights to acquire PFPL's 75% interest in the Langer Heinrich mine in Namibia. CNNC argued that these rights arose as a result of the proposed capital restructure, although PEL management did not agree that such a right was necessarily triggered.

On 9 March 2017, PEL received notice advising that CNNC viewed the restructure proposal as an 'event of default' under the Shareholders' Agreement. The event of default provided CNNC with an option to acquire the remaining 75% equity stake in LHMHL based on a fair market valuation (less 5%) to be performed as at the date of the event of default, being 8 March 2017.

PEL considered arbitrating against CNNC with respect to the event of default determination, but ultimately proceeded to allow the fair-market valuation to proceed, without any admission as to the validity of CNNC's claims.

After much negotiation, CNNC and PEL agreed, without PEL conceding that the right had been triggered, to engage an independent expert, being BMO, to commence a fair market value determination of PFPL's shares in LHMHL.

BMO presented its fair market enterprise valuation of PFPL's interest in LHMHL on 20 July 2017 indicating that 95% of the fair market value for the shareholding as at the date of service of the appraisal notice by CNNC (8 March 2017) was approximately USD 162m. This amount does not include the face value of the interest bearing loans outstanding to PFPL by LHU of approximately USD 254m as at 30 June 2017.

Alternative restructure proposal

On 16 May 2017, PEL announced on the ASX its proposal for an alternative restructure. The key terms of the alternative restructure proposal required:

- Net proceeds from the sale of the 75% interest in LHM to be distributed between EDF (priority) and holders of convertible bonds
- Balance of existing convertible bonds to be exchanged into New 2022 Secured Convertible Bonds
- EDF LTSC to remain on foot on terms acceptable to EDF

Similar to the initial proposal, the alternative proposal was subject to a number of conditions being satisfied.

Outcome of EDF independent valuation

On the same date the alternative restructure proposal was announced to the market, the independent expert delivered its initial feedback, indicating that the value of the additional security was likely to be insufficient. This opinion was finalised on 11 June 2017.

PEL immediately proposed terms of a standstill to EDF. Management entered into negotiations with EDF and its representatives to agree to terms.

Demand from EDF

On 1 July 2017, EDF advised Management that it would not agree to a standstill and subsequently, on the next business day, being 3 July 2017, PEL announced to the market that EDF had withdrawn its support and payment of USD 277m, being PEL's payment obligation under the LTSC was required to be paid by 10 July 2017.

CNNC

On 18 August 2017, CNNC advised the Administrators that it had decided not to exercise its option over LHMHL.

PEM and PFPL

PFPL had guaranteed debt funding to LHU from Nedbank South Africa in the amount of USD 20m for a revolving credit facility. The funding agreement was re-financed by Deutsche Bank who allowed for further drawdowns, providing vital working capital to LHU and PFPL.

1.4 Trading issues

Working capital

The Administrators took immediate control of the business, its assets, and immediately reviewed the weekly cash flow forecasts and urgent working capital requirements, identifying that the business would not have had the ability to trade throughout the Administration period without additional financial support being obtained.

In order for the Companies to continue to trade and financially support its subsidiaries to preserve the value in the Companies' interests in those subsidiaries, the Administrators secured additional funding of USD 60m from Deutsche Bank to provide working capital for PEL and the broader group. Prior to our appointment, management had significantly progressed discussions with Deutsche Bank to secure this funding, which was completed in July 2017 (ie during the administration), after the Administrators satisfied themselves of the commercial terms to the funding agreements. The Administrators obtained an Order of the Federal Court of Australia which included that:

- the Administrators could enter into the funding agreements
- the Administrators' liability be limited in the manner provided in the funding agreements
- the application of sections in the Act that relate to registering security interests be modified to allow for registration of security interests as provided in the funding agreements

Creditors of the Companies were notified, and provided a copy of this Order on 17 July 2017.

The new 12 month facility in the amount of USD 60m with Deutsche Bank was used to:

- refinance the existing Nedbank revolving credit facility (USD 20m)
- provide additional working capital to the Companies (USD 25m to LHU, USD 15m to PEL)

EDF enforcement

The Administrators received notice on 23 November 2017 from EDF's advisors, Torys LLP, that EDF is commencing enforcement proceedings against Aurora, Paladin Energy Canada Ltd and Paladin Canada Investments (NL) Ltd under guarantees made by those entities made in favour of EDF dated 28 August 2012, in the amount of USD 277m. Those guarantees are connected with the prepayment agreement between PEL and EDF dated 28 August 2012 and the LTSC between PEL and EDF dated 8 June 2012, which EDF claim there has been 'one or more Events of Default' under those agreements.

Successful enforcement may result in EDF having rights to realise the Michelin assets and recover its 60.1% security interest in the enterprise, and recover, in part, its guarantee against the broader debt due by PEL.

The ability of EDF to enforce its security is not clear, and is subject to complex cross border legal rules. The Administrators are currently taking legal advice and are reviewing the consequences of EDF's enforcement proceedings and the validity of EDF's security interest.

1.5 Extension of convening period

First extension

On 28 July 2017, the Federal Court made an Order pursuant to section 439A(6) of the Act granting the extension of the convening period to 29 September 2017. We notified the Committee of Creditors of our application to the Federal Court and the reasons for our application, by way of circular dated 25 July 2017.

The extension of the convening period was sought to allow sufficient time for the Administrators to:

- Understand CNNC's intentions under its option to purchase PFPL's 75% shareholding in LHMHL
- Consider the BMO valuation undertaken on PFPL's interest in LHMHL, and where appropriate, address any concerns, errors or omissions identified in the valuation process
- Receive and consider any proposals to restructure and recapitalise the Companies through a Deed of Company Arrangement (which were unable to be submitted until the position with respect to the CNNC option was known), and make appropriate recommendations to creditors on the merits of such proposals

Whilst the above three factors were the key reasons for seeking the extension, the Administrators considered a number of other factors adding to the complexity of the administration, further warranting the extension of time, including:

- Undertaking simultaneous administrations of three companies with large scale international operations
- PEL is listed on a number of public share trading exchanges
- The Companies have a number of subsidiaries, including entities which are registered in and have assets in foreign jurisdictions
- The Companies have complex commercial relationships with key stakeholders, including customers, bondholders, secured financiers and other creditors
- The Companies and their subsidiaries have over 800 employees

Having regard to those complexities and the requirement to undertake detailed investigations into the affairs of the Companies, the Administrators considered that they were not able to provide an opinion to the creditors of the Companies for the purpose of section 439A(4)(b) of the Act, during the timeframe of the statutory convening period.

Second extension

On 21 September 2017, the Federal Court made an Order pursuant to section 439A(6) of the Act granting a further extension of the convening period to 31 January 2018. We sought the Committee's comments and feedback in relation to this proposed application at a meeting of Committee held on 14 September 2017. No objections were received from the Committee members with respect to this application and the proposed period of extension.

We notified the body of creditors of our application to the Federal Court and the reasons for our application, by way of circular dated 27 September 2017.

The further extension to the convening period was sought to allow sufficient time for the Administrators to:

- Adequately manage the retained interest in LHMHL following receipt of CNNC's decision not to exercise their option
- Explore alternative strategies to progress the administration, including taking further steps to seek expressions of interest in the recapitalisation of the Companies and/or a sale of the Companies' assets
- Consider proposals arising from the EOI process in order to maximise the chances of the Companies, or as much as possible of its business, continuing in existence, or allow for a superior return to creditors than immediately placing the Companies into liquidation

1.6 Second meetings of creditors – 7 December 2017

The purpose of this report is to provide creditors with sufficient information so that they can make an informed decision about the Company's future at the Second Meeting.

In accordance with Section 439A(4) of the Act, the purpose of the second meeting of creditors is to consider:

- a. The Administrators' report to creditors on the Companies' business, property, affairs and financial circumstances; and
- b. A statement setting out the Administrators' opinion about each of the following matters:
 - (i) whether it would be in the creditors' interests for the Companies' to execute a deed of company arrangement;
 - (ii) whether it would be in the creditors' interests for the Administration to end; or
 - (iii) whether it would be in the creditors' interests for the Companies' to be wound up and also setting out:
 - (iv) his or her reasons for those opinions, and
 - (v) such other information known to the Administrators that will enable the creditors to make an informed decision about each matter covered by subparagraph (i), (ii) or (iii); and
- c. if a DOCA is proposed – a statement setting out details of the proposed DOCA

The second meeting of creditors of the Companies has been convened for Thursday, 7 December 2017 at 2pm AWST, and is to be held at the offices of KPMG, Level 8, 235 St Georges Terrace, Perth, Western Australia.

1.7 Sale and recapitalisation process

The Administrators made direct enquiries to a number of parties who they deemed may have an interest in either purchasing PEL's assets and/or recapitalising and restructuring PEL, given that those parties were involved with assets, investments and/or businesses in the uranium industry globally, and may have had the financial capacity to undertake a transaction of this size and nature. The Administrators consulted closely with PEL's management team in identifying prospective interested parties, given the experience of key management personnel and their involvement in previous sale processes.

None of those parties who were contacted responded to the Administrators' invitation to submit an expression of interest.

The only proposal received at the time of this report was from a group of PEL's unsecured bondholders, referred to as the 'Ad-Hoc Committee'. The DOCA proposal to restructure and recapitalise the Companies is summarised below, and discussed further in section 9 of this report.

1.8 DOCA

The proposed DOCA would allow for the recapitalisation of the Companies through the conversion of certain existing debt to equity, the issue of new, senior secured notes in the amount of USD 115m and provides for the following estimated returns to creditors (detailed further at section 10):

- The DOCA includes payments or distributions in cash or shares to creditors of PEL as follows:
 - the secured lender, Deutsche Bank, will receive full payment in cash of approximately USD 60m (plus interest and costs)
 - employee entitlements will be preserved and carry forward for non-terminated employees
 - terminated employees will be paid their full entitlements in cash
 - all 'participating creditors' (who comprise the bondholders and EDF) will receive a pro-rata share of equity (totalling 70% of the existing PEL shares on issue) in exchange for their debt
 - all 'participating creditors' will have the right to subscribe for a pro-rata share of USD 115m in new secured notes. Parties which participate in the new note issue will receive a pro-rata share of 25% of the existing PEL shares on issue
 - the remaining 5% of PEL's existing shares on issue will be dealt with as follows:
 - 3% payable to the underwriter(s) of the new notes
 - 2% retained by the existing shareholders of PEL

- 'non-participating creditors' claims will be preserved after the administration completes (i.e. remain due and payable) to be paid in full, in cash
- Secured creditors' interests not paid out or otherwise dealt with under the DOCA will be preserved and remain in place upon effectuation of the DOCA

All share transfers are to be effected through an application to the Court pursuant to section 444GA of the Act.

1.9 Liquidation

Creditors have the option to resolve that the Companies be wound up at the forthcoming meeting (should the abovementioned Deed Proposal not be acceptable to creditors). If the Companies proceed into liquidation, then the liquidators are required to sell the assets of the Companies.

In addition, a liquidator is able to pursue transactions that are considered voidable and also initiate insolvent trading claims against past and present directors of the Companies should such claims exist. We note that our preliminary investigations have not identified any such claims.

As set out at section 10 we estimate that unsecured creditors may receive returns in an estimated range of nil to 27 cents in the dollar in a liquidation scenario.

1.10 Administrators' opinion

Based on the Administrators' analysis at sections 9 and 10 of this report with respect to Deed Proposal received, its risks and its return/value to each class of creditor compared to a winding up scenario (and associated risks), the Administrators consider that it is in the creditors interest to accept the proposed DOCA, and therefore we recommend that creditors resolve to accept the proposed DOCA at the second meeting of creditors.

2. Introduction

2.1 Purpose of this report

The Administrators must also report to creditors on the Companies' business, property, affairs and financial circumstances, and provide their opinion on these and other matters. This report is to be provided to creditors alongside a notice of the Second Meeting, and this document has been prepared in satisfaction of those requirements.

The purpose of this report is to provide creditors with sufficient information so that they can make an informed decision about the Companies' future at the Second Meeting.

2.2 Objectives of the Administration

Section 435A of the Act details the objectives of the administration provisions under the Act. Those provisions provide for the business, property and affairs of an insolvent company to be administered in a way that:

- Maximises the chance of the company, or as much as possible of its business, continuing in existence, or
- If it is not possible for the company or its business to continue in existence, results in a better return for the company's creditors and members than would result from an immediate winding up of the company.

This report has been prepared from information obtained from the Companies, its officers and other relevant parties and in accordance with rule 75-225(3) of the IPR.

The statements and opinions included in this report are provided on the understanding that such statements are not false or misleading. However, we reserve the right to alter any conclusions reached on the basis of any changed or additional information which may become available to us between the date of this report and the date of the second meeting of creditors.

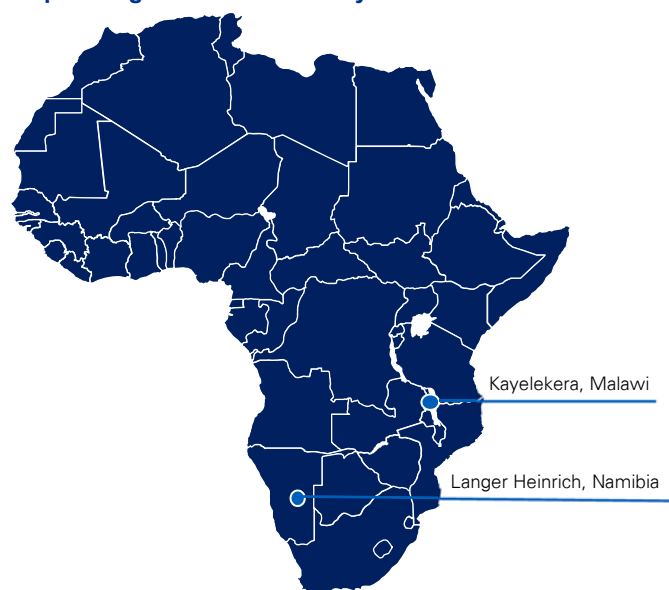
2.3 Operation and mining interests

Key interests

The Companies hold mining interests in Australia, Canada, Namibia and Malawi. These interests are detailed below:

- Langer Heinrich, Namibia – processing
- Kayelekera, Malawi – care and maintenance
- Michelin, Canada – advanced exploration
- Australian tenements – exploration

Map – Langer Heinrich and Kayelekera mines



Langer Heinrich, Namibia – 75% ownership, joint venture arrangement with CNNC

The Langer Heinrich mine is PEL's cornerstone asset and commenced production in 2007. The Langer Heinrich mine is located in the Namibian desert, 80km east of the major seaport of Walvis Bay and about 40km south-east of the large-scale, hard-rock Rossing uranium mine operated by the Rio Tinto Group.

In August 2002, PEL through its wholly owned subsidiary, PFPL, acquired a 100% interest in Langer Heinrich Uranium (Pty) Ltd for the consideration of USD 15k and a production royalty of 12c per kg of yellowcake produced and sold.

Mining licences were granted by the Ministry of Mines and Energy in Namibia for a 25-year term, commencing in July 2005. Construction of the project commenced shortly thereafter and staged commissioning of the plant began in August 2006.

On 23 July 2014, PFPL sold a 25% interest in LHMHL to CNNC Overseas Uranium Holding Limited, a wholly owned subsidiary of China National Nuclear Corporation for USD 190m. LHU, the owner of the Langer Heinrich mine is wholly owned by LHMHL.

As at 30 June 2016, the Langer Heinrich mine was the fourth largest open-pit uranium mine in the world, with a remaining life in excess of 20 years. PFPL conducted significant cost reduction initiatives in relation to the ongoing operations at the Langer Heinrich mine. These initiatives resulted in achieving a record low for the mine's costs of production for FY16.

PFPL subsequently implemented a revised mining plan for Langer Heinrich in the quarter ended 31 December 2016 which involved a cessation of mining at the operation, but continued to process the ore stockpile to meet ongoing contracted supply agreements and spot sales.

LHU has continued to manage the Langer Heinrich mine throughout the period of the Administration, including processing of the ore stockpile for sale. PEL, PFPL and LHU secured USD 60m of funding from Deutsche Bank on 24 July 2017, which included approximately USD 21m of funding provided to LHU to assist with working capital in relation to the Langer Heinrich operation.

Kayelekera, Malawi – 85% ownership, joint venture arrangement with the Government of Malawi

Kayelekera is located in northern Malawi, 52km west of Karonga.

Kayelekera is a sandstone-hosted uranium deposit associated with the Permian Karoo sediments and is hosted by the Kayelekera member of the North Rukuru sediments of the Karoo. The mineralisation is associated with seven variably oxidised, coarse grained arkoses, separated by shales and chocolate coloured mudstones. Uranium mineralisation occurs as lenses primarily within the arkose units and, to a lesser extent, in the mudstone units. The lowest level of known mineralisation currently is at a depth of approximately 160m below the surface.

The Kayelekera asset is wholly owned by PEM Malawi Pty Ltd, of which PEL has an 85% interest. The remaining 15% was issued to the Government of Malawi in February 2007.

The mining licence, ML152, covering 5,520 hectares, was granted in April 2007 for a period of 15 years, following the completion of the Development Agreement with the Government of Malawi. A Bankable Feasibility Study and Environmental Impact Assessment followed, and construction started in June 2007 with completion in early 2009.

Kayelekera was placed on care and maintenance in May 2014 due to the low uranium spot price and it not being feasible to continue operating the mine due to significant losses being incurred. Kayelekera has remained on care and maintenance throughout the Administration period.

Michelin, Canada



Aurora Energy Ltd holds rights to 91,500 hectares within the Central Mineral Belt of Labrador (CMB), Canada, approximately 140km north of Happy Valley-Goose Bay and 40km southwest of the community of Postville.

PEL completed the acquisition of Aurora in February 2011 and, in March 2012, the Nunatsiavut Government, a regional, aboriginal government formed in 2005, lifted the three year moratorium on the mining, development and production of uranium on Labrador

Inuit Land. Five of Paladin's six deposits in this project area fall within these lands. Paladin started exploration in the summer of 2012.

Australian Tenements



Manyingee

The Manyingee Project, owned and operated by PEM, is located in the north-west of WA, 1,100km north of Perth and 85km inland from the coastal township of Onslow. The property is comprised of three mining leases covering 1,307 hectares. PEM also holds one granted Exploration Licence (EPL 08/1496) totalling 89km² at Spinifex Well, 25km north-east of Manyingee. PEM purchased Manyingee in 1998 from Afmeco Mining and Exploration Pty Ltd, a subsidiary of French-based group Cogema.

In July 2016, PEL signed a binding term sheet with Avira Energy Limited for a sale of up to 75% of its interest in the project. The transaction did not proceed as Avira could not finalise a requisite capital raising within the pre-agreed timeframe.

Carley Bore

PEM completed the purchase of the Carley Bore project from Energia Minerals Limited early in FY16. Consisting of three contiguous exploration licences, this new project area is located 100km south of the Manyingee.

Isa Uranium Joint Venture ("IUJV")

The IUJV exploration projects are owned and operated by joint participants Summit Resources (Aust) Pty Ltd ("SRA") and Mount Isa Uranium Pty Ltd ("MIU"). The IUJV covers ground containing the Valhalla, Odin and Skal uranium deposits 40km north of Mount Isa.

MIU is a wholly owned subsidiary of Valhalla Uranium Pty Ltd, a formerly public company and now a wholly-owned subsidiary of PEL. PEL's effective participating interest in the IUJV is 91.04% through its direct interest and ownership of 82.08% of the issued capital of SRA. Ground subject to the IUJV covers 17.24km² at Valhalla and 10km² at Skal. These two areas lie within a larger holding of contiguous tenements of 934km² held 100% and managed by SRA and PEL as outlined in the map above. Valhalla is now covered by MDL510 and Skal by MDL517 which also includes the Bikini and Mirrioola Deposits.

2.4 First concurrent meeting of creditors

Section 436E of the Act requires that administrators hold a meeting of creditors within eight (8) business days of their appointment. Accordingly, a concurrent meeting of creditors of the Companies was held at 2.30pm AWST on Thursday, 13 July 2017, at the offices of KPMG, Level 8, 235 St Georges Terrace, Perth, WA ("the First Meeting"). 52 creditors were present at the First Meeting, 40 were represented in person, 8 via telephone and 4 represented by the chairperson as proxy. There were also 13 observers present.

The only business permitted to be conducted at the First Meeting were:

- For creditors to determine whether a committee of creditors be appointed, and if so, to appoint the members of that committee, and
- If such a resolution is put to the First Meeting, for the creditors to determine whether to remove the Administrators from office and appoint an alternate administrator(s).

Creditors of PEL resolved to appoint a Committee of Creditors, members of which are set out below:

Paladin Energy Limited Committee of Creditors membership		
Creditor	Representative	Creditor group
Andrew Mirco	Himself	Employee
Nedbank SA	Brigette Terblanche*	Secured creditor
BNY Mellon	Jeremy Hollingsworth	Trustee to the bondholders
Electricite de France	Katie Higgins	Unsecured Creditor/Offtake Partner
JP Morgan	Ronald Chung	Bondholder
Leader Investment Corporation	Benjamin Bao	Bondholder
Ad Hoc Committee	Richard Tucker	Bondholders

* Brigette Terblanche has since been removed from the Committee at her request

The Ad-Hoc Committee is made up of the following bondholders:

Ad Hoc Committee
RBC Funds for Bluebay Global Monthly Income Bond Fund
Bluebay \$U.S. Global Convertible Bond Fund (Canada)
Bluebay Structured Funds - Global Multi-Asset Credit Fund
Bluebay Global Convertible Bond Fund (Canada)
Global Convertible Bond Fund, A series of DSBI - Global Investment Trust
Bluebay Structured Funds - Total Return Diversified Credit Fund
Centrica Combined Common Investment Fund
Bluebay Funds - Bluebay Total Return Credit Fund
Bluebay Funds: Global Convertible Bond Fund
State Super Financial Services Australia Limited as trustee on behalf of the International Equity Sector Trust (CB SEG 2)
OCM Opps PLDN Holdings, LLC
Value Partners Greater China High Yield Income Fund

Minutes of the First Meeting were lodged with ASIC and are available from either ASIC or by request to the Administrators' office.

On the request of Nedbank SA, at a meeting of the Committee held on 14 September 2017, the Committee resolved that Brigette Terblanche, representing Nedbank SA, be removed from the Committee. Nedbank SA's request for Brigette Terblanche to be removed from the Committee followed its USD 20m revolving credit facility being repaid in full from proceeds of the new USD 60m funding facility obtained from Deutsche Bank on 24 July 2017.

Accordingly, the Committee is now represented by the remaining six members.

No resolution was put to the meeting to replace the Administrators.

2.5 Committee resolutions passed

During the convening period, the Committee considered and passed the following resolutions:

At the meeting held on 26 July 2017:

- The approval of the Voluntary Administrators' remuneration in respect of work performed in respect of the PEL administration, for the period 3 July 2017 to 21 July 2017 of AUD 328,636.50 plus GST and disbursements

At the meeting held on 14 September 2017:

- The removal of Brigette Terblanche, representing Nedbank SA as a member of the Committee

2.6 Second concurrent meeting of creditors

Pursuant to section 439A(5) of the Act, the second meeting of creditors of the Companies ("the Second Meeting") is to be convened within twenty (20) business days of the Administrators' appointment ("the Convening Period"), with the second meeting to be held within five (5) business days prior to or after the end of the Convening Period, in accordance with rule 75-25(2) of the IPR. As stated in section 1.4 of this report, on 28 July 2017, the Federal Court made an Order pursuant to section 439A(6) of the Act granting an extension of the convening period to 29 September 2017. On 21 September 2017, a further extension was granted pursuant to section 439A(6) of the Act, to 31 January 2018. The Order permitted the Administrators to convene the second meeting at any time prior to or within five (5) business days after the end of the Convening Period.

Purpose

In accordance with rule 75-225(3) of the IPR, the purpose of the second meeting of creditors is to consider:

- The Administrators' report to creditors on the Company's business, property, affairs and financial circumstances; and
- A statement setting out the Administrators' opinion about each of the following matters:
 - whether it would be in the creditors' interests for the Companies to execute a deed of company arrangement;

- (ii) whether it would be in the creditors' interests for the Administration to end; or
- (iii) whether it would be in the creditors' interests for the Companies to be wound up and also setting out:
- (iv) his or her reasons for those opinions, and
- (v) such other information known to the Administrators as will enable the creditors to make an informed decision about each matter covered by subparagraph (i), (ii) or (iii); and

c. If a DOCA is proposed – a statement setting out details of the proposed DOCA

Pursuant to rule 75-140(3) of the IPR, creditors can also resolve to adjourn the meeting for a period not to exceed forty-five (45) business days.

Our statement of opinion on each of the above matters is set out in section 11 of this report. Based on our analysis set out in this report, at the Second Meeting of creditors we will be recommending that creditors resolve to enter into a deed of company arrangement for the Companies, on terms substantially in accordance with the Deed Proposal received by the Administrators. We refer you to section 9 and Annexure F of this report for full details regarding the Deed Proposal.

Time and place

The Second Meeting has been convened for Thursday, 7 December 2017 at 2pm AWST, and is to be held at the offices of KPMG, 235 St Georges Terrace, Perth WA. Creditors who wish to attend the Second Meeting should arrive 15 minutes prior to the commencement of the meeting to ensure they have sufficient time to record their attendance. Should they so wish, creditors will be able to utilise teleconference facilities to dial in to the Second Meeting.

Attendance in person

Creditors who wish to attend and/or vote at the Second Meeting are required, unless already done so, to lodge an informal proof of debt with this office by no later than **4:00pm (AWST) on Wednesday, 6 December 2017**.

In order to vote via proxy at the Second Meeting a proxy form **will** be required to be completed and returned to this office.

If you are representing a company, please ensure that your proxy is executed pursuant to section 127 of the Act, or that your representative is appointed pursuant to section 250A of the Act (as appropriate), otherwise you will not be entitled to vote at the Second Meeting.

All forms should be scanned and emailed to au-fmpaladinenergy@kpmg.com.au in the first instance or sent by facsimile to the attention of Imogen Troedson on +61 8 9263 7129. Alternatively, forms can be sent by post to the attention of Imogen Troedson, c/- KPMG Restructuring Services, GPO Box A29, Perth WA 6837. If you elect to post the forms, please ensure that ample time is allowed for posted forms to reach this office prior to the Second Meeting.

Attendance by phone

Teleconference facilities are available for creditors who are unable to attend the Second Meeting in person. In order to use this facility, creditors require approval from the Administrators or one of their representatives. Creditors who wish to attend and vote at the Second Meeting via teleconference **are still required to lodge an informal proof of debt and appointment of proxy form with this office in accordance with the above deadline**.

If you intend to access the teleconferencing facilities, a request should be submitted by either email to au-fmpaladinenergy@kpmg.com.au or by phone to Imogen Troedson on +61 8 9263 7477 as soon as possible, so that teleconference details may be provided.

2.7 Statement of independence

Pursuant to section 436DA of the Act, the Administrators are required to complete and provide a Declaration of their Independence, Relevant Relationships and Indemnities detailing any matters that may impact their actual or perceived independence to creditors.

The Administrators' DIRRI in respect of the Companies was provided to creditors with notice of the Administrators' appointment on 4 July 2017. The DIRRI was tabled at the first meeting of creditors of the Companies which was held at KPMG's offices at 2.30pm on 13 July 2017. The Administrators were not provided with any indemnity, guarantee or contribution from the directors of the Companies (or their associated businesses), a creditor, or any other party for their fees and costs, aside from the statutory indemnities available under the Act.

The Administrators are not aware of any changes to circumstances or facts since their DIRRI was prepared and/or any facts or circumstances that have not already been disclosed that may threaten their independence.

A true copy of the Administrators' DIRRI is attached as **Appendix B** of this report. There have been no changes to the original declaration made by the Administrators.

3. Company structure and stakeholders

3.1 Statutory information

Records held by ASIC disclose the following information in respect of the incorporation details and current officers of the Companies.

Statutory Information				
Entity	Incorporation Date	Registered Office/ Principal place of business	Current Directors	Current Secretary
PEL	24 September 1993	Level 4 502 Hay Street Subiaco WA 6008	Donald Myron Shumka (commenced 9 July 2007) Rick Wayne Crabb (commenced 8 February 1994) Peter Mark Donkin (commenced 1 July 2010) Philip Albert Baily (commenced 1 October 2010) Wendong Zhang (commenced 25 November 2014)	Ranko Matic (commenced 31 August 2015)
PEM	24 April 1996	Level 4 502 Hay Street Subiaco WA 6008	Rick Wayne Crabb (commenced 23 December 1996) Ranko Matic (commenced 31 August 2015) Craig Clinton Barnes (commenced 31 August 2015)	Ranko Matic (commenced 31 August 2015)
PFPL	22 November 2015	Level 4 502 Hay Street Subiaco WA 6008	Rick Wayne Crabb (commenced 22 November 2005) Ranko Matic (commenced 31 August 2015) Craig Clinton Barnes (commenced 31 August 2015)	Ranko Matic (commenced 31 August 2015)

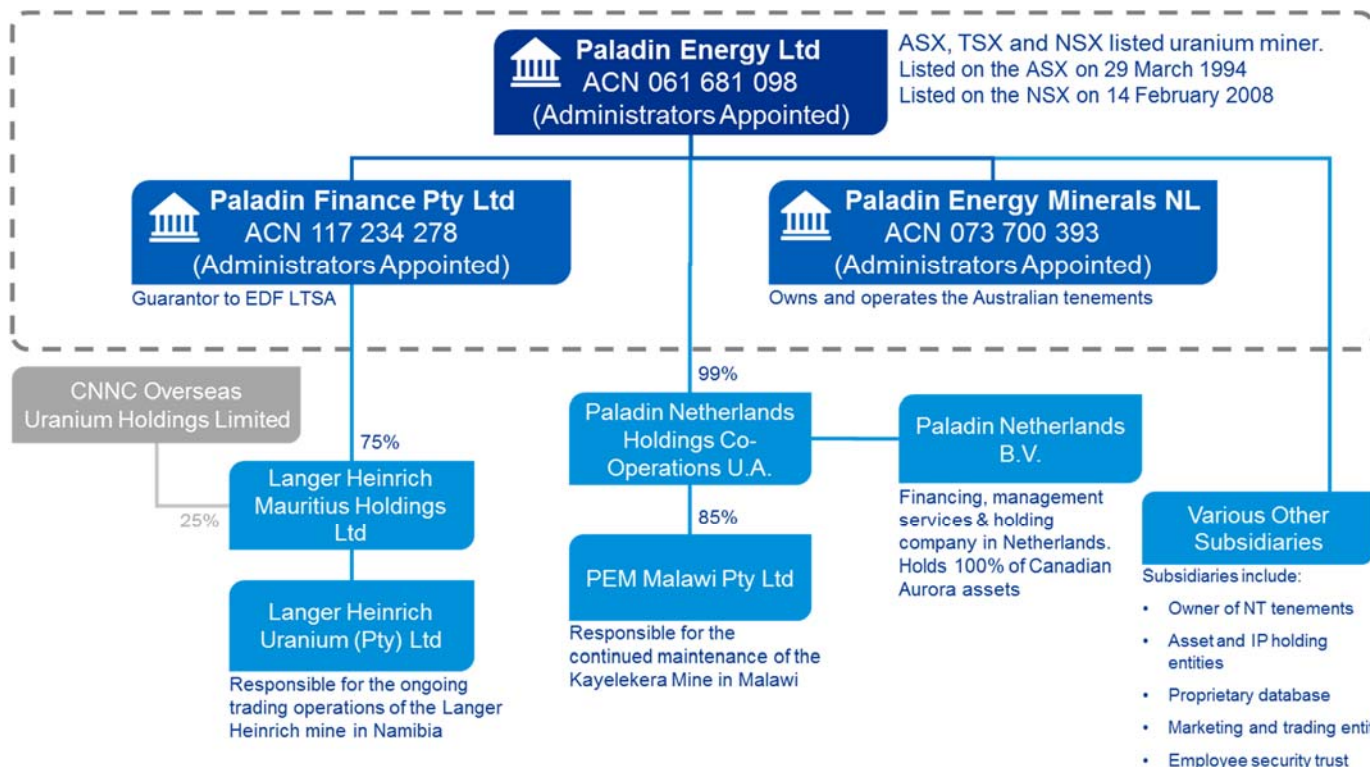
PEL is listed on the ASX under the stock code 'PDN' and had 1,712,843,812 shares on issue as at the date of this report. The top 10 shareholders at that time are listed below:

Shareholder summary - top 10 ordinary shareholders as at the date of this report		
Shareholder name	Number of shares on issue	% of total issue
HOPU Clean Energy (Singapore) Pte Ltd	249,888,360	14.59
Citicorp Nominees Pty Limited	212,176,951	12.39
CDS & Co	184,166,323	10.75
HSBC Custody Nominees (Australia) Limited	172,429,781	10.07
J P Morgan Nominees Australia Limited	60,831,945	3.55
CEDE & Co	36,472,984	2.13
BNP Paribas Nominees Pty Ltd <IB AU NOMS RETAILCLIENT DRP>	21,335,065	1.25
HSBC Custody Nominees (Australia) Limited – A/C 2	20,289,596	1.18
HSBC Custody Nominees (Australia) Limited – A/C 3	10,617,346	0.62
BNP Paribas Nominees Pty Ltd <DRP>	6,563,582	0.38
Total top 10 shareholders	974,771,933	56.91
Other shareholders	738,071,879	43.09
Total issued capital	1,712,843,812	100.00

Please refer to section 3.3 below for further details of the exchanges upon which PEL's shares are quoted.

3.2 Structure

The corporate structure of the Companies is set out below:



Paladin Energy Ltd

PEL is the ultimate holding company of the consolidated group. PEL has 25 subsidiaries, with interests in the following assets and operations across the group:

- Head office, Subiaco, Western Australia
- Kayelekera, Malawi
- Langer Heinrich, Namibia
- Michelin, Canada
- Mt Isa, Queensland
- Manyingee, Western Australia

Paladin Energy Minerals NL

PEM owns and operates the Manyingee exploration tenements in Western Australia.

Paladin Finance Pty Ltd

PFPL owns 75% of LHMHL, which owns 100% of LHU, which is responsible for the ongoing trading operations of the Langer Heinrich mine in Namibia.

Subsidiaries

The Companies have investments in the following entities:

List of subsidiaries of the Companies		
Name	Country of Incorporation	% Interest Held
PEM Malawi Pty Ltd	Australia	100
Eden Creek Pty Ltd	Australia	100
Paladin Asset Management Pty Ltd	Australia	100
Paladin (Africa) Limited	Malawi	85
Paladin Netherlands BV	Netherlands	100
Paladin Netherland Holdings Cooperatief U.A.	Netherlands	100
Langer Heinrich Mauritius Holdings Ltd	Mauritius	75
Langer Heinrich Uranium (Pty) Ltd	Namibia	75
Valhalla Uranium Pty Ltd	Australia	100
Northern Territory Uranium Pty Ltd	Australia	100
Mount Isa Uranium Pty Ltd	Australia	100
Paladin Nuclear Ltd	Australia	100
Summit Resources Ltd	Australia	82
Summit Resources (Aust) Pty Ltd	Australia	82
Pacific Mines Pty Ltd	Australia	82
Paladin NT Pty Ltd	Australia	100
Paladin Intellectual Property Pty Ltd	Australia	100
Fusion Resources Pty Ltd	Australia	100
NGM Resources Pty Ltd	Australia	100
Indo Energy Ltd	B.V.I.	100
Paladin Energy Canada Ltd	Canada	100
Michelin Uranium Ltd	Canada	100
Paladin Canada Investment (NL) Ltd	Canada	100
Paladin Canada Holdings (NL) Ltd	Canada	100
Aurora Energy Ltd	Canada	100

3.3 Stock exchange listings

Australia ("ASX")

PEL is incorporated under the laws of Western Australia with a primary share market listing on the Australian Securities Exchange ("ASX"). On 13 June 2017, PEL announced the voluntary suspension from official quotation from the ASX effective 9 June 2017 with a closing price of AUD 0.047. At the time of voluntary suspension, there were 1,712,843,812 fully paid ordinary shares on issue. The amount of shares on issue has not changed since PEL's shares were suspended from quotation.

Singapore ("SGX")

PEL has historically issued convertible bonds on the Singapore Stock Exchange ("SGX"). From the date of the appointment up until the date of this report, the bonds continue to be listed on the SGX and remain able to be traded.

On 30 April 2012, PEL issued USD 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 USD 1.83 for PEL shares. During the year ended 30 June 2016, PEL repurchased a principal amount of USD 62m thereby reducing the principal amount outstanding to USD 212m. The 2017 Bonds matured on 30 April 2017 and accrue interest at 6% pa, payable semi-annually in equal instalments in arrears on 30 April and 30 October each year.

On 31 March 2015, PEL issued USD 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 USD 0.356 for PEL shares. The 2020 Bonds mature on 31 March 2020 and accrue interest at 7% pa, payable semi-annually in equal instalments in arrears on 31 March and 30 September each year. Approximately USD 148m is outstanding in respect of the 2020 Bonds.

Toronto ("TSX")

At the date of appointment PEL was listed on the Toronto Stock Exchange ("TSX") with 220,696,677 shares on issue at that time.

The TSX determined to delist PEL shares, effective 10 August 2017. The delisting has been imposed for failure by PEL to meet the continued listing requirements of the TSX including in relation to:

- Insolvency or bankruptcy proceedings;
- Financial condition and/or operating results; and
- Adequate working capital and appropriate capital structure.

The Administrators are in the process of transferring the TSX register to the ASX. The DOCA proposal assumes that PEL’s shares will be quoted on the ASX.

Namibia (“NSX”)

PEL currently has 1.414m shares on issue on the Namibian Stock Exchange (“NSX”) with a closing price of NAD 0.43 as at 27 October 2017. The Administrators published an announcement to the market on the NSX confirming the suspension will not be lifted throughout the Administration.

The Administrators will continue to keep the market informed of material matters in relation to the Administration in accordance with PEL’s disclosure obligations under the NSX listing requirements. To that end, the Administrators will provide the NSX with further updates as necessary, or otherwise in accordance with section 1.10(b) of the Listing Requirements.

3.4 Registered charges

Searches of the PPSR against the Companies and the trading name as at the date of the Administrators’ appointment disclosed the following security interests as having been registered against the Companies:

PPS register			
Entity	Creditor	# of registrations	Registration Class
PEL	Nedbank Limited	9	AIIPAAP / General Intangible
	Societe Generale, Australia Branch	1	AIIPAAP
	CSG Finance Australia Pty Ltd	7	Other Goods, 2 charges disclaimed
	DATA #3 Limited	2	Discharged
	Coates Hire Operations Pty Limited	2	Discharged
	Onsite Rental Group Operations Pty Ltd	1	Discharged
	National Australia Bank Limited	1	Account
	Schneider Electric (Australia) Pty Limited	1	Other Goods
	Pacific Brands Holdings Pty Ltd	1	Other Goods
PEM	Societe Generale	1	AIIPAAP
	Nedbank Limited	1	AIIPAAP
PFPL	Nedbank Limited	6	AIIPAAP / General Intangible

For those registrants whose security is no longer relevant or valid, we have requested that the registrant removes their interest(s) from the PPSR.

3.5 Trading by the Administrators

3.5.1 Overview

Following an immediate review of the Companies’ financial and operational position, the Administrators determined it would be in creditors’ interests to continue to trade the business in the short term and to seek expressions of interest to purchase the Companies’ assets and/or recapitalise and restructure the Companies through a DOCA.

The Administrators assumed control of the Companies’ business upon appointment. We immediately set and implemented the appropriate controls and systems with respect to cash, banking, purchase orders, reporting and equipment management.

Following our appointment, the business continued to trade “as usual”, with only necessary changes being made to optimise operational profitability and financial management. A summary of the major tasks undertaken is set out below:

- Opening new accounts with banks, suppliers, service and utility providers
- Arranged insurance policies
- Continued employment of operational and administrative staff
- Liaised with key stakeholders, including EDF, CNNC, bondholders and their respective legal and financial advisors
- Negotiation of terms of trade with suppliers, certain payments to manage working capital and terms with financiers for continued use of encumbered equipment
- Secured a new USD 60m finance facility with Deutsche Bank, to fund working capital for the Langer Heinrich mine, refinance the Nedbank revolving credit facility, and provide working capital for PEL and the broader group
- Attended to all statutory lodgements and notifications arising from the appointment of Administrators
- Attendance at the Companies’ head office to work closely with management and administrative staff

- Management of forecast revenue and expenses with operational and finance staff
- Management of monthly funding requests from PEL's subsidiaries
- Reviewed occupational health and safety procedures and controls

3.5.2 Trading issues

An immediate review of the weekly cash flow forecasts and urgent working capital requirements indicated that the business would not have had the ability to trade throughout the Administration period without additional financial support being obtained.

The business had approximately AUD 10.5m in cash or cash equivalents at the time of appointment. The Companies' financier, Nedbank, had provided LHU with a revolving credit facility of USD 25m which was drawn to USD 20m at the time of the appointment of Administrators. However, based on forecast cash flows, the available cash at hand on appointment would only be sufficient to allow up to a month of further trading.

The Administrators secured a new 12 month facility in the amount of USD 60m with Deutsche Bank, to refinance the existing Nedbank revolving credit facility and provide additional working capital to the Companies ("Deutsche Bank Facility"). Under the terms of the Deutsche Bank Facility, LHU drew down USD 45m for working capital (which involved repaying USD 20m to Nedbank and providing additional working capital of USD 25m), and PEL drew down USD 15m. Under the agreement PEM and PFPL are jointly and severally liable for the entire facility and LHU is only liable for its drawn amount (USD 45m). The entire facility is guaranteed by PEL, PFPL and LHU with additional security given summarised as follows:

- Granted by PEL: security over its shares in PFPL
- Granted by PFPL:
 - Security over the proceeds of sale of shares in LHMHL and proceeds from intercompany loans from PFPL to LHMHL and to LHU
 - Charge over the interest reserve account under the facility agreement
- Granted by PEM: All PAAP security, excluding shares held in PAL. This security is shared with security granted to Nedbank in respect of a USD 10m performance bond issued at the request of PAL to the Government of Malawi in connection with environmental performance obligations of PAL, which operates the Kayelekera mine

With the support of key customers, financiers, suppliers and importantly, securing additional funding of USD 60m from Deutsche Bank to provide working capital for PEL and the broader group and to refinance the existing Nedbank revolving credit facility, the Administrators have continued to trade the Companies and financially support its subsidiaries to preserve value in the business and its assets whilst the administration process is progressed.

Details of the Administrators' trading receipts and payments are set out in section 7.2 of this report.

4. Historical financial performance

4.1 Preparation of financial statements

PEL's financial statements were prepared on a consolidated basis for PEL and any interests it controlled at the relevant reporting date. The financial statements were audited by Ernst & Young up to the financial year ended 30 June 2016.

Summarised below are the financial statements for financial years ending 30 June 2015, 2016 and 2017 noting that the financial statements were audited for FY15 and FY16 but are not yet completed for FY17. We note that at the time of our appointment, the Company had engaged PricewaterhouseCoopers to conduct the full year FY17 audit and was preparing its full year accounts for audit purposes. The Administrators re-engaged PWC to complete the FY17 audit and the audit is expected to be finalised shortly with the audited financial statements to be lodged with ASIC once complete.

Auditor's opinion for FY15, FY16 financial statements

Financial Year 2015

In respect of PEL's financial statements for the financial year ended 30 June 2015, EY expressed an unqualified opinion.

Financial Year 2016

In respect of PEL's financial statements for the financial year ended 30 June 2016, EY expressed an 'emphasis of matter' opinion, drawing attention to the following:

"Without qualifying our opinion, we draw attention to Note 4 in the financial report, which describes the principal conditions that raise doubt about the consolidated entity's ability to continue as a going concern. These conditions indicate the existence of a material uncertainty that may cast significant doubt about the consolidated entity's ability to continue as a going concern and therefore, the consolidated entity may be unable to realise its assets and discharge its liabilities in the normal course of business."

The financial statement's note to going concern identifies the following repayment obligations during the 2017 financial year:

- Interest payments of USD 23.2m for the 2012 and 2015 unsecured convertible bonds; and
- USD 212m principal repayment of 2012 unsecured convertible bonds maturing on 30 April 2017.

This note specifies that, *"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 certain strategic and financing initiatives."* These initiatives include:

- the sale of a 24% interest in the Langer Heinrich mine to CNNC in the second quarter of FY17; and
- the sale of up to 75% interest in the Company's 100% owned Manyingee project.

Financial Year 2017

In respect of PEL's financial statements for the financial year ended 30 June 2017, the audit is yet to be completed. PWC had conducted a review (which is notably not an audit) of PEL's half year financial results to 31 December 2016 and expressed that there was material uncertainty relating to going concern.

PWC anticipates completing the full year audit in early December 2017, with those accounts and the directors' report to be lodged with ASIC and published on the ASX immediately following completion of the audit.

4.2 Income statement

We have reviewed PEL's consolidated income statements for each of FY15, FY16 and FY17, which are summarised below along with relevant commentary as indicated by the 'note' column and associated notes following the summary table:

PEL and controlled entities Consolidated income statement				
USDm	Note	FY15	FY16	FY17*
Revenue	a	199.5	185.4	167.4
Cost of sales		(189.7)	(152.5)	(132.7)
Impairment - inventories	b	(8.0)	(19.2)	0.0
Gross profit		1.8	13.7	34.7
Gross margin	c	0.9%	7.4%	20.8%
Other income	d	5.5	9.2	11.0
Expenses				
Exploration and evaluation expenses	e	(1.6)	(0.9)	(0.9)
Administration, marketing and non-production costs	f	(19.3)	(16.3)	(24.0)
Other expenses	g	(267.6)	(185.4)	(2.7)
Total expenses		(288.5)	(202.6)	(27.5)
Loss before interest and tax		(281.2)	(179.7)	18.2
Finance costs		(57.0)	(48.1)	(44.2)
Income tax benefit		38.1	83.4	0.0
Net loss after tax		(300.1)	(144.4)	(26.0)

*FY17 management accounts to June 2017. PEL's FY17 financial audit has not yet been completed.

We set out below, comments in relation to the Group's income statements below:

a) Revenue

The Group's revenue comprises uranium sales and immaterial interest revenue. The Group's average realised uranium sale price increased marginally in FY16, from USD 37.00/lb to USD 37.75/lb, outperforming the weekly spot price average of USD 33.19/lb. PEL's final quarterly update disclosed an average selling price of USD 19.54/lb for the March 2017 quarter against a weekly spot price average of USD 24.08/lb.

b) Impairment – inventories:

These expenses consist of the revaluation of work-in-progress and finished goods inventory. Adjustments to the value of the Group's primary asset, ore inventory are captured in the other expenses (see below). As the FY17 audit had not completed at the time of writing this report, the Companies had not yet calculated any impairments for inventory.

c) Gross margin:

The Group's gross margin is potentially inflated in FY17 due to the accounting impairments for inventory not yet calculated. The Group has been adversely impacted by a declining spot price. Due to the costs to mine and process ore exceeding the spot price per pound of uranium mined/processed, the Group was forced to place particular operations on care and maintenance, or reduce activities.

d) Other income:

Comprises primarily net foreign exchange gains.

e) Exploration and evaluation expenses:

These expenses relate to exploration activities performed across the Group's tenements and do not include costs related to the acquisition of properties. Throughout the period FY15 to FY17, the Group's primary exploration activities have occurred across its Canadian and Queensland tenement holdings.

f) Administration, marketing and non-production costs

The increase in administration costs from FY16 to FY17 (of USD 8m) comprise primarily restructuring and legal costs associated with the proposed restructure of bonds, standstills with major creditors and potential debt and equity raising attempts.

g) Other expenses:

The Group's other expenses consist of impairments to a number of items including ore stockpiles and exploration assets, care and maintenance costs at the Kayelekera mine and shut down costs at the Langer Heinrich mine.

FY15's other expenses were driven by the impairment of the Group's exploration assets totalling USD 237.5m. The majority of these costs were attributable to the Group's Queensland exploration assets, the impairment of which was primarily driven by the decline in uranium prices.

During FY16, the Group's primary other expense was the USD 168.9m impairment of ore inventory. The estimated value of ore inventory is impacted by a number of factors such as uranium price, estimate of future processing costs, inventory grades and estimated recovery rates. In FY16, a change in LHU's mine plan resulted in an adjustment to the forecast processing of the Group's ore stockpiles from nine years to three years.

The 'other expenses' for FY17 may not include all accounting impairments, depreciation and year-end adjustments.

5. Balance sheet

5.1 Balance sheet

We have reviewed PEL's consolidated balance sheets for each of FY15, FY16 and FY17, which are summarised below with accompanying notes:

PEL and controlled entities Consolidated statement of financial position				
USDm	Note	FY15	FY16	FY17*
Current assets				
Cash and cash equivalents	a	183.7	59.2	10.6
Trade and other receivables	b	9.5	12.2	13.7
Prepayments		2.9	1.6	2.0
Inventories	c	75.3	35.9	27.5
Assets classified as held for sale		2.8	0.0	0.2
Total current assets		274.2	108.9	53.9
Non-current assets				
Trade and other receivables	b	0.6	1.2	0.4
Inventories	c	156.3	0.0	0.0
Other financial assets		2.6	0.9	(0.0)
Property, plant and equipment	d	273.7	256.8	244.3
Mine development		43.0	39.8	37.3
Exploration and evaluation	e	337.9	336.1	337.5
Intangible assets		11.7	11.1	10.6
Deferred tax assets		0.0	36.3	260.6
Total non current assets		825.8	682.2	890.8
Total assets		1,100.0	791.1	944.7
Current liabilities				
Trade and other payables		30.4	31.5	17.9
Interest bearing loans and borrowings	f	8.5	204.7	398.2
Other interest bearing loans - CNNC		0.0	10.4	0.0
Provisions		3.5	2.2	2.4
Unearned revenue	g	0.0	0.0	278.2
Total current liabilities		42.4	248.8	696.7
Non-current liabilities				
Interest bearing loans and borrowings	f	427.3	127.8	(0.0)
Other interest bearing loans - CNNC		98.7	86.3	89.4
Deferred tax liabilities		47.9	0.0	260.6
Provisions		85.4	79.3	88.4
Unearned revenue	g	200.0	200.0	0.0
Total non-current liabilities		859.3	493.4	438.4
Total liabilities		901.7	742.2	1,135.0
Net assets		198.3	48.9	(190.3)
Equity				
Contributed equity		2,094.9	2,101.1	2,101.1
Reserves		61.1	49.9	34.3
Accumulated losses		(1,901.7)	(2,023.7)	(2,220.9)
Non-controlling interests		(56.0)	(78.4)	(104.8)
Total equity		198.3	48.9	(190.3)

*FY17 management accounts to June 2017. PEL's FY17 financial audit has not yet been completed.

We set out below, comments in relation to the Group's balance sheets:

a) *Cash and cash equivalents:*

Includes cash at bank and on hand with the majority held in short term deposits with Westpac. Cash and cash equivalents declined from USD 183.7m as at 30 June 2014 to USD 10.6m as at 30 June 2017.

b) *Trade and other receivables:*

This amount comprises predominately GST/VAT receivables as well as trade receivables (debts from customers) and interest receivables. Trade and other receivables totalled USD 9.5m, USD 12.2m, and USD 13.7m at each of 30 June 2015, 2016, and 2017 respectively. The Group's GST/VAT receivables relate to all local and foreign operations.

c) *Inventories:*

Includes ore on hand both processed and unprocessed, stores and consumables. Current inventory assets totalled USD 75.3m, USD 35.9m and USD 27.5m as at 30 June 2015, 2016 and 2017 respectively. Ore stockpiles totalling USD 156.3m were classed as non-current assets in 2015 as it was considered unlikely these stockpiles would be wholly processed during the upcoming 12 months.

The reclassification of this amount as a current asset in 2016 was offset by a USD 168.9m impairment of inventory due to exposure to weaker uranium prices in the short-term as the LHU's ore processing timeline shortened from nine to three years.

d) *Property, plant and equipment:*

The Group's primary asset holdings relate to mining plant assets with a carrying value of USD 221.9m at 30 June 2017. There appears to be a steady decline in the carrying value of these assets, with no apparent material asset sales across the three year period 2015 to 2017.

e) *Exploration and evaluation:*

Exploration and evaluation costs are capitalised when costs are expected to be recouped through the successful development and exploitation of the relevant area of exploration or alternatively, by its sale. When a decision to proceed to development is made, the corresponding exploration costs are transferred to the mine development asset. This asset item has remained largely unchanged during the last three financial years.

f) *Interest bearing loans and borrowings:*

The Group's primary liability is the payment of unsecured convertible bonds totalling USD 378.5m as at 30 June 2017, maturing in both 2017 and 2020. We note that the Group's management accounts classify all unsecured convertible bond liabilities as non-current despite the fact that USD 150m (excluding interest) relates to bonds due to mature in March 2017.

g) *Unearned revenue:*

The USD 278.2m relates to a cash prepayment received from EDF in 2012 following the execution of a six year off-take agreement under which PEL was required to deliver 13.3Mlb of uranium during the period 2019 to 2024. This amount became a current liability in 2017 (refer to section 1.3).

Further commentary on the Group's historical financial performance is provided at section 8.

6. Statement by directors

6.1 Report as to affairs

The Directors of each entity have completed an ASIC Form 507 – Report as to Affairs with respect to the assets and liabilities of the Companies, summarised below. Our further comments with respect to the assets and liabilities (particularly creditor classes) of the entities are set out in the estimated outcome statement at section 10 of this report.

Paladin Energy Limited:

PEL Directors' Report as to Affairs		
AUD '000	Valuation	ERV
Assets not specifically charged		
Sundry debtors	1,397,653	297,261
Cash at bank	10,412	10,412
Plant and equipment	126	126
Other assets	1,532,020	429,756
Total assets	2,940,211	737,555
Less priority/secured creditors		
Employee entitlements	(546)	(546)
Secured party claims	(340,333)	(340,333)
Balance of assets available	2,599,332	396,676
Unsecured creditors	(509,671)	(509,671)
Surplus/(shortfall) to unsecured creditors	2,089,661	(112,995)

Due to his location at the time of the Administrators' appointment, Mr Zhang, a Director of PEL, elected to submit his own RATA, however Mr Zhang's RATA did not differ to the RATA completed by the other Directors of PEL.

The Administrators' comments with regards to the Directors' RATAs for PEL are set out below:

1. The valuation columns of the RATAs are drawn from PEL's management accounts as at 30 June 2017
2. The ERV columns relate to the Directors' estimated realisable value for each item above
3. Sundry debtors comprise predominantly loans to various subsidiaries to fund capital works and working capital. These loans generally have no loan documentation, specific repayment terms or applicable interest
4. Other assets refer to PEL's interests in its subsidiaries, including LHU (via PFPL), Summit, Aurora and Kayelekera
5. Secured party claims include a 'partly secured creditor' listed as EDF for AUD 340m. Based on the Administrators' understanding of EDF's security and claim, EDF's security is limited to the entities who own and operate Aurora.
6. Unsecured creditors predominantly comprise unsecured bondholders
7. Based on the Directors' estimated realisable values of PEL's debtors and interests in subsidiaries, the waterfall effect of the discounts applied to these assets is that there is a c.AUD 113m shortfall to unsecured creditors of PEL

The Administrators' further comments in relation to the estimated realisable value of assets and the estimated outcome to creditors is discussed at section 10 of this report.

PEM Directors' Report as to Affairs		
AUD'000	Valuation	ERV
Assets not specifically charged		
Cash at bank	1	1
Plant and equipment	13	13
Other assets	124,463	30,000
Subtotal	124,477	30,014
Assets subject to charge		
Assets subject to specific interest	21,360	56,000
Less: amounts owing under specific interest	(13,050)	(13,050)
Total assets	132,787	72,964
Unsecured creditors	(205,295)	(205,295)
Surplus/(shortfall) to unsecured creditors	(72,508)	(132,332)

The Administrators' comments with regards to the Directors' RATA for PEM are set out below:

1. The valuation column of the RATA is drawn from PEM's management accounts as at 30 June 2017
2. The ERV columns relate to the Directors' estimated realisable value for each item above
3. Other assets refer to PEM's interest in the Manyingee tenements and its interest in PAL, owner and operator of the Kayelekera operation
4. As at the relevant date of the RATA, Nedbank had security against specific Kayelekera tenements for an environmental performance bond
5. Unsecured creditors comprise related party loans due to PEL
6. Based on the Directors' estimated realisable values of PEM's tenements and interest in PAL, the waterfall effect of the discounts applied to these assets is that there is a c.AUD 132m shortfall to unsecured creditors

The Administrators' further comments in relation to the estimated realisable value of assets and the outcome to creditors is discussed at section 10 of this report.

Paladin Finance Pty Ltd

PFPL Directors' Report as to Affairs		
AUD'000	Valuation	ERV
Assets not specifically charged		
Other assets	36,406	210,839
Subtotal	36,406	210,839
Assets subject to charge		
Assets subject to specific interest	331,130	331,130
Less: amounts owing under specific interest	(26,100)	(26,100)
Total assets	341,435	515,868
Unsecured creditors	(224,297)	(224,297)
Contingent liabilities	-	-
Surplus/(shortfall) to unsecured creditors	117,138	291,571

The Administrators' comments with regard to the Directors' RATA for PFPL are set out below:

1. The valuation column of the RATA is drawn from PFPL's management accounts as at 30 June 2017
2. The ERV columns relate to the Directors' estimated realisable value for each item above
3. Other assets refer to PFPL's 75% interest in LHMHL
4. As at the relevant date of the RATA, Nedbank had partial security against the loan provided by PFPL to LHU
5. Unsecured creditors comprise related party loans due to PEL
6. Based on the Directors' estimated realisable value of PFPL's interest in LHMHL, there would be between AUD 117m to AUD 291m available to PEL as the parent entity of PFPL, including PEL being repaid its debt by PFPL

The Administrators' further comments in relation to the estimated realisable value of assets and the outcome to creditors is discussed at section 10 of this report.

6.2 Reasons for financial difficulties – Directors’ explanation

The Directors have provided an explanation as to the events leading to the appointment of Voluntary Administrators to the Companies, summarised as follows:

- PEL had a heavy reliance on debt financing, with over USD 360m outstanding to bondholders, USD 280m owed to EDF and USD 20m owed to Nedbank pursuant to a guarantee provided by PEL
- Previous management made the strategic decision to not enter into any sufficient offtake agreements which would have hedged against any decreases in the spot price of uranium
- The spot price of uranium experienced a significant sustained down turn, culminating with the Fukushima nuclear disaster in Japan
- PEL’s revenue, and consequently PEL’s profit margin, was primarily affected by the spot price reduction
- Previous management were bullish on the recovery of uranium and continued to refuse to enter into any hedging arrangements, or to consider any potential equity raising until it was too late and PEL’s share price deteriorated significantly
- The continued decline of the spot price impacted initial restructuring discussions with Chinese and Russian parties, with the Russian parties ceasing negotiations and therefore minimising competitive tension
- Difficulties in dealing and negotiating with two state owned enterprises (CNNC and EDF)
- Ultimately, the inability to successfully execute either the original or alternative restructure proposals

6.3 Reasons for financial difficulties – Administrators’ opinion

The Administrators agree with those reasons set out by the Directors as to the reasons for the appointment of Voluntary Administrators.

7. Conduct of the Administration

7.1 Tasks undertaken

Further to section 3.5 of this report, a summary of tasks attended to during the Administration to date are discussed below:

Trade on

- Liaising with suppliers and the organisation of new account set-ups
- Liaising with management and staff
- Liaising with key stakeholders, including EDF and bond holders and their respective legal and financial representatives
- Consideration and attendance to funding requirements of subsidiaries
- Managing, monitoring and updating cash flow forecasts and an administration 'position' throughout the course of the administration
- Monitor operational matters at LHM, Kayelekera and other projects
- Attendance on site (head office)
- Authorising purchase orders
- Maintaining purchase order registry
- Preparing and authorising payment vouchers
- Preparing and sending of payment remittance advices
- Liaising with landlords and negotiating lease agreements
- Entering receipts and payments into accounting system
- Preparing correspondence in respect of opening and closing accounts
- Requesting bank statements
- Performing bank account reconciliations
- Correspondence with the bank regarding specific international transfers
- Maintenance of administration accounts in MYOB
- Consideration of care and maintenance options for LHU

Employees & other creditors

- Receive and follow up creditor enquiries via telephone and email
- Review and prepare correspondence to creditors and their representatives via facsimile, email and post
- Search of the PPSR register
- Notify PMSI creditors identified from the PPSR register
- Receive initial notification of creditors' intentions to claim
- Notifying PPSR registered creditors of appointment
- Updating the secured creditors
- Responding to secured creditor's queries
- Receipting and filing of PODs
- Corresponding with OSR and ATO regarding POD
- Preparation of meeting notices, proxies and advertisements
- Forward notice of meetings to all known creditors
- Preparation of meeting file, including agenda, certificate of postage, attendance register, list of creditors, reports to creditors, advertisement of meeting and draft minutes of meeting
- Receive and follow up employee enquiries
- Review and prepare correspondence to employees and their representatives via facsimile, email and post
- Prepare reports for the Committee of Creditors
- Convene and hold meetings of the Committee of Creditors, including attendance to all relevant notices, reports and minutes
- Convene and hold the first meeting of Creditors including attendance to all relevant notices, reports and minutes
- Review of employee timesheets and processing of payroll

Investigation

- Investigating the financial affairs of the Companies and the circumstances leading up to the appointment of Administrators
- Collection and review of the Companies' books and records
- Conducting a forensic image of the Companies' computer hard drives and servers
- Review and prepare summary of the Companies' nature and history
- Conducting and summarising statutory searches
- Preparation of comparative financial statements
- Preparation of an estimated outcome statement
- Review of specific transactions and liaising with directors regarding certain transactions
- Preparation of investigation file

Sale of business / assets

- Conducting an urgent assessment of the Companies' assets
- Contacting potential interested parties seeking proposals to restructure and recapitalise the Companies and/or for the purchase of the Companies' assets
- Preparing, circulating and recording receipt of confidentiality agreements with interested parties
- Holding discussions with interested parties
- Maintaining the business operations while pursuing a restructure and recapitalisation of the Companies
- Commissioning valuations of the Companies assets

Other

- Attending to all statutory obligations under the Act and securities exchange requirements in connection to the above, and to all necessary administrative matters, including the preparation of this report
- Correspondence with insurer regarding initial and ongoing insurance requirements

7.2 Administration receipts and payments

A summary of the receipts and payments of the business during the Administration period to 22 November 2017 is set out below:

Paladin Energy Receipts and Payments	
From 3-Jul-17 to 22-Nov-17	Amount (incl GST) AUD '000
Receipts	
Pre-appointment cash	10,474
Deutsche Bank funding	17,466
Pre-appointment debtors	1,026
Post-appointment debtors	313
GST received	5
LHU marketing and management fees	2,783
Paladin Nuclear marketing fees	11,578
Total receipts	43,646
Payments	
Legal and financial advisors	(2,488)
Administrators fees	(396)
Wages and superannuation	(923)
Office and administrative expenses	(913)
Related entity funding	(12,246)
Total payments	(16,965)
Net receipts / (payments)	26,680

Related entity funding is allocated as follows:

Paladin Energy Ltd Related entity funding	
From 3-Jul-17 to 22-Nov-17	
Entity	Amount (AUD '000)
LHU	(7,941)
Kaylekera	(1,866)
Aurora	(407)
Other	(2,032)
Total	(12,246)

8. Statutory investigations

8.1 Scope

Pursuant to section 438A of the Act, the Administrators are required to conduct investigations into the Companies' business, property, affairs and financial circumstances. The Administrators are required to form an opinion about whether it would be in the interests of the creditors of the Companies to execute a DOCA, for the administration to end, or for the Companies to be wound up. Given the comparison required with a winding up, the Administrators' investigations include the consideration of whether there are any potential actions (and recoveries) available to a liquidator in the event that creditors resolve to place the individual companies into liquidation.

We are required to report to ASIC if we consider that past or present officers or shareholders of the Companies may have committed an offence under the Act. We have not identified any matters that warrant reporting to the ASIC.

The short time frame associated with the Administration process limits the extent of investigations that can be performed prior to the Second Meeting. We have not completed a full investigation of the kind that we would perform should the Companies be placed into liquidation. The investigations performed to date are therefore only indicative of the actions that may be possible in the event of liquidation. Should creditors consider they have further information that may be useful in our inquiries, please do not hesitate to contact this office.

In considering the merits of proceeding with any recovery action, a liquidator must have regard to the relative costs and benefits together with the prospects of success and the financial ability of defendants and counterparties to meet any claims. Recovery actions are often expensive and can involve lengthy delays if court proceedings are required.

As the solvency of PFPL and PEM depended solely on the solvency of PEL, our preliminary investigation and conclusions are relevant to all Companies.

8.2 Information reviewed

The investigations performed by the Administrators were predominantly based on the following sources of information:

- Review of RATAs and representations made by the Directors
- Discussions with management, staff, suppliers and other parties
- Books and records located at the head office, including accounting information
- Public announcements

8.3 Recovery actions available to a Liquidator

Should the Companies proceed into liquidation at the Second Meeting, Part 5.7B of the Act would apply to the winding up. This part of the Act sets out a number of circumstances and conditions under which the liquidator of a company may seek to recover monies from various parties for the benefit of the entire body of creditors ("Liquidator Actions").

Relevantly, such claims can only be brought by a liquidator and, as such, if creditors of the Companies resolve that the Companies execute a DOCA, no liquidator will be appointed and the actions detailed in Part 5.7B of the Act will not be available for the benefit of creditors.

Liquidator Actions fall into the following broad categories:

- Insolvent trading (refer section 8.4)
- Voidable transactions (refer section 8.5):
 - Uncommercial transactions
 - Unfair preferences
 - Unfair loans
 - Unreasonable director-related transactions
 - Transactions to defeat creditors
 - Voidable circulating interests

In addition, any actions available directly to the Companies may also be pursued by a Liquidator with the benefits flowing directly to unsecured creditors. These actions are not exclusively available to a liquidator and therefore it may be possible for a Deed Administrator to pursue such actions on behalf of the Companies if the Companies execute a DOCA (subject to the specific terms of the DOCA executed). Claims of this nature relate to offences and directors' duties, and typically include:

- Breaches of directors' duties
- Misleading and deceptive conduct

Further discussion in relation to the above matters is set out in section 8.6 of this report.

In the majority of circumstances, it may be necessary for the Liquidator to commence formal legal proceedings to pursue any matters identified that fall within the above categories.

There are a number of inherent risks in pursuing legal proceedings and as such, any recovery in respect of legal proceedings is highly dependent on:

- Further investigations to establish the precise facts of each claim
- Obtaining an independent legal opinion that supports the strength (or otherwise) of each claim being pursued
- The Liquidator having suitable funding in place to meet the costs of conducting detailed investigations, obtaining a legal opinion and prosecuting the claim
- The nature of any potential defences (statutory or otherwise) that may be relied upon by the defendant of each claim
- The claim succeeding at trial or otherwise being settled on suitable terms
- The financial capacity of defendants to meet any eventual judgement awarded in favour of the liquidator or companies
- In relation to insolvent transactions, proving the insolvency of the Companies when the transaction in question occurred

A summary of the potential actions that may be pursued by a Liquidator (should the Companies be placed into liquidation) together with the Administrators' preliminary assessment as to whether further investigations into these areas are warranted is set out below:

Paladin Energy Limited - potential recovery actions			
Section of the Act	Potential recovery action	Report Ref.	Further investigations warranted
Liquidator actions			
588G, M	Insolvent trading	8.4	✗
588FA	Unfair preferences	8.5.1	✗
588FB	Uncommercial transactions	8.5.2	✗
588FD	Unfair loans to a company	8.5.3	✗
588FDA	Unreasonable director-related transactions	8.5.4	✗
588FE(5)	Transactions to defeat creditors	8.5.5	✗
588FJ	Voidable circulating interests	8.5.6	✗
Potential director offences			
180-184	Breaches of general directors' duties	8.6.1	✗
191	Breach of duty to disclose material personal interest	8.6.2	✗
286	Failure to keep proper accounting records	8.6.3	✗
292/319	Failure to lodge annual reports with ASIC	8.6.4	✗
314	Failure to comply with requirements for financial statement preparation	8.6.5	✗
438B	Failure to assist Administrators, deliver books and provide information	8.6.6	✗
588G, K	Being a director at the time when an insolvent company incurs a debt and there are reasonable grounds for suspecting the company to be insolvent	8.6.7	✗
Part 5.8A	Arrangements to avoid employee entitlements	8.6.8	✗
674	Requirement for listed company to comply with disclosure requirements	8.6.9	✗
1307	Concealing, destroying, mutilating or falsifying books and records	8.6.10	✗
1308	Making a statement which is knowingly false or misleading in a material particular	8.6.11	✗
1309	Making, furnishing, authorising or permitting any false or misleading statement or report to directors, auditors or members	8.6.12	✗

In summary, there are no identified offences or potential actions based on the Administrators' preliminary investigations.

8.4 Insolvent trading

8.4.1 Preliminary assessment

Pursuant to section 588G of the Act, a director may be found by a relevant court, to be personally liable to a company if the director fails to prevent a company from incurring a debt when, at the time of incurring that debt, the company is insolvent, or becomes insolvent by incurring the debt, and there existed reasonable grounds to suspect that the company was or would become insolvent.

It is crucial to note that, with the exception of unfair loans, in order for a Liquidator to be able to set aside a transaction or obtain compensation from a director for insolvent trading, the Liquidator must first be able to show that at a relevant point in time the company was insolvent.

The determination of a company's solvency is a complex matter which is determined as a matter of commercial reality in light of all relevant facts.

The definition of solvency under section 9 of the Act states a company is considered to be solvent if, and only if, the company is able to pay its debts as and when they become due and payable. A company that is not solvent is insolvent. There are two key tests in determining a company's solvency, being:

- Balance sheet test
- Cash flow test

Creditors should be aware that a successful claim for insolvent trading requires extensive analysis and generally requires extensive legal work, including the preparation and prosecution of court proceedings.

In order to reach a preliminary conclusion concerning the likely date of the Companies' insolvency, a range of factors/indicators may be considered, addressed in section 8.4.2 below.

8.4.2 Determining insolvency

The case of ASIC v Plymin (2003) 46 ACSR 126 is often referenced in considering the time a person/company becomes insolvent. The case contains a list of 14 common indicators of insolvency, which have been adopted to determine the solvency of the Companies.

Having regard to our analysis below, our preliminary view is that **the Companies remained solvent until the appointment of Administrators on 3 July 2017.**

Paladin Energy Limited - indicators of Insolvency																	
Report ref.	Indicator	2017							2016								
		Jul	Jun	May	Apr	Mar	Feb	Jan	Dec	Nov	Oct	Sept	Aug	Jul	Jun	May	Apr
8.4.2.1	Continuing losses	N/A ¹	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✗
8.4.2.2	Liquidity ratio below 1	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
8.4.2.3	Overdue taxes	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗
8.4.2.4	Inability to borrow	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗
8.4.2.5	No alternative finance	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗
8.4.2.6	Inability to raise capital	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗
8.4.2.7	Suppliers placed on COD	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗
8.4.2.8	Creditors outside terms	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗
8.4.2.9	Issuing post-dated cheques	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗
8.4.2.10	Dishonoured cheques	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗
8.4.2.11	Special creditor arrangements	✓	✓	✓	✓	✓	✓	✓	✗	✗	✗	✗	✗	✗	✗	✗	✗
8.4.2.12	Demands, writs, judgements	✓	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗
8.4.2.13	Round-sum payments	✗	✓	✗	✗	✓	✗	✗	✗	✗	✗	✓	✗	✗	✓	✗	✗
8.4.2.14	Inability to produce information	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗

Legend:	
Indicator	✓ Preliminary assessment of insolvent period
Requires further investigation	?
Not an indicator	✗ ¹ Paladin appointed Administrators on the first business day in July 2017

A liquidator, if appointed, would need to conduct further investigations to determine whether or not the Companies became insolvent at that time or earlier.

The above indicators are discussed in further detail below.

8.4.2.1 Continuing Losses

A series of trading losses may cause or indicate a decline in working capital resources available to the business. Trading losses may however, be absorbed by borrowings, asset sales, alternative finance or capital injection/raising.

Paladin Continuing losses															
USD'000	Jun-17	May-17	Apr-17	Mar-17	Feb-17	Jan-17	Dec-16	Nov-16	Oct-16	Sep-16	Aug-16	Jul-16	Jun-16	May-16	Apr-16
Income	3,136	4,460	18,846	24	9,466	4,843	25,207	96	17,238	12,504	2,648	17	18,050	20,403	24,614
Expenses	(98,807)	(10,762)	(23,163)	(27,549)	(16,794)	(12,518)	(38,367)	(4,825)	(21,973)	(32,468)	(7,417)	(8,073)	(220,310)	(23,688)	(21,970)
Net profit/(loss)	(95,670)	(6,301)	(4,317)	(27,525)	(7,328)	(7,674)	(13,160)	(4,729)	(4,735)	(19,965)	(4,769)	(8,056)	(202,260)	(3,285)	2,644

Source: PEL consolidated FY17 management accounts

We note that PEL continually incurred losses in each month from May 2016 onwards. PEL incurred a total loss of USD 447m over this timeframe. These losses are primarily attributed to:

- A decline in monthly average revenue driven by a decline in the spot price of Uranium
- One off restructuring costs in FY17
- Impairment costs of USD 174m in FY16
- EDF interest expense in June 2017 of USD 78m

8.4.2.2 Liquidity ratio below 1

A company's liquidity ratio compares its current assets to its current liabilities, designed to examine a company's ability to access funds in the immediate short term from "liquid" assets to pay liabilities due and payable.

We note that some current assets and liabilities included in this analysis are more liquid than others, including the rate at which receivables or stock may be recovered, or whether some current liabilities are in fact due and payable at that point in time.

Paladin Liquidity Ratio															
USD'000	Jun-17	May-17	Apr-17	Mar-17	Feb-17	Jan-17	Dec-16	Nov-16	Oct-16	Sep-16	Aug-16	Jul-16	Jun-16	May-16	Apr-16
Liquid assets	53,772	65,874	67,656	77,998	74,030	73,693	79,459	83,199	83,166	90,866	112,416	112,987	108,968	131,068	137,801
Liquid liabilities	618,470	413,245	410,185	403,342	255,516	251,249	233,518	233,390	230,605	235,795	241,332	236,289	238,439	226,503	229,753
Liquidity ratio	0.09	0.16	0.16	0.19	0.29	0.29	0.34	0.36	0.36	0.39	0.47	0.48	0.46	0.58	0.60

Source: PEL consolidated FY17 management accounts

8.4.2.3 Overdue commonwealth and state taxes

Late or non-payment and/or lodgement of statutory tax returns are an indicator of financial distress in a business.

Between 1 July 2015 and the date of our appointment, PEL did not have consistently overdue taxes or any outstanding lodgements.

On 19 July 2017, the ATO raised a liability in respect of a PAYG shortfall for the tax period ended 30 June 2008. This liability was not processed prior to our appointment.

PEL did not enter into any payment arrangements with the ATO or any other statutory body.

8.4.2.4 Poor relationship with a financier or the inability to borrow

A company's financier often has greater visibility over the company's financial health in comparison to the general body of unsecured creditors, by virtue that the financier benefits from the supply of company financial information to justify balance sheet health and financial viability.

A poor relationship with a financier may be driven by:

- Late or absence of repayments on facilities
- Overdrawn or breach of facilities
- Breach of covenants or financial ratios
- Breach of other conditions, including information supply as required

A poor relationship with a financier is not necessarily a firm indicator of the company's insolvency, however, the poor relationship may lead to the inability to renew, extend, increase or restructure facilities.

At the time of our appointment PEL was well advanced in securing funding from Deutsche Bank. Additionally, negotiations were well progressed with bondholders to defer repayment obligations. Therefore, we do not consider that PEL had a poor relationship with its financiers or an inability to borrow.

8.4.2.5 No alternative finance available

From our preliminary investigations, PEL had not attempted to secure alternative finance from sources other than Deutsche Bank prior to our appointment.

8.4.2.6 Inability to raise capital

PEL considered raising capital as part of the restructuring negotiations with PEL's bondholders and EDF in the lead up to the insolvency of the Companies. As these negotiations did not conclude, the capital raising did not eventuate.

8.4.2.7 Suppliers placing the debtor on COD terms

As a consequence of late or non-payment of supplier invoices, a supplier may place the debtor on 'cash on delivery' terms, or cease supply altogether. Existence of COD terms is an indicator that a company may be experiencing cash flow stress.

In addition to advice provided by PEL's management, our investigations did not identify that any suppliers had placed PEL on COD terms prior to our appointment.

8.4.2.8 Creditors unpaid outside trading terms

An indicator of cash flow stress is creditors increasingly being paid late, invoices not paid within trading terms, or at all (where not disputed).

As at my appointment, all trade creditors were only owed funds for services performed in June or services that had been performed and not yet invoiced. This indicates that PEL did not have any trade creditors unpaid outside trading terms.

8.4.2.9 Issuing post-dated cheques

Whilst more uncommon than other indicators, issuance of post-dated cheques is a clear indicator of insolvency as it serves as admission by the payer that they have insufficient funds to pay an amount at that point in time.

We did not discover any instances of the Companies issuing post-dated cheques, with electronic funds transfers being the Companies' primary means of processing payments.

8.4.2.10 Dishonoured cheques or payments

A cheque or payment is generally dishonoured due to insufficient funds being present in the trading bank account. We did not discover any instances of dishonoured payments due to insufficient funds from April 2016 to July 2017.

8.4.2.11 Entering into special arrangements with creditors

Where a company is unable to pay its debt to a creditor in full, it may agree with the creditor to enter into a repayment arrangement to meet arrears. Whilst entering into the arrangement is an indicator of stress, the arrangement itself may cause the company to 'return to solvency' as a result of the agreement, as the debt is no longer due and payable in full at that point in time.

As discussed in section 1.3, PEL entered into restructuring negotiations with its bondholders and other stakeholders in or around January 2017. These negotiations continued until 1 July 2017, when EDF confirmed that it was not going to proceed with the standstill proposed by PEL.

The Administrators did not locate any formal payment arrangements in place with trade creditors.

8.4.2.12 Examples of letters of demand, writs, and judgements filed against the company

Growing creditor pressure (from multiple creditors) in the form of letters following up payment, demands and instances of filings of writs, summons, judgements and winding up applications against a company are generally strong indicators of insolvency.

The Administrators have not located any examples of demands, writs or judgements that were filed against PEL prior to the receipt of the demand from EDF on 1 July 2017.

8.4.2.13 Round sum payments

Companies that are experiencing working capital stress may reduce creditor debts with round payments and are often not associated with satisfying particular invoices.

We identified two round payments made during the relation-back period totalling USD 1.7m, occurring in March and June 2017. If an appointed Liquidator is able to prove the Companies were insolvent at the time of these payments being made, the payments may be considered unfair preference payments pursuant to Section 588FA of the Act. In any event, the two payments identified do not appear to be of a nature which would indicate insolvency.

Unfair preferences are discussed further at section 8.5.1 of this report.

8.4.2.14 Inability to produce timely and accurate financial information

Sections 286 and 588E of the Act set out the requirement for a company to maintain adequate books and records and that a company may be insolvent due to not keeping proper books.

Section 588E(4) states that "*subject to subsections (5) to (7), if it proved that the company:*

- a. has failed to keep financial records in relation to a period as required by subsection 286(1), or*
- b. has failed to retain financial records in relation to a period for the 7 years required by subsection 286(2), then*

the company is to be presumed insolvent throughout the period."

Based on our preliminary investigations, we have been provided with adequate books and records in accordance with our requests. Further details in this regard are set out at section 8.6.3 of this report.

8.4.3 Defences

Directors have a number of defences available to them in relation to an insolvent trading claim. To defend a claim for insolvent trading a director must prove one of the following:

- At the time the debt was incurred the director had reasonable grounds to expect and did expect that the Company was solvent and would remain solvent if it incurred that debt and any other debts that it had incurred at that time
- At the time the debt was incurred the director had reasonable grounds to believe and did believe that a competent and reliable person was responsible for providing information about the Company's solvency and that person was fulfilling that responsibility
- The director through illness or some other good reason was not taking part in the management of the company at the time the debt was incurred
- The director took all reasonable steps to prevent the company from incurring the debt

8.4.4 Conclusion

From evidence gathered during our preliminary investigations (including but not limited to the 14 indicators of insolvency analysed above, email correspondence and copies of draft and actual agreements), it is the Administrators' preliminary view that PEL, and by extension, PFPL and PEM, remained solvent until EDF's demand for repayment of its prepayment amount expired on 11 July 2017, and potentially earlier, being upon receipt of EDF's demand on 1 July 2017.

The major factors contributing to this preliminary view are that:

- PEL had a comprehensive restructuring plan in place which had the support of the majority of bondholders;
- PEL was in active negotiations with EDF in respect of a standstill;
- PEL had engaged appropriately qualified advisors to consistently inform and advise the company of its solvency position; and
- PEL resolved to appoint Administrators the next business day after receiving notification that EDF had withdrawn its support of a standstill arrangement and issued PEL with a demand on the assumption that PEL would become insolvent on 11 July 2017, when the debt owed to EDF was to become due and payable.

Notwithstanding the above, a Liquidator, if appointed, would need to conduct further investigations to reach a determination as to the exact date of insolvency, and accordingly, the quantum of any potential claim in connection thereto and the merits of success.

8.4.5 Directors' personal financial position

We have not yet requested the directors to provide us with their respective personal financial positions for the purposes of this report. The directors have, however, advised that they were all covered by a Directors & Officers (D&O) insurance policy.

A liquidator, if appointed, would closely review the D&O policy whilst considering whether to pursue an insolvent trading claim, if any.

8.5 Voidable transactions

A liquidator has the ability to void certain transactions should they be detrimental to a company and/or its creditors under the provisions of the Act.

We set out below, based on our initial review of the Companies' books and records, our preliminary views as to whether there are any transactions that may be considered voidable, subject to the further review of a liquidator, if appointed.

8.5.1 Unfair preferences

Section 588FA of the Act states that a transaction is an unfair preference given to a creditor of a company, if, and only if:

- a. The company and the creditor are parties to the transaction (even if someone else is also party to the transaction), and
- b. The transaction results in the creditor receiving from the company, in respect of an unsecured debt that the company owed to the creditor, more than the creditor would receive from the company in respect of the debt if the transaction was set aside and the creditor was to prove for the debt in a winding up of the company, even if the transaction is entered into, is given effect to, or is required to be given effect to, because of an order of an Australian Court or direction by an agency.

The provisions of the Act provide that an unfair preference is void against a Liquidator if:

- It is an insolvent transaction (i.e. the company was or became insolvent at the time it was entered into), and
- If the other party to the transaction is a non-related entity, the transaction occurred in the six months ended on the 'relation-back' day, being 3 January 2017, or
- If the other party to the transaction is a related entity, the transaction occurred in the four years ended on the 'relation-back' day, being 3 July 2013.

In order to prove a creditor received an unfair preference payment, the Liquidator must first show that the Companies were insolvent at the time of the payment. This is discussed further in section 8.4 above. As my preliminary investigations indicate that the Companies were solvent until shortly prior to our appointment, this indicates that there will not be any potential recoveries from preference payments available to a Liquidator.

8.5.2 Uncommercial transactions

A transaction of a company is an uncommercial transaction if the following elements are established by a Liquidator:

- The transaction was entered into or given effect to within two (2) years of the date of appointment of the Administrator, and
- At the time the transaction was entered into, or when given effect to, the company was insolvent or became insolvent as a result of the transaction, and
- A reasonable person in the company's circumstances would not have entered into the transaction having regard to the benefits and detriments to the company in entering into the transaction and the respective benefits to other parties.

The defences available to a party involved in an uncommercial transaction claim are, in effect, the same as those for an unfair preference.

Our preliminary investigations have not revealed any potential uncommercial transactions, given the Companies were not insolvent until shortly prior to our appointment.

8.5.3 Unfair loans to a company

An unfair loan is a loan made by a creditor to the Companies where, upon analysis, the interest or charges with respect to the loan are extortionate. Unfair loans made to the Companies any time prior to the appointment of the Administrators may potentially be overturned by a subsequently appointed Liquidator.

Our preliminary investigations have not revealed any potential unfair loans to a company.

8.5.4 Unreasonable director-related transactions

Pursuant to Section 588FDA of the Act, a transaction is an unreasonable director-related transaction if there is a payment by the Companies to a director or close associate of the director, where a reasonable person in the company's circumstances would not make the payment.

Our preliminary investigations have not revealed any potential unreasonable director-related transactions.

8.5.5 Transactions to defeat creditors

Section 588FE of the Act provides that a transaction will be voidable if the transaction was designed to defeat, delay or interfere with the rights of creditors. Our investigations have not uncovered any such transactions.

8.5.6 Voidable circulating interests

There are no security interests registered against the Companies that appear voidable under section 588FJ of the Act.

8.6 Offences and director duties

In addition to potential actions available to a liquidator, there are a range of offences under the Act that apply to the conduct of officers of the Companies. Section 438D of the Act requires an Administrator to report to ASIC if it appears that:

- A past or present officer, or member, of a Company may have been guilty of an offence in relation to the Company, or
- A person who has taken part in the formation, promotion, administration, management or winding up of a Company may have misapplied or retained, money or property of the Company or may have been guilty of negligence, default, breach of duty or trust in relation to the Company

Based on our investigations, we have not identified any breaches by any of the abovementioned persons of their statutory or fiduciary obligations in relation to the Companies. Accordingly, we have not reported to the ASIC under section 438D of the Act.

8.6.1 Breaches of general directors' duties

Pursuant to sections 180 to 184 of the Act, the duty to act in good faith includes:

- To act honestly
- To exercise powers in the interests of the Company
- To avoid conflicts of interest
- To use their position properly, and
- To use information only for its proper use

From our investigations to date, we have not found any evidence that the directors have breached their duty to act with care and due diligence and to act in good faith, nor have they used their position or information improperly.

8.6.2 Breach of duty to disclose material personal interest

From our investigations to date, we have not found any evidence that the directors have breached their duty to disclose material personal interests pursuant to section 191 of the Act.

8.6.3 Failure to keep proper accounting records

As stated above, pursuant to section 286 (1) and (2) of the Act, a company is required to keep written financial records for a period of 7 years that correctly record and explain its transactions, and financial position and performance and would enable true and fair financial statements to be prepared and audited.

In some circumstances, the failure to maintain adequate books and records in accordance with the Act may be relied upon by a liquidator in an application for compensation for insolvent trading and other actions for recoveries pursuant to Division 2 of Part 5.7B of the Act. In particular, under section 588E(4) of the Act, if a liquidator can establish that the company has failed to keep financial records as required under section 286(1) or (2) of the Act in relation to a period of time, the company is determined to have been insolvent throughout the period.

The Companies' records reviewed by the Administrators included:

- Management accounts including profit and loss statements and balance sheets
- Bank statements
- Business Activity Statements and ATO correspondence
- Audited financial statements covering the FY14, FY15 and FY16 periods
- Management accounts for the FY17 period and for the period ended 30 September 2017
- Cash flow forecast statements and models

Due to time constraints we have not attempted to review in any detail, information relating to the period beyond the last 3 years, however, the information we have reviewed leads us to reach a preliminary conclusion that records have been maintained in compliance with the requirements of Section 286 (1) or (2) of the Act.

8.6.4 Failure to lodge annual reports with ASIC

PEL's directors did not breach either sections 319 or 320 of the Act within the last three years.

The Company has not yet lodged its full year accounts for the year ended 30 June 2017 with ASIC under section 319 of the Act.

The Administrators have relied upon the automatic financial reporting relief pursuant to section 8 of the ASIC Corporations (Externally-Administered Bodies) Instrument 2015/251 for a period of six months from the date of appointment.

8.6.5 Failure to comply with requirements for financial statement preparation

We are not aware of any instances where PEL's directors had not complied with section 314 of the Act regarding the preparation of financial statements for members.

Please refer, however, to section 8.7.1 of this report in relation to the basis of preparation of the financial statements for the half year ended 31 December 2016 and specifically, the 'going concern' assumption.

8.6.6 Failure to assist Administrators, deliver books and provide information

The directors and employees of the Companies have complied with section 438D of the Act with respect to the assistance, delivery of books and provision of information to the Administrators as and when required.

8.6.7 Insolvent trading

Refer to section 8.4 of this report.

8.6.8 Arrangements to avoid employee entitlements

Part 5.8A of the Act contains provisions designed to protect the entitlements of employees from agreements by the Companies that deliberately defeat the recovery of those entitlements in the event of the company's insolvency.

Based on our investigations to date, there has not been a contravention of Part 5.8A in relation to employee entitlements.

8.6.9 Requirement for listed companies to comply with disclosure requirements

Our preliminary view is that the Directors complied with their disclosure requirements in respect of the Companies' solvency position as they are reasonably expected to, however, our investigations with disclosure requirements pursuant to section 674 of the Act are ongoing.

8.6.10 Concealing, destroying, mutilating or falsifying books and records

We are not aware of any instances where the Companies' directors had breached section 1307 of the Act, in relation to concealing, destroying, mutilating or falsifying books and records of the company.

8.6.11 Making false or misleading statements in a material particular

We are not aware of any instances where the Companies' directors had breached section 1308 of the Act, in relation to making a statement which is knowingly false or misleading in a material particular.

8.6.12 Making or authorising false or misleading statements, reports to directors, auditors or members

We are not aware of any instances where the Companies' directors had breached section 1309 of the Act, in relation to making, furnishing, authorising or permitting any false or misleading statement or report to directors, auditors or members.

8.7 Other Investigations

Outside of the ordinary investigations' scope above, the Administrators' preliminary investigations into the Companies' affairs raised the matter of the emphasis of matter attached to the opinion provided by PEL's auditors, PwC, with respect to PEL's going concern assumption for the half year ended 31 December 2016.

Whilst our preliminary view is that the Companies were solvent until the appointment of Administrators, it is noteworthy that PEL's auditors, PwC, qualified their review of the half-year financial statements for the period ended 31 December 2016 with an 'emphasis of matter' paragraph. The 'emphasis of matter' paragraph highlights that PEL's ability to continue as a going concern was dependent on the success of the proposal to restructure the balance sheet with bondholders.

The directors' note supporting the 'going concern' included the following events yet to occur, but assumed would occur and be favourable to the Company:

- PFPL continuing to hold a 75% interest in LHM
- EDF consenting to amendments to the long term off take agreement
- Bondholders and shareholders approving the restructure proposal
- Paladin raising \$75m via an equity raising
- No superior restructure proposals being received and obtaining all necessary regulatory approvals

The directors noted that "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 at the amounts stated in the financial report."

9. Sale of business/Recapitalisation process

9.1 Sale campaign

It is important to note that the Company had been undertaking extensive restructuring negotiations for at least nine months leading up to our appointment. Contemporaneous with those efforts, the Company had fielded expressions of interests from various sources for the acquisition of certain assets of PEL. None of those expressions of interest resulted in a binding offer or sale of any of the Company's mineral interests.

The Administrators leveraged off the interest that had been made in the Company's assets and also made direct enquiries to a number of parties who they deemed may have an interest in either purchasing PEL's assets and/or recapitalising and restructuring PEL, given that those parties were involved with assets, investments and/or businesses in the uranium industry globally, and may have had the financial capacity to undertake a transaction of this size and nature. As noted in section 1.6 above, the Administrators consulted closely with PEL's management team in identifying prospective interested parties, given the experience of key management personnel and their involvement in previous sale processes.

None of those parties who were contacted responded to the Administrators' invitation to submit an expression of interest.

On the basis that:

- a. The Company had been undertaking an extensive restructuring and recapitalisation programme prior to our appointment
- b. The Administrators had conducted the additional market testing process outlined above, which resulted in no viable expressions of interest to acquire the Companies' interest in LHMHL or a collection of the other assets in the group
- c. During the Companies' administration, there was no improvement in the prevailing global market circumstances in relation to uranium which would indicate renewed interest in asset acquisitions
- d. In any event, the Deed Proposal, if achieved, will result in the Companies being recapitalised consistent with the objects of Part 5.3A of the Act,

the Administrators did not consider it to be in the interests of the general body of creditors to conduct a public asset/recapitalisation sale process in respect of any of the Companies or their assets.

9.2 Deed Proposal

A DOCA is an agreement between a company and its creditors which governs how the company's affairs will be dealt with. A DOCA aims to provide a better return for creditors than an immediate winding up of the company.

A DOCA binds all unsecured creditors, owners of property, those who lease property to the company and secured creditors, if they voted in favour of the deed.

It is the role of the deed administrator to ensure that the company carries through with the terms of the DOCA with the extent of the deed administrators' ongoing role being set out in the deed.

9.3 Deed Proposal terms

A Deed Proposal has been received for the Companies from the Ad-Hoc Committee ("Deed Proposal") encompassing each of the Companies.

The key terms of the Deed Proposal for the Companies are set out below, with a draft DOCA attached at Appendix F:

- the business and its control reverts to back to the Directors (or newly appointed Directors) upon effectuation of the DOCAs
- payments or distributions in cash or shares of PEL are as follows:
 - the secured lender, Deutsche Bank, will receive full payment in cash of approximately USD 60m
 - employee entitlements will be preserved and carry forward for non-terminated employees
 - terminated employees will be paid their full entitlements in cash
 - all 'participating creditors' (who comprise the bondholders and EDF) will receive a pro-rata share of equity (totalling 70% of the existing PEL shares on issue) in exchange for their debt
 - all 'participating creditors' will have the right to subscribe for a pro-rata share of USD 115m in new secured notes. Parties which participate in the new note issue will receive a pro-rata share of 25% of the existing PEL share issue
 - the remaining 5% of PEL's existing share issue will be dealt with as follows:
 - 3% payable to the underwriter(s) of the new bond

- 2% retained by the existing shareholders of PEL
- 'non-participating creditors' will be preserved after the administration completes (i.e. remain due and payable) to be paid in full, in cash
- [Un]secured creditors' interests not paid out or otherwise dealt with under the DOCA will be preserved and remain in place upon effectuation of the DOCA
- All necessary waivers, approvals (regulatory and otherwise) are received to allow PEL, amongst other things, to be reinstated to official quotation on the ASX
- Upon debt converting to equity for participating creditors, Trustees will hold the PEL shares for participating creditors until the relevant regulatory approvals are obtained, following which shares will be distributed to those beneficiaries. In the event those approvals are not obtained, the Trustees will distribute net proceeds of those shares to the (net of realisation and preservation costs, and tax obligations)

All share transfers are to be effected through an application to the Court pursuant to section 444GA of the Act.

The key commercial terms of the new notes are summarised as follows:

- USD115m in senior secured notes to be issued by PEL
- Due five (5) years after their issue date
- Interest of 10% per annum payable in kind (or through surplus cash flow) semi annually in arrears and in equal instalments each year
- PFPL, PEM and other subsidiaries of PEL will be guarantors to the notes
- The notes would have first-ranking security to all assets of PEL, except its interest in Summit, PAL and any assets pledged in favour of EDF
- The notes are to be listed on the SGX
- 'Participating creditors' to the Deed will have the ability to subscribe to the issuance of these notes
- In the event of oversubscription, notes will be issued on a pro-rata basis

Key terms of the PEM and PFPL Deed Proposal are set out below:

- the Deed Administrators shall remain responsible for the management, operation and control of the business and affairs of PEM and PFPL until the DOCA is effectuated
- the business and its control reverts to back to the Directors (or newly appointed Directors) upon the effectuation of the DOCA
- PEM and PFPL's DOCA will be effectuated upon PEL's DOCA being effectuated
- all creditor claims, secured and unsecured will survive the DOCA and remain valid and are enforceable against the respective companies

9.4 Deed Proposal advantages and disadvantages

We set out below the following advantages of the Deed Proposal compared to a winding up scenario for the Companies:

- the business may continue to trade
- employees to retain employment and their entitlements are preserved
- assets to continue in operation (to the extent that they are processing or otherwise)
- suppliers (non-participating creditors) to be paid in full following completion of the DOCA and to maintain business with the Companies
- the broader group structure to remain in existence and potential tax consequences associated with a sale of the assets will be avoided, noting that tax consequences may arise under the DOCA scenario should CNNC exercise its rights to acquire PEL's 75% interest in LHMHL (refer below)
- risks associated with any changes to the operations at Langer Heinrich (possible outcome in a liquidation scenario) giving rise to potential adverse action by the Minister of Mines in Namibia are avoided
- market commentary from uranium industry analysts indicates that the spot price for uranium is forecast to increase over the next three to five years, exposing equity participants to the potential upside in business performance from improved prices

We set out below the following disadvantages/risks associated with the Deed Proposal:

- the event of executing a DOCA may trigger the right for CNNC's option to initiate a further appraisal process triggered by the entry of PEL into the proposed DOCA, to acquire PFPL's 75% shareholding of LHMHL. We note that this risk exists in both a liquidation scenario, and under the proposed DOCAs

- should the joint venture partner issue a further appraisal notice upon the DOCA being executed, it is possible that PEL's shares will be suspended from trading while this process is undertaken which would prevent participating creditors from selling their shares for a period of time, which could be protracted
- there is no ability to void transactions or make a claim for insolvent trading against the Directors (Liquidator recoveries) under a DOCA. We note that our preliminary investigations have not identified any such claims
- participating creditors' rights to a potential cash return in a liquidation on approved claims is being transferred into an equity stake in PEL, which remains subject to share price movements, and to other potential restrictions applicable under the ASX Listing Rules including a possible inability to liquidate holdings as noted above
- existing shareholders will have their holdings diluted (although we note that the impact of the dilution is estimated to result in a superior return to shareholders than liquidation (please refer below)

9.5 Key Deed milestones

We set out the following necessary milestones associated with the successful effectuation of the Deed Proposal:

a. Section 444GA Application

In the event the Deed Proposal is accepted by the Company's creditors by resolution at the Second Meeting, the Administrators intend to seek orders pursuant to section 444GA of the Act to implement a transfer of shares in accordance with the terms of the Deed Proposal.

The 444GA application will be reliant on the Court obtaining sufficient comfort that the shares in Paladin hold no value in a liquidation scenario (i.e. no prejudice to existing shareholders). To be in a position to implement the DOCA proposal if it is approved by creditors, the Administrators have taken steps to prepare for a prospective section 444GA application, including engaging an independent expert, PPB Advisory, to prepare a report and opinion on this point (to be lodged with Court) to be in a position to provide such expert evidence. This report is due to the Administrators around the time the Second Meeting is due to be held.

b. Regulatory approvals

The transaction is subject to receiving the appropriate consents, approvals and waivers from the relevant regulatory bodies including ASIC, ASX and FIRB, to give effect to the proposed transaction, including to allow shares in PEL to be re-instated to official quotation including:

- *ASX Listing Rule 10.1 waiver application*

Pursuant to the ASX Listing Rules, the grant of all-assets security to the subscribers for new secured notes may require PEL shareholder approval where those subscribers become substantial shareholders of PEL (holders of more than 10% of PEL's shares, together with their associates). To be in a position to implement the DOCA proposal if it is approved by creditors, a waiver is being sought with regards to shareholder approval.

- *Section 606 exemption request*

Certain PEL creditors (in particular EDF) may acquire more than 20% of PEL's shares as a result of the restructure. This would require shareholder approval without ASIC relief being granted.

- *FIRB approval*

As the transfer of shares under section 444GA involves transfers of shares to new shareholders, who would receive a material stake in PEL, who may be foreign persons under the Foreign Acquisitions and Takeovers Act 1975 (Cth). Again, to be in a position to implement the DOCA proposal if it is approved by creditors, applications have been made to the FIRB for appropriate approvals of the proposed transaction.

c. Subscription of new notes

The Deed terms propose that the 'participating creditors' to the Deed, comprising the existing PEL bondholders and EDF, will have the opportunity to participate in a new USD 115m note issue, proceeds of which will be used to acquire Deutsche Bank's USD 60m facility and fund working capital for the Paladin group for an estimated two or more years.

9.6 Other matters to consider

The terms of Shareholders' Agreement for LHMHL provides that a default by either party would entitle the other party to give notice within 60 days of the event of default occurring, allowing the non-defaulting party to obtain an independent market valuation of the other's shareholding in LHMHL as at the determined 'default date'. That party would then have an option within 30 days after receipt of the valuation to purchase the remaining shareholding that it does not already own at the market valuation amount less a 5% discount.

As discussed below in the liquidation section, an appraisal notice was served on a previous event of default and the Administrators were advised on 19 August 2017 that the option would not be exercised.

In either a DOCA or liquidation scenario, the event of entering a DOCA or liquidation may be considered an 'event of default' under the Shareholders' Agreement.

We note that the joint venture partner has not waived their right to trigger the default process as a result of the restructure, through the Deed Proposal.

The Deed Proposal is not contingent on a formal waiver being provided to the Administrators which means that if creditors vote in favour of the DOCA then it is possible that it could be implemented and fully effectuated within the 60 day period in which the appraisal notice may be issued. If a further appraisal notice is issued upon the Company entering into a DOCA and subsequently the option to purchase PFPL's 75% shareholding were exercised, settlement of the transaction may take significant time to complete and would result in the Company no longer owning a 75% interest in LHMHL, albeit it would be compensated at market value, less a 5% discount.

Creditors need to appropriately consider this risk when determining whether to support the Deed Proposal at the forthcoming second meeting of creditors.

9.7 Trust matters

Where creditors of a DOCA are obliged to receive a distribution/transfer of assets from a trust, there are a number of potential taxation implications for creditors to consider. ASIC released the Regulatory Guide 82 ("RG 82") titled "External administration: Deeds of company arrangement involving a creditors' trust", which is available to creditors at the ASIC website, or is available on request from our office. The RG 82 requires the Administrators to set out relevant information for creditors which is included in this report and annexures, including the draft DOCA.

The Deed Proposal contemplates the preservation of PEL's shares by trustees and subsequent distribution of those shares to beneficiaries (i.e. participating creditors defined under the Deed Proposal). Creditors will need to consider the taxation implications of dealing with assets in this manner (as opposed to receiving a distribution as a creditor of a company), as and when they become available for distribution.

Notwithstanding the general guidance above, as every creditor may have different circumstances, creditors should seek their own independent tax advice on the potential tax implication to arise from the DOCA and trust arrangements.

9.8 Deed Proposal conclusion

All available actions and/or claims of the creditors will be preserved if the DOCA fails, in that a liquidator will ultimately be appointed, and any liquidator related recoveries may then be pursued.

The terms of the Deed Proposal are in draft form and if creditors resolve to execute the proposed DOCAs, the final DOCAs will be prepared by our solicitors and executed within one to three days of the meeting. Note that under Corporations Law, the DOCAs must be executed within 15 business days of the resolution being carried.

For the purposes of section 439A(4)(c) of the Act, and in addition to the summary given above, a draft copy of the proposed Deed is enclosed at **Appendix F**.

10. Estimated outcome for creditors

10.1 Estimated returns from a DOCA

Paladin Energy Limited

Based on indicative market valuations of the Companies' assets/interests, the Administrators have prepared an estimated outcome (based on indicative valuations of shareholdings following effectuation of the DOCA) to the participating creditors under two scenarios if creditors resolve to execute the proposed DOCA. We note under both scenarios, non-participating and priority creditors' claims are preserved and not impacted by the DOCA.

Scenario A: Assets based on indicative market valuations without discount and the joint venture partner does not exercise its option

Scenario B: Assets based on indicative market valuations and the joint venture partner exercises its option, resulting in a 5% discount to PEL's interest in LHMHL

In each scenario, we set out the indicative value of the equity allocation each 'participating creditor' is entitled to receive under the Deed Proposal. We note that all amounts have been converted to AUD in accordance with section 554 of the Act.

Paladin Energy Ltd (Administrators Appointed) Estimated outcome Scenario A				
AUD '000, converted in accordance with s554	Participating creditors	New noteholders	Underwriters	Existing shareholders
Estimated indicative value	70%	25%	3%	2%
Interest in LHMHL	242,719			
Loan due from LHU	329,783			
Other assets	46,697			
Repayment to Deutsche Bank of USD 45m	58,487			
Less: New notes raised of USD 115m	(149,467)			
Add back: Cash of USD 70m	90,980			
Less: PEL trade creditors	(2,187)			
Indicative value (proportionate as to equity allocation)	617,011	431,908	154,253	18,510
Estimated claim against the Companies	(833,922)	-	-	-
Indicative value % compared to debt	51.8%		n/a	

Paladin Energy Ltd (Administrators Appointed) Estimated outcome Scenario B				
AUD '000, converted in accordance with s554	Participating creditors	New noteholders	Underwriters	Existing shareholders
Estimated indicative value	70%	25%	3%	2%
Interest in LHMHL (less 5%)	230,583			
Less: Potential taxation	Unascertained*			
Loan due from LHU	329,783			
Other assets	46,697			
Repayment to Deutsche Bank of USD 45m	58,487			
Less: New notes raised of USD 115m	(149,467)			
Add back: Cash of USD 70m	90,980			
Less: PEL trade creditors	(2,187)			
Indicative value (proportionate as to equity allocation)	604,876	423,413	151,219	18,146
Estimated claim against the Companies	(833,922)	-	-	-
Indicative value % compared to debt	50.8%		n/a	

* There is potential for significant tax liabilities to arise following a sale of PFPL's shareholding in LHMHL. Whilst the quantum of any tax that may be payable has not yet been confirmed, the Administrators' preliminary advice indicates that the tax payable may be considerable which would negatively impact the net proceeds payable to PEL following the completion of any sale. Such tax consequences are relevant to DOCA Scenario B, or any liquidation sale.

In summary, each class of creditor will receive a return, or an allocation of equity, under each DOCA scenario as follows:

Paladin Energy Ltd (Administrators Appointed) Estimated DOCA returns		
Class of creditor	DOCA	
	Scenario A	Scenario B
Priority (employee) creditors	debts preserved	
Secured creditors*	100 c/\$	100 c/\$
Unsecured creditors (equity allocation vs debt)		
Participating creditors (indicative only)	51.8%	50.8%
Other unsecured creditors	debts preserved	

* Secured creditor claims not paid or otherwise dealt with under the DOCA will be preserved and not impacted by the DOCA.

Our notes with respect to the above estimated returns are set out below:

- Priority (employee) creditors will be retained and therefore, no employee entitlements will crystallise
- Deutsche Bank will receive a full pay-out in either scenario, with Deutsche Bank's security against PEL, PFPL and PEM (USD 45m debt) to be assigned to PEL upon repayment from the proceeds of the new notes raise
- The environmental performance bond held with Nedbank will be preserved or re-financed under the Deed terms
- 'Participating creditors' will receive an allocation of PEL's existing share base with an indicative valuation of approximately 51-52% of their outstanding debt. The above average percentages for participating creditors are an indicative valuation percentage (against the participating creditors' unsecured debt) of their equity stake, and subject to potential tax considerations (in Scenario B) of a sale of PEL's 75% interest in LHU and share price movements
- EDF's secured interest over the Michelin project in Canada will remain and not be impacted by the Deed Proposal. We note that EDF has initiated steps to enforce its security over the Michelin assets. Whilst the Administrators are considering the impact of the enforcement steps, the value attributable to the Michelin assets has been removed from the above analysis
- Other PEL unsecured creditors' debts will be preserved under the Deed terms

We note that where we have received information stated in USD, we have converted those values to AUD in accordance with s554 of the Act, using the currency conversion spot rate as at the date of the Administrators' appointment.

Paladin Finance Pty Ltd

All creditors' claims against PFPL will survive the DOCA, remain valid and are enforceable against PFPL.

Paladin Energy Minerals NL

All creditors' claims against PEM will survive the DOCA, remain valid and are enforceable against PEM.

10.2 Liquidation scenario

We make the following observations with regard to a liquidation outcome for the Companies:

Minister of Mines – Namibia

If PEL was to proceed into liquidation it is possible that it would not have sufficient funds to continue to provide financial support to LHU for the duration of a marketing and sales campaign to realise PEL's interest in those assets in the ordinary course. In circumstances where LHU held insufficient working capital to continue to operate the Langer Heinrich mine it would likely proceed to enter into liquidation in line with local insolvency laws in Namibia or otherwise alter operations at the mine to preserve cash (reduced staffing, care and maintenance etc). The principal risk in such circumstances is that LHU exposes itself to a potential cancellation of the mining licence by the Minister of Mines.

Such an outcome would be highly detrimental to the enterprise value of LHU and the value of any interest that PEL holds in LHU, both in terms of recoverability of unsecured loans, and its 75% ownership interest.

Environmental rehabilitation liabilities

In a liquidation scenario where the mine was unable to continue as a going concern, there could be significant environmental rehabilitation liabilities that may need to be satisfied in priority to other creditors. The Administrators have sought advice in respect of these liabilities and whether they would need to be paid in priority to other creditors or *pari passu* with other creditors.

Regardless of the classification, if these liabilities are unable to be disclaimed by a Liquidator then liabilities of approximately USD 97.3m may need to be paid either in priority to any distributions being made to other creditors from the available net assets, or in addition to a distribution to other creditors, significantly diluting the return. For the purposes of our liquidation analysis, we haven't included the potential costs of rehabilitation.

Unsecured claims in the relevant entities

Unsecured creditor claims in the respective entities that own the assets have been considered in our below analysis in order to calculate the net funds that PEL will likely receive under each respective scenario, both in terms of recoverability against unsecured loans, and equity interests in the asset holding subsidiaries of PEL.

Potential tax liabilities to arise from the sale of assets

In a liquidation scenario and in respect of an operating sale, there is potential for significant tax liabilities to arise following a sale of PFPL's shareholding in LHMHL. Whilst the quantum of any tax that may be payable has not yet been confirmed, the Administrators' preliminary advice indicates that the tax payable may be considerable which would negatively impact the net proceeds payable to PEL following the completion of any sale. We note that this risk exists in both a liquidation scenario, and in the PEL DOCA scenario B where its joint venture partner exercises rights to acquire PFPL's 75% interest in LHMHL.

Inherent uncertainty in sale process (timing and outcome)

In a liquidation scenario there is inherent uncertainty as to whether a sale process of PEL's assets would ultimately be successful (either in part, or as a whole). As noted above, the Administrators made direct enquiries to a number of parties who they deemed may have an interest in either purchasing PEL's assets and/or recapitalising and restructuring PEL, given that those parties were involved with assets, investments and/or businesses in the uranium industry globally, and may have had the financial capacity to undertake a transaction of this size and nature.

None of those parties who were contacted responded to the Administrators' invitation to submit an expression of interest.

Upon PEL being placed in administration, this event of default under the Shareholders' Agreement provided the joint venture partner with the right to issue an appraisal notice to value PFPL's 75% interest in LHMHL. This event of default also provided for a right to enforce a call option to acquire at market value with a 5% discount, PFPL's 75% interest in LHMHL. Following receipt of the valuation of PFPL's 75% interest, the joint venture partner elected not to enforce its option.

Accordingly, there is uncertainty whether the joint venture partner would reconsider its position in August 2017 on acquiring LHMHL outright in the event that PEL's assets were marketed for sale. The joint venture partner has a first right of refusal in respect of PFPL's interest in LHML which would be enlivened if a sale process commenced. In any event, the ownership structure, with the joint venture partner remaining a 25% shareholder and project partner, may adversely impact the appetite of potential acquirers/investors, compared to if a full and unrestricted 100% ownership interest was able to be offered to the market.

10.3 Estimated returns from a Liquidation

Paladin Energy Limited

Based on indicative valuations of PEL's interests and assets in a number of different winding up scenarios, we provide our preliminary analysis of the potential outcome for creditors in a winding up of PEL.

The three scenarios in a potential winding up are explained below:

Operating sale

Summary

This scenario assumes that all of the group's assets will be sold on a going concern basis. The estimated timeframe in which an operating sale would take place is three to six months.

Asset values have been adjusted to reflect that the assets are known as being sold on a forced/stressed basis, and in less than an ideal timeframe, attracting a discount to market valuation. Current cash flow forecasts indicate that PEL may have insufficient cash to allow for a 3-6 month period in which to run such a process, without obtaining (if available) additional finance.

There are a number of key risks to achieving an operating sale, including:

- a. **Limited pool of natural buyers** – based on the direct approaches made by the Administrators, and as noted above, there appears to be limited interest
- b. **Joint venture partner's right of first refusal** – The joint venture partner has a right of first refusal in the event the assets are placed on the open market
- c. **Working capital** – it is likely that any buyer would be required to invest further working capital to fund the operation

Commodity pricing and exchange rate outlook

The assessed range of indicative values is particularly sensitive to assumed future uranium price and foreign exchange assumptions.

In this regard we note that uranium prices have been depressed for an extended period of time and there is a wide range of views on the part of commodity and market analysts as to future commodity prices, but generally prices are expected to appreciate, with a sustained period of recovery over the medium term, based on market commentary.

Continued support from key stakeholders

A purchaser of the assets would need to negotiate and agree new arrangements with a number of regulatory authorities and key suppliers. In this regard we note that there are a number of significant environmental performance obligations which attach to the projects. Given the distressed nature of current operations, it is uncertain whether any key stakeholders would seek to put in place more onerous obligations and trading terms on a new operator.

Other mineral assets

Our estimated realisable value of other mineral assets reflects an appropriate discount to a 'market valuation' having regard to the distressed nature of the sale.

We consider that such a discount could range from 30% – 40%. We have applied the same assumptions to these assets under an orderly realisation scenario

PEL holds an 82 percent interest in Summit Resources Limited. Turnover in Summit's issued capital totalled approximately 1.7% on the ASX over the past 12 months. Accordingly, in the absence of being able to find a buyer of Summit's shares as a single block, which of itself would require the approval of Summit shareholders other than PEL or a full takeover offer for Summit, realisation of this level of shareholding on market would create a significant overhang in the shares of Summit and would require an extensive realisation period.

Orderly realisation

Summary

This scenario values the assets on a break up basis but assumes a reasonable wind down and realisation period and marketing program albeit in a shorter timeframe than the operating sale scenario. It is assumed that no further mining activities would take place and that wind down activities would be limited to the realisation of existing in circuit and finished product.

The scenario also assumes that this event would give rights to the Minister of Mines to cancel the mining licences, materially decreasing the valuation of LHU's assets (limited to demountable/transportable plant and equipment).

Key risks associated with the orderly realisation outcomes include:

- The fixed asset register of LHU indicates that the majority of property, plant and equipment relates to infrastructure assets that are specialised and a significant portion that may be "contaminated" through its involvement in uranium mining activities.
- Assets exposed to uranium have limited interest from buyers. In Australia and other developed countries, companies generally prefer to set up a uranium mine by purchasing brand new equipment, which may limit buyer interest in those countries to purchase second hand equipment from overseas.
- Assets potentially demountable, are unlikely economical to realise, due to the cost to demount and demobilise the equipment may exceed its realisable value from sale.

Immediate closedown

Summary

This scenario assumes that operations cease immediately across the group and the assets are to be realised in the shortest possible time.

The same risks and considerations noted above under the orderly realisation scenario are equally relevant to an immediate closedown, albeit a heavier discount is likely to be applied to the ultimate value obtained, due to the condensed timeframe in which the assets are to be realised.

Other mineral assets

We have applied an increased level of discount to that adopted in respect of an orderly wind-down to reflect a reduced marketing and realisation period.

Whilst we consider that the same realisation approach would be need to be followed, we consider an increased discount of 60% - 70% may be applicable in this scenario.

Paladin Energy Ltd (Administrators Appointed) Estimated winding up outcome							
AUD '000		Operating sale		Orderly realisation		Immediate closedown	
Item	Note	Low	High	Low	High	Low	High
Assets available							
Circulating assets							
Cash at bank (approximate)	1	15,000	15,000	15,000	15,000	15,000	15,000
Debt due from LHU (net of realisation costs)	2	180,822	213,303	-	-	-	-
<i>Less: potential taxation</i>		Unascertained		-	-	-	-
Debts due from other subsidiaries (net of realisation costs)	3	9,164	16,893	8,234	13,817	4,840	9,312
Total circulating assets		204,986	245,196	23,234	28,817	19,840	24,312
<i>Less: costs of realising circulating assets</i>							
Administrators/Liquidators' fees and costs	4	(3,000)	(3,000)	(3,000)	(3,000)	(2,000)	(2,250)
Net circulating assets for priority creditors		201,986	242,196	20,234	25,817	17,840	22,062
<i>Less: Priority creditors</i>							
Employee entitlements (estimate)	5	(6,337)	(6,337)	(12,228)	(12,228)	(12,228)	(12,228)
Net circulating assets		195,649	235,858	8,006	13,589	5,611	9,834
Non-circulating assets							
Interest in Summit (net of realisation costs)	6	5,121	10,092	5,121	10,092	2,859	6,550
Total non-circulating assets		5,121	10,092	5,121	10,092	2,859	6,550
Additional contributions							
Liquidator recoveries	7	-	-	-	-	-	-
Total assets available subject to costs		200,769	245,950	13,127	23,681	8,470	16,384
<i>Less: Fees and costs (subject to approval)</i>							
Administrators/Liquidators' fees and costs	4	(1,250)	(1,250)	(1,250)	(1,250)	(1,000)	(1,000)
Net assets available to creditors		199,519	244,700	11,877	22,431	7,470	15,384
<i>Less: Secured creditors</i>							
Deutsche Bank	8	(19,496)	(19,496)	(40,970)	(33,733)	(61,483)	(58,650)
Nedbank Limited	9	n/a		(12,066)	(9,916)	(12,997)	(11,353)
Net assets available to unsecured creditors		180,024	225,205	(41,159)	(21,218)	(67,010)	(54,619)
<i>Less: Unsecured creditors</i>							
Electricite de France	10	(361,183)	(361,183)	(361,183)	(361,183)	(361,183)	(361,183)
<i>Less: Paid from Aurora security</i>		8,240	12,815	8,240	12,815	5,277	8,968
Bondholders	11	(467,897)	(467,897)	(467,897)	(467,897)	(467,897)	(467,897)
Other unsecured creditors	12	(2,187)	(2,187)	(2,187)	(2,187)	(2,187)	(2,187)
Shortfall to unsecured creditors		(643,003)	(593,247)	(864,186)	(839,670)	(893,000)	(876,918)
Estimated returns to creditors (c/\$)							
<i>Secured creditors</i>		100.0 c/\$	100.0 c/\$	22.4 c/\$	51.4 c/\$	10.0 c/\$	22.0 c/\$
<i>Priority (employee) creditors</i>		100.0 c/\$	100.0 c/\$	100.0 c/\$	100.0 c/\$	100.0 c/\$	100.0 c/\$
<i>Unsecured creditors</i>		21.9 c/\$	27.5 c/\$	0.0 c/\$	0.0 c/\$	0.0 c/\$	0.0 c/\$

Our notes with respect to the above statement are set out below:

Notes:

- 1 Approximate cash at bank balance as at the date of this report
- 2 In an operating sale scenario it is estimated that between AUD 181m and 213m of PEL's loan to LHU will be repaid following the sale after full payment of the USD 45m Deutsche Bank Facility. As the value of LHMHL's assets breaks in the debt due to creditors, these scenarios assume, on this basis, there would be no value in PFPL's equity in LHMHL.

The Minister of Mines in Namibia may have the ability to terminate the Namibian mining licences upon an event where mining operations are reduced or cease temporarily or permanently, which is possible in a winding up scenario where sufficient funds are not held to continue funding operational shortfalls of LHU. Therefore no recovery of PEL's loan to LHU is anticipated in the orderly realisation and immediate closedown scenarios, having regard to secured and priority claims

- 3 These amounts relate to partial repayment of loans due from PEL subsidiaries net of realisation costs involved in selling the assets owned by the subsidiaries. Greater discounts are applied to the recovery of these loans in an immediate closedown scenario. In some scenarios, as the value on in the subsidiary's assets breaks in the debt due to creditors, these scenarios assume, on this basis, there would be no value in PEL's equity in that subsidiary.

Whilst the Administrators are considering the impact of the enforcement steps taken by EDF, recoveries from the Aurora assets in Canada are excluded from this figure and discussed further at note 12. EDF's security interest is covered by way of General Security Agreements by Aurora Energy Limited and Paladin Canada Investments (NL) Limited. As stated, EDF has taken steps to enforce its security over the Aurora assets in Canada and its guarantee for their broader debt due to EDF by PEL. To this end, there would be no surplus assets from the assets of Aurora to distribute to Aurora's shareholder, PEL.

- 4 Actual and expected remuneration of the Administrators, and (if appointed) the Liquidators, reasonably allocated between costs directly associated with the securing, preservation and realisation of circulating assets, and all other time/costs associated with non-circulating assets
 - 5 Employee entitlements in the Liquidation scenario include redundancy and payment in lieu of notice payments to employees, on the expectation that employees would be made redundant in the orderly realisation and immediate closedown scenarios. It is expected that in an Operating Sale scenario, most if not all employees would be retained by the purchaser, avoiding termination related payments
 - 6 PEL's interest in Summit, of 82.08%, reflects an indicative valuation of Summit, and PEL's proportionate interest in Summit in circumstances where a Liquidator would need to realise the investment in a condensed period of time
 - 7 There were no Liquidator recoveries identified in the Administrators' preliminary investigations
 - 8 Under the terms of the USD 60m Deutsche Bank Facility, the entire facility is guaranteed by PEL, PFPL and PEM. It is anticipated that Deutsche Bank would be repaid its USD 45m facility from the asset realisations of LHU in an Operating Sale scenario (refer note 2), however, would incur a shortfall in the other scenarios assessed. In this case, the shortfall is guaranteed by PEL
 - 9 Nedbank Limited secures a USD 10m environmental performance bond with respect to the Kayelekera assets, which is currently not cash-backed. Where it is anticipated that the realisation of the Kayelekera assets would not sufficiently meet this obligation, the shortfall is guaranteed by PEM and PEL. Under an operating sale, an incoming buyer of the assets would need to take over or provide replacement security for the environmental obligations.
 - 10 EDF is an unsecured creditor for the prepayment agreement obligations outstanding between PEL and EDF. The prepayment agreement contains additional terms that obliged three of PEL's wholly owned subsidiaries, Paladin Energy Canada Limited, Paladin Canada Investments (NL) Ltd ("PCI") and Aurora Energy Ltd ("Aurora") (each a Guarantor) to each provide EDF with a guarantee in respect of PEL's obligations under the Prepayment Agreement (each a Guarantee) and security for PEL's obligations under the Prepayment Agreement over all present and after acquired property (each a General Security Agreement). In this regard, security under the General Security Agreements by Aurora and PCI was created which provided EDF with a 60.1% security interest in respect of the Michelin project

The estimated recoveries to EDF in respect of its secured interest are calculated based on net realisations for the Aurora asset based on indicative values. Higher discounts were applied in an immediate closedown scenario which assumes that the assets are realised in the shortest possible time
 - 11 The quantum of unsecured 2017 and 2020 convertible bonds outstanding as at appointment
 - 12 Other unsecured creditors are defined under the Deed Proposal.
- The above analysis is based on information available to the Administrators and does not represent an adjudication or admission of claims

Paladin Finance Pty Ltd

Paladin Finance Pty Ltd (Administrators Appointed) Estimated winding up outcome				
AUD '000		Liquidation		
Item	Note	Operating sale	Orderly realisation	Immediate closedown
Assets available				
Non-circulating assets				
Loan due from LHU	1	195,761	-	-
Interest in LHMHL	2	-	-	-
Additional contributions				
Liquidator recoveries	3	-	-	-
Total assets available subject to costs		195,761	-	-
Less: Fees and costs (subject to approval)				
Administrators'/Liquidators' fees and costs	4	(2,000)	-	-
Net assets available to creditors		193,761	-	-
Less: Unsecured creditors				
Unsecured creditors	5	(223,385)	(223,385)	(223,385)
Surplus available to PEL (100% shareholder)		(29,625)	(223,385)	(223,385)

Our notes with respect to the above statement are set out below:

Notes:

- 1 The unsecured loan from LHMHL is not documented and does not have specified repayment or interest terms. The operating sale outcome is calculated as the midpoint of the high/low outcome at PEL's outcome analysis above.

- 2 The interest in LHMHL is an indicative market valuation of PFPL's 75% interest in the entity
- 3 There were no Liquidator recoveries identified in the Administrators' preliminary investigations
- 4 Actual and expected remuneration of the Administrators and the Liquidators,
- 5 The only unsecured creditor of PFPL is a related entity loan due to PEL

Paladin Energy Minerals NL

Paladin Energy Minerals NL (Administrators Appointed) Estimated winding up outcome				
AUD '000		Liquidation		
Item	Note	Operating sale	Orderly realisation	Immediate closedown
Assets available				
Circulating assets				
Pre-appointment cash at bank	1	1	1	1
Non-circulating assets				
Manyingee & Carley Bore tenements	2	5,196	5,196	3,597
Additional contributions				
Liquidator recoveries	3	-	-	-
Total assets available subject to costs		5,196	5,196	3,598
Less: Fees and costs (subject to approval)				
Administrators/Liquidators' fees and costs	4	(500)	(500)	(500)
Net assets available to creditors		4,696	4,696	3,098
Less: Secured creditors				
Nedbank Limited (guarantee)	5	n/a	(12,997)	(12,997)
Net assets available to creditors		4,696	(8,301)	(9,899)
Less: Unsecured creditors				
Unsecured creditors	6	(204,461)	(204,461)	(204,461)
Deficiency to unsecured creditors		(199,764)	(212,761)	(214,360)

Our notes with respect to the above statement are set out below:

Notes:

- 1 Approximate cash at bank balance as at the date of this report
- 2 Indicative market valuation of the WA-based tenements including a discount reflecting the distressed sale circumstances in the event PEM is wound up
- 3 There were no Liquidator recoveries identified in the Administrators' preliminary investigations
- 4 Actual and expected remuneration of the Administrators and the Liquidators
- 5 Nedbank Limited secures a USD 10m environmental performance bond with respect to the Kayelekera assets, which is not currently cash-backed. Where it is anticipated that the realisation of the Kayelekera assets would not sufficiently meet this obligation, the shortfall is guaranteed by PEM and PEL
- 6 The only unsecured creditor of PFPL is a related entity loan due to PEL

10.4 Liquidation outcome

As set out above, our analysis indicates potential outcomes in a Liquidation outcome of between 0 cents in the dollar to 27 cents in the dollar for unsecured creditors of PEL.

The key drivers of the reduced outcome in a Liquidation scenario relate to the number of risks associated with such an outcome, including (but not limited) to:

- The ability to identify buyers for the Langer Heinrich asset, and other assets, in a distressed sale environment and achieve a commercial sale whilst continuing to operate in its current state
- The ability to identify buyers for illiquid equity interests, including Summit which trades on the ASX
- Restrictions in the Shareholders' Agreement to freely dispose of PFPL's 75% equity interest in LHMHL, and the potential tax consequences of this transaction occurring

- The ability for the Minister of Mines in Namibia and Malawi Government to discontinue mining licences at Langer Heinrich and Kayelekera respectively, potentially diminishing value/ownership in the tenement interests and only mobile/transportable plant and equipment at each site available to realise to meet debts
- There may be insufficient working capital in the group, particularly at Langer Heinrich to conduct an operating sale over 3-6 months

10.5 Effect of Liquidation on employees

FEG only available to redundant employees of companies in Liquidation

Where a staff member's employment has been terminated as a consequence of insolvency, i.e. liquidation, their employee entitlements are afforded a statutory priority under the Act out of any available funds. These include any outstanding wages, payment in lieu of notice, superannuation, annual leave, long service leave and redundancy. There are certain caps in relation to 'excluded employees' including directors.

The FEG payment scheme

Former employees are eligible to lodge a claim for entitlements with FEG, the Fair Entitlements Guarantee scheme including for wages, annual leave, long service leave, payment in lieu of notice and redundancy pay, to the extent asset realisations are insufficient

Where FEG meets a claim it has a subrogated right in the liquidation in respect of any recoveries. Employees also have a further entitlement in a liquidation to the extent that the Liquidators may admit a claim although it is not paid in full by FEG.

Since 1 July 2016, the Department of Employment has made a change to this process, with all claims approved by FEG being paid directly by the Department of Employment into the individual employees' nominated bank account, although the right of subrogation remains.

10.6 Outcome conclusion

Based on the Administrators' analysis of the estimated outcome to creditors, the Administrators support the proposed DOCAs having regard to the estimated outcomes in a winding up scenario for PEL and its subsidiaries compared to the potential outcome under the terms of that DOCAs.

Based on our analysis, creditors of PEL may receive a better outcome (in the form of allocated equity in PEL for participating creditors, or preservation of claims at 100c/\$ for other creditors) than in a winding up scenario for which we estimate a return of between nil and 27 cents in the dollar.

Whilst our assessment favours the Deed Proposal, Participating Creditors need to consider the risks associated with exchanging their debt for equity, in determining whether to vote in favour of the Deed Proposal. Such risks include (but are not limited to):

- Fluctuations in share prices
- Joint venture partner's option to acquire PEL's 75% interest in LHU in circumstances where they have converted debt into equity
- PEL's shares being suspended from trading should the joint venture partner issue a further appraisal notice following PEL entering into a DOCA
- Potential overhang of shares on the market with a significant amount of sellers which may result in a lack of liquidity ensuing that shareholders are unable to realise their shares in a timely manner.

11. Options available to creditors

11.1 Options

Pursuant to rule 75-225(3) of the IPR, we provide creditors with a statement setting out our opinion as to whether or not it is in creditors' interests for:

- The Administration to end; or
- The Companies to execute a Deed of Company Arrangement; or
- The Companies to be placed into Liquidation.

11.2 The administration to end

Creditors may resolve that the Administration end at the Second Meeting and the Companies return under the control of their directors. The most likely scenario that would prompt such a resolution would be if the Companies are solvent and able to continue as a going concern.

At this stage the Companies remain insolvent. For the Companies to be restored to a solvent position, a number of events would need to occur, including:

- Resolution of the Companies' financial position;
- Sale of the Companies' assets, and/or recapitalisation of the Companies at a value sufficient to extinguish existing claims; and
- Settlement of creditor claims.

Given the Companies' current financial status and extent of creditor claims, it is our opinion that it is not in the creditors' interest for the Administration to end.

11.3 Liquidation

Creditors may resolve to wind up the Companies. Pursuant to section 446A of the Act, if such a resolution is passed, the Companies will be immediately placed into liquidation and the Administrators will become the Liquidators.

In the event that the Companies are placed into liquidation, any return to creditors would be from the following sources:

- Realisation of the Companies' assets; and
- Recovery actions available to a liquidator.

Should the Companies be wound up at the forthcoming meeting of creditors, ordinary unsecured creditors are unlikely to receive a return that is superior to the return proposed in the DOCA (refer to section 9 of this report) given the realisation of the assets in a distressed sale and the absence of any voidable transactions or recovery actions identified in the Administrators' preliminary investigations.

In these circumstances, based upon the expected return under the DOCA Proposals, it is our opinion that it is not in the creditors' interests for the Companies to be wound up.

11.4 Deed of company arrangement

As outlined in section 9 of this report, direct enquiries were made by the Administrators to a number of parties who they deemed may have an interest in either purchasing PEL's assets and/or recapitalising and restructuring PEL and its subsidiaries, given that those parties were involved with assets, investments and/or businesses in the uranium industry globally, and may have had the financial capacity to undertake a transaction of this size and nature. None of those parties who were contacted responded to the Administrators' invitation to submit an expression of interest.

The only proposal received at the time of this report were from a group of PEL's unsecured bondholders, referred to as the 'Ad-Hoc Committee', being the Proposal set out in and annexed to this report.

The key risks associated with executing the Deed Proposal are set out below:

- The executing of the DOCA may trigger a right under the Shareholders Agreement for the acquisition of PFPL's 75% equity interest in LHMHL, although we note that the same risk exists in liquidation
- Should CNNC issue a further appraisal notice, it is likely PEL's shares will remain suspended from trading, potentially preventing participating creditors from selling their shares for a protracted period
- The value of the allocation of shares for participating creditors is subject to share price movements and liquidity as noted above

Regulatory approvals/consents/waivers may not be achieved in the ideal timeframe, may occur with adverse conditions, or may not occur at all.

Having regard to the above risks, and based on our assessment of potential outcomes under the DOCA (and comparison to a liquidation), **it is the Administrators' recommendation that creditors resolve for the Companies to enter into proposed DOCAs for PEL, PFPL and PEM.**

11.5 Administrators' Opinion

Based on the estimated returns to all classes of creditors, it is our opinion that it is in creditors' interests for the Companies to execute the proposed DOCAs.

12. Remuneration

Pursuant to Section 449E of the Act, the Administrators are entitled to such remuneration as is determined by agreement between the Administrators and the Committee, or by resolution of the Companies' creditors, or if there is no such agreement or resolution – by the Court. Where the remuneration is determined by agreement with the Committee or by resolution of the Companies' creditors, the Court may, on the application of ASIC, the Administrators or of an officer, member or creditors of the Companies, review the remuneration and confirm, increase or reduce it.

The Administrators, when seeking approval for remuneration, should provide sufficient information to enable creditors to properly consider the reasonableness of the remuneration sought. If creditors do not believe that they have received sufficient information in this report to allow them to approve the Administrators' fees at the forthcoming meeting of creditors then I request that you immediately contact this office to determine whether further information can be provided.

In accordance with Section 449E(7) of the Act, before remuneration is fixed by the creditors, the Administrators must prepare a report setting out:

- (i) Such matters as will enable the members of the committee of creditors or the creditors to make an informed assessment as to whether the proposed remuneration is reasonable
- (ii) A summary description of the major tasks performed, or likely to be performed
- (iii) The costs associated with each of those major tasks
- (iv) Give a copy of the report to each member of the committee of creditors or creditors at the same time as they are notified of the relevant meeting

The remuneration of the Administrators, Deed Administrators and Liquidators discussed above and for which we will seek creditors' approval, is discussed in the Remuneration Report, marked **Appendix H**.

13. Closing

The Administrators will advise creditors in writing, if applicable and practicable, of any additional matter that comes to their attention after the dispatch of this report that, in their view, is material to creditors' deliberations.

Should you have any queries with respect to this report, the proposed Deed or the meeting of creditors convened for Thursday, 7 December 2017, please contact my staff via email at au-fmpaladinenergy@kpmg.com.

Dated this 30th day of November 2017

A handwritten signature in black ink, appearing to read 'Matthew Woods', written in a cursive style.

Matthew Woods
Joint and Several Administrator

14. Annexures

A. Notice of appointment

Notice of Appointment of Administrators

Paladin Energy Ltd (Administrators Appointed) ACN 061 681 098

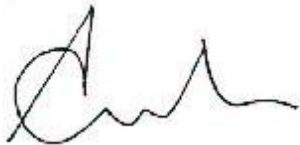
Paladin Energy Mineral NL (Administrators Appointed) ACN 073 700 393

Paladin Finance Pty Ltd (Administrators Appointed) ACN 117 234 278

("the Companies")

Notice is given that Gayle Dickerson, Hayden Leigh White and I, Matthew David Woods of KPMG, were appointed joint and several Administrators of the Companies on 3 July 2017 pursuant to section 436A of the Corporations Act 2001.

Dated this 3rd day of July 2017

A handwritten signature in black ink, appearing to read 'Matthew David Woods', written over a light grey rectangular background.

Matthew David Woods
Administrator

KPMG
Level 8, 235 St Georges Terrace
Perth WA 6000
Tel: (08) 9263 7171
Fax: (08) 9263 7129

B. Declaration of Independence, Relevant Relationships and Indemnities



**Declaration of Independence, Relevant Relationships and Indemnities
("DIRRI")**

Paladin Energy Limited (Administrators Appointed) ACN 061 681 098

Paladin Finance Pty Ltd (Administrators Appointed) ACN 117 234 278

Paladin Energy Minerals NL (Administrators Appointed) ACN 073 700 393

("the Companies")

This document requires the Practitioners appointed to an insolvent entity to make declarations as to:

- A. their independence generally;
- B. relationships, including
 - i) the circumstances of the appointment;
 - ii) any relevant relationships with the Company within the previous 24 months;
 - iii) any prior professional services for the Company within the previous 24 months;
 - iv) that there are no other relationships to declare; and
- C. any indemnities given, or up-front payments made, to the Practitioner.

This declaration is made in respect of ourselves, Matthew David Woods, Hayden Leigh White and Gayle Dickerson, our partners and the KPMG Australia Partnership ("KPMG Australia").

A. *Independence*

We, Matthew David Woods, Hayden Leigh White and Gayle Dickerson ("the Administrators") of KPMG Australia have undertaken a proper assessment of the risks to our independence in full accordance with the Corporations Act 2001 ("the Act") and the Australian Restructuring, Insolvency and Turnaround Association Code of Professional Practice for Insolvency Practitioners ("the ARITA Code") prior to accepting the appointment as joint and several Administrators of the Companies. This assessment identified no real or potential risks to our independence. We are not aware of any reasons that would prevent us from accepting this appointment.

B. *Declaration of Relationships*

i) *Circumstances of appointment*

Representatives of KPMG (now the Administrators) were first contacted by King Wood Mallesons ("KWM"), the Companies' legal advisers, in the week beginning 13 March 2017 regarding the potential for Paladin Energy Limited ("PDN") to consider an administration appointment as a contingency plan if certain conditions of its restructuring plan were not capable of being implemented.

KPMG attended a meeting at the offices of Clayton Utz ("CU"), also legal advisers for the Companies, on 14 March 2017 to discuss PDN's financial position and options if the restructuring plan was not capable of being implemented. In attendance at the meeting was Mr Rick Crabb, Chairman of Paladin Energy Limited, Mr Cameron Belyea, partner from Clayton Utz and Matthew Woods, Partner of KPMG.

Between 20 March 2017 and 1 July 2017, KPMG held four telephone calls with KWM on the progress of the restructuring and the likelihood or otherwise of the need to implement a contingency plan.

On the evening of 1 July 2017, KPMG were contacted by KWM requesting a telephone conference with themselves and the Companies’ restructuring advisers, KordaMentha (“KM”) on 2 July 2017. KPMG dialled into a conference call with KWM and KM on 2 July 2017 where we were briefed on the impact of the Electricite de France SA (“EdF”) notice, with respect to the obligations due to EdF under an offtake agreement, and the impact on the Companies’ solvency.

KPMG attended a meeting of the board of directors on 3 July 2017 where the board resolved to appoint representatives of KPMG as Administrators.

ii) Relevant relationships

We, or a member of our firm, have, or have had within the preceding 24 months, a relationship with:

Name	Nature of Relationship	Reasons
King Wood Mallesons and Clayton Utz	<p>KPMG Australia undertakes work from time to time on behalf of lawyers such as KWM and CU.</p> <p>This includes the appointment of KPMG Australia’s registered liquidators to companies as a formal appointment where the lawyers have asked us to consent to act as administrators or liquidators.</p> <p>KPMG Australia also engages KWM and CU from time to time to provide legal advice</p>	<p>In our opinion, this relationship does not affect our independence for the following reasons:</p> <ul style="list-style-type: none"> • KPMG Australia undertakes work from time to time on behalf of lawyers such as KWM and CU, as do practitioners from other firms. This includes the appointment of KPMG Australia’s registered liquidators to companies as a formal appointment where KWM and CU have asked us to consent to act. • KPMG Australia also engages various lawyers such as KWM and CU from time to time to provide legal advice, as do practitioners from other firms. • We have not identified any issue in relation to this relationship that would give rise to a conflict in undertaking the administration of the Companies. This relationship has not impeded our independence. • Referrals from lawyers, accountants, business advisors and government agencies are commonplace and do not impact on our independence in carrying out our duties as administrators.

Name	Nature of Relationship	Reasons
Nedbank Limited	<p>KPMG South Africa from time to time undertakes advisory work for Nedbank Limited.</p> <p>KPMG Australia has not undertaken any work with Nedbank Limited in the preceding 24 months.</p>	<p>We believe that this relationship does not result in a conflict of interest or duty because:</p> <ul style="list-style-type: none"> • KPMG has never undertaken any work for Nedbank Limited in respect of the Companies; • The work that KPMG South Africa undertakes for Nedbank Limited will not influence our ability to be able to fully comply with the statutory and fiduciary obligations associated with the Voluntary Administration of the Companies in an objective and impartial manner.

Appointments to related parties

As detailed in this Declaration, the Administrators have been appointed as Voluntary Administrators of each of the Companies. The Administrators are of the view that the appointment to the three (related) companies will have significant benefits to the conduct of the administrations, particularly in that this will provide for cost-savings and enable an accurate as possible view to be obtained of the activities and financial position of the Group as a whole.

The Administrators are aware that there were inter-company transactions, but at this time are not aware of any potential conflicts of interest arising from the appointments over the various entities. However, to the extent it becomes apparent that pre-appointment dealings between the Companies may give rise to a conflict which may impact the outcome for creditors of either company, then the Administrators undertake to disclose any such conflicts to creditors and as appropriate, seek Court directions as to the means of resolving the potential conflict.

iii) Prior professional services to this the company

The Administrators have not undertaken any prior engagements for the Companies. Similarly, KPMG Australia has not provided any services to the Companies in the last 24 months.

iv) Other relevant relationships

There are no other known relevant relationships that the Administrators have, including personal, business and professional relationships, from the previous 24 months with the Companies, an associate of the Companies, a former insolvency practitioner appointed to the Companies, or another creditor holding a charge over all or substantially all of the Companies' assets and undertakings, that should be disclosed.

C. Indemnities and up-front payments

The Administrators, have not been indemnified in relation to this Administration other than any indemnities that they may be entitled to under statute. No up-front payments in respect of our remuneration and disbursements have been received.

Dated: 4th July 2017



Matthew David Woods
Administrator



Hayden Leigh White
Administrator



Gayle Dickerson
Administrator

Note:

1. If circumstances change, or new information is identified, we are required under the Corporations Act and the ARITA Code of Professional Practice for Insolvency Practitioners to update this Declaration and provide a copy to creditors with our next communication as well as table a copy of any replacement declaration at the next meeting of the Companies' creditors.
2. Any relationships, indemnities or up-front payments disclosed in the DIRRI must not be such that the Practitioner is no longer independent. The purpose of components B and C of the DIRRI is to disclose relationships that, while they do not result in the Practitioner having a conflict of interest or duty, ensure that creditors are aware of those relationships and understand why the Practitioner nevertheless remains independent.

C. Notice of meeting

Form 529A

Regulation 5.6.12(2)

Corporations Act 2001

**NOTICE OF SECOND CONCURRENT MEETING OF CREDITORS
OF COMPANIES UNDER ADMINISTRATION**

Paladin Energy Ltd (Administrators Appointed) ACN 061 681 098
Paladin Energy Minerals NL (Administrators Appointed) ACN 073 700 393
Paladin Finance Pty Ltd (Administrators Appointed) ACN 117 234 278
("the Companies")

Notice is given that a second meeting of the creditors of the Companies will be held concurrently at the office of KPMG, Level 8, 235 St Georges Terrace, Perth, Western Australia on 7 December 2017 at 2pm (Australian WST).

The purpose of the meeting is:

1. To consider the Administrators' report in accordance with section 439A of the Corporations Act 2001 and pursuant to rule 75-225(3) of the Insolvency Practice Rules 2016 in relation to the Companies' affairs and any other matters raised relating to the Companies' future and the various options available to creditors
2. To resolve for each of the Companies to either:
 - a) execute a Deed of Company Arrangement ("DOCA"); or
 - b) for the administration to end; or
 - c) for the company to be wound up
3. To approve the remuneration and internal disbursements of the Voluntary Administrators
4. If it is resolved that the Companies will execute a DOCA, to approve the future remuneration and internal disbursements of the Deed Administrators
5. If it is resolved that the Companies will be wound up, to approve the future remuneration and internal disbursements of the Liquidators
6. To discuss any other business which may be lawfully brought forward

Creditors will be able to participate in the meeting via teleconference. Please contact our office at au-fmpaladinenergy@kpmg.com.au for dial-in details.

Please note that under the Corporations Regulations (regulation 5.6.23), a creditor is not entitled to vote at a meeting unless:

- His / her claim has been admitted, wholly or in part, by the administrator for voting purposes; or
- He / she has lodged with the administrator particulars of the debt or claim.

Furthermore, proxies must be made available to the administrator.

Dated 30 November 2017



Matthew Woods
Joint and Several Administrator

KPMG
Level 8, 235 St Georges Terrace
Perth WA 6000
Tel: (08) 9263 7171
Fax: (08) 9263 7129

D. Proof of debt

INFORMAL PROOF OF DEBT FORM

Regulation 5.6.47

PALADIN ENERGY LTD (ADMINISTRATORS APPOINTED) ACN 061 681 098

Name of creditor:

Address of creditor:
.....

Email of creditor:

ABN:

Telephone number:

Amount of debt claimed: \$.....(including GST \$

Consideration for debt (i.e. the nature of goods or services supplied and the period during which they were supplied):

.....
.....

Is the debt secured? YES/NO

If secured, give details of security including dates, etc:

.....
.....

Other information:

.....

Signature of Creditor
(or person authorised by creditor)

* Strike out if applicable

Please return completed forms to:

KPMG Restructuring Services

Level 8, 235 St Georges Terrace

Perth WA 6000

or via email to Paladinenergy@kpmg.com.au

INFORMAL PROOF OF DEBT FORM

Regulation 5.6.47

PALADIN ENERGY MINERALS NL (ADMINISTRATORS APPOINTED) ACN 073 700 393

Name of creditor:

Address of creditor:
.....

Email of creditor:

ABN:

Telephone number:

Amount of debt claimed: \$.....(including GST \$

Consideration for debt (i.e. the nature of goods or services supplied and the period during which they were supplied):

.....
.....

Is the debt secured? YES/NO

If secured, give details of security including dates, etc:

.....
.....

Other information:

.....

Signature of Creditor
(or person authorised by creditor)

* Strike out if applicable

Please return completed forms to:

KPMG Restructuring Services

Level 8, 235 St Georges Terrace

Perth WA 6000

or via email to Paladinenergy@kpmg.com.au

INFORMAL PROOF OF DEBT FORM

Regulation 5.6.47

PALADIN FINANCE PTY LTD (ADMINISTRATORS APPOINTED) ACN 117 234 278

Name of creditor:

Address of creditor:

.....

Email of creditor:

ABN:

Telephone number:

Amount of debt claimed:\$.....(including GST \$

Consideration for debt (i.e. the nature of goods or services supplied and the period during which they were supplied):

.....

.....

Is the debt secured? YES/NO

If secured, give details of security including dates, etc:

.....

.....

Other information:

.....

Signature of Creditor

(or person authorised by creditor)

* Strike out if applicable

Please return completed forms to:

KPMG Restructuring Services

Level 8, 235 St Georges Terrace

Perth WA 6000

or via email to Paladinenergy@kpmg.com.au

E. Proxy form

Paladin Energy Limited (Administrators Appointed) ACN 061 681 098
("the Company")

Contact details and appointment of a Proxy (please complete)

*I/*We _____ (Full name) _____ (Telephone number)
of _____ (Company / Creditor name),
a creditor of the Company, appoint: _____ (Name of Proxy)
of _____ (Address of Proxy)
or in his or her absence _____ (Alternative Proxy)

as *my/*our *general/*special proxy to vote at the second meeting of creditors to be held on
7 December 2017 at 2pm (Australian WST) at the offices of KPMG, Level 8, 235 St Georges Terrace,
Perth, Western Australia, or at any adjournment of that meeting.

**strike out which is inapplicable.*

If a special proxy, specify how you wish your proxy to vote for each of the resolutions:

Paladin Energy Ltd (Administrators Appointed)

	For	Against	Abstain
Resolutions			
That the company execute a Deed of Company Arrangement (recommended).	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
That the administration should end.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
That the company be wound up.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Fee resolutions			
1 That the Administrators' remuneration in respect of Paladin Energy Ltd (Administrators Appointed), their partners and staff from 22 July 2017 to 17 November 2017 be approved in the amount of \$909,031.50 plus GST and disbursements, calculated in accordance with the KPMG guide to hourly rates as set out in the Administrators' initial advice to creditors dated 4 July 2017, and that such fees are authorised for payment from the assets of the company, or otherwise.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2 That the KPMG Valuation Services' remuneration in respect of Paladin Energy Ltd (Administrators Appointed), their partners and staff from 10 July 2017 to 24 November 2017 be approved in the amount of \$337,255.10 plus GST and disbursements, and that such fees are authorised for payment from the assets of the company, or otherwise.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3 That the Administrators' future remuneration in respect of Paladin Energy Ltd (Administrators Appointed), their partners and staff from 18 November 2017 to the date of the winding up or the execution of the DOCA be approved up to a maximum amount of \$350,000 plus GST and disbursements, calculated in accordance with the KPMG guide to hourly rates as set out in the Administrators' initial advice to creditors dated 4 July 2017, and that such fees are authorised for payment from the assets of the company, or otherwise.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4a That the Deed Administrators' future remuneration in respect of Paladin Energy Ltd (Administrators Appointed), their partners and staff for the period from DOCA execution until completion of the DOCA be approved up to a maximum amount of \$750,000 plus GST and disbursements, calculated in accordance with the KPMG guide to hourly rates as set out in the Administrators' initial advice to creditors dated 4 July 2017, and that such fees are authorised for payment from the assets of the company, or otherwise.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Paladin Energy Limited (Administrators Appointed)

For Against Abstain

4b That the Liquidators' future remuneration in respect of Paladin Energy Ltd (Administrators Appointed), their partners and staff for the period 7 December 2017 to completion of the liquidation be approved up to a maximum amount of \$1,850,000 plus GST and disbursements, calculated in accordance with the KPMG guide to hourly rates as set out in the Administrators' initial advice to creditors dated 4 July 2017, and that such fees are authorised for payment from the assets of the company, or otherwise.

Internal disbursement resolutions

5 That the internal disbursements claimed by our firm in the matter of Paladin Energy Limited (Administrators Appointed) for the period 22 July 2017 to 17 November 2017 calculated at the rates detailed in the Remuneration Approval Report are approved for payment in the amount of \$22,725.79 exclusive of GST, to be drawn from available funds immediately or as funds become available.

6 That the internal disbursements claimed by our firm in the matter of Paladin Energy Limited (Administrators Appointed) for the period 10 July 2017 to 24 November 2017 calculated at the rates detailed in the Remuneration Approval Report are approved for payment in the amount of \$9,336.23 exclusive of GST, to be drawn from available funds immediately or as funds become available.

7 That the future internal disbursements claimed by our firm in the matter of Paladin Energy Limited (Administrators Appointed) for the period 18 November 2017 to the date of the winding up or the execution of the DOCA calculated at the rates detailed in the Remuneration Approval Report are approved for payment in the amount of \$8,750 exclusive of GST, to be drawn from available funds immediately or as funds become available.

8a That the future internal disbursements claimed by our firm in the matter of Paladin Energy Limited (Administrators Appointed) for the period from DOCA execution to completion of the DOCA calculated at the rates detailed in the Remuneration Approval Report are approved for payment in the amount of \$18,750 exclusive of GST, to be drawn from available funds immediately or as funds become available.

8b That the future internal disbursements claimed by our firm in the matter of Paladin Energy Limited (Administrators Appointed) for the period 7 December 2017 to completion of the liquidation calculated at the rates detailed in the Remuneration Approval Report are approved for payment in the amount of \$46,250 exclusive of GST, to be drawn from available funds immediately or as funds become available.

Signature Section (in accordance with Sections 250D or 127 of the Corporations Act 2001)

Signature¹ of individual or persons² authorised by corporate resolution to represent the corporation

OR The common seal was affixed³ hereto in the presence of:

[Signature box]

[Seal box]

Print Name: _____

Director: _____

Dated this _____ day of _____ 2017

Director / Company Secretary

¹ The signature of the creditor is not to be attested by the person nominated as proxy.

² A corporation may only be represented by proxy or by an attorney appointed pursuant to Corporations Regulations 5.6.28 and 5.6.31A respectively, or, by a representative appointed under section 250D or the Corporations Act 2001. Copy of authority/power to attorney to be annexed.

³ The method of affixing the common seal is prescribed in Section 127(2) of the Corporations Act 2001 and, usually, the creditor corporation's constitution.

Certificate of Witness

Please Note: This certificate is to be completed only where the person giving the proxy is blind or incapable of writing. The signature of the creditor is not to be attested by the person nominated as proxy.

I, of certify that the above instrument appointing a proxy was complete by me in the presence of and at the request of the person appointing the proxy and read to that person before they attached their signature or mark to the instrument.

Dated this _____ day of _____ 2017

Signature of witness

Description

Place of residence

APPOINTMENT OF PROXY	FORM 532 IPR 75-25 <i>Corporations Act 2001</i>
Paladin Energy Minerals NL (Administrators Appointed) ACN 073 700 393 ("the Company")	

Contact details and appointment of a Proxy (please complete)

*I/*We _____ (Full name) _____ (Telephone number)
of _____ (Company / Creditor name),
a creditor of the Company, appoint: _____ (Name of Proxy)
of _____ (Address of Proxy)
or in his or her absence _____ (Alternative Proxy)

as *my/*our *general/*special proxy to vote at the second meeting of creditors to be held on
7 December 2017 at 2pm (Australian WST) at the offices of KPMG, Level 8, 235 St Georges Terrace,
Perth, Western Australia, or at any adjournment of that meeting.

**strike out which is inapplicable.*

If a special proxy, specify how you wish your proxy to vote for each of the resolutions:

<u>Paladin Energy Minerals NL (Administrators Appointed)</u>	For	Against	Abstain
Resolutions			
That the company execute a Deed of Company Arrangement (recommended).	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
That the administration should end.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
That the company be wound up.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Fee resolutions			
1 That the Administrators' remuneration in respect of Paladin Energy Minerals NL (Administrators Appointed), their partners and staff from 3 July 2017 to 17 November 2017 be approved in the amount of \$45,594.50 plus GST and disbursements, calculated in accordance with the KPMG guide to hourly rates as set out in the Administrators' initial advice to creditors dated 4 July 2017, and that such fees are authorised for payment from the assets of the company, or otherwise	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2 That the Administrators' future remuneration in respect of Paladin Energy Minerals NL (Administrators Appointed), their partners and staff from 18 November 2017 to the date of the winding up or the execution of the DOCA be approved up to a maximum amount of \$25,000 plus GST and disbursements, calculated in accordance with the KPMG guide to hourly rates as set out in the Administrators' initial advice to creditors dated 4 July 2017, and that such fees are authorised for payment from the assets of the company, or otherwise	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3a That the Deed Administrators' future remuneration in respect of Paladin Energy Minerals NL (Administrators Appointed), their partners and staff for the period from DOCA execution to completion of the DOCA be approved up to a maximum amount of \$50,000 plus GST and disbursements, calculated in accordance with the KPMG guide to hourly rates as set out in the Administrators' initial advice to creditors dated 4 July 2017, and that such fees are authorised for payment from the assets of the company, or otherwise	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3b That the Liquidators' future remuneration in respect of Paladin Energy Minerals NL (Administrators Appointed), their partners and staff for the period 7 December 2017 to completion of the liquidation be approved up to a maximum amount of \$100,000 plus GST and disbursements, calculated in accordance with the KPMG guide to hourly rates as set out in the Administrators' initial advice to creditors dated 4 July 2017, and that such fees are authorised for payment from the assets of the company, or otherwise	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Paladin Energy Minerals NL (Administrators Appointed)

For Against Abstain

Internal disbursement resolutions

- 4 That the internal disbursements claimed by our firm in the matter of Paladin Energy Minerals NL (Administrators Appointed) for the period 3 July 2017 to 17 November 2017 calculated at the rates detailed in the Remuneration Approval Report are approved for payment in the amount of \$1,139.86 exclusive of GST, to be drawn from available funds immediately or as funds become available
- 5 That the future internal disbursements claimed by our firm in the matter of Paladin Energy Minerals NL (Administrators Appointed) for the period 18 November 2017 to the date of the winding up or the execution of the DOCA calculated at the rates detailed in the Remuneration Approval Report are approved for payment in the amount of \$625 exclusive of GST, to be drawn from available funds immediately or as funds become available
- 6a That the future internal disbursements claimed by our firm in the matter of Paladin Energy Minerals NL (Administrators Appointed) for the period from DOCA execution to completion of the DOCA calculated at the rates detailed in the Remuneration Approval Report are approved for payment in the amount of \$1,250 exclusive of GST, to be drawn from available funds immediately or as funds become available
- 6b That the future internal disbursements claimed by our firm in the matter of Paladin Energy Minerals NL (Administrators Appointed) for the period 7 December 2017 to completion of the liquidation calculated at the rates detailed in the Remuneration Approval Report are approved for payment in the amount of \$2,500 exclusive of GST, to be drawn from available funds immediately or as funds become available

Signature Section (in accordance with Sections 250D or 127 of the Corporations Act 2001)

***I/*We authorise *my/*our proxy to vote as a general proxy on resolutions other than those specified above.**

Signature¹ of individual or persons² authorised by corporate resolution to represent the corporation

OR The common seal was affixed³ hereto in the presence of:

Signature: _____

Print Name: _____

Director: _____

Dated this _____ day of _____ 2017

Director / Company Secretary

¹ The signature of the creditor is not to be attested by the person nominated as proxy.

² A corporation may only be represented by proxy or by an attorney appointed pursuant to Corporations Regulations 5.6.28 and 5.6.31A respectively, or, by a representative appointed under section 250D or the Corporations Act 2001. Copy of authority/power to attorney to be annexed.

³ The method of affixing the common seal is prescribed in Section 127(2) of the Corporations Act 2001 and, usually, the creditor corporation's constitution.

Certificate of Witness

Please Note: This certificate is to be completed only where the person giving the proxy is blind or incapable of writing. The signature of the creditor is not to be attested by the person nominated as proxy.

I, of certify that the above instrument appointing a proxy was complete by me in the presence of and at the request of the person appointing the proxy and read to that person before they attached their signature or mark to the instrument.

Dated this _____ day of _____ 2017

Signature of witness

Description

Place of residence

APPOINTMENT OF PROXY	FORM 532 IPR 75-25 <i>Corporations Act 2001</i>
Paladin Finance Pty Ltd (Administrators Appointed) ACN 117 234 278 ("the Company")	

Contact details and appointment of a Proxy (please complete)

*I/*We _____ (Full name) _____ (Telephone number)
of _____ (Company / Creditor name),
a creditor of the Company, appoint: _____ (Name of Proxy)
of _____ (Address of Proxy)
or in his or her absence _____ (Alternative Proxy)

as *my/*our general/*special proxy to vote at the second meeting of creditors to be held on
7 December 2017 at 2pm (Australian WST) at the offices of KPMG, Level 8, 235 St Georges Terrace,
Perth, Western Australia, or at any adjournment of that meeting.

**strike out which is inapplicable.*

If a special proxy, specify how you wish your proxy to vote for each of the resolutions:

Paladin Finance Pty Ltd (Administrators Appointed)	For	Against	Abstain
Resolutions			
That the company execute a Deed of Company Arrangement (recommended).	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
That the administration should end.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
That the company be wound up.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Fee resolutions			
1 That the Administrators' remuneration in respect of Paladin Finance Pty Ltd (Administrators Appointed), their partners and staff from 3 July 2017 to 17 November 2017 be approved in the amount of \$91,655.50 plus GST and disbursements, calculated in accordance with the KPMG guide to hourly rates as set out in the Administrators' initial advice to creditors dated 4 July 2017, and that such fees are authorised for payment from the assets of the company, or otherwise	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2 That the Administrators' future remuneration in respect of Paladin Finance Pty Ltd (Administrators Appointed), their partners and staff from 18 November 2017 to the date of the winding up or the execution of the DOCA be approved up to a maximum amount of \$25,000 plus GST and disbursements, calculated in accordance with the KPMG guide to hourly rates as set out in the Administrators' initial advice to creditors dated 4 July 2017, and that such fees are authorised for payment from the assets of the company, or otherwise	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3a That the Deed Administrators' future remuneration in respect of Paladin Finance Pty Ltd (Administrators Appointed), their partners and staff for the period from DOCA execution to completion of the DOCA be approved up to a maximum amount of \$50,000 plus GST and disbursements, calculated in accordance with the KPMG guide to hourly rates as set out in the Administrators' initial advice to creditors dated 4 July 2017, and that such fees are authorised for payment from the assets of the company, or otherwise	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3b That the Liquidators' future remuneration in respect of Paladin Finance Pty Ltd (Administrators Appointed), their partners and staff for the period 7 December 2017 to completion of the liquidation be approved up to a maximum amount of \$100,000 plus GST and disbursements, calculated in accordance with the KPMG guide to hourly rates as set out in the Administrators' initial advice to creditors dated 4 July 2017, and that such fees are authorised for payment from the assets of the company, or otherwise	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Paladin Finance Pty Ltd (Administrators Appointed)

For Against Abstain

Internal disbursement resolutions

- | | | | | |
|----|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------|--------------------------|--------------------------|
| 4 | That the internal disbursements claimed by our firm in the matter of Paladin Finance Pty Ltd (Administrators Appointed) for the period 3 July 2017 to 17 November 2017 calculated at the rates detailed in the Remuneration Approval Report are approved for payment in the amount of \$2,291.39 exclusive of GST, to be drawn from available funds immediately or as funds become available | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 5 | That the future internal disbursements claimed by our firm in the matter of Paladin Finance Pty Ltd (Administrators Appointed) for the period 18 November 2017 to the date of the winding or the execution of the DOCA calculated at the rates detailed in the Remuneration Approval Report are approved for payment in the amount of \$625 exclusive of GST, to be drawn from available funds immediately or as funds become available | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 6a | That the future internal disbursements claimed by our firm in the matter of Paladin Finance Pty Ltd (Administrators Appointed) for the period from DOCA execution to completion of the DOCA calculated at the rates detailed in the Remuneration Approval Report are approved for payment in the amount of \$1,250 exclusive of GST, to be drawn from available funds immediately or as funds become available | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 6b | That the future internal disbursements claimed by our firm in the matter of Paladin Finance Pty Ltd (Administrators Appointed) for the period from 7 December 2017 to completion of the liquidation calculated at the rates detailed in the Remuneration Approval Report are approved for payment in the amount of \$2,500 exclusive of GST, to be drawn from available funds immediately or as funds become available | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

Signature Section (in accordance with Sections 250D or 127 of the Corporations Act 2001)

Signature¹ of individual or persons² authorised by corporate resolution to represent the corporation

OR The common seal was affixed³ hereto in the presence of:

Print Name: _____

Director: _____

Director / Company Secretary

Dated this _____ day of _____ 2017

¹ The signature of the creditor is not to be attested by the person nominated as proxy.

² A corporation may only be represented by proxy or by an attorney appointed pursuant to Corporations Regulations 5.6.28 and 5.6.31A respectively, or, by a representative appointed under section 250D or the Corporations Act 2001. Copy of authority/power to attorney to be annexed.

³ The method of affixing the common seal is prescribed in Section 127(2) of the Corporations Act 2001 and, usually, the creditor corporation's constitution.

Certificate of Witness

Please Note: This certificate is to be completed only where the person giving the proxy is blind or incapable of writing. The signature of the creditor is not to be attested by the person nominated as proxy.

I, of certify that the above instrument appointing a proxy was complete by me in the presence of and at the request of the person appointing the proxy and read to that person before they attached their signature or mark to the instrument.

Dated this _____ day of _____ 2017

Signature of witness

Description

Place of residence

F. Deed of Company Arrangement proposal

DRAFT

Deed of Company Arrangement

Paladin Energy Ltd (Administrators Appointed) ACN 061 681 098
Matthew Woods, Hayden White and Gayle Dickerson
Perpetual Corporate Trust Limited
John Zeckendorf
Matthew Woods
Hayden White

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Date:

Parties

- 1 **Paladin Energy Ltd** (Administrators Appointed) (ACN 061 681 098) c/- KPMG, 235 St Georges Terrace, Perth WA 6000 (**Paladin**)
 - 2 **Matthew Woods** c/- KPMG, 235 St Georges Terrace, Perth WA 6000, **Hayden White** c/- KPMG, 235 St Georges Terrace, Perth WA 6000 and **Gayle Dickerson** c/- KPMG, Level 38, Tower Three, International Towers Sydney, 300 Barangaroo Avenue, Barangaroo NSW 2000 (**Deed Administrators**)
 - 3 **Perpetual Corporate Trust Limited** (ACN 000 341 533) of Level 18, Angel Place, 123 Pitt Street, Sydney NSW 2000, Australia in its capacity as escrow agent under the Escrow Agreement (**Escrow Agent**)
 - 4 **John Zeckendorf** of 20 Roslyn Avenue, Kingston Beach, Tasmania 7050 (**Trustee 1**)
 - 5 **Matthew Woods** of KPMG, 235 St Georges Terrace, Perth WA 6000 (**Trustee 2**)
 - 6 **Hayden White** of KPMG, 235 St Georges Terrace, Perth WA 6000 (**Trustee 3**)
-

Background

- A On 3 July 2017, Matthew Woods, Hayden White and Gayle Dickerson were appointed joint and several voluntary administrators of Paladin (**Administrators**) pursuant to Part 5.3A of the Act, which appointment continues today.
- B On _____ December 2017, pursuant to section 439A of the Act, a second meeting of Paladin's Creditors was held. At that meeting, the Creditors resolved that Paladin execute a deed of company arrangement proposed by an ad hoc committee of the Existing Bondholders.
- C The Deed Administrators have consented to be the administrators of this Deed.
- D Subject to the terms of this Deed, this Deed binds all Creditors in accordance with section 444D of the Act and also binds Paladin, its Officers and Members in accordance with section 444G of the Act.
- E Each of the Trust Deeds has been signed by all of the parties thereto.

The parties agree

1 Definitions and Interpretation

1.1 Definitions

In this Deed, unless the subject or context otherwise requires:

2017 Bonds means the US\$274,000,000 6.00% convertible bonds due 2017 issued by Paladin.

2020 Bonds means the US\$150,000,000 7.00% convertible bonds due 2020 issued by Paladin.

Act means the *Corporations Act 2001* (Cth).

Acting Beneficiary means:

- (a) in respect of any trust of which Trustee 1 is trustee, Ryan Andrew Shaw of 25 Toulon Avenue, Wentworth Falls NSW 2782;
- (b) in respect of any trust of which Trustee 2 is trustee, Richard Forbes c/- 333 Capital, Rialto South Tower, Level 31, 525 Collins Street, Melbourne VIC 3000, Australia; and
- (c) in respect any trust of which Trustee 3 is trustee, John Mouawad c/- Korda Mentha, Level 5, Chifley Tower, 2 Chifley Square, Sydney NSW 2000.

Acting Beneficiary Costs means actual or contingent fees, remuneration, costs, charges, debts, liabilities and expenses (including taxation liabilities and duties) incurred in connection with the performance of each Acting Beneficiary's duties, obligations and responsibilities under this Deed and the relevant Trust Deed, including actual or contingent costs, charges, liabilities and expenses incurred in connection with any advisers.

Additional Shareholder has the meaning given to that term in paragraph (c) of the definition of 'Incoming Director'.

Admitted Claim means the Claim of an Existing Bondholder or EDF Creditor which has been admitted by the relevant Trustee under clause 8.2 (or the Deed Administrators under clause 8.1(b)(ii)).

Agency Agreement means the agency agreement to be entered into between, among others, Paladin and the New Note Trustee in connection with the New Notes.

Aggregate Admitted Claim Amount means the total amount of all Admitted Claims.

Aggregate EDF Admitted Claim Amount means the total amount of all EDF Claims admitted by Trustee 1 under clause 8.2 (or the Deed Administrators under clause 8.1(b)(ii), as relevant).

Aggregate Existing Bondholder Admitted Claim Amount means the total amount of all Existing Bondholder Claims admitted by Trustee 2 under clause 8.2 (or the Deed Administrators under clause 8.1(b)(ii), as relevant).

Appointment Date means 3 July 2017.

ASIC means the Australian Securities and Investment Commission.

ASIC Relief means from ASIC, such exemptions and/or declarations pursuant to the Act as are necessary in order to permit the Transfer to occur without the approval of shareholders, in each case in a form (and subject to conditions) acceptable to the Deed Administrators and the Majority Existing Bondholders.

ASX means ASX Limited (ABN 98 008 624 691), or where the context requires, the financial market operated by it known as the 'Australian Securities Exchange'.

ASX Relief means from the ASX,

- (a) such waivers or relief from ASX Listing Rules 10.1 and 11 as are necessary in order to permit without the approval of Paladin shareholders, the granting of the Existing Security and New Security in favour of the New Noteholders;

- (b) such confirmation that the number of Paladin shareholders and their respective proportions of Shares after the Transfer will satisfy Listing Rule 12.4 in preserving a marketable spread of Paladin securities;
- (c) such confirmation that Paladin has sufficient free float to satisfy the requirements described in section 3.7 of ASX Guidance Note 1;
- (d) the requotation conditions; and
- (e) such other waivers and relief as the Majority Existing Bondholders deem necessary (acting reasonably) and notify to the Deed Administrators in writing,

in each case, in a form (and subject to conditions) acceptable to the Deed Administrators and the Majority Existing Bondholders, each acting reasonably.

Backstop Letter means a letter agreement to be entered into between Paladin and the Underwriters pursuant to which (inter alia) the Underwriters agree to underwrite the subscription of US\$115,000,000 of New Notes.

Board means the board of directors of Paladin.

Business Day means any day other than a Saturday, Sunday, public holiday or bank holiday in Perth, Melbourne, Sydney, London, Hong Kong or New York.

Claim means a debt payable by, and any claim and all claims against, Paladin (present or future, certain or contingent, ascertained or sounding only in damages), being debts or claims the circumstances giving rise to which occurred on or before the Appointment Date that would be admissible to proof against Paladin in accordance with Division 6 of Part 5.6 of the Act, if Paladin had been wound up and the winding up is taken to have commenced on the Appointment Date.

Commencement Date means the date that this Deed is executed by Paladin and the Deed Administrators.

Committee Members means the members of the Committee of Inspection set out in Schedule 1, as replaced or removed from time to time in accordance with this Deed, or as appointed at the second meeting of creditors of Paladin.

Committee of Inspection means the committee of inspection established pursuant to clause 13.

Completion means completion of each implementation step in clause 5.1.

Consent to Act means a consent to act, notice of particulars and disclosure of interests by a director for the purposes of sections 192, 201D, 205B, 205C, 205F and 248D of the Act.

Costs means actual or contingent costs, debts charges, liabilities and expenses (including taxation liabilities and duties) incurred in connection with the performance of the Deed Administrators' duties, obligations and responsibilities under this Deed during the Deed Period or prior to this Deed in their capacity as administrators of Paladin, including actual or contingent costs, charges, liabilities and expenses incurred in connection with any advisers.

Court means the Supreme Court of New South Wales, the New South Wales registry of the Federal Court of Australia, any court having jurisdiction to hear and determine matters

under the Act and any court having jurisdiction to hear and determine appeals from any of the mentioned courts.

Creditor means any person with a Claim.

DB Facility Agreement means the revolving credit facility agreement originally dated 9 June 2016 between N.B.S.A. and LHUL as amended and/or amended and restated from time to time including by a document titled 'Deed of Amendment and Restatement' dated 20 July 2017 between Deutsche Bank AG, London Branch as lender, LHUL, PFPL, and PEM as borrowers and Paladin.

DB Payout Amount means all amounts payable to Deutsche Bank AG, London Branch, in connection with the transfer by novation of its interest in the DB Facility Agreement to Paladin.

DB Transfer Certificate means a transfer certificate in the form set out in Schedule 1 to the DB Facility Agreement addressed to LHUL, PFPL and PEM as 'Borrowers' and duly executed by Deutsche Bank AG, London Branch as 'Existing Lender' and Paladin as 'New Lender'.

Deed means this deed of company arrangement as amended from time to time.

Deed Administrators' Account means a US\$ denominated account operated and specified by the Deed Administrators.

Deed Period means the period commencing on the Commencement Date and ending on the Termination Date.

Directors means the directors of Paladin from time to time.

Duty means any stamp, transaction or registration duty or similar charge imposed by any Government Agency and includes any interest, fine, penalty, charge or other amount imposed in respect of any of them.

EDF Claim means any Claim arising under or in connection with the LTSC and/or Prepayment Agreement.

EDF Creditor means a Creditor in respect of an EDF Claim.

EDF Portion means the EDF Creditors' aggregate share of the Aggregate Admitted Claims Amount, calculated by dividing the Aggregate EDF Admitted Claim Amount by the Aggregated Admitted Claims Amount.

EDF Transfer Shares means such number of the Transfer Shares, representing the EDF Portion of 70% of the total number of Shares on issue immediately following the transfer of the Transfer Shares in clause 5.1(c) rounded down to the nearest Transfer Share.

End Date means the earlier of:

- (a) 31 January 2018 (or such later date agreed by the Deed Administrators and Majority Existing Bondholders in writing); and
- (b) the date the Majority Existing Bondholders and Deed Administrators agree in writing that any one or more of the Implementation Conditions have become incapable of satisfaction by the date required by paragraph (a) of this definition.

Enforcement Process, in relation to property, means:

- (a) execution against that property; or
- (b) any other enforcement process in relation to that property that involves a court or a sheriff.

Escrow Agreement means the escrow agreement to be entered into by Paladin, the New Note Trustee, the Escrow Agent and others, pursuant to which amongst other things, the Escrow Agent is appointed to give effect to the escrow arrangements described in clauses 4.1(f) and 5.

Excluded Claim means any Claim that is not an EDF Claim, an Existing Bondholder Claim or a Subordinated Claim.

Existing Bonds means collectively, the 2017 Bonds and the 2020 Bonds.

Existing Bondholder means a Creditor in respect of an Existing Bondholder Claim.

Existing Bondholder Claim means a Claim arising under or in connection with the Existing Bonds.

Existing Bondholder Portion means the Existing Bondholders' aggregate share of the Aggregate Admitted Claims Amount, calculated by dividing the Aggregate Existing Bondholder Admitted Claims Amount by the Aggregated Admitted Claims Amount.

Existing Bondholder Transfer Shares means such number of Transfer Shares representing the Existing Bondholder Portion of 70% of the total number of Shares on issue immediately following the transfer of the Transfer Shares in clause 5.1(c) rounded down to the nearest Transfer Share.

Existing Nedbank Intercreditor Agreement means the intercreditor deed dated 21 July 2017 between Nedbank Limited, Deutsche Bank AG, London Branch, PEM, PFPL and Paladin.

Existing Security means the Security Interests granted pursuant to the Existing Security Documents.

Existing Security Documents means:

- (a) the document titled 'Specific Security Deed (Marketable Securities)' originally dated 10 June 2016 between Paladin and Nedbank Limited as amended and/or amended and restated from time to time including by the document titled 'Deed of Amendment - Specific Security Deed (Marketable Securities)' dated 20 July 2017 between Paladin and the Existing Security Trustee;
- (b) the document titled 'Specific Security Deed' dated 20 July 2017 between PFPL and Deutsche Bank AG, London Branch;
- (c) the document titled 'General Security Agreement' dated 20 July 2017 between PEM and Deutsche Bank AG, London Branch; and
- (d) the document titled 'Account Charge' dated 20 July 2017 between PFPL and Deutsche Bank AG, London Branch.

Existing Security Trust Deed means the document titled 'Security Trust Deed' originally dated 10 July 2014 between LHUL, PFPL, N.B.S.A. Limited, Paladin and Nedbank Limited as amended and/or amended and restated from time to time including on 10 June

2016 and by way of a document titled 'Amendment Deed – Security Trust Deed' dated 24 July 2017 between the Exiting Security Trustee, Paladin, PFPL, PEM, LHUL and others.

Exiting Security Trustee means Deutsche Bank AG, London Branch, in its capacity as security trustee under the Existing Security Trust Deed.

FATA means *Foreign Acquisitions and Takeovers Act 1975* (Cth).

Final Escrow Date means the first Business Day after the Record Date (or such other date as agreed in writing by the Majority Existing Bondholders and Deed Administrators, each acting reasonably).

FIRB Approval means any of:

- (a) receipt of a written notice under FATA issued by or on behalf of the Treasurer stating that, or to the effect that, the Commonwealth Government does not object to the transfer of the relevant Recipient's Transfer Shares to the Trustee (**Transaction**) whether unconditionally or subject to conditions;
- (b) following notice of the Transaction having been given to the Treasurer under FATA, the Treasurer has ceased to be empowered to make any order under Part 3 of FATA because of the expiry of the applicable statutory waiting period; or
- (c) if an interim order is made under the FATA in respect of the Transaction, the subsequent period for making a final order prohibiting the transfer of those Transfer Shares has expired without a final order being made.

FIRB Tax Conditions means the conditions set out in Part A of the document entitled 'Taxation Conditions of Certain No Objection Decisions' dated 3 May 2016 published by the Australian Government Foreign Investment Review Board and available at <https://firb.gov.au/2016/05/taxation-conditions/>.

Fusion Resources means Fusion Resources Pty Ltd ACN 100 287 385.

Fusion Resources Deed of Release means a deed poll to be entered into by Fusion Resources (in favour of Paladin), pursuant to which Fusion Resources agrees that any and all claims (whether known or unknown) which it has or may have against Paladin of any nature whatsoever are released and extinguished, as and from the date of the deed poll.

Government Agency means any foreign or Australian government or governmental, semi-governmental, administrative, fiscal, statutory or judicial body, department, commission, authority, tribunal, agency or entity, or any minister of the Crown in right of the Commonwealth of Australia or any state, or any other federal, state, provincial, local or other government, whether foreign or Australian. It also includes any self-regulatory organisation established under statute or otherwise discharging substantially public or regulatory functions (including ASIC and the Takeovers Panel) and any stock exchange (including ASX).

GST means goods and services tax or similar value added tax levied or imposed in Australia under the GST Law.

GST Law has the meaning given to it in the *A New Tax System (Goods and Services Tax) Act 1999* (Cth).

HK Account means the US dollar-denominated bank account named "Paladin Finance Pty Ltd" held and maintained by PFPL with Deutsche Bank AG, Hong Kong Branch in Hong Kong with account number 0032326-050.

HK Account Charge has the meaning given to that term in paragraph (d) of the definition of 'Existing Security Document'.

HK Account Consent Letter means a letter from Deutsche Bank AG, London Branch and countersigned by the Incoming Security Trustee, authorising PFPL to withdraw from the HK Account the lesser of:

- (a) US\$2,342,070; and
- (b) the balance of the HK Account as of the Implementation Date.

HK Security Assignment and Amendment Deed means a deed to be entered into by Deutsche Bank AG, the Incoming Security Trustee and PFPL which (inter alia) assigns the HK Account Charge.

HK Security Notice of Acknowledgement and Undertaking means a notice that is substantially in the form set out in schedule 1 to the HK Account Charge signed by PFPL and corresponding acknowledgement in the form set out in Schedule 1 to the HK Account Charge signed by Deutsche Bank AG, Hong Kong Branch.

Holding Company means, in relation to a company or corporation, any other company or corporation in respect of which the first-mentioned company is a Subsidiary.

Implementation Conditions means has the meaning given to that term in clause 4.1.

Implementation Date means the latest of:

- (a) the first Business Day after the satisfaction or waiver of all Implementation Conditions;
- (b) the first Business Day after the Final Escrow Date; and
- (c) such later date as agreed in writing by the Majority Existing Bondholders and the Deed Administrators, each acting reasonably.

Incoming Director means:

- (a) any two persons that the EDF Creditors as at the Record Date jointly nominate (if any), provided that the appointment of such person will not result in Paladin having more than seven directors or less than two Australian resident directors immediately following their appointment under clause 5.1(d)(ii) (**EDF Nominee**);
- (b) any other three persons that the Supporting Bondholders nominate, provided that the appointment of such person will not result in Paladin having more than seven directors or less than two Australian resident directors immediately following their appointment under clause 5.1(d)(ii) (each a **Supporting Bondholder Nominee**); and
- (c) in respect of any entity that:
 - (i) will be beneficially entitled to 10% or more of the Shares immediately following Completion (subject to the entity responding satisfactorily to the request in clause 7.3(b)) (other than EDF, the Supporting Bondholders or any of either of their associates); and

- (ii) has given Paladin an undertaking to continue to hold the Shares until Paladin is quoted on the ASX,

(an **Additional Shareholder**), a person nominated by that Additional Shareholder, provided that person's appointment will not result in Paladin having more than seven directors or less than two Australian resident directors immediately following their appointment under clause 5.1(d)(ii),

(each a **Nominee**) that has:

- (d) executed a Consent to Act; and
- (e) executed a deed poll in favour of Paladin (**Incoming Director Deed Poll**) on terms acceptable to the Supporting Bondholders, acting reasonably, pursuant to which the relevant Nominee has agreed that:
 - (i) (in the case of a EDF Nominee or Supporting Bondholder Nominee) he or she will not be entitled to receive from Paladin any remuneration as a Director, if he or she is employed by:
 - (A) EDF or any affiliated entity of EDF; or
 - (B) a Supporting Bondholder or any affiliated entity of a Supporting Bondholder,(respectively); and
 - (ii) any present and future indebtedness of Paladin to or for the account of the Nominee directly or indirectly in respect of any costs and expenses incurred or to be incurred by the Nominee in connection with attending general meetings, attending Board meetings and/or obtaining legal advice (**Subordinated Nominee Costs**) will be fully subordinated and postponed and made subject in right of payment to amounts owing under or in respect of the New Note Documents; and
 - (iii) the Nominee will not demand payment of, accept payment or otherwise allow satisfaction of, take any step toward levying any execution or obtaining any judgment against Paladin or the appointment of a liquidator to Paladin in connection with, or exercise any right of set-off, deduction or combination of accounts in relation to all or any part of, its Subordinated Nominee Costs, until after all amounts owing under or in connection with the New Note Documents, have been fully and finally paid.

Incoming Director Deed Poll has the meaning given to that term in paragraph (e) of the definition of Incoming Director.

Incoming Security Trustee means Global Loan Agency Service Australia Nominees Pty Ltd (ABN 39 608 945 008).

Insolvency Practice Rules means the *Insolvency Practice Rules (Corporations) 2016* (Cth).

Insolvency Practice Schedule means Schedule 2 to the Act.

LHUL means Langer Heinrich Uranium (Pty) Limited.

LTSC means document titled 'Uranium Concentrates Long Term Supply Contract' dated 8 August 2012 between Paladin and Électricité de France S.A.

Majority Existing Bondholders means those Existing Bondholders who, at the time of determination, hold 51% or more of the aggregate principal value of outstanding Existing Bonds.

Member means any person who, by reason of section 9 of the Act, is a "member" of Paladin.

Nedbank Intercreditor Undertaking Deed means the deed to be entered into by the Incoming Security Trustee, PEM, Paladin, PFPL and Nedbank Limited pursuant to which the Incoming Security Trustee agrees to be bound by the provisions of the Existing Nedbank Intercreditor Deed which related to Deutsche Bank AG, London Branch.

Nedbank Intercreditor Deed means the intercreditor deed dated 21 July 2017 between Nedbank limited, Deutsche Bank AG, London Branch, PEM, PFPL and Paladin.

New Investor Transfer Shares means such number of Transfer Shares representing 28% of the total number of Shares on issue immediately following the transfer of the Transfer Shares in 5.1(c) rounded down to the nearest Transfer Share.

New Note Documents means:

- (a) the Subscription Agreement;
- (b) the New Notes;
- (c) the New Trust Deed;
- (d) the Agency Agreement; and
- (e) such other documents as the Majority Existing Bondholders deem necessary or desirable (acting reasonably) for the purposes of the issuance of the New Notes by Paladin.

New Note Funds means US\$115,000,000 to be paid by the Subscribers and Underwriters under the New Note Documents.

New Note Trustee means Global Loan Agency Services Limited, a company incorporated under the laws of England and Wales, whose registered office is at 45 Ludgate Hill, London EC4M 7JU, United Kingdom.

New Noteholder means the holder of one or more of the New Notes.

New Notes means the US\$115,000,000 of 9.00%/10.00% PIK toggle senior secured notes, due 5 years after their issue date to be issued by Paladin under the New Note Documents.

New Notes Designation Letter means the letter between Paladin and Deutsche Bank AG, London branch designating the New Note Documents as 'Finance Documents' under the DB Facility Agreement and the New Noteholders as 'Beneficiaries' under the Existing Security Trust Deed.

New Security means the Security Interests granted pursuant to the New Security Documents.

New Security Documents means:

- (a) a general security agreement to be granted by Paladin in favour of the Incoming Security Trustee, over all present and after acquired property of Paladin, excluding the following assets:
 - (i) shares in Summit Resources Limited;
 - (ii) shares in PEM;
 - (iii) the concentrate supply agreement dated 16 March 2009 between Paladin and Paladin (Africa) Limited;
 - (iv) the uranium supply agreement dated 16 September 2008 between Paladin and Taiwan Power Company; and
 - (v) the “Cost Overrun Account” and the “Offshore USD Escrow Account” (each as defined in the sponsor deed poll dated 31 March 2009 made by Paladin);
- (b) a general security agreement to be granted by PFPL over all present and after acquired property other than:
 - (i) shares in Langer Heinrich Mauritius Holdings Limited (Company register: 59934 C1/GBL); and
 - (ii) the HK Account;
- (c) a general security agreement to be granted by PEM Malawi Pty Ltd (ACN 128 358 225) over all present and after acquired property other than its shares in Paladin (Africa) Limited;
- (d) a general security agreement to be granted by the following entities in favour of the Incoming Security Trustee, over all present and after acquired property:
 - (i) NMG Resources Pty Ltd (ACN 107 131 653);
 - (ii) Fusion Resources Pty Ltd (ACN 100 287 385);
 - (iii) Paladin NT Pty Ltd (ACN 131 890 134);
 - (iv) Eden Creek Pty Ltd (ACN 008 958 610);
 - (v) Mt Isa Uranium Pty Ltd (ACN 064 536 483);
 - (vi) Valhalla Uranium Pty Ltd (ACN 116 370 720);
 - (vii) Paladin Intellectual Property Pty Ltd (ACN 168 630 288);
 - (viii) Paladin Employee Plan Pty Ltd (ACN 144 956 070); and
 - (ix) Paladin Nuclear Limited (ACN 125 124 156); and
- (e) such additional security documents to be granted by Paladin Canada Holdings (NL) Ltd (BC 0900228) and/or Michelin Uranium Ltd (BC 0900223), as the Majority Existing Bondholders (acting reasonably) may prior to the Implementation Date notify to the Deed Administrators in writing as being necessary or desirable in order to more satisfactorily secure the New Notes; and

(f) the New Notes Designation Letter.

New Security Trust Deed means the document to be entered into by, among others, the Incoming Security Trustee, each Security Provider and the New Note Trustee on behalf of the New Noteholders, on terms and conditions satisfactory to the Supporting Bondholders (acting reasonably).

New Trust Deed means a document titled 'Trust Deed' to be entered into between Paladin, the New Note Trustee and certain guarantors named therein, which will set out the terms upon which Paladin will issue the New Notes.

Officer means any person who, by reason of section 9 of the Act, is an "officer" of Paladin.

Paladin Group means:

- (a) Paladin; and
- (b) each of Summit Resources Limited, Langer Heinrich Mauritius Holdings Limited LHUL, PFPL, PEM, Paladin (Africa) Limited, Paladin Netherlands Holdings Co-Operative U.A.,

and in each case, each of their respective Subsidiaries (if any) and Holding Companies from time to time.

PEM means Paladin Energy Minerals NL (Administrators Appointed) (ACN 073 700 393).

PEM/PFPL DOCA means the deed of company arrangement (as amended from time to time) entered into by PEM and PFPL and the Deed Administrators on or about the date of this deed.

PFPL means Paladin Finance Pty Ltd (Administrators Appointed) (ACN 117 234 278).

PPSA means the *Personal Property Securities Act 2009* (Cth).

Prepayment Agreement means the document titled 'Prepayment Agreement' dated 28 August 2012 between Paladin and Électricité de France S.A .

Recipient has the meaning given to that term in clause 7.2.

Recipient Claim Period means the period of 12 months following the date of the Section 444GA Order.

Record Date means the third Business Day after the satisfaction or waiver of the Implementation Conditions in clauses 4.1(a)-4.1(e) (inclusive) and 4.1(g)-4.1(h) (inclusive) (or such other date agreed in writing by the Deed Administrators and Majority Existing Bondholders, each acting reasonably).

Regulations means the *Corporations Regulations 2001* (Cth).

Regulatory Approval means other than under or in relation to FATA:

- (a) any approval, consent, authorisation, no objection, registration, filing, lodgement, permit, franchise, agreement, notarisation, certificate, permission, licence, direction, declaration, authority, waiver, modification or exemption from, by or with a Government Agency; or

- (b) in relation to anything that would be fully or partly prohibited or restricted by law if a Government Agency intervened or acted in any way within a specified period after lodgement, filing, registration or notification, the expiry of that period without intervention or action.

Relevant Proportion means:

- (a) in relation to an EDF Creditor, that EDF Creditor's share of the Aggregate EDF Admitted Claims Amount, calculated by dividing the amount of the EDF Creditor's Admitted Claim by the Aggregate EDF Admitted Claims Amount;
- (b) in relation to an Existing Bondholder, that Existing Bondholder's share of the Existing Bonds, calculated by dividing the principal amount of Existing Bonds held by the Existing Bondholder by the aggregate principal amount of Existing Bonds outstanding;
- (c) in relation to a New Noteholder, that New Noteholder's share of the New Notes, calculated by dividing the principal amount of New Notes subscribed for by the New Noteholder by US\$115,000,000; and
- (d) in relation to a Underwriter, the Underwriter's pro-rata share of the underwriting commitment as set out in the Backstop Letter.

Remuneration means the fees of the Deed Administrators incurred during the Deed Period in the performance of services in connection with or in relation to the deed administration of Paladin.

Restructuring Support Deed means a document titled 'Restructuring Support Deed' entered into by various Existing Bondholders, as varied or replaced from time to time.

Section 444GA Application means the application in Supreme Court of New South Wales by the Deed Administrators to seek leave of the Supreme Court of New South Wales pursuant to section 444GA(1)(b) of the Act for the Transfer.

Section 444GA Order means an order in favour of the Section 444GA Application.

Security Interest means any mortgage, charge, pledge, lien, or other interest or other security interest or arrangement of any kind that in substance secures the payment of money or the performance of an obligation, or any other agreement, notice or arrangement having a similar effect, including any "security interest" as defined in sections 12(1) or (2) of the PPSA, but excluding anything which is a Security Interest by operation of section 12(3) of the PPSA provided that any such Security Interest does not secure payment or performance of an obligation.

Security Provider means each of:

- (a) Paladin;
- (b) PEM;
- (c) PFPL;
- (d) NMG Resources Pty Ltd (ACN 107 131 653);
- (e) Fusion Resources Pty Ltd (ACN 100 287 385);
- (f) Paladin NT Pty Ltd (ACN 131 890 134);

- (g) Eden Creek Pty Ltd (ACN 008 958 610);
- (h) Mt Isa Uranium Pty Ltd (ACN 064 536 483);
- (i) Valhalla Uranium Pty Ltd (ACN 116 370 720);
- (j) Paladin Intellectual Property Pty Ltd (ACN 168 630 288);
- (k) Paladin Employee Plan Pty Ltd (ACN 144 956 070);
- (l) Paladin Nuclear Limited (ACN 125 124 156);
- (m) PEM Malawi Pty Ltd (ACN 128 358 225); and
- (n) each of the following entities, in each case, to the extent that prior to the Implementation Date the Majority Existing Bondholders notify the Deed Administrators in writing pursuant to paragraph (e) of the definition of “New Security”, that a security agreement from that entity is necessary or desirable in order to more satisfactorily secure the New Notes:
 - (i) Paladin Canada Holdings (NL) Ltd (BC 0900228); and
 - (ii) Michelin Uranium Ltd (BC 0900223).

Settlement Agent means a settlement agent approved by the Majority Existing Bondholders that is appointed in writing by Paladin (as issuer of the New Notes) and which undertakes to comply with the obligations of the settlement agent in clause 5.1 of this Deed.

Share Register means the share register of Paladin.

Shares means fully paid ordinary shares in the capital of Paladin.

STD Replacement Deed means the deed to be entered into by the Exiting Security Trustee, the Incoming Security Trustee, Paladin, PFPL, PEM and others, which amongst other things:

- (a) replaces the Exiting Security Trustee with the Incoming Security Trustee; and
- (b) transfers certain of the Existing Security to the Incoming Security Trustee,

on terms satisfactory to the Majority Existing Bondholders, acting reasonably.

Subordinated Claim means a Claim which would have been a ‘subordinate claim’ as defined in section 563A of the Act (as if references to ‘the company’ in that definition were references to Paladin) if Paladin had been wound up and the winding up was taken to have commenced on the Appointment Date.

Subordinated Creditor means a Creditor in respect of a Subordinated Claim.

Subordination Agreement means a document to be entered into by, among others, the New Note Trustee on behalf of the New Noteholders and certain members of the Paladin Group, on terms and conditions satisfactory to the Supporting Bondholders (acting reasonably).

Subscriber means each entity that agrees to purchase any New Notes under the Subscription Agreement.

Subscription Agreement means the agreement to be entered into between, among others, Paladin and each Subscriber, which agreement sets out the terms and conditions upon which the Subscribers agree to purchase New Notes.

Subsidiary means, in relation to a person, a company in respect of which that person or a Subsidiary or Subsidiaries of such person:

- (a) is or are directly able to exercise, or control the exercise of, a majority of the general voting rights associated with issued securities of that company, whether pursuant to a shareholder agreement or otherwise; or
- (b) has or have the right to appoint or elect, or control the appointment or election of, directors of that company who control a majority of the votes at a meeting of the board;

Supporting Bondholders means Existing Bondholders who, at the time of determination, are a party to the Restructuring Support Deed.

Termination Date means the date upon which this Deed is terminated in accordance with clause 17.

Transfer means the transfer of the Transfer Shares in accordance with clauses 5.1(c) and 7.3(d).

Transfer Shares means 98% of the Shares.

Treasurer means the Treasurer of the Commonwealth of Australia.

Trust Deeds means all or each of (as the context requires) of the following:

- (a) the trust deed which establishes "Paladin Trust 1" and of which Trustee 1 is the trustee;
- (b) the trust deed which establishes "Paladin Trust 2" and of which Trustee 2 is the trustee; and
- (c) the trust deed which establishes "Paladin Trust 3" and of which Trustee 3 is the trustee.

Trustee means Trustee 1, Trustee 2 or Trustee 3 (as the context requires).

Trustee Costs means actual or contingent fees, remuneration, costs, charges, debts, liabilities and expenses (including taxation liabilities and duties) incurred in connection with the performance of each Trustee's duties, obligations and responsibilities under this Deed and the relevant Trust Deed, including actual or contingent costs, charges, liabilities and expenses incurred in connection with any advisers, and includes the Acting Beneficiary Costs.

Trustee Rights means, in respect of each Trustee, its rights under this Deed, at law and under the relevant Trust Deed, including its right of indemnity and right to payment of the "Trustee Remuneration" and "Trustee Costs" (as those terms are defined in the relevant Trust Deed).

Trustee 1 means John Zeckendorf of 20 Roslyn Avenue, Kingston Beach TAS 7050 as trustee of the Transfer Shares (inter alia) to be transferred to it pursuant to the Section 444GA Order.

Trustee 2 means Matthew Woods of KPMG, 235 St Georges Terrace, Perth WA 6000 as trustee of the Transfer Shares (inter alia) to be transferred to it pursuant to the Section 444GA Order.

Trustee 3 means Hayden White of KPMG, 235 St Georges Terrace, Perth WA 6000 as trustee of the Transfer Shares (inter alia) to be transferred to it pursuant to the Section 444GA Order.

Unaccounted Proceeds has the meaning given to that term in clause 7.3(d)(iii).

Unaccounted Proceeds Period has the meaning given to that term in clause 7.3(d)(iii).

Unaccounted Recipient means a Recipient that does not provide:

- (a) each confirmation as requested under clause 7.3(b)(i) (including, for the avoidance of doubt, a confirmation that its instructions to deal with its pro-rata entitlement of Transfer Shares are permitted at law); and
- (b) either:
 - (i) an executed share transfer certificate as requested under clause 7.3(b)(ii); or
 - (ii) an instruction to the relevant Trustee to sell the Transfer Shares to which the Recipient is entitled and deposit any proceeds realised into a nominated account in accordance with clause 7.3(b)(i)(C)(3),

before the end of the Recipient Claim Period.

Underwriter means each entity that has agreed to underwrite the subscription of a certain portion of the New Notes, under the Backstop Letter.

US\$ means the lawful currency of the United States of America.

WA Security Amendment Deed means a deed to be entered into by the Incoming Security Trustee, Paladin, PFPL and PEM which (inter alia) amends the security agreements referred to in paragraphs (a)-(c) (inclusive) of the definition of Existing Security Documents so as to ensure they can secure the New Notes amongst other things.

1.2 Interpretation

In this Deed, unless the subject or context otherwise requires:

- (a) words importing the singular include the plural and vice versa;
- (b) words importing any one gender include the other gender and vice versa;
- (c) words importing natural persons include corporations, firms, unincorporated associations, partnerships, trusts and any other entities recognised by law and vice versa;
- (d) references to a person includes any body corporate, unincorporated body, a corporation, association, partnership, government authority or other legal entity;
- (e) words "written" and "in writing" includes any means of visible reproduction of words in a tangible and permanently viable form;

- (f) if a word or phrase is defined, other clauses of speech and grammatical forms of that word or phrase have corresponding meanings;
- (g) reference to clauses and schedules are references to clauses and schedules of this Deed;
- (h) references in this Deed to any statutory enactment or law shall be construed as references to that enactment or law as amended or modified or re-enacted from time to time and to the corresponding provisions of any similar enactment or law of any other relevant jurisdiction;
- (i) references in this Deed to sections shall be construed as references to sections of the Act;
- (j) references to (or to any specific provision of) this Deed or to any other agreement or document shall be construed as references to (that provision of) this Deed or that other agreement or document as amended, substituted, novated, supplemented, varied or replaced with the agreement of the relevant parties and in force at any relevant time;
- (k) headings in this Deed are for the purpose of mere convenient reference only and do not form the clause of this Deed or affect its construction or interpretation;
- (l) a term or expression not otherwise defined in this Deed shall have the same meaning, if any, as provided for in the Act; and
- (m) no rule of construction applies to the disadvantage of a party because that party was responsible for the preparation of the Deed or any clause of it.

1.3 Inconsistency with Act or Regulations

If there is any inconsistency between the provisions of this Deed and the Act or Regulations, this Deed shall prevail to the extent permitted by law.

1.4 Other Inconsistencies

If there is any inconsistency between the provisions of this Deed and the constitution of Paladin and any other obligation binding on Paladin, the provisions of this Deed shall prevail to the extent of the inconsistency, and all persons bound by this Deed agree to sign all documents and do all things reasonably necessary to remove such inconsistency, the costs of which shall be borne by Paladin.

1.5 Business Days

Except where otherwise expressly provided, if the day on or by which any act, matter or thing is to be done as required by this Deed is a day other than a Business Day, such act, matter or thing shall be done on the immediately succeeding Business Day.

1.6 Successors and assigns

The obligations and liabilities imposed and rights and benefits conferred on the parties under this Deed shall be binding upon and enure in favour of the respective parties and each of their respective successors in title, legal personal representatives and permitted assigns.

2 Operation

2.1 Commencement

Subject to clause 2.2, this Deed will commence and take effect on the Commencement Date.

2.2 Interdependency

This Deed will not come into operation until the PEM/PFPL DOCA is executed by PEM, PFPL and the proposed deed administrators in accordance with section 444B(6) of the Act.

3 Moratorium

3.1 Binding Effect

This Deed binds:

- (a) in accordance with section 444D of the Act, all Creditors; and
- (b) in accordance with section 444G of the Act, Paladin, its Officers and Members and the Deed Administrators.

3.2 Moratorium

During the Deed Period, no Creditor in relation to its Claim or any Director, Officer or Member of Paladin may (as applicable):

- (a) make or proceed with an application for an order to wind up Paladin;
- (b) institute, revive or continue any action, suit, arbitration, mediation or proceeding against Paladin or in relation to the property of Paladin;
- (c) institute, revive or continue with any Enforcement Process against the property of Paladin;
- (d) take any action whatsoever to seek to recover any part of its Claim other than pursuant to this Deed;
- (e) exercise any right of set off or defence, cross claim or cross action to which that Creditor would not have been entitled had Paladin been wound up on the Appointment Date;
- (f) commence or take any further step in any arbitration against Paladin or to which Paladin is a party; or
- (g) otherwise enforce any right it may have or acquire which is inconsistent with the terms or objects of this Deed,

except with the consent of the Deed Administrators or with the leave of the Court.

4 Implementation Conditions

4.1 Implementation Conditions

The operation of clause 5 is conditional upon all of the following conditions first being satisfied:

- (a) **444GA Order:** the Supreme Court of New South Wales has made a Section 444GA Order on terms satisfactory to the Majority Existing Bondholders and Deed Administrators, each acting reasonably;
- (b) **ASIC Relief:** the ASIC Relief has been granted;
- (c) **ASX Relief:** the ASX Relief has been granted and all conditions to requotation (other than Paladin coming out of deed administration) have been met;
- (d) **FIRB:** either:
 - (i) the Supporting Bondholders have received a written notice under FATA by or on behalf of the Treasurer stating that, or to the effect that, the Commonwealth Government does not object to the transfer of the Transfer Shares (**FIRB Transaction**) (whether unconditionally or subject to conditions acceptable to the Supporting Bondholders, acting reasonably), provided that it would not be reasonable for the Supporting Bondholders to refuse to accept FIRB Tax Conditions or a condition imposing a time-limit on the no objection;
 - (ii) following notice of the FIRB Transaction having been given by or on behalf of the Supporting Bondholders to the Treasurer under FATA, the Treasurer has ceased to be empowered to make any order under Part II of FATA because of the expiry of the applicable statutory waiting period; or
 - (iii) if an interim order is made under the FATA in respect of the FIRB Transaction, the subsequent period for making a final order prohibiting the transfer of the Transfer Shares has expired without a final order being made;
- (e) **Regulatory Approvals:** each other Regulatory Approvals necessary to implement and complete the Transfer and each other step set out in clause 5.1, has been provided on an unconditional basis, or with conditions satisfactory to the Majority Existing Bondholders acting reasonably, and shall remain in full force and effect and shall not have been withdrawn, suspended or revoked;
- (f) The following has occurred on or before the Final Escrow Date:
 - (i) **Escrow Agreement:** the Escrow Agreement has been executed by the parties thereto;
 - (ii) **Subscription commitment:** each of the following documents has been fully executed and delivered by all parties thereto:
 - (A) Backstop Letter; and
 - (B) Subscription Agreement;
 - (iii) **Existing Security, New Security, New Note Documents, New Security Trust Deed and Intercreditor Agreement:** each of the following documents

has been fully executed and each party's respective counterpart signatures are held by the Escrow Agent pursuant to the Escrow Agreement:

- (A) New Notes Designation Letter;
 - (B) DB Transfer Certificate;
 - (C) STD Replacement Deed;
 - (D) Nedbank Intercreditor Undertaking Deed;
 - (E) WA Security Amendment Deed;
 - (F) HK Account Consent Letter;
 - (G) HK Security Assignment and Amendment Deed;
 - (H) HK Security Notice of Acknowledgement and Undertaking;
 - (I) New Note Documents;
 - (J) New Security Documents (other than the New Notes Designation Letter);
 - (K) New Security Trust Deed; and
 - (L) Subordination Agreement; and
- (iv) **New Note Funds:** the New Note Funds have been paid to the Escrow Agent under the Escrow Agreement or to a Settlement Agent; and
- (g) **No regulatory intervention:** there has been no regulatory intervention that restrains, prohibits or otherwise materially adversely impedes or impacts upon (or could reasonably be expected to restrain, prohibit or otherwise adversely impede or impact upon) implementation under clause 5; and
- (h) **Fusion Resources Deed Poll:** Fusion Resources has executed the Fusion Resources Deed of Release,
- (each, an **Implementation Condition**).

4.2 Waiver of Implementation Condition

An Implementation Condition in clauses 4.1(c), 4.1(d), 4.1(e), 4.1(f)(iii)(L), 4.1(g) and 4.1(h) may be waived (wholly or partially) by the Deed Administrators if, and only if, they are acting in accordance with the written instructions of the Majority Existing Bondholders and, where so instructed, the Deed Administrators must waive the relevant Implementation Condition.

4.3 Obligation to satisfy Implementation Conditions

To the extent that it is within the control of an entity bound by this Deed, that entity must use reasonable endeavours to ensure that the Implementation Conditions are satisfied.

4.4 Consequences of non-satisfaction of Implementation Conditions

If any of the Implementation Conditions are not satisfied or waived under clause 4.2 by the End Date (or such later date as may be agreed between the Majority Existing Bondholders and the Deed Administrators), the Deed Administrators will convene a meeting of Creditors to determine the future of Paladin.

5 Implementation

5.1 Implementation Steps

On the Implementation Date:

- (a) **Payment of New Note Funds & repayment of DB Facility:** the Escrow Agent or the Settlement Agent (whichever holds the New Note Funds) must pay the New Notes Funds as specified below:
 - (i) the DB Payout Amount in accordance with the payment direction in clause 5.2(a); and
 - (ii) the balance of the New Notes Funds into the Deed Administrators' Account;
- (b) **New Notes, Existing Security and New Security:** at the same time as the New Note Funds are applied in accordance with clause 5.1(a), the Escrow Agent will release from escrow the following documents contemporaneously and in the following order:
 - (i) New Note Designation Letter;
 - (ii) HK Account Consent Letter;
 - (iii) DB Transfer Certificate;
 - (iv) STD Replacement Deed;
 - (v) Nedbank Intercreditor Undertaking Deed;
 - (vi) WA Security Amendment Deed;
 - (vii) HK Security Assignment and Amendment Deed;
 - (viii) HK Security Notice of Acknowledgement and Undertaking;
 - (ix) New Security Trust Deed;
 - (x) New Note Documents;
 - (xi) Subordination Agreement; and
 - (xii) New Security Documents (other than the New Note Designation Letter).
- (c) **Transfer Shares:** immediately after completion of the steps in clause 5.1(b), the Deed Administrator will transfer:
 - (i) the EDF Transfer Shares to Trustee 1;

- (ii) the Existing Bondholder Transfer Shares to Trustee 2; and
 - (iii) the New Investor Transfer Shares to Trustee 3,
- in each case by:
- (iv) the Deed Administrators delivering to the relevant Trustee a duly executed share transfer, executed on behalf of the Members of Paladin by the Deed Administrators for registration (**Share Transfer**);
 - (v) the relevant Trustee duly executing the Share Transfer, attending to any necessary stamping and delivering it to the Deed Administrators for registration; and
 - (vi) immediately following receipt of the executed Share Transfer from the relevant Trustee, the Deed Administrator entering or procuring the entry of, the name of the relevant Trustee in the Share Register in respect of all Shares transferred to that Trustee in accordance with this Deed;
- (d) **Change of Board:** immediately after completion of the steps in clause 5.1(c) (and subject to in each case, first receiving nominations, Consents to Act and Incoming Director Deed Polls by the Final Escrow Date as required by clause 9.2) the Deed Administrator will cause Paladin's Board to be replaced, by issuing a letter that:
- (i) removes the existing Directors (other than Rick Crabb); and
 - (ii) appoints each Incoming Director as a new Director.
- (e) **Advisor Fees:** Immediately after completion of the steps in clauses 5.1(a)-5.1(d) (inclusive), the Deed Administrators must procure the payment of the following amounts from the Deed Administrators' Account, which will be taken to be payments by Paladin:
- (i) all outstanding fees of King & Wood Mallesons, 333 Capital, Gilbert + Tobin, Kirkland & Ellis and Jones Day, in each case, incurred since the Appointment Date and approved by the Deed Administrators (acting reasonably);
 - (ii) all outstanding fees of Houlihan Lokey up to the amount of US\$600,000 and approved by the Deed Administrators (acting reasonably); and
 - (iii) all outstanding fees of Allens up to the amount of A\$150,000 and approved by the Deed Administrators (acting reasonably).

5.2 Payment Direction

- (a) The Deed Administrators irrevocably direct the Escrow Agent or Settlement Agent (whichever holds the New Note Funds) to pay to Deutsche Bank AG, London Branch in its capacity as lender under the DB Facility Agreement, an amount of the New Note Funds that is equal to the DB Payout Amount.
- (b) A payment by the Escrow Agent or Settlement Agent (as relevant) to Deutsche Bank AG, London Branch, in accordance with the payment direction in clause 5.2(a) will be taken to constitute:

- (i) a payment by the Escrow Agent or Settlement Agent (as relevant) to the Deed Administrators of an amount equal to the DB Payout Amount in respect of the New Notes; and
- (ii) payment by Paladin of all amounts payable to Deutsche Bank AG, London Branch in connection with the transfer by novation of Deutsche Bank AG, London Branch's interest in the DB Facility to Paladin.

6 Claims

6.1 Excluded Claims

Paladin and the Deed Administrators acknowledge and agree that the Excluded Claims are not extinguished, released or discharged by the operation of this Deed.

6.2 Release and extinguishment of EDF Creditor, Existing Bondholder and Subordinated Claims

Immediately upon Completion:

- (a) all EDF Claims are irrevocably extinguished, released and discharged;
- (b) all Existing Bondholder Claims are irrevocably extinguished, released and discharged; and
- (c) all Subordinated Claims are irrevocably extinguished, released and discharged.

6.3 Execution of all necessary documents

Each Existing Bondholder, EDF Creditor and Subordinated Creditor must, if required by Paladin or the Deed Administrators, execute any document that Paladin or the Deed Administrator may require from time to time to give effect to the releases in clause 6.2.

6.4 Bar to Claims

Subject to section 444D of the Act, following Completion, this Deed may be pleaded by Paladin and/or the Deed Administrators against any person having an EDF Claim, an Existing Bondholder Claim and/or a Subordinated Claim against Paladin as an absolute bar and defence to any legal proceeding brought or made at any time in respect of such a Claim.

6.5 Interest

As and from the Appointment Date, interest is not payable in respect of, the Claims of any Existing Bondholder, EDF Creditor or Subordinated Creditor.

7 Members and Transfer Shares

7.1 Effect of this Deed on Members

Until this Deed terminates, no Member of Paladin may, without the prior written consent of the Deed Administrators:

- (a) transfer or deal with any Shares; or

- (b) exercise shareholder rights over any Shares in a manner that is contrary to the objects of this Deed.

7.2 Transfer Shares

Subject to clause 7.5, each Trustee is a party to this Deed as trustee for and on behalf of:

- (a) in the case of Trustee 1, each EDF Creditor that holds an EDF Claim on the Record Date;
- (b) in the case of Trustee 2, each Existing Bondholder that holds an Existing Bondholder Claim on the Record Date;
- (c) in the case of Trustee 3:
 - (i) each New Noteholder; and
 - (ii) each Underwriter,

(each a **Recipient**) and each Recipient will be entitled to its respective share of the Transfer Shares as calculated in accordance with clause 7.3.

7.3 Calculation of Entitlement to Transfer Shares

- (a) Subject to clause 7.5, each Trustee will:
 - (i) (if the Trustee is Trustee 1) calculate the pro-rata amount of EDF Transfer Shares to which each EDF Creditor that holds an EDF Claim on the Record Date is entitled, in consideration for the extinguishment of its EDF Claim under clause 6.2(a), as follows:

$$A = B \times C,$$

where:

- A is the number of EDF Transfer Shares to which the EDF Creditor that holds an EDF Claim on the Record Date is entitled, rounded down to the nearest Transfer Share;
- B is that EDF Creditor's Relevant Proportion calculated as of the Record Date; and
- C is the total number of EDF Transfer Shares transferred to Trustee 1 under clause 5.1(c)(i);

- (ii) (if the Trustee is Trustee 2) calculate the pro-rata amount of Existing Bondholder Transfer Shares to which each Existing Bondholder that holds an Existing Bondholder Claim on the Record Date is entitled, in consideration for the extinguishment of its Claims under clause 6.2(b) as follows:

$$D = E \times F,$$

where:

- D is the number of Existing Bondholder Transfer Shares to which the Existing Bondholder that holds an Existing Bondholder Claim

on the Record Date is entitled, rounded down to the nearest Transfer Share;

E is that Existing Bondholder's Relevant Proportion calculated as of the Record Date; and

F is the total number of Existing Bondholder Transfer Shares transferred to Trustee 2 under clause 5.1(c)(ii).

(iii) (if the Trustee is Trustee 3) calculate the pro-rata amount of New Investor Transfer Shares to which each New Noteholder is entitled, in partial consideration for subscribing for the New Notes under the Subscription Agreement, as follows:

$$G = H \times I,$$

where:

G is the number of New Investor Transfer Shares to which the New Noteholder is entitled, rounded down to the nearest Transfer Share;

H is the New Noteholder's Relevant Proportion calculated as of the Record Date; and

I is such number of the New Investor Transfer Shares, representing 25% of the total number of Shares on issue immediately following the transfer of the Transfer Shares in clause 5.1(c) rounded down to the nearest Transfer Share; and

(iv) (if the Trustee is Trustee 3) calculate the pro-rata amount of New Investor Transfer Shares to which each Underwriter is entitled, in consideration for underwriting a shortfall in the take up of the New Notes under the Backstop Letter, as follows:

$$J = K \times L,$$

where:

J is the number of New Investor Transfer Shares to which the Underwriter is entitled, rounded down to the nearest Transfer Share;

K is the Underwriter's Relevant Proportion calculated as of the Record Date;

L is such number of the New Investor Transfer Shares, representing 3% of the total number of Shares on issue immediately following the transfer of the Transfer Shares in clause 5.1(c) rounded down to the nearest Transfer Share; and

(b) Each Trustee will ask each Recipient whose entitlement it is required to calculate under clause 7.3(a), to:

(i) confirm:

- (A) that Recipient's entitlement to Transfer Shares (as calculated by the relevant Trustee under clause 7.3(a));
 - (B) that, if and to the extent the Recipient (or its nominee) is receiving Transfer Shares per the Recipient's instructions in sub-clause 7.3(b)(i)(C)(1) or (2), the Recipient (or its nominee, as relevant) is:
 - (1) a person outside Australia to whom the Transfer Shares may lawfully be transferred without, or without additional, lodgement, registration or other formality; and
 - (2) a sophisticated, professional or otherwise exempt investor for the purposes of section 708 of the Act;
 - (C) that Recipient's instructions in respect of its entitlement to the Transfer Shares upon effectuation of this Deed (and for the purposes of clause 7.3(d)) being an instruction to, subject to the Trustee Rights, :
 - (1) transfer some or all of the relevant Transfer Shares to the Recipient;
 - (2) transfer some or all of the relevant Transfer Shares to a nominee; and/or
 - (3) sell some or all of the relevant Transfer Shares to a third party or third parties and deposit any proceeds realised (less the costs, fees, taxes and expenses associated with the same) into a nominated account; and
 - (D) that any such instructions are permitted at law (including, in the case of a nominee, under FATA); and
- (ii) execute a share transfer form that gives effect to the transfer referred to in clause 7.3(b)(i)(C)(1) or (2) (as relevant),

to which request, the relevant Recipient must respond as soon as reasonably practicable and in any case, prior to the Final Escrow Date.

- (c) The Deed Administrators may exercise any of the powers conferred on the Trustees by clauses 7.3(a) and 7.3(b) prior to Completion, which exercise will be treated for all purposes as if those powers had been exercised by the relevant Trustee after Completion.
- (d) Subject to the Trustee Rights, each Trustee will (in respect of each Recipient whose entitlement it is required to calculate under clause 7.3(a)):
 - (i) (if the relevant Recipient has provided each confirmation requested under clause 7.3(b)(i) and the duly executed share transfer certificates requested under clause 7.3(b)(ii)) transfer to the Recipient (or as the Recipient directs in response to the relevant request under clause 7.3(b)(i)(C)) the Transfer Shares to which the Recipient is entitled; or
 - (ii) (if the relevant Recipient has provided each confirmation requested under clause 7.3(b)(i) and instructed the Trustee to sell the Transfer Shares to which the Recipient is entitled and deposit any proceeds realised in a nominated account in accordance with clause 7.3(b)(i)(C)(3)) sell the Transfer Shares to which the Recipient is entitled and deposit any proceeds

realised (less the costs, fees, taxes and expenses in connection with the sale) in that nominated account; or

- (iii) (if the relevant Recipient is an Unaccounted Recipient) as soon as practicable following expiry of the Recipient Claim Period, sell the Transfer Shares to which the Unaccounted Recipient is entitled and hold the proceeds of the sale of those Transfer Shares (less the costs, fees, taxes and expenses in connection with the sale) (**Unaccounted Proceeds**) as trustee for and on behalf of the Unaccounted Recipient until the 6 year anniversary of the Record Date (**Unaccounted Proceeds Period**).
- (e) Subject to the Trustee Rights, if after the Recipient Claim Period ends but before the Unaccounted Proceeds Period ends:
 - (i) an Unaccounted Recipient provides to the Trustee who was required to calculate its entitlement to Transfer Shares under clause 7.3(a), such evidence of its entitlement to the Transfer Shares as the Trustee may require; and
 - (ii) such entitlement is agreed to by that Trustee and the Unaccounted Recipient during the Unaccounted Proceeds Period,

then the relevant Trustee will (in respect of the aggregate Unaccounted Proceeds it holds) remit to that Unaccounted Recipient, the Unaccounted Proceeds held by the Trustee on trust for that Unaccounted Recipient under clause 7.3(d)(iii), less any fees, costs, taxes and expenses associated with such remission.

- (f) Subject to the Trustee Rights, after the expiry of the Unaccounted Proceeds Period, each Trustee (in respect of the total Unaccounted Proceeds it still holds) will remit any Unaccounted Proceeds then remaining to the Department of Treasury (Western Australia) pursuant to, and in accordance with, the *Unclaimed Money Act 1990 (WA)*.

7.4 Trustee rights and obligations

- (a) Subject to the Trustee Rights, the Transfer Shares cannot be transferred or sold by a Trustee other than in accordance with clause 7.3(d), except in accordance with the order or direction of a Court.
- (b) A Trustee will not exercise any right attaching to any Transfer Share held by it (including, without limitation, the right to vote), other than to the extent necessary to comply with this Deed or an order or direction of a Court.
- (c) Other than in the case of fraud, each Trustee is not liable for any acts, matters or omissions relating to things done or not done in its capacity as trustee, including, without limitation in respect of the calculation of a Recipient's entitlement to Transfer Shares under clause 7.3(a) and any liability relating to any amounts payable to a Recipient as a result of the sale of any Transfer Shares by the Trustee.
- (d) Any calculation or determination by a Trustee under this Deed of a rate, proportion or amount under this Deed is, in the absence of manifest error, conclusive evidence of the matters to which it relate.

7.5 No Beneficial Interest

- (a) Notwithstanding any other clause in this Deed, each Trustee holds the Transfer Shares to which a Recipient would be entitled but for this clause (**Entitlement Shares**) on trust for the Acting Beneficiary until the earlier of:
 - (i) the Recipient has provided the relevant Trustee with written confirmation (**Confirmation**) that the Recipient has:
 - (A) obtained FIRB Approval in relation to the Entitlement Shares; or
 - (B) determined that it does not require FIRB Approval in relation to the Entitlement Shares; or
 - (ii) 12 months has passed since the date of the Section 444GA Order and the Trustee has sold the relevant Entitlement Shares pursuant to clause 7.5(b).
- (b) In the event that the Confirmation is not received within 12 months of the date of the Section 444GA Order, the Trustee will sell the relevant Entitlement Shares.
- (c) In the event that the Trustee has sold the relevant Entitlement Shares as contemplated by clause 7.5(b), the resulting proceeds will be treated as if they were Unaccounted Proceeds and (subject to the Trustee Rights) be applied by the relevant Trustee in accordance with clauses 7.3(d)(iii), 7.3(e) and 7.3(f).
- (d) The Trustees bear no responsibility for, or liability in relation to, the determination of whether any Recipient requires any approval under FATA in relation to its Entitlement Shares.

7.6 Duty in respect of the Transfer Shares

All Duty which may be payable on or in connection with this Deed and any instrument executed under or in connection with, or any transaction evidenced or contemplated by, this Deed, is payable by Paladin.

7.7 Survival

Subject to Completion occurring, this clause 7 shall survive termination of this Deed.

8 Proofs of Debt

8.1 Calling for proofs of debt and particulars of claim

- (a) After Completion, the Trustee will:
 - (i) (if the Trustee is Trustee 1) call for formal proofs of debt and adjudicate and determine EDF Claims for the purposes of calculations to be made under clause 7.3(a)(i); and
 - (ii) (if the Trustee is Trustee 2) call for formal proofs of debt and adjudicate and determine Existing Bondholder Claims for the purposes of calculations to be made under clause 7.3(a)(ii).
- (b) Prior to Completion, the Deed Administrators will exercise the powers conferred on any Trustee under clauses 8.1, 8.2 and 8.3 for the purposes of:

- (i) adjudicating EDF Claims and Existing Bondholder Claims prior to Completion; and
- (ii) admitting or rejecting EDF Claims and Existing Bondholder Claims prior to Completion,

for the purposes of complying with clause 5.1(c) (inter alia), which exercise will be treated for all purposes (including by the relevant Trustee) as if those powers had been exercised by the relevant Trustee after Completion.

8.2 Trustee's discretion

After Completion, the Trustee may:

- (a) (if the Trustee is Trustee 1):
 - (i) admit all or part of an EDF Claim; and
 - (ii) reject all or part of an EDF Claim; and
- (b) (if the Trustee is Trustee 2):
 - (i) admit all or part of an Existing Bondholder Claim; and
 - (ii) reject all or part of an Existing Bondholder Claim,

in each case, in accordance with the provisions of this Deed.

8.3 Determination of Claims

- (a) Subdivisions A, B, C, D, and E of Division 6 of Part 5.6 of the Act (except sections 554A(3) to 554A(8) and section 556 (other than to the extent expressly incorporated)) apply to EDF Claims and Existing Bondholder Claims under this Deed as if:
 - (i) references to the liquidator were references to Trustee 1 or Trustee 2, respectively;
 - (ii) references to winding up were references to this Deed; and
 - (iii) with such other modifications as are necessary to give effect to this Deed, except to the extent that those provisions are varied or excluded expressly or impliedly by this Deed.
- (b) Regulations 5.6.11A, 5.6.37, 5.6.39 to 5.6.43 (inclusive), 5.6.44 to 5.6.53 (inclusive) and 5.6.55 to 5.6.72 (inclusive) of the Regulations shall apply to this Deed and each Trustee, and as if:
 - (i) references to the liquidator were references to Trustee 1 or Trustee 2 (as relevant); and
 - (ii) references to winding up were references to this Deed; and
 - (iii) with such other modifications as are necessary to give effect to this Deed, except to the extent that those provisions are varied or excluded expressly or impliedly by this Deed.

- (c) Any notice given by the Deed Administrators in accordance with clause 8.1(b) requiring a Creditor to submit particulars of his or her or its debt or claim, or to formally prove his or her debt or claim, will be treated for the purposes of this deed as sufficient to comply with Regulations 5.6.39 and 5.6.49 respectively as applied by this clause 8.3.
- (d) Where:
 - (i) Trustee 1 proposes to reject an EDF Claim (whether in part or full); or
 - (ii) Trustee 2 proposes to reject an Existing Bondholder Claim (whether in part or in full),that Trustee shall send a notice to the claimant informing that person of the proposed rejection and giving that person 14 days within which to make an application to the Court to determine the questions relating to the Claim.
- (e) Each Trustee is entitled to rely upon any steps and determinations made by the Deed Administrators for the purposes of this clause in respect of whether a claim asserted for the purposes of claiming an entitlement to Transfer Shares under this Deed is an Admitted Claim, together with any information, any proofs or particulars of debt provided to the Deed Administrators.

8.4 Conversion into Australian currency of foreign currency debts or Claims

- (a) This clause applies if the amount of a Claim admissible to proof against Paladin would, apart from this clause, be an amount of foreign currency.
- (b) If Paladin and the Creditor have, in a document created before the Appointment Date, agreed on a method to be applied for the purpose of converting Paladin's liability in respect of the Claim into Australian currency, the amount of the Claim that is admissible to proof is the equivalent in Australian currency of the amount of foreign currency, worked out as at the Appointment Date and in accordance with the agreed method.
- (c) If clause 8.4(b) does not apply, the amount of the Claim that is admissible to proof is the equivalent in Australian currency of the amount of foreign currency, worked out by reference to the opening carded on demand airmail buying rate in relation to the foreign currency available at the Commonwealth Bank of Australia on the Appointment Date.

8.5 Survival

This clause 8 shall survive termination of this Deed.

9 Directors and Officers

9.1 Effect of this Deed on Directors and Officers

- (a) During the Deed Period, unless authorised in writing by the Deed Administrators, the Directors and Officers cannot perform or exercise, and must not purport to perform or exercise a function or powers as, respectively, directors and officers of Paladin.
- (b) During the Deed Period, the Directors and Officers will:

- (i) co-operate with and assist the Deed Administrators in the performance by the Deed Administrators of their obligations under this Deed;
 - (ii) comply as soon as reasonably practical with all reasonable requests of the Deed Administrators in relation to Paladin's business and affairs and this Deed;
 - (iii) carry out and perform such operations, functions, powers and other matters as may be reasonably delegated to them by the Deed Administrators; and
 - (iv) perform their obligations pursuant to this Deed.
- (c) Pursuant to clauses 11.2(a)-11.2(c) (inclusive), during the Deed Period, the Deed Administrators shall have the power to remove and appoint any Directors, Officers, chief executive officer or chief financial officer of Paladin.

9.2 Nomination of Incoming Directors

- (a) On and prior to the Final Escrow Date:
- (i) the EDF Creditors at the Record Date may jointly nominate two persons to become Incoming Directors;
 - (ii) the Supporting Bondholders as at the Record Date may jointly nominate three other persons to become Incoming Directors; and
 - (iii) each Additional Shareholder may nominate a person to become an Incoming Director,
- in each case provided:
- (iv) the appointment of the person would not result in Paladin having more than seven directors or less than two Australian resident director immediately following that person's appointment under clause 5.1(d)(ii); and
 - (v) the nomination is made by written notice to the Deed Administrator that encloses both:
 - (A) a duly completed Consent to Act form signed by the relevant nominee; and
 - (B) an Incoming Director Deed Poll executed by the relevant nominee.
- (b) For the avoidance of doubt, to the extent a Nominee withdraws his or her consent to act as an Incoming Director or for some other reason cannot be appointed under clause 5.1(d)(ii) on the Implementation Date, then the EDF Creditors, Supporting Bondholders or Additional Shareholders that originally nominated that Nominee may nominate an alternative nominee in the same manner described in clause 9.2(a).

9.3 ASX and ASIC notifications

Paladin will lodge or procure the lodgement of any documents with ASIC and ASX necessary to effect the removals and appointments under clause 5.1(d). This clause 9.3 will survive termination of this Deed.

10 Deed Administrators' Appointment

10.1 Appointment

The Deed Administrators are appointed as joint and several administrators of the Deed.

10.2 Acceptance of Appointment

The Deed Administrators:

- (a) accept the appointment as administrators of this Deed; and
- (b) agree to act as administrators of this Deed during the Deed Period or until the Deed Administrators retire or are removed from office in accordance with this Deed or the Act.

10.3 Deed Administrators are agents

In exercising the powers conferred by this Deed and carrying out the duties arising under this Deed, each Deed Administrator will act as agent for and on behalf of Paladin.

10.4 Management

- (a) The Deed Administrators shall retain day to day management and control of Paladin until the Termination Date to the exclusion of the Directors and Officers.
- (b) The Deed Administrators will not be obliged to take any action under this Deed in the event that there are insufficient funds to pay the Remuneration or the Costs.

10.5 Joint and several

The rights, powers and privileges of the Deed Administrators may be exercised by them jointly and severally.

10.6 No Limitation

Nothing in this Deed shall limit the rights in law or equity of the Deed Administrators:

- (a) to make an application under section 444F of the Act; or
- (b) to apply for orders or directions pursuant to the Act (including, without limitation, section 447A(1) or section 447D of the Act or 90-15 of the Insolvency Practice Schedule).

10.7 Resignation

- (a) The appointment of a Deed Administrator may be terminated by their resignation in writing and notified to Creditors or by a resolution at a meeting of Creditors held in accordance with this Deed.
- (b) In the event of the death of a Deed Administrator or in the event of their appointment being determined in accordance with this Deed, the Creditors shall have the power by resolution to appoint a substitute administrator or administrators to carry out their duties.
- (c) Nothing in this clause affects a Deed Administrator's accrued right to:

- (i) Remuneration, reimbursement and/or indemnity pursuant to this Deed or at law; or
- (ii) the Deed Administrator's lien securing payment of the Deed Administrators' right to Remuneration, reimbursement and/or indemnity pursuant to this Deed or at law.

11 Powers of the Deed Administrators

11.1 General Powers

Subject to clause 11.3, the Deed Administrators are entitled to exercise all the rights, powers, privileges, authorities and discretions which are conferred by Paladin's constitution or otherwise by law on the Directors (to the exclusion of the Directors), provided that the Deed Administrators shall not be responsible for such statutory obligations that may continue to be imposed on the Directors during the Deed Period.

11.2 Additional Powers

Without limiting the powers in clause 11.1 above, but subject to the Act and clause 11.3, the Deed Administrators shall have the following powers:

- (a) to remove and appoint Directors of Paladin in accordance with this Deed, to the exclusion of any shareholder power to remove and appoint Directors to Paladin;
- (b) to remove and appoint a person as chief executive officer of Paladin;
- (c) to remove and appoint a person as chief financial officer of Paladin;
- (d) to enter upon or take possession of the property of Paladin;
- (e) to lease or let on hire property of Paladin;
- (f) to insure property of Paladin;
- (g) to insure the Deed Administrators for actions taken during the Deed Period;
- (h) to repair or renew property of Paladin;
- (i) to call in, collect or convert into money the property of Paladin;
- (j) to administer the assets available for the payment of Claims in accordance with the provisions of this Deed;
- (k) to borrow and grant security;
- (l) to bring, prosecute and defend in the name and on behalf of Paladin or in the name of the Deed Administrators any actions, suits or proceedings;
- (m) to refer to arbitration any question affecting Paladin;
- (n) to resolve any dispute of any nature commercially;
- (o) to make payments to any secured Creditor of Paladin and any person who is an owner or lessor;

- (p) to convene and hold meetings of the Members or Creditors of Paladin for any purpose the Deed Administrators think fit;
- (q) to appoint agents to do any business or to attend to any matter or affairs of Paladin that the Deed Administrators are unable to do, or that it is unreasonable to expect the Deed Administrators to do, in person;
- (r) to engage or discharge employees on behalf of Paladin;
- (s) to appoint a solicitor, accountant or other professionally qualified person to assist the Deed Administrators;
- (t) to permit any person authorised by the Deed Administrators to operate any account in the name of Paladin;
- (u) to do all acts and execute in the name and on behalf of Paladin all deeds, receipts and other documents, using Paladin's common or official seal when necessary;
- (v) subject to the *Bankruptcy Act 1966* (Cth), to prove in the bankruptcy of any contributory or debtor of Paladin or under any deed executed under that legislation;
- (w) subject to the Act, to prove in the winding up of any contributory or debtor of Paladin or under any scheme of arrangement entered into, or deed of company arrangement executed, under the Act;
- (x) to draw, accept, make or endorse any bill of exchange or promissory note in the name and on behalf of Paladin;
- (y) to take out letters of administration of the estate of a deceased contributory or debtor, and do any other act necessary for obtaining payment of any money due from a contributory or debtor, or the estate of a contributory or debtor, that cannot be conveniently done in the name of Paladin;
- (z) to defend any application for the winding up of Paladin;
- (aa) to control Paladin's business, property and affairs;
- (bb) to carry on the business of Paladin on such terms and conditions and for such purposes and times and in such manner as the Deed Administrators think fit subject only to the limitations imposed by this Deed;
- (cc) to perform any function and exercise any power that Paladin or any of its Officers could perform or exercise if Paladin was not subject to this Deed;
- (dd) to compromise any claims brought by or against Paladin on such terms as the Deed Administrators think fit and to take security for the discharge of any debt forming part of the property of Paladin; and
- (ee) to enter into and complete any contract for the sale of Shares in Paladin;
- (ff) in accordance with section 444GA of the Act, to transfer Shares in Paladin;
- (gg) to exercise any voting or other rights in relation to any shares owned by Paladin;
- (hh) to do anything that is incidental to exercising a power set out in this clause; and

- (ii) to do anything else that is necessary or convenient for the purpose of administering this Deed.

11.3 Restriction on exercise of Powers

- (a) During the Deed Period, the Deed Administrators will not do any act or thing which is inconsistent with or could cause Paladin to breach this Deed.
- (b) During and after the Deed Period, the Trustees will not do any act or thing which is inconsistent with or could cause Paladin to breach this Deed.

11.4 Solicitors and Consultants

- (a) The Deed Administrators shall have power to engage advisors (including solicitors) and consultants, the costs of which shall form part of the Costs.
- (b) The Deed Administrators may delegate their powers under this clause 11 including by way of appointing agents to act on behalf of the Deed Administrators.

11.5 Act as agents

Each Deed Administrator acts as the agent of Paladin and accepts no personal liability for any acts, matters or omissions relating to things done or not done in that capacity, including, without limitation, any liability relating to any amounts payable by each Deed Administrator for services rendered, goods bought or property hired, leased, used or occupied by or on behalf of Paladin.

11.6 Absolute discretion and actions deemed correct

- (a) Subject to this Deed, the Deed Administrator may exercise any power or discretion conferred on the Deed Administrator (whether by this Deed, the Act or otherwise) in such manner as he or she, in his or her absolute discretion, considers fit.
- (b) Any calculation or determination by a Deed Administrator under this Deed of a rate, proportion or amount under this Deed is, in the absence of manifest error, conclusive evidence of the matters to which it relates.

11.7 Liabilities of the Deed Administrator

To the maximum extent permitted by law, the Deed Administrators shall not be personally liable for:

- (a) any debts incurred or any claims, obligations, demands, actions, loss, damage, costs, charges, expenses or liabilities caused by any act, omission or default by or on behalf of the Deed Administrators or their representatives or advisors in administering this Deed or exercising their duties and obligations under this Deed;
- (b) any debts incurred or any claims, obligations, demands, actions, loss, damage, costs, charges, expenses or liabilities caused by any act, omission or default by or on behalf of Paladin whether before, during or after the period of the operation of this Deed; or
- (c) any debts incurred or any claims, obligations, demands, actions, loss, damage, costs, charges, expenses or liabilities suffered or sustained or incurred by any Director, Officer, Member or Creditor,

except where the loss or damage is occasioned by the gross negligence or fraud of the Deed Administrators.

11.8 Determination of Majority Existing Bondholders

- (a) The Majority Existing Bondholders irrevocably appoint Richard Tucker of 333 Advisory for the purpose of the Majority Existing Bondholders giving instructions, consents or approvals under this Deed (together the **Directions**).
- (b) The Deed Administrators are entitled to proceed on the basis that Directions communicated to the Deed Administrators by Richard Tucker on behalf of the Majority Existing Bondholders, are Directions of the Majority Existing Bondholders.
- (c) The Deed Administrators have no responsibility for, or liability in relation to, the identification or determination of those Existing Bondholders who, at any relevant time, hold 51% or more of the aggregate principal value of outstanding Existing Bonds, being the Majority Existing Bondholders.

12 Deed Administrators' Remuneration, Costs and Indemnity

12.1 Remuneration and Costs

- (a) The Deed Administrators are entitled to be paid the Costs.
- (b) In accordance with clause 12.1(c), the Deed Administrators are entitled to be paid the Remuneration on the basis of the time spent by the Deed Administrators, their partners and staff, with such time to be charged at the Deed Administrators' standard rates, from time to time, for work of that nature.
- (c) Remuneration will not exceed amounts that are approved by a Court, the Committee or Creditors at a meeting of Creditors.

12.2 Funding of the Deed Administrators' Remuneration and Costs

The Remuneration and Costs are to be paid from the assets of Paladin.

12.3 Indemnity

The Deed Administrators are entitled to be indemnified for:

- (a) the Remuneration and Costs;
- (b) all debts, liabilities, actions, suits, proceedings, accounts, claims, damages, awards and judgments arising out of or in the course of the administration and subsequent deed administration of Paladin; and
- (c) any amount for which the Deed Administrators are entitled to exercise a lien at law or in equity,

except in the case of fraud or gross negligence by the Deed Administrators.

12.4 Continuing Indemnity

The indemnity in clause 12.3 is a continuing indemnity and will enure for the benefit of the Deed Administrators despite the removal of the Deed Administrators and the appointment of new deed administrators or the termination of this Deed for any reason whatsoever.

12.5 Indemnity not to be affected or prejudiced

The indemnity under clauses 12.3 will not:

- (a) be affected, limited or prejudiced in any way by any irregularity, defect or invalidity in the appointment of the Deed Administrators as administrators of this Deed and extends to cover any actions, suits, proceedings, accounts, liabilities, claims and demands arising in any way out of any defect in the appointment of the Deed Administrators or defect in the approval or execution of this Deed or otherwise; or
- (b) affect or prejudice all or any rights that the Deed Administrators may have against Paladin or any other person to be indemnified against the Remuneration, Costs, and any liabilities incurred by the Deed Administrators in the performance of, or incidental to, any of the powers or authorities conferred on the Deed Administrators by this Deed or otherwise at law including in their previous capacity as administrators of Paladin.

12.6 Deed Administrators' lien

The Deed Administrators are entitled to exercise a lien over Paladin's assets for all amounts in respect of which they are entitled to an indemnity from Paladin.

12.7 Priority of indemnity and lien rights

The rights of the Deed Administrators to an indemnity and lien conferred by this clause 12 shall have the same priority as that conferred by section 443E of the Act in respect of rights conferred by section 443D of the Act (modified as applicable).

13 Committee of Inspection

13.1 Composition

- (a) The Committee of Inspection will comprise the Committee Members.
- (b) Each Committee Member will act on the Committee of Inspection via a representative, which each Committee Member may replace by written notice to the Deed Administrators.

13.2 Conduct of Meetings of the Committee of Inspection

- (a) The Committee of Inspection will act by a majority of its members present and voting at a meeting.
- (b) Each Committee Member is entitled to exercise one vote at a Committee of Inspection meeting.
- (c) No Committee Member in their performance of their role on the Committee of Inspection:
 - (i) will have any general fiduciary or implied duty of care or any legal duties or incur any obligation or liability (including in negligence) to the Deed Administrators or the Companies; or
 - (ii) acts as or constitutes the agent, trustee, director, de facto director or representative of the Deed Administrators or the Companies; or

- (iii) shall be liable in the exercise of any direction including any action taken or not taken under or in connection with this Deed to the Deed Administrators or any Creditor.
 - (d) Committee Members may vote at meetings of the Committee of Inspection notwithstanding that they may have a personal interest in the outcome of the vote.
-

14 Deed Administrators' right to Paladin's books

Except as required by law, during the Deed Period a person is not entitled as against the Deed Administrators:

- (a) to obtain possession of the books of Paladin; or
 - (b) to claim or enforce a lien on such books, but such a lien is not otherwise prejudiced.
-

15 Reporting

- (a) Except as required by law or this Deed, the Deed Administrators shall not be required to report to Creditors.
 - (b) The Deed Administrators:
 - (i) will take all reasonable steps to advise the EDF Creditors, Existing Bondholders, Subscribers and Underwriters as soon as the Implementation Conditions in clauses 4.1(a)-4.1(e) (inclusive) and clauses 4.1(g)-4.1(h) (inclusive) have been satisfied or waived; and
 - (ii) may, in their absolute discretion, report to Creditors during the Deed Period at such times as the Deed Administrators consider appropriate and on matters which the Deed Administrators consider ought to be brought to the attention of the Creditors.
 - (c) The Deed Administrators will ensure that the notice to Members sent in connection with the Section 444GA Application:
 - (i) includes any 'Excluded Information' (as that term is defined in Part 6D of the Act); and
 - (ii) is contemporaneously released on the ASX.
-

16 Meetings

- (a) The Deed Administrators may convene a meeting or meetings of Creditors at any time in accordance with Division 75 of the Insolvency Practice Schedule and Division 75 of the Insolvency Practice Rules, and must convene such a meeting or meetings when required to do so under Division 75 of the Insolvency Practice Schedule and Division 75 of the Insolvency Practice Rules.
- (b) The provisions of this Deed may be varied by resolution of Creditors passed at a meeting of Creditors convened in accordance with clause 16(a), but only if the variation is not materially different from a proposed variation set out in the notice of meeting.

17 Termination of the Deed

17.1 Termination of the Deed

This Deed (other than the clauses which survive under clause 17.4) will terminate on the earliest of any of the following:

- (a) Completion;
- (b) when a Court makes an order under section 445D of the Act or otherwise terminating this Deed in respect of Paladin;
- (c) when Creditors pass a resolution terminating this Deed at a meeting of Creditors convened by the Deed Administrators in accordance with this Deed, whether or not notice of that meeting set out a proposed resolution that Paladin be wound up or was otherwise convened pursuant to Division 75 of the Insolvency Practice Schedule; and
- (d) otherwise in accordance with the Act.

17.2 Consequences of termination

- (a) If the Deed terminates in accordance with the clause 17.1(a), the Deed Administrators or one of them must immediately certify in writing that the terms of this Deed have been fulfilled and, as soon as practicable, lodge with ASIC a notice substantially in the following form:

Paladin Energy Limited

I/We, [name of Deed Administrator(s)] of [address] as administrators of the deed of company arrangement executed on [date], CERTIFY that the deed has been wholly effectuated in respect to Paladin Energy Limited.'

whereupon:

- (i) all EDF Claims, Existing Bondholder Claims and Subordinated Claims will be extinguished, discharged and released if not extinguished, released and discharged earlier under the Deed;
 - (ii) control of Paladin will return to the Board and
 - (iii) the Deed Administrators:
 - (A) may transfer from the Deed Administrators' Account to an account nominated by them, sufficient funds to:
 - (1) pay the Deed Administrators' estimated future fees and remuneration and the Costs (as determined by the Deed Administrators, acting reasonably); and
 - (2) pay each Trustee's estimated future Trustee Costs as determined by each of the Trustees, acting reasonably),
- (the **Holdback Amount**);

- (B) may apply the Holdback Amount in satisfaction of the Deed Administrators' fees and remuneration, the Costs and the Trustee Costs;
 - (C) will account to Paladin for all funds applied pursuant to clause 17.2(a)(iii)(B) above, including by providing such reasonable explanation and documentation as may be requested by Paladin; and
 - (D) will repay to Paladin the Holdback Amount (net of funds applied pursuant to clause 17.2(a)(iii)(B) above) immediately upon:
 - (1) the Deed Administrators being satisfied (acting reasonably) that the Holdback Amount is no longer required to meet their estimated future fees and remuneration and the Costs; and
 - (2) each of the Trustees being satisfied (acting reasonably) that the Holdback Amount is no longer required to meet their estimated future Trustee Costs.
- (b) If the Deed terminates in accordance with clauses 17.1(b)-17.1(d) (inclusive), then Paladin will be wound up in accordance with sections 446A or 446AA (as relevant) of the Act.

17.3 Previous operation of this Deed preserved

In accordance with section 445H of the Act, the termination or avoidance, in whole or in part, of this Deed does not affect the previous operation of this Deed.

17.4 Survival of clauses

Despite any other provision of this Deed, clauses 6, 7, 8, 9.3, 11.3(b), 11.5, 11.7, 11.8, 12, 17 and 18 survive the termination of this Deed under clause 17.1.

17.5 Books and records

Following termination of this Deed pursuant to clause 17.1(a), Paladin must provide to the Trustees full and unfettered access to the books and records of Paladin to the extent required for the purposes of determining Claims under clause 8.2.

18 General

18.1 Further Assurances

All persons bound by this Deed shall exercise all such powers as are available to them, do all such acts and things, sign, execute and deliver all such documents and instruments and provide such assistance and cooperation as may be reasonably required to give full effect to the provisions of this Deed.

18.2 Severance

If any part of this Deed is or becomes illegal, ineffective, invalid or unenforceable, that part shall be severed from this Deed and that severance shall not affect the effectiveness, validity or enforceability of the remaining part of this Deed.

18.3 Jurisdiction

This Deed shall be governed by and construed in accordance with the laws from the time being enforced in the State of New South Wales and the parties hereby irrevocably submit to the jurisdiction of the Court.

18.4 Waiver

The waiver by any of the persons bound by this Deed in respect of any breach of this Deed by another person, shall not be deemed to be a waiver in respect of any other breach or of any subsequent similar breach and no delay or omission on the part of a person to exercise or avail itself of any rights accruing to it under this Deed shall operate as a waiver in respect of any default by another person under this Deed.

18.5 Counterparts

This Deed may be executed in any number of counterparts, each of which when so executed shall be deemed to be an original, and such counterparts together shall constitute one and the same instrument.

18.6 GST

- (a) In this clause, a term or expression starting with a capital letter which is defined in the GST Law, but is not defined in clause 1.1, has the meaning given to it in the GST Law.
- (b) Any consideration or amount payable under this Deed, including any non-monetary consideration (as reduced in accordance with clause 18.6(f) if required) (**Consideration**) is exclusive of GST.
- (c) If GST is or becomes payable on a Supply made under or in connection with this Deed, an additional amount (**Additional Amount**) is payable by the party providing the Consideration for the Supply (**Recipient**) equal to the amount of GST payable on that Supply as calculated by the party making the Supply (**Supplier**) in accordance with the GST Law.
- (d) The Additional Amount payable under clause 18.6(c) is payable without set off or deduction at the same time and in the same manner as the Consideration for the Supply, and the Supplier must provide the Recipient with a Tax Invoice as a pre-condition to payment of the Additional Amount.
- (e) If for any reason (including, without limitation, the occurrence of an Adjustment Event) the amount of GST payable on a Supply made under or in connection with this Deed (taking into account any Decreasing or Increasing Adjustments in relation to the Supply) varies from the Additional Amount payable by the Recipient under clause 18.6(c):
 - (i) the Supplier must provide a refund or credit to the Recipient, or the Recipient must pay a further amount to the Supplier, as appropriate;
 - (ii) the refund, credit or further amount (as the case may be) will be calculated by the Supplier in accordance with the GST Law; and
 - (iii) the Supplier must notify the Recipient of the refund, credit or further amount within 10 Business Days after becoming aware of the variation to the amount of GST payable. Any refund or credit must accompany such notification or the Recipient must pay any further amount within 5 Business Days after

receiving such notification, as appropriate. If there is an Adjustment Event in relation to the Supply, the requirement for the Supplier to notify the Recipient will be satisfied by the Supplier issuing to the Recipient an Adjustment Note within 10 Business Days after becoming aware of the occurrence of the Adjustment Event.

- (f) Despite any other provision in this Deed:
 - (i) if an amount payable under or in connection with this Deed (whether by way of reimbursement, indemnity or otherwise) is calculated by reference to an amount incurred by a party, whether by way of cost, expense, outlay, disbursement or otherwise (**Amount Incurred**), the amount payable must be reduced by the amount of any Input Tax Credit to which that party is entitled in respect of that Amount Incurred; and
 - (ii) no Additional Amount is payable under clause 18.6(c) in respect of a Supply made under or in connection with this Deed to which section 84-5 of the GST Law applies.
- (g) Any reference in this clause to an Input Tax Credit to which a party is entitled includes an Input Tax Credit arising from a Creditable Acquisition by that party but to which the Representative Member of the GST Group of which that party is a Member is entitled.

19 Notices

19.1 Address of Notice

Any notice or document required to be given to or served upon any of the parties pursuant to or in connection with this Deed shall be in writing and shall be deemed to be duly given or made when delivered to the party to which such notice is given or served by:

- (a) email;
- (b) any means permitted by the law or the Act; or
- (c) pre-paid post to the person's address last known to the Deed Administrators.

19.2 Notice by Post

Any notice sent by pre-paid post shall be taken to have been received by the addressee at the time at which it would have been delivered in the ordinary course of post.

19.3 Notice by email

Any notice given by email:

- (a) must be sent to the relevant email address below;
- (b) will be taken to be received on the earlier of:
 - (i) the sender receiving an automated message confirming delivery; or
 - (ii) 4 hours after the time sent (unless the sender receives an automated message stating that the email was not delivered); and

(c) on a day which is not a Business Day shall be deemed dispatched on the next succeeding Business Day.

Party	Email Address
Paladin	mwoods1@kpmg.com.au haydenwhite@kpmg.com.au gdickerson@kpmg.com.au
Deed Administrators	mwoods1@kpmg.com.au haydenwhite@kpmg.com.au gdickerson@kpmg.com.au
Escrow Agent	John.Newby@perpetual.com.au
Trustee 1	jz@mandala.net.au
Trustee 2	mwoods1@kpmg.com.au
Trustee 3	haydenwhite@kpmg.com.au

19.4 Signing of Notice

Any notice may be given or signed on behalf of the party giving or serving the same by a director, secretary or other duly authorised person thereof.

Schedule 1 Committee Members

	Committee Member	Committee Member's representative
1	Paladin employees	Andrew Mirco
2	Électricité de France S.A.	Katie Higgins
4	Leader Investment Corporation	Benjamin Bao

Execution page

Executed as a deed.

Signed and delivered by Paladin Energy Limited (Administrators Appointed) ACN 061 681 098 by its administrator in accordance with section 442A of the Corporations Act in the presence of:

Signature of witness

Signature of Administrator

Name of witness (print)

Name of Administrator (print)

Signed sealed and delivered by Matthew Woods in the presence of:

Signature of witness

Signature of Matthew Woods

Name of witness (print)

Signed sealed and delivered by Hayden White in the presence of:

Signature of witness

Signature of Hayden White

Name of witness (print)

D
R
A
F
T

Signed sealed and delivered by Gayle
Dickerson in the presence of:

Signature of witness

Signature of Gayle Dickerson

Name of witness (print)

Signed sealed and delivered by Perpetual
Corporate Trust Limited ACN 000 341
533 by its attorney under power of attorney
dated 18 September 2014 who has no notice of
revocation of that power of attorney in the
presence of:

Signature of witness

Signature of attorney

Name of witness (print)

Name and title of attorney (print)

Signed, sealed and delivered by **John
Zeckendorf** as Trustee 1 in the presence of:

Signature of witness

Signature of John Zeckendorf

Name of witness (print)

D
R
A
F
T

Signed, sealed and delivered by **Matthew Woods** as Trustee 2 in the presence of:

Signature of witness

Signature of **Matthew Woods**

Name of witness (print)

Signed, sealed and delivered by **Hayden White** as Trustee 3 in the presence of:

Signature of witness

Signature of **Hayden White**

Name of witness (print)

G. Creditor Information Sheet: A Guide for Creditors



ASIC

Australian Securities & Investments Commission

INFORMATION SHEET 74

Voluntary administration: a guide for creditors

If a company is in financial difficulty, it can be put into voluntary administration.

This information sheet provides general information for unsecured creditors of companies in voluntary administration.

Who is a creditor?

You are a creditor of a company if the company owes you money. Usually, a creditor is owed money because they have provided goods or services, or made loans to the company.

An employee owed money for unpaid wages and other entitlements is a creditor.

A person who may be owed money by the company if a certain event occurs (e.g. if they succeed in a legal claim against the company) is also a creditor, and is sometimes referred to as a 'contingent' creditor. There are generally two categories of creditor: secured and unsecured:

- A secured creditor is someone who has a 'charge', such as a mortgage, over some or all of the company's assets, to secure a debt owed by the company. Lenders usually require a charge over company assets when they provide a loan.
- An unsecured creditor is a creditor who does not have a charge over the company's assets.

Employees are a special class of unsecured creditors. Their outstanding entitlements are usually paid in priority to the claims of other unsecured creditors. If you are an employee, see ASIC's information sheet INFO 75 *Voluntary administration: a guide for employees*.

The purpose of voluntary administration

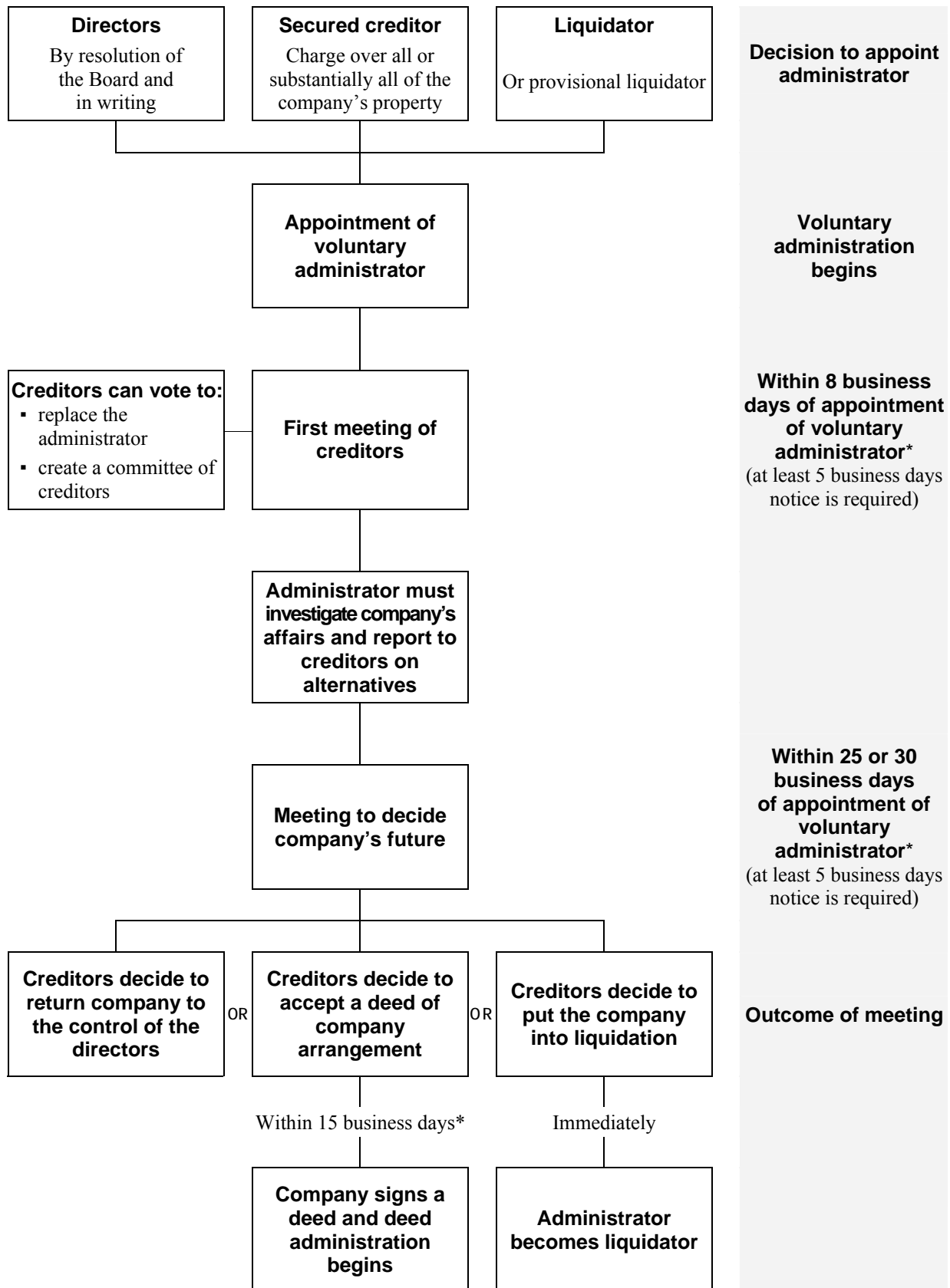
Voluntary administration is designed to resolve a company's future direction quickly (Figure 1 summarises the process). An independent and suitably qualified person (the voluntary administrator) takes full control of the company to try to work out a way to save either the company or its business.

If it isn't possible to save the company or its business, the aim is to administer the affairs of the company in a way that results in a better return to creditors than they would have received if the company had instead been placed straight into liquidation. A mechanism for achieving these aims is a deed of company arrangement.

A voluntary administrator is usually appointed by a company's directors, after they decide that the company is insolvent or likely to become insolvent. Less commonly, a voluntary administrator may be appointed by a liquidator, provisional liquidator, or a secured creditor.

Important note: This information sheet contains a summary of basic information on the topic. It is not a substitute for legal advice. Some provisions of the law referred to may have important exceptions or qualifications. This document may not contain all of the information about the law or the exceptions and qualifications that are relevant to your circumstances. You will need a qualified professional adviser to take into account your particular circumstances and to tell you how the law applies to you.

Figure 1: The voluntary administration process



* Unless the court allows an extension of time.

A company in voluntary administration may also be in receivership: see ASIC information sheet INFO 54 *Receivership: a guide for creditors*.

The voluntary administrator's role

After taking control of the company, the voluntary administrator investigates and reports to creditors on the company's business, property, affairs and financial circumstances, and on the three options available to creditors. These are:

- end the voluntary administration and return the company to the directors' control
- approve a deed of company arrangement through which the company will pay all or part of its debts and then be free of those debts, or
- wind up the company and appoint a liquidator.

The voluntary administrator must give an opinion on each option and recommend which option is in the best interests of creditors.

In doing so, the voluntary administrator tries to work out the best solution to the company's problems, assesses any proposals put forward by others for the company's future, and compares the possible outcomes of the proposals with the likely outcome in a liquidation.

A creditors' meeting is usually held about five weeks after the company goes into voluntary administration to decide on the best option for the company's future. In complex administrations, this meeting may be held later if the court consents.

The voluntary administrator has all the powers of the company and its directors. This includes the power to sell or close down the company's business or sell individual assets in the lead up to the creditors' decision on the company's future.

Another responsibility of the voluntary administrator is to report to ASIC on possible offences by people involved with the company.

Although the voluntary administrator may be appointed by the directors, they must act fairly and impartially.

Effect of appointment

The effect of the appointment of a voluntary administrator is to provide the company with breathing space while the company's future is resolved. While the company is in voluntary administration:

- unsecured creditors can't begin, continue or enforce their claims against the company without the administrator's consent or the court's permission
- owners of property (other than perishable property) used or occupied by the company, or people who lease such property to the company, can't recover their property
- except in limited circumstances, secured creditors can't enforce their charge over company property
- a court application to put the company in liquidation can't be commenced, and
- a creditor holding a personal guarantee from the company's director or other person can't act under the personal guarantee without the court's consent.

Voluntary administrator's liability

Any debts that arise from the voluntary administrator purchasing goods or services, or hiring, leasing, using or occupying property, are paid from the available assets as costs of the voluntary administration. If there are insufficient funds available from asset realisations to pay these costs, the voluntary administrator is personally liable for the shortfall. To have the benefit of this protection, you should ensure you receive a purchase order authorised in the manner advised by the voluntary administrator.

The voluntary administrator must also decide whether to continue to use or occupy property owned by another party that is held or occupied by the company at the time of their appointment.

Within five business days after their appointment, the voluntary administrator must notify the owner of property whether they intend to continue to occupy or use the property. If the voluntary administrator decides to continue to do so, they will be personally liable for any rent or amounts payable arising after the end of the five business days.

Amounts that become due to employees after the date of the appointment of the voluntary administrator have a priority claim against the company's assets as a cost of the administration. However, the voluntary administrator does not become personally liable for such amounts unless the voluntary administrator adopts employees' contracts of employment or enters into new employment contracts with them.

Creditors' meetings

Two meetings of creditors must be held during the voluntary administration.

First creditors' meeting

The voluntary administrator must call the first creditors' meeting within eight business days after the voluntary administration begins.

At least five business days before the meeting, the voluntary administrator must notify as many creditors as practical in writing and advertise the meeting. The advertisement must appear in a newspaper circulating in the states or territories in which the company has its registered office or carries on its business.

The voluntary administrator must send to creditors, with the notice of meeting, declarations about any relationships they may have, or indemnities they have been given, to allow creditors to consider the voluntary administrator's independence and make an informed decision about whether they want to replace them with another voluntary administrator of the creditors' choice.

The purpose of the first meeting is for creditors to decide two questions:

- whether they want to form a committee of creditors, and, if so, who will be on the committee, and
- whether they want the existing voluntary administrator to be removed and replaced by a voluntary administrator of their choice.

The role of a committee of creditors is to consult with the voluntary administrator about matters relevant to the voluntary administration and receive and consider reports from the voluntary administrator. The committee can also require the voluntary administrator to report to them about the voluntary administration. It may also approve the voluntary administrator's fees.

A creditor who wishes to nominate an alternative voluntary administrator must approach a registered liquidator before the meeting and get a written consent from that person that they would be prepared to act as voluntary administrator. The proposed alternative administrator should give to the meeting declarations about any relationships they may have, or indemnities they have been given. The voluntary administrator will only be replaced if the resolution to replace them is passed by the creditors at the meeting.

To be eligible to vote at this meeting, you must lodge details of your debt or claim with the voluntary administrator (discussed further below).

This meeting can be chaired by either the voluntary administrator or one of their senior staff.

Second creditors' meeting (to decide the company's future)

After investigating the affairs of the company and forming an opinion on each of the three options available to creditors (outlined above), including an opinion as to which option is in the best interests of creditors, the administrator must call a second creditors' meeting. At this meeting, creditors are given the opportunity to decide the company's future.

This meeting is usually held about five weeks after the company goes into voluntary administration (six weeks at Christmas and Easter).

However, in complex voluntary administrations, often more time is needed for the voluntary administrator to be in a position to report to creditors. In these circumstances, the court can approve an extension of time to hold the meeting.

The voluntary administrator must chair this meeting.

In preparation for the second meeting, the voluntary administrator must send creditors the following documents at least five business days before the meeting:

- a notice of meeting
- the voluntary administrator's report, and
- a statement about any proposals for a deed of company arrangement.

These will be accompanied by:

- a claim form (usually a 'proof of debt' form), and
- a proxy voting form.

The meeting must also be advertised.

Either or both the first and second creditors' meeting may be held using telephone or videoconferencing facilities.

Voluntary administrator's report

You should read the voluntary administrator's report before you attend the second meeting or decide whether you want to appoint someone else to vote on your behalf at that meeting. This report must give sufficient information to explain the company's business, property and affairs, and the reasons for the current financial situation, to enable you to make an informed decision about the company's future.

The report should also provide an analysis of any proposals for the future of the company, including the possible outcomes, as well as a comparable estimate of what would be available for creditors in a liquidation.

Finally, the report should include the voluntary administrator's opinion on each of the options available to creditors, as well as an opinion on which is in the best interests of creditors. As noted above, the options are:

- end the voluntary administration and return the company to the directors' control
- approve a deed of company arrangement (if one is proposed), or
- put the company into liquidation.

Voluntary administrator's statement about deed

If there are proposals for a deed of company arrangement, the voluntary administrator must provide creditors with a statement giving enough details of each proposal to enable creditors to make an informed decision. The types of proposals allowed in a deed of company arrangement are very flexible.

Typically, a proposal will provide for the company to pay all or part of its debts, possibly over time, and then be free of those debts. It will often provide for the company to continue trading. How these things will happen varies from case to case, as the terms allowed in a deed of company arrangement are also very flexible. The contents of a deed of company arrangement are discussed below.

You should insist on being provided with as much information about the terms of the proposed deed as possible, before the creditors' meeting. The minimum contents of a deed of company arrangement, discussed below, provide a guide on the information you might request if it hasn't already been provided.

You should also contact the voluntary administrator before the meeting if you believe the report to creditors does not contain sufficient information to enable you to make a decision about the company's future.

Voting at a creditors' meeting

To vote at any creditors' meeting you must lodge details of your debt or claim with the voluntary administrator. Usually, the voluntary administrator will provide you with a form called a 'proof of debt' to be completed and returned before the meeting.

The chairperson of the meeting decides whether or not to accept the debt or claim for voting purposes. The chairperson may decide that a creditor does not have a valid claim or the amount of the debt cannot be determined with any certainty at the date of the meeting. In this case, they may not allow the creditor to vote at all, or only to vote for a debt of \$1. This decision is only for voting purposes. It is not relevant to whether a creditor will receive a dividend.

An appeal against a decision by the chairperson to accept or reject a proof of debt or claim for voting purposes may be made to the court within 14 days after the decision.

A secured creditor is entitled to vote for the full amount of their debt without having to deduct the value of their security.

Voting by proxy

You may appoint a proxy to attend and vote at a meeting on your behalf. A proxy can be any person who is at least 18 years old. Creditors who are companies will have to nominate a person as proxy so that they can participate in the meeting. This is done using a form sent out with the notice of meeting. The completed proxy form must be provided to the voluntary administrator before the meeting. You can fax the proxy form to the voluntary administrator, but must lodge the original within 72 hours of sending the faxed copy.

An electronic form of proxy may be used if the liquidator allows electronic lodgement, provided there is a way to authenticate the appointment of the proxy (e.g. by scanning and e-mailing a signature or using a digital signature).

You can specify on the proxy form how the proxy is to vote on a particular resolution and the proxy must vote in accordance with that instruction. This is called a 'special proxy'. Alternatively, you can leave it to the proxy to decide how to vote on each of the resolutions put before the meeting. This is called a 'general proxy'.

You can appoint the chairperson to represent you either through a special or general proxy. The voluntary administrator or one of their partners or employees must not use a general proxy to vote in favour of a resolution approving payment of the voluntary administrator's fees.

Manner of voting

A vote on any resolution put to a creditors' meeting may be taken by creditors stating aloud their agreement or disagreement, or by a show of hands. Sometimes a more formal voting procedure called a 'poll' is taken.

If voting is by show of hands or by verbally signalling agreement, the resolution is passed if a majority of those present indicate agreement. It is up to the chairperson to decide if this majority has been reached.

After the vote, the chairperson must tell those present whether the resolution has been passed or lost. If the chairperson is unable to determine the outcome of a resolution on a show of hands, they may decide to conduct a poll.

Alternatively, a poll can be demanded by at least two people present who are entitled to vote, or someone who holds more than 10% of the votes of those entitled to vote at the meeting. The chairperson will determine how this poll is taken.

If you intend to demand that a poll be taken, you must do so before, or as soon as, the chairperson has declared the result of a vote taken by show of hands or voices.

When a poll is conducted, a resolution is passed if:

- more than half the number of creditors who are voting (in person or by proxy) vote in favour of the resolution, and
- those creditors who are owed more than half of the total debt owed to creditors at the meeting vote in favour of the resolution.

This is referred to as a 'majority in number and value'. If a majority in both number and value is not reached under a poll (often referred to as a deadlock), the chairperson has a casting vote.

Chairperson's casting vote

When a poll is taken and there is a deadlock, the chairperson may use their casting vote either in favour of or against the resolution. The chairperson may also decide not to use their casting vote.

The chairperson must inform the meeting, and include in the written minutes of meeting that are lodged with ASIC, of the reasons why they cast their vote in a particular way or why they chose not to use their casting vote.

If you are dissatisfied with how the chairperson exercised their casting vote or failed to use their casting vote, you may apply to the court for a review of the chairperson's decision. The court may vary or set aside the resolution or order that the resolution is taken to have been passed.

Votes of related creditors

If directors and shareholders, their spouses and relatives and other entities controlled by them are creditors of the company, they are entitled to attend and vote at creditors' meetings, including the meeting to decide the company's future.

If a resolution is passed, or defeated, based on the votes of these related creditors, and you are dissatisfied with the outcome, you may apply to the court for the resolution to be set aside and/or for a fresh resolution to be voted on without related creditors being entitled to vote. Certain criteria must be met before the court will make such an order (e.g. the original result of the vote being against the interests of all or a class of creditors).

Deciding how to vote at the second meeting

How you vote at the meeting on the three possible options, including any competing proposals for a deed of company arrangement, is a commercial decision based on your assessment of the company and its future prospects, and your personal circumstances. The information provided by the voluntary administrator, including opinions expressed, will assist you. However, you are not obliged to accept the administrator's recommendation.

If you do not consider that you have been given enough information to decide how to vote, and particularly whether to vote for any deed proposal, you can ask for a resolution to be put to creditors that the meeting be adjourned (up to a maximum of 45 business days in total) and for the administrator to provide more information. You must make this request before a vote on the company's future. This resolution must be passed for the adjournment to take place.

Creditors also have the right when a deed of company arrangement is proposed and considered at the meeting to negotiate specific requirements into the terms of the deed, including, for example, how the deed administrator is to report to them on the progress of the deed.

Any request to vary the deed proposal to include such requirements should be made before the deed proposal is voted on.

Minutes of meeting

The chairperson must prepare minutes of each meeting and a record of those who were present at each meeting.

The minutes must be lodged with ASIC within 14 days of the meeting. A copy may be obtained from any ASIC Business Centre on payment of the relevant fee.

Company returned to directors

If the company is returned to the directors, they will be responsible for ensuring that the company pays its outstanding debts as they fall due. It is only in very rare circumstances that creditors will resolve to return the company to the control of its directors.

Liquidation

If creditors resolve that the company go into liquidation, the voluntary administrator becomes the liquidator unless creditors vote at the second meeting to appoint a different liquidator of their choice. The liquidation proceeds as a creditors' voluntary liquidation with any payments of dividends to creditors made in the order set out in the *Corporations Act 2001* (Corporations Act). To find out more, see ASIC information sheet INFO 45 *Liquidation: a guide for creditors*.

Deed of company arrangement

If creditors vote for a proposal that the company enter a deed of company arrangement, the company must sign the deed within 15 business days of the creditors' meeting, unless the court allows a longer time. If this doesn't happen, the company will automatically go into liquidation, with the voluntary administrator becoming the liquidator.

The deed of company arrangement binds all unsecured creditors, even if they voted against the proposal. It also binds owners of property, those who lease property to the company and secured creditors, if they voted in favour of the deed. In certain circumstances, the court can also order that these people are bound by the deed even if they didn't vote for it. The deed of company arrangement does not prevent a creditor who holds a personal guarantee from the company's director or another person taking action under the personal guarantee to be repaid their debt.

Contents of the deed

Whatever the nature of the deed of company arrangement, it must contain certain information, including:

- the name of the deed administrator
- the property that will be used to pay creditors
- the debts covered by the deed and the extent to which those debts are released
- the order in which the available funds will be paid to creditors (the deed of company arrangement must ensure that employees have a priority in payment of outstanding employee entitlements unless the eligible employees agree by a majority in both number and value to vary this priority)
- the nature and duration of any suspension of rights against the company
- the conditions (if any) for the deed to come into operation
- the conditions (if any) for the deed to continue in operation, and
- the circumstances in which the deed terminates.

There are also certain terms that will be automatically included in the deed, unless the deed says they will not apply. These are called the 'prescribed provisions'. They include such matters as the powers of the deed administrator, termination of the deed and the appointment of a committee of creditors (called a 'committee of inspection').

The voluntary administrator's report should tell you which prescribed provisions are proposed to be excluded or varied, and, if varied, how.

Monitoring the deed

It is the role of the deed administrator to ensure the company (or others who have made commitments under the deed) carries through these commitments. The extent of the deed administrator's ongoing role will be set out in the deed.

Creditors can also play a role in monitoring the deed. If you are concerned that the obligations of the company (or others) under the deed are not being met, you should take this up promptly with the deed administrator. Matters that may give rise for concern include deadlines for payments or other actions promised under the deed being missed.

Creditors also have the right when a deed of company arrangement is proposed and considered at the second meeting to negotiate consequences of failure to meet such deadlines into the terms of the deed. Any request to vary the deed proposal to include such consequences should be made before the deed proposal is voted on.

The deed administrator must lodge a detailed list of receipts and payments with ASIC every six months.

Varying the deed

The deed administrator can call a creditors' meeting at any time to consider a proposed variation to the deed or a resolution to terminate the deed. The proposed resolutions must be set out in the notice of meeting sent to creditors.

Creditors owed at least 10% in value of all creditor claims can, by written request, also require the deed administrator to call such a meeting. However, it is unusual for this to happen, as those who make the request must pay the costs of calling and holding the meeting.

Payment of dividends under a deed

The order in which creditor claims are paid depends on the terms of the deed. Sometimes the deed proposal is for creditor claims to be paid in the same priority as in a liquidation. Other times, a different priority is proposed.

The deed must ensure employee entitlements are paid in priority to other unsecured creditors unless eligible employees have agreed to vary their priority.

Before you decide how to vote at the creditors' meeting, make sure you understand how the deed will affect the priority of payment of your debt or claim.

You may wish to seek independent legal advice if the deed proposes a different priority to that in a liquidation, or if creditors approve such a deed.

Establishing your claim under a deed

How debts or claims are dealt with under a deed of company arrangement depends on the deed's terms. Sometimes the deed incorporates the Corporations Act provisions for dealing with debts or claims in a liquidation.

Before any dividend is paid to you for your debt or claim, you will need to give the deed administrator sufficient information to prove your debt. You may be required to complete a claim form (this is called a 'proof of debt' in a liquidation). You should attach copies of any relevant invoices or other supporting documents to the claim form, as your debt or claim may be rejected if there is insufficient evidence to support it.

If a creditor is a company, the claim form should be signed by a person authorised by the company to do so.

When submitting a claim, you may ask the deed administrator to acknowledge receipt of your claim and advise if any further information is needed.

If the deed administrator rejects your claim after you have taken the above steps, first contact the deed administrator. You may also wish to seek your own legal advice. This should be done promptly. Depending on the terms of the deed, you may have a limited time in which to take legal action to challenge the decision.

If you have a query about the timing of the payment, discuss this with the deed administrator.

How a deed comes to an end

A deed may come to an end because the obligations under the deed have all been fulfilled and the creditors have been paid. Alternatively, the deed may set out certain conditions where the deed will automatically terminate.

The deed may also provide that the company will go into liquidation if the deed terminates due to these conditions being met.

Another way for the deed to end is if the deed administrator calls a meeting of creditors, and creditors vote to end the deed. This may occur because it appears unlikely that the terms of the deed can be fulfilled.

At the same time, creditors may be asked to vote to put the company into liquidation.

The deed may also be terminated if a creditor, the company, ASIC or any other interested person applies to the court and the court is satisfied that:

- creditors were provided false and misleading information on which the decision to accept the deed proposal was made
- the voluntary administrator's report left out information that was material to the decision to accept the deed proposal

- the deed cannot proceed without undue delay or injustice, or
- the deed is unfair or discriminatory to the interests of one or more creditors or against the interests of creditors as a whole.

If the court terminates the deed as a result of such an application, the company automatically goes into liquidation.

Approval of administrator's fees

Both a voluntary administrator and deed administrator are entitled to be paid for the work they perform. Generally, their fees will be paid from available assets, before any payments are made to creditors. They may have also arranged for a third party to pay any shortfall in their fees if there aren't enough assets.

The fees cannot be paid until the amount has been approved by a creditors' committee, creditors or the court. Creditors, the voluntary administrator/deed administrator or ASIC can ask the court to review the amount of fees approved.

If you are asked to approve fees, either at a meeting of a creditors' committee or in a general meeting of creditors, the voluntary administrator or deed administrator must give you, at the same time as the notice of the meeting, a report that contains sufficient information for you to assess whether the fees claimed are reasonable. This report should be in simple language and set out:

- a description of the major tasks performed
- the costs of completing these tasks, and
- such other information that will assist in assessing the reasonableness of the fees claimed.

For further information, see ASIC's information sheet INFO 85 *Approving fees: a guide for creditors*. If you are in any doubt about how the fees were calculated, ask for more information.

Apart from fees, the voluntary administrator and deed administrator are entitled to reimbursement for out-of-pocket expenses that have arisen in carrying out their administration. This reimbursement does not usually require approval.

Creditors' committee

A creditor's committee may be formed, following a vote of creditors, to consult with the voluntary administrator or deed administrator and receive reports on the conduct of their administration. A creditors' committee can also approve the administrator's fees.

In a voluntary administration, this committee is called a 'committee of creditors' and may be formed at the first creditors' meeting. While the company is under a deed of company arrangement, it is called a 'committee of inspection'.

All creditors, including a representative of the company's employees, are entitled to stand for committee membership to represent the interests of all creditors. However, to operate efficiently, the committee should not be too large.

If a creditor is a company, the creditor can nominate a director or employee to represent it on the committee.

Directors and voluntary administration

Directors cannot use their powers while the company is in voluntary administration. They must help the voluntary administrator, including providing the company's books and records, and a report about the company's business, property, affairs and financial circumstances, as well as any further information about these that the voluntary administrator reasonably requires.

If the company goes from voluntary administration into a deed of company arrangement, the directors' powers depend on the deed's terms. When the deed is completed, the directors regain full control, unless the deed provides for the company to go into liquidation on completion.

If the company goes from voluntary administration or a deed of company arrangement into liquidation, the directors cannot use their powers. If creditors resolve that the voluntary administration should end, control of the company goes back to the directors.

Queries and complaints

You should first raise any queries or complaints with the voluntary administrator or deed administrator. If this fails to resolve your concerns, including any concerns about their conduct, you can lodge a complaint with ASIC at www.asic.gov.au/complain, or write to:

ASIC Complaints
PO Box 9149
TRARALGON VIC 3844

ASIC will usually not become involved in matters of commercial judgement by a voluntary administrator or deed administrator. Complaints against companies and their officers can also be made to ASIC. For other enquiries, email ASIC through infoline@asic.gov.au, or call ASIC's Infoline on 1300 300 630 for the cost of a local call.

To find out more

For an explanation of terms used in this information sheet, see ASIC information sheet INFO 41 *Insolvency: a glossary of terms*. For more on external administration, see ASIC's related information sheets at www.asic.gov.au/insolvencyinfosheets:

- INFO 75 *Voluntary administration: a guide for employees*
- INFO 45 *Liquidation: a guide for creditors*
- INFO 46 *Liquidation: a guide for employees*
- INFO 54 *Receivership: a guide for creditors*
- INFO 55 *Receivership: a guide for employees*
- INFO 43 *Insolvency: a guide for shareholders*
- INFO 42 *Insolvency: a guide for directors*
- INFO 84 *Independence of external administrators: a guide for creditors*
- INFO 85 *Approving fees: a guide for creditors*

These are also available from the Insolvency Practitioners Association (IPA) website at www.ipaa.com.au. The IPA website also contains the IPA's Code of Professional Practice for Insolvency Professionals, which applies to IPA members.

H. Remuneration Report

Remuneration Approval Report

Paladin Energy Ltd (Administrators Appointed)
ACN 061 681 098 ("the Company")
30 November 2017



Contents

This remuneration approval report provides you with the information you need to be able to make an informed decision regarding the approval of our remuneration for undertaking the external administration of Paladin Energy Ltd (Administrators Appointed) (“PEL” or “the Company”).

This report has the following information included:

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What do you need to do next?

You should read this report and the other documentation that we have sent you and then attend the meeting of the creditors in order to voice your opinion by casting your vote on the resolutions put to the meeting. The meeting will also give you an opportunity to ask any questions that you may have.

Alternatively, you are also able to appoint a representative to attend on your behalf by lodging a proxy form. Lodging a specific proxy form allows you to specify how your proxy must vote. Lodging a general proxy form allows your representative to choose how your vote is exercised.

Information about the meeting of creditors is set out in our Report to Creditors dated 30 November 2017. Please advise this office on +61 8 9263 7477 or paladinenergy@kpmg.com.au if you will be attending the meeting of creditors and to request the conference password if required.



1 Declaration

We, Matthew Woods, Hayden White and Gayle Dickerson of KPMG have undertaken a proper assessment of this remuneration claim for our appointment as Administrators of PEL in accordance with the law and applicable professional standards.

We are satisfied that the remuneration claimed is in respect of necessary work, properly performed, in the conduct of the administration.

2 Executive Summary

The purpose of this report is to detail time and work undertaken for the specified period for which we are seeking approval. This report is provided to creditors for consideration at the upcoming meeting.

The total remuneration for the voluntary administration is estimated to be AUD 1,924,652.10, including the remuneration incurred by KPMG Valuation Services.

Our initial fee estimate for the voluntary administration of the Paladin group (comprising PEL, Paladin Energy Minerals NL (Administrators Appointed) and Paladin Finance Pty Ltd (Administrators Appointed)) for the period 3 July 2017 up to the first creditors meeting (held on 13 July 2017) was AUD 250,000, as detailed in the report to creditors dated 4 July 2017.

Actual fees for the Paladin group for this period totalled AUD 260,992 (detailed in the table below), which is broadly consistent with the estimate.

Remuneration for period 3 July 2017 to 13 July 2017	AUD (ex GST)
Paladin Energy Ltd (Administrators Appointed)	210,406.00
Paladin Energy Minerals NL (Administrators Appointed)	31,477.00
Paladin Finance Pty Ltd (Administrators Appointed)	19,109.00
Total for the Paladin Group – 3 July 2017 to 13 July 2017	260,992.00

The estimate equates to approximately AUD 125k per week for the Paladin group (or AUD 100k per week for PEL alone). Remuneration has accrued at approximately AUD 100k per week since appointment, which is below the initial estimate.



Approval is now sought for the following periods, noting that Resolutions 4 and 8 are dependent on whether creditors resolve at the meeting of creditors on 7 December 2017 to execute a Deed of Company Arrangement (“DOCA”) or for the company to be wound up.

Remuneration – Paladin Energy Ltd (Administrators Appointed)	Report Ref.	AUD (ex GST)
Past remuneration approved by the Committee of Inspection:		
Remuneration for the period 3 July 2017 to 21 July 2017		328,365.50
Current remuneration approval sought:		
Resolution 1: Retrospective Voluntary Administrators’ remuneration for the period 22 July 2017 to 17 November 2017.	3.2.1	909,031.50
Resolution 2: Retrospective KPMG Valuation Services for the period 10 July 2017 to 24 November 2017.	3.2.2	337,255.10
Resolution 3: Prospective Voluntary Administrators’ remuneration for the period 18 November 2017 to the date of the winding up or the execution of the DOCA.	3.2.3	350,000.00
Total remuneration for the Voluntary Administration:		1,924,652.10
Resolution 4a: If resolved to execute a DOCA, prospective Deed Administrators’ fees for the period from DOCA execution until the completion of the DOCA.	3.2.4	750,000.00
Resolution 4b: If resolved that the company be wound up, prospective Liquidators’ remuneration for the period 7 December 2017 until the completion of the Liquidation.	3.2.5	1,850,000.00

Disbursements

Internal disbursements previously paid (pre commencement of the Insolvency Law Reform Act 2016 (Cth) (“ILRA”)¹), approved and currently claimed are summarised below:

Internal disbursements	Report Ref.	\$AUD (ex GST)
Previously paid (pre ILRA): Voluntary Administration 3 July 2017 to 21 July 2017		8,215.91
Current claim:		
Resolution 5: Voluntary Administration 22 July 2017 to 17 November 2017	4	22,725.79
Resolution 6: KPMG Valuation Services 10 July 2017 to 24 November 2017	4	9,336.23
Resolution 7: Voluntary Administration 18 November 2017 to the date of winding up or the execution of the DOCA	4	8,750.00
Resolution 8a: DOCA execution to completion	4	18,750.00
Resolution 8b: Liquidation 7 December 2017 to completion	4	46,250.00

Please refer to report section references detailed in the above tables for full details of the calculation and composition of the approval sought.

¹ There was no requirement for internal disbursements to be approved by creditors prior to the implementation of the Insolvency Law Reform Act 2016 (Cth), which commenced 1 September 2017

3 Remuneration

3.1 Remuneration claim resolutions

We will be seeking approval of the following resolutions at the upcoming creditors meeting on 7 December 2017 to approve our remuneration. Details to support these resolutions are included in section 3.2.

Resolution 1 (retrospective fees): 22 July 2017 to 17 November 2017

Resolution 1			
Company:	Paladin Energy Ltd (Administrators Appointed)	Period:	22 July 2017 to 17 November 2017
Practitioner:	Hayden White, Matthew Woods and Gayle Dickerson	Firm:	KPMG
Administration type:	Voluntary Administration		
Proposed resolution:	"That the Administrators' remuneration in respect of Paladin Energy Ltd (Administrators Appointed), their partners and staff from 22 July 2017 to 17 November 2017 be approved in the amount of \$909,031.50 plus GST and disbursements, calculated in accordance with the KPMG guide to hourly rates as set out in the Administrators' initial advice to creditors dated 4 July 2017, and that such fees are authorised for payment from the assets of the company, or otherwise"		

Resolution 2 (retrospective fees): 10 July 2017 to 24 November 2017

Resolution 2			
Company:	Paladin Energy Ltd (Administrators Appointed)	Period:	10 July 2017 to 24 November 2017
Practitioner:	Hayden White, Matthew Woods and Gayle Dickerson	Firm:	KPMG
Administration type:	Voluntary Administration		
Proposed resolution:	"That the KPMG Valuation Services remuneration in respect of Paladin Energy Ltd (Administrators Appointed), their partners and staff from 10 July 2017 to 24 November 2017 be approved in the amount of \$337,255.10 plus GST and disbursements, and that such fees are authorised for payment from the assets of the company, or otherwise"		

Where funds permit, the practitioner will generally pay approved remuneration where appropriate. Where funds are not available, the practitioner will not draw a fee at that time.



Resolution 3 (prospective fees): 18 November 2017 to the date of the winding up or execution of the DOCA

Resolution 3			
Company:	Paladin Energy Ltd (Administrators Appointed)	Period:	18 November 2017 to the date of the winding up or execution of the DOCA
Practitioner:	Hayden White, Matthew Woods and Gayle Dickerson	Firm:	KPMG
Administration type:	Voluntary Administration		
Proposed resolution:	"That the Administrators' future remuneration in respect of Paladin Energy Ltd (Administrators Appointed), their partners and staff from 18 November 2017 to the date of the winding up or the execution of the DOCA be approved up to a maximum amount of \$350,000 plus GST and disbursements, calculated in accordance with the KPMG guide to hourly rates as set out in the Administrators' initial advice to creditors dated 4 July 2017, and that such fees are authorised for payment from the assets of the company, or otherwise"		

As detailed in the Executive Summary, Resolution 4 is dependent on whether creditors resolve at the meeting of creditors on 7 December 2017 to execute a DOCA or if they resolve for the company to be wound up.

Resolution 4a – Prospective Deed Administrators' fees

Resolution 4a			
Company:	Paladin Energy Ltd (Administrators Appointed)	Period:	DOCA execution until completion of the DOCA
Practitioner:	Hayden White, Matthew Woods and Gayle Dickerson	Firm:	KPMG
Administration type:	Deed of Company Arrangement		
Proposed resolution:	"That the Deed Administrators' future remuneration in respect of Paladin Energy Ltd (Administrators Appointed), their partners and staff for the period from DOCA execution to completion of the DOCA be approved up to a maximum amount of \$750,000 plus GST and disbursements, calculated in accordance with the KPMG guide to hourly rates as set out in the Administrators' initial advice to creditors dated 4 July 2017, and that such fees are authorised for payment from the assets of the company, or otherwise"		



Resolution 4b – Prospective Liquidators’ fees

Resolution 4b			
Company:	Paladin Energy Ltd (Administrators Appointed)	Period:	7 December 2017 until completion of the Liquidation
Practitioner:	Hayden White, Matthew Woods and Gayle Dickerson	Firm:	KPMG
Administration type:	Liquidation		
Proposed resolution:	“That the Liquidators’ future remuneration in respect of Paladin Energy Ltd (Administrators Appointed), their partners and staff for the period 7 December 2017 to completion of the liquidation be approved up to a maximum amount of \$1,850,000 plus GST and disbursements, calculated in accordance with the KPMG guide to hourly rates as set out in the Administrators’ initial advice to creditors dated 4 July 2017, and that such fees are authorised for payment from the assets of the company, or otherwise”		

Resolution 5 – Internal disbursements (retrospective)

Resolution 5			
Company:	Paladin Energy Ltd (Administrators Appointed)	Period:	22 July 2017 to 17 November 2017
Practitioner:	Hayden White, Matthew Woods and Gayle Dickerson	Firm:	KPMG
Administration type:	Voluntary Administration		
Proposed resolution:	“That the internal disbursements claimed by our firm in the matter of Paladin Energy Limited (Administrators Appointed) for the period 22 July 2017 to 17 November 2017 calculated at the rates detailed in the Remuneration Approval Report are approved for payment in the amount of \$22,725.79 exclusive of GST, to be drawn from available funds immediately or as funds become available.”		



Resolution 6 – Internal disbursements (retrospective)

Resolution 6			
Company:	Paladin Energy Ltd (Administrators Appointed)	Period:	10 July 2017 to 24 November 2017
Practitioner:	Hayden White, Matthew Woods and Gayle Dickerson	Firm:	KPMG
Administration type:	Voluntary Administration		
Proposed resolution:	“That the internal disbursements claimed by our firm in the matter of Paladin Energy Limited (Administrators Appointed) for the period 10 July 2017 to 24 November 2017 calculated at the rates detailed in the Remuneration Approval Report are approved for payment in the amount of \$9,336.23 exclusive of GST, to be drawn from available funds immediately or as funds become available.”		

Resolution 7 – Internal disbursements (prospective)

Resolution 7			
Company:	Paladin Energy Ltd (Administrators Appointed)	Period:	18 November 2017 to the date of the winding up or the execution of the DOCA
Practitioner:	Hayden White, Matthew Woods and Gayle Dickerson	Firm:	KPMG
Administration type:	Voluntary Administration		
Proposed resolution:	“That the future internal disbursements claimed by our firm in the matter of Paladin Energy Limited (Administrators Appointed) for the period 18 November 2017 to the date of the winding up or the execution of the DOCA calculated at the rates detailed in the Remuneration Approval Report are approved for payment in the amount of \$8,750 exclusive of GST, to be drawn from available funds immediately or as funds become available.”		

Resolution 8a – Internal disbursements DOCA (if applicable)

Resolution 8a			
Company:	Paladin Energy Ltd (Administrators Appointed)	Period:	DOCA execution to completion of DOCA
Practitioner:	Hayden White, Matthew Woods and Gayle Dickerson	Firm:	KPMG
Administration type:	Deed of Company Arrangement		
Proposed resolution:	“That the future internal disbursements claimed by our firm in the matter of Paladin Energy Limited (Administrators Appointed) for the period from DOCA execution to completion of the DOCA calculated at the rates detailed in the Remuneration Approval Report are approved for payment in the amount of \$18,750 exclusive of GST, to be drawn from available funds immediately or as funds become available.”		



Resolution 8b – Internal disbursements Liquidation (if applicable)

Resolution 8b			
Company:	Paladin Energy Ltd (Administrators Appointed)	Period:	7 December 2017 to completion
Practitioner:	Hayden White, Matthew Woods and Gayle Dickerson	Firm:	KPMG
Administration type:	Voluntary Administration		
Proposed resolution:	“That the future internal disbursements claimed by our firm in the matter of Paladin Energy Limited (Administrators Appointed) for the period 7 December 2017 to completion of the liquidation calculated at the rates detailed in the Remuneration Approval Report are approved for payment in the amount of \$46,250 exclusive of GST, to be drawn from available funds immediately or as funds become available.”		

3.2 Details of remuneration

The basis of calculating the remuneration claims are summarised below and the details of the major tasks performed and the costs associated with each of those major tasks are contained in following schedules.

3.2.1 Resolution 1 (retrospective) – 22 July 2017 to 17 November 2017

The table below sets out time charged to each major task area for the voluntary administration period 22 July 2017 to 17 November 2017, which is the basis of the Resolution 1 claim. The table below includes detailed descriptions of the tasks performed within each task area, which is summarised in the subsequent table.

Table: Resolution 1 | Description of work undertaken:

Task Area	General Description	Including, but not limited to:
Assets 422.4 Hours \$244,984.00 (exc GST)	Valuation	Obtain and review valuation reports for company assets from KPMG internal mining valuations division and external valuation providers
		Liaise with valuers regarding specific assets
		Conduct an urgent assessment of the valuation reports and likelihood of sale
	Sale of business / company assets	Review and consider options for sale including structure, international government requirements and stakeholder / creditor implications
		Obtain legal and tax advice regarding implications of sale of assets
		Commence an Expressions of Interest sale campaign to restructure and recapitalise the companies and/or the company assets.
		Request and collate information from Management and other parties to prepare information memorandum
		Prepare for sale process including preparing timeline and liaising with agents
		Request and collate documentation required for data room
		Draft, update and review information memorandum
		Consider listing rules relevant to issuing a prospectus
		Commence sale campaign and liaise with interested parties
		Prepare, issue and receipt confidentiality agreements with interested parties
		Ongoing negotiations and correspondence with interested parties
		Consider options and review position with interested parties
	DOCA proposal	Correspondence with parties regarding DOCA proposal including proponents of DOCA proposal, legal and financial advisers to DOCA proponents, solicitors of the Administrators
		Prepare information and supporting documents required for inclusion in DOCA proposal
		Prepare and provide information requested by secured parties and answer queries raised from due diligence
	Insurance of assets	Consider DOCA proposal contract
		Liaise with Arthur J Gallagher regarding insurance policies and information requirements
Discuss pre-appointment insurance policies with insurers		
		Provide ongoing updates to insurers required for renewals
		Liaise with solicitors regarding obtaining proceeds from real property sales

Task Area	General Description	Including, but not limited to:
	Entitlement to real property proceeds	Review documentation regarding the entitlement to proceeds
		Receipt funds from real property sales
	Pre-appointment debtors	Collection of pre-appointment debtors and refund entitlements
		Review and reconcile pre-appointment debtor ledger
		Assess recoverability of outstanding pre-appointment debtors
		Issue correspondence to debtors to promote collection
		Reviewing related party loans and assess recoverability
	Other assets	Review and confirm completeness of asset register
		Conduct site visits to inspect and secure assets
		Review Personal Property & Security Register for registrations against company assets
		Conduct searches for company vehicles and other equipment
		Review and consider weekly mine reports
		Liaise with national and international mining government bodies and Office of State Revenue regarding amounts owing to the Company
		Transfer and collection of pre-appointment bank account balances
		Tasks associated with realising other assets
	Leases	Liaising with solicitors regarding intellectual property applications and defences
		Issue lease disclaimers for selected assets
		Review and consider lease options
		Liaise with lessors and landlords regarding current obligations under leases
Creditors 460.6 Hours \$223,936.00 (exc GST)	Committee of Inspection	Obtain legal advice on lease obligations
		Liaise with Committee members regarding status of administration
		Prepare agenda and meeting points for Committee meeting 26 July 2017
		Draft and issue formal meeting notice for meeting 26 July 2017
		Prepare and issue circular to Committee members advising of 26 July 2017 meeting
		Draft remuneration report for Committee meeting 26 July 2017
		Hold Committee meeting 26 July 2017
		Prepare, review and lodge 26 July 2017 meeting minutes
		Liaise with Committee members regarding extension of convening period
		Prepare agenda and meeting points for Committee meeting 15 September 2017
		Draft and issue formal meeting notice for meeting 15 September 2017
		Prepare and issue correspondence to Committee members advising of meeting 15 September 2017 and update
		Hold Committee meeting 15 September 2017
	Prepare, review and lodge 15 September 2017 meeting minutes	
	Enact amendments to Committee members and maintain committee register	
Bondholders	Provide ongoing correspondence with individual bondholders, their legal advisers, and the Ad Hoc bondholder Committee	

Task Area	General Description	Including, but not limited to:
		Provide updates to bondholders on their position, administration updates, and the impact of the extension of the convening period
		Respond to bondholder queries via calls, emails and formal correspondence
		Obtain legal advice on bondholder position and rights
		Liaise with 333 Capital regarding bondholder queries on their position and entitlements
		Provide ongoing correspondence with 333 Capital and bondholders regarding formulating a DOCA proposal
		Assist with information requests from 333 Capital regarding DOCA proposal
	Secured creditors	Liaise with secured creditors regarding administration updates
		Respond to secured creditor queries
		Advise of extension to convening period and discuss impact
		Hold teleconferences, provide emails and issue formal correspondence to Duetsche Bank regarding updates and responding to queries
		Liaise with Duetsche Bank regarding voting rights
		Issue correspondence to PPSR registration holders
	Electricité de France	Liaise with Electricité de France regarding administration process, updates and current position
		Respond to emails from advisors of Electricité de France
		Respond to information requests from Electricité de France
		Hold teleconferences, provide emails and issue formal correspondence to Electricité de France
		Review and consider termination notice, default notice and court transcript
	Convening period extension	Obtain legal advice on Electricité de France contract and default notice
		Prepare application to extend convening period
		Collate information for affidavit
		Collate supporting documents for application
		Engage lawyers to assist in court attendance
		Attend court to secure extension to convening period
	General creditors	Prepare circulars to advise stakeholders of extension to convening period
		Receive and respond to creditor enquiries
		Maintain and manage creditor functional mailbox
		Prepare circular to creditors regarding extension of convening period
Review and swear affidavit and supporting materials in respect of extension of convening period		
Discuss creditor voting rights, claims and meeting procedures		
Manage updates to creditor claims and maintain creditor master listing		
Prepare creditor schedule and breakdown for reporting purposes		
Review and report on related party creditors		
Proofs of Debt ("POD")	Review and process creditor PODs and supporting invoices	
	Upload details of creditor PODs into MYOB file	
	Request further information from creditors where required	

Task Area	General Description	Including, but not limited to:
	Shareholders	Assess foreign exchange implications on PODs where required
		Maintain and manage functional mailbox for shareholder enquiries
		Prepare and issue responses to shareholder calls, emails and letters
		Review and consider shareholder transfer requests
		Liaise with NSX, ASX & TSX regarding listing conditions and requirements
		Request information and updated shareholder listings from NSX, ASX & TSX
		Issue correspondence to shareholders on update of administration
		Liaise with Computershare regarding registration / deregistration process
		Issue circular to shareholders on extension of convening period
	Creditor reports	Prepare draft structure and content for creditor 439A report
		Internal meetings regarding structure of 439A report
		Draft statutory items required for 439A report
		Draft and review 439A report commentary on background, progress and investigations
		Review, consider and update draft editions of 439A report
		Draft form 529, 532 and 531C for creditor report
		Draft, consider and update estimated return to creditors
		Prepare tables and supporting documents for report
Employees 33.6 Hours \$12,796.00 (exc GST)	Employee enquiries	Receive and respond to employee phone and email enquiries
		Hold employee meetings on site to address queries and provide status update
		Liaise with employees regarding continuation of employment
		Hold meetings with management on site regarding administration process
	Employee entitlements	Review employee timesheets and calculation of payrolls
		Prepare, review and finalise monthly payrolls
		Review and process international payrolls
		Review employee expense claims
		Review of employment contracts
	Review of employee entitlement policies	
	Trade on 723.8 Hours \$299,923.50 (exc GST)	Trade on management and budgeting
Hold daily strategic reviews of cash flow forecast and funding requirements		
Discuss upcoming sales and sensitivities to forecast		
Review of company forecasts and financial statements		
Attend to daily trading issues including circulating trading updates, assessing working capital requirements, and discussing factoring arrangements		
Calculate and review estimated security position		
Operations		Review weekly operations reports
		Hold operational meetings with management
		Consider terms of contracts

Task Area	General Description	Including, but not limited to:	
		Liaise with ongoing suppliers and customers	
		Review of costs between projects	
		Review of corporate costs and explorations costs	
		Review and update calculations of forecast expenditure	
		Review international cash call particulars	
		Liaise with lessors and landlords regarding statutory rent-free period	
	Purchase orders		Prepare purchase orders and maintain purchase order register
			Reconcile purchase order register with cash flow forecast
			Match invoices to purchase orders and process payment requisitions
			Attend to supplier queries regarding ongoing supply
			Review sales and marketing agreement
	Banking		Reconcile domestic and international bank accounts weekly
			Receipt funds from daily trading
			Process monthly payroll
			Consider term deposits for investment
			Attend to Deutsch Bank facility drawn down and application of funds
			Updating company accounting software with daily receipts and payments
			Discuss foreign exchange options
	Stock Exchange		Review obligations regarding market announcements
			Obtain legal advice on stock exchange obligations
			Draft announcement updates
			Prepare and file announcements with the relevant public exchanges
	Taxation		Prepare quarterly Business Activity Statements
			Review current ATO obligations
			Consider GST implications of management service agreement
			Obtain and consider GST advice and tax implication of share sale
Liaise with Office of State Revenue regarding payroll tax issues			
Funding		Discuss and consider alternate funding options	
		Obtain legal advice on funding options	
		Review funding obligations on existing tenements	
		Review funding obligations to subsidiaries	
Investigations 126.3 Hours \$50,237.50 (exc GST)	Review of company records and electronic files	Review of company books and records	
		Request and review further financials and documentation	
		Prepare investigations workbook	
		Review board packs	
		Conduct imaging of company electronic files and email server	
		Process exports of email data for review	



Task Area	General Description	Including, but not limited to:
	Conduct investigations	Undertake email discovery process
		Undertake 439A reporting investigations including solvency review
		Review directors' Report as to Affairs
		Obtain legal advice on current investigations and potential claim
		Review ATO data provided
		Prepare 439A investigation memo and supporting file notes
Administration 163.1 Hours \$73,717.00 (exc GST)	Statutory audit	Engage auditors to prepare current year audit
		Follow-up on progress of audit
	General administration	Weekly status meetings to progress administration and discuss legal issues
		Weekly calls with PEL management to provide updates on the Administration
		Teleconferences with PEL's board to provide necessary updates on the Administration
		Maintain and update task checklist
		Upload creditor reference information to KPMG website
		Liaise with Australian Bureau of Statistics regarding survey obligations
		Filing of documents
		File reviews
		Updating administration checklists
Total hours: 1,929.8 AUD \$909,031.50		



Remuneration report
Paladin Energy Ltd (Administrators Appointed)
ACN 061 681 098 ("the Company")

The basis of calculating the remuneration claim is summarised below by task area.

Table: Resolution 1 | Summary of hours by staff

Employee	Position	Rate (ex GST)	Total hours	Total (\$)	Assets		Creditors		Employees		Trade on		Investigations		Administration	
					Hrs	\$	Hrs	\$	Hrs	\$	Hrs	\$	Hrs	\$	Hrs	\$
G Dickerson	Appointee	700	27.5	19,250.00	27.5	19,250.00	-	-	-	-	-	-	-	-	-	-
H White	Appointee	700	202.6	141,820.00	104.1	72,870.00	43.0	30,100.00	0.4	280.00	39.5	27,650.00	0.6	420.00	15.0	10,500.00
M Woods	Appointee	700	111.7	78,190.00	47.0	32,900.00	35.6	24,920.00	1.2	840.00	10.1	7,070.00	5.2	3,640.00	12.6	8,820.00
J Hughes	Partner	700	11.0	7,700.00	11.0	7,700.00	-	-	-	-	-	-	-	-	-	-
K Law	Partner	700	3.2	2,240.00	-	-	-	-	-	-	3.2	2,240.00	-	-	-	-
M Popham	Partner	700	2.4	1,680.00	0.7	490.00	-	-	-	-	-	-	1.7	1,190.00	-	-
B Della-Bosca	Director	595	4.3	2,558.50	4.3	2,558.50	-	-	-	-	-	-	-	-	-	-
C Joseph	Director	595	272.4	162,078.00	107.4	63,903.00	102.3	60,868.50	0.8	476.00	25.8	15,351.00	4.0	2,380.00	32.1	19,099.50
A Carroll	Associate Director	525	0.7	367.50	-	-	0.7	367.50	-	-	-	-	-	-	-	-
J Keatley	Associate Director	525	1.5	787.50	1.5	787.50	-	-	-	-	-	-	-	-	-	-
S McMahon	Associate Director	525	3.6	1,890.00	-	-	-	-	-	-	-	-	-	-	3.6	1,890.00
M Bongers	Manager	475	2.2	1,045.00	-	-	-	-	-	-	-	-	2.2	1,045.00	-	-
L Diprose*	Manager	475	3.7	1,757.50	3.2	1,520.00	-	-	-	-	-	-	-	-	0.5	237.50
A Helbig	Manager	475	11.0	5,225.00	-	-	11.0	5,225.00	-	-	-	-	-	-	-	-
A Godfrey	Manager	475	530.8	252,130.00	39.4	18,715.00	140.4	66,690.00	11.6	5,510.00	294.1	139,697.50	24.5	11,637.50	20.8	9,880.00
L Diprose	Executive	350	47.8	16,730.00	38.8	13,580.00	0.8	280.00	-	-	1.0	350.00	-	-	7.2	2,520.00
L Parker*	Executive	350	32.6	11,410.00	0.4	140.00	22.8	7,980.00	-	-	0.5	175.00	0.7	245.00	8.2	2,870.00
C Sarpa	Executive	350	75.8	26,530.00	0.4	140.00	15.4	5,390.00	-	-	3.0	1,050.00	51.4	17,990.00	5.6	1,960.00
S Saxby	Executive	350	9.4	3,290.00	-	-	-	-	-	-	-	-	8.9	3,115.00	0.5	175.00
J Sligh	Executive	350	20.0	7,000.00	-	-	-	-	-	-	-	-	20.0	7,000.00	-	-
I Troedson*	Executive	350	163.0	57,050.00	-	-	8.5	2,975.00	4.0	1,400.00	147.0	51,450.00	2.3	805.00	1.2	420.00
D Verheggen	Executive	350	4.5	1,575.00	4.5	1,575.00	-	-	-	-	-	-	-	-	-	-
J Barlow	Analyst	275	13.0	3,575.00	12.5	3,437.50	-	-	-	-	-	-	-	-	0.5	137.50
V Del Borrello	Analyst	275	0.1	27.50	-	-	0.1	27.50	-	-	-	-	-	-	-	-
M Edwards	Analyst	275	2.0	550.00	-	-	-	-	-	-	-	-	2.0	-	-	-
L Parker	Analyst	275	115.4	31,735.00	6.1	1,677.50	45.5	12,512.50	0.1	27.50	23.7	6,517.50	2.8	770.00	37.2	10,230.00
J Sher	Analyst	275	10.5	2,887.50	-	-	10.5	-	-	-	-	-	-	-	-	-
I Troedson	Analyst	275	247.1	67,952.50	13.6	3,740.00	24.0	6,600.00	15.5	4,262.50	175.9	48,372.50	-	-	18.1	4,977.50
Total			1,929.8	909,031.50	422.4	244,984.00	460.6	223,936.00	33.6	12,796.00	723.8	299,923.50	126.3	50,237.50	163.1	73,717.00
GST				90,903.15		24,498.40		22,393.60		1,279.60		29,992.35		5,023.75		7,371.70
Total (inc GST)				999,934.65		269,482.40		246,329.60		14,075.60		329,915.85		55,261.25		81,088.70
Ave rate (inc GST)				518.15		637.98		534.80		418.92		455.81		437.54		497.17

*Note - Position changes effective 1 October 2017

3.2.2 Resolution 2 (retrospective) – KPMG Valuation Services 10 July 2017 to 24 November 2017

The Administrators engaged KPMG Valuation Services during the period 10 July 2017 to 24 November 2017 to prepare an enterprise valuation for the Companies and review the valuation prepared by BMO. Subsequently, KPMG Valuation Services prepared an indicative market valuation of the Companies' assets/interests for the purposes of calculating an indicative outcome to creditors in both DOCA and winding up scenarios.

Further to the Administrators' initial remuneration advice circulated on 4 July 2017, KPMG Valuation Services' method of charging remuneration is consistent with the Administrators', being the time-based/hourly rates method.

The rates for KPMG Valuation Services' remuneration calculation are set out in the following table together with a general guide showing the qualifications and experience of staff engaged in the service performed and the role they take in the administration. The hourly rates charged encompass the total cost of providing professional services and should not be compared to an hourly wage.

KPMG Valuation Services' Guide to Hourly Rates		
Title	Description	Hourly Rate (excl. GST)
Partner	AFSL Authorised Representative, bringing his or her specialist skills to the corporate finance and valuation analysis	\$980
Director	Minimum of ten years financial advisory experience, also AFSL Authorised Representatives and capable of controlling all aspects of a valuation. May be appropriately qualified to issue valuation reports in his/her own right	\$833
Associate Director	More than 7 years valuation experience, including more than 3 years as a manager. Answerable to the partner but otherwise responsible for all aspects of a valuation. Experienced at all levels and considered very competent. Control staff and their training.	\$735
Manager	6-7 years' experience, with well-developed technical and commercial skills. Should be constantly alert to opportunities to meet clients' needs. Controls 2-4 staff.	\$665
Executive	2-4 years. Post graduate qualification (or equivalent) would normally be completed within this period. Assists planning and control of small to medium sized jobs as well as performing some of the more difficult work on larger jobs.	\$490
Analyst	0-2 years. Completed an undergraduate degree. Post graduate qualification (or equivalent) will be commenced in this period. Assists senior staff members on aspects of the administration and completes administrative and statutory tasks independently.	\$285

The below table sets out time charged to each major task area by staff members working on the administration by KPMG Valuation Services for the period 10 July 2017 to 24 November 2017 which is the basis of the Resolution 2 claim. A more detailed description of the tasks performed within each task area, are provided in the subsequent table.

Table: Resolution 2 | Description of work undertaken

Task Area	General Description	Including, but not limited to:
Valuation 523.1 hours \$337,255.10 (exc GST)	Macroeconomic analysis / discount rates	Forecast of key macroeconomic parameters (inflation, commodity prices, currency exchange rates, cost of equity specific to the location of the assets, cost of debt)
		Analysis of comparable companies
		Calculation of discount rates
	Modelling	Consideration and testing of operational models provided
		Development of valuation-models based on the operational assumptions received, incorporating tax, working capital and other valuation analysis
	Multiples	Research and selection of comparable transactions and comparable listed companies
		Calculation of reserve and resource multiples of the comparable transactions and comparable listed companies
	Technical specialist	Interaction with technical specialist including: scoping, review and commentary on operational models, consideration of exploration asset values and overall technical specialist reporting
	Reporting	Preparation of the valuation report
	Cross-border taxes	Advice on in-country taxes as they relate to the valuation analysis
Others	Meetings, correspondence, project management.	

Table: Resolution 2 | Summary of hours by staff

KPMG Valuation Services				
Employee	Position	Rate (ex GST)	Total hours	Total AUD
S Collins	Partner	980.00	3.00	2,940.00
J Hughes	Partner	980.00	76.00	74,480.00
B Della-Bosca	Director	833.00	121.70	101,376.10
M Gozzo	Associate Director	735.00	45.00	33,075.00
D Verheggen	Executive	490.00	110.50	54,145.00
E Rodriguez	Executive	490.00	66.50	32,585.00
J Lyons	Analyst	385.00	54.40	20,944.00
S Sinha	Analyst	385.00	46.00	17,710.00
Total			523.10	337,255.10
GST				33,725.51
Total inc GST				370,980.61
Ave rate (inc GST)				709.20

3.2.3 Resolution 3 (prospective) – 18 November 2017 to the date of the winding up or the execution of the DOCA

The table below sets out the estimated cost for each major task area for the voluntary administration period 18 November 2017 to the date of the winding up, or the execution of the DOCA, which is the basis of the Resolution 3 claim. The table includes detailed descriptions of the tasks performed within each task area, which is summarised in the subsequent table.

Table: Resolution 3 | Description of work to be undertaken

Task Area	General Description	Including, but not limited to:
Assets \$150,000 (exc GST)	Sale of assets	Review and consider terms to DOCA
		Consider impact of DOCA on stakeholders
		Consider timing and preconditions to DOCA
		Respond to queries relating to DOCA
		Liaise with DOCA proponents and financial and legal advisers to DOCA proponents, lawyers regarding DOCA
		Liaise with Administrators' lawyers in relation to the DOCA proposal
		Meetings with ASIC, ASX and FIRB regarding waivers sought in respect of DOCA proposal
	Other assets	Consider offers on other individual assets
		Review and update insurance provider
Creditors \$125,000 (exc GST)	Secured creditors	Liaise with secured creditor regarding administration update
		Discuss attendance at second meeting of creditors
	General creditors	Respond to general creditor queries
		Review proofs of debt ahead of meeting
		Review creditor functional mailbox
		Update and finalise 439A report and annexures
		Issue 439A report to creditors
	Creditors' meeting	Prepare agenda for second meeting of creditors
		Prepare and finalise remuneration report for second creditor meeting
		Issue notice to second meeting of creditors
		Review and collate creditor proxies for meeting
		Liaise with creditors regarding meeting attendance
		Convene second meeting of creditors
Attend to actions resulting from creditors' meeting		
Prepare and lodge minutes of creditors' meeting		
Trade on \$30,000 (exc GST)	Daily trading	Maintain, reconcile and update daily cash flow forecast
		Hold daily strategic reviews of cash flow forecast and funding requirements
		Review weekly operations reports
		Liaise with ongoing suppliers
		Review and update forecast expenditure
		Prepare and reconcile purchase orders
		Match and prepare payment of invoices



Remuneration Report
Paladin Energy Ltd (Administrators Appointed)
ACN 061 681 098 ("the Company")

Task Area	General Description	Including, but not limited to:
		Update accounting software with daily operations
		Update MYOB and payment software
		Receipt funds from trading
Investigations \$20,000 (exc GST)	439A report investigations	Finalise 439A investigation memo and supporting file notes
		Finalise 439A commentary on investigations
Administration \$25,000 (exc GST)	General administration	Liaise with lawyers on various matters
		Manage shareholder enquiries
		Weekly calls with stakeholders to update on progress
		Hold teleconferences with various parties
		Review share transfer application forms
		Internal status meetings to progress administration and discuss legal issues
		Weekly roundtable meetings to discuss progress
		Maintain and update task checklist
		Upload creditor reference information to KPMG website
		Manage functional mailbox
		Filing of documents
		File reviews
		Updating administration checklists
Total estimate: AUD \$350,000		

Table: Resolution 3 | Summary by key area

AUD \$	Task Area					
	Total	Assets	Creditors	Trade on	Investigations	Administration
Total estimated (ex GST)	350,000	150,000	125,000	30,000	20,000	25,000
GST	35,000	15,000	12,500	3,000	2,000	2,500
Total (inc GST)	385,000	165,000	137,500	33,000	22,000	27,500

3.2.4 Resolution 4a – DOCA appointment (if applicable)

The below table sets out the remuneration for the major tasks likely to be performed by the Deed Administrators and their staff for the period from DOCA execution until completion (if creditors resolve to execute a DOCA) which is the basis of the Resolution 4a claim.

Table: Resolution 4a | Description of work to be undertaken

Task Area	General Description	Including, but not limited to:
Assets \$350,000 (exc GST)	Terms of DOCA	Receipt and reconciliation of cash to be received from DOCA
		Attendance to statutory requirements of the DOCA terms, including liaison with ASIC, ASX, FIRB and solicitors in preparation for a potential s444GA application to Court
		Liaison with Independent Expert regarding Independent Expert's Report and the DOCA outcome
		Liaise with lawyers regarding realisation of shares on behalf of beneficiaries
		Review, action and monitor terms under DOCA
		Other assets matters required pursuant to DOCA
		Ongoing reconciliation of cash and distribution to creditors
Creditors \$190,000 (exc GST)	General creditors	Prepare and issue circular to creditors
		Liaise with secured creditors regarding facilities
		Request formal proofs of debt from creditors
		Detailed adjudication of creditor claims
		Request further information from creditors where required
		Review and respond to creditor queries regarding process
		Prepare updates on progress of DOCA
Employees \$10,000 (exc GST)	Employees	Continue to liaise with employees
		Provide updates to employees on progress of DOCA
Dividend \$150,000 (exc GST)	Distribution/allocation of PEL equity to participating creditors under DOCA terms	Review terms of DOCA regarding distribution/allocation of equity in accordance with DOCA terms
		Review and confirm creditor claims and supporting evidence
		Prepare outcome statements
		Issue correspondence to creditors regarding distribution
		Obtain ATO clearance to distribute company assets
Administration \$50,000 (exc GST)	Statutory & general	Attend to statutory lodgements for finalisation of previous engagement
		Attend to administrative and ASX and international exchange requirements
		Liaise with statutory parties regarding DOCA
		Liaise with directors regarding DOCA terms
		Internal job status meetings
		Maintain and update task checklist
		Upload reference information to KPMG website
		Filing of documents
		Attend to banking matters
		Attend to updates in MYOB
	Finalisation	Maintain insurance until DOCA terminates



Remuneration Report
Paladin Energy Ltd (Administrators Appointed)
 ACN 061 681 098 ("the Company")

Task Area	General Description	Including, but not limited to:
		General correspondence with stakeholders
		Bank account administration and reconciliations
		Notify ATO of finalisation
		Cancel ABN/GST/PAYG
		Complete finalisation checklists
		Prepare final BAS
Total estimate: AUD \$750,000		

Table: Resolution 4a | Summary by key area

AUD \$	Task Area					
	Total	Assets	Creditors	Employees	Dividend	Administration
Total estimated (ex GST)	750,000	350,000	190,000	10,000	150,000	50,000
GST	75,000	35,000	19,000	1,000	15,000	5,000
Total (inc GST)	825,000	385,000	209,000	11,000	165,000	55,000

3.2.5 Resolution 4b – Liquidation (if applicable)

The below table sets out the remuneration for the major tasks likely to be performed by the Liquidators and their staff for the period 7 December 2017 until completion (if creditors resolve for the company to be wound up) which is the basis of the Resolution 4b claim.

Table: Resolution 4b | Description of work to be undertaken

Task Area	General Description	Including, but not limited to:
Assets \$600,000 (exc GST)	Assets	Develop strategies to realise remaining assets
		Assess saleability of interests/assets in operating nature or otherwise
		Preparation of information memorandum and advertise interests/assets for sale to the market
		Liaison with interested parties regarding due diligence and offers
		Negotiations of offers for interests/assets of PEL
		Sale-related attendances including review and consideration of legal sale documentation, handover post sale
		Liaison with secured creditors regarding security interests in specific assets
		Maintain insurance on assets until realised
		Account for proceeds of asset realisations
		Creditors \$400,000 (exc GST)
Request for formal proof of debts		
Adjudicate on formal proof of debts		
Review and respond to creditor queries regarding process		
Prepare estimated outcome statement for classes of creditors		
Issue report to creditors		
Consider holding meeting of creditors		
Secured creditors	Liaise with secured creditors regarding process	
	Prepare and update estimated distribution based on asset realisations	
	Consider PPSR implications	
Bondholders	Consider impact on current funding facility	
	Issue correspondence to bondholders regarding position	
	Respond to bondholder queries	
Employees \$200,000 (exc GST)	Employee entitlements	Continue to facilitate negotiations with bondholders
		Review strategy with employees
		Calculate and confirm entitlements
		Issue correspondence to employees
		Review and consider supporting documents for employee claims
Dividend \$250,000 (exc GST)	Determine dividend	Liaise with Federal Entitlements Guarantee
		Confirm funds available to distribute to creditors
		Review and confirm creditor claims and supporting evidence
		Issue correspondence to creditors regarding distribution
		Prepare and finalise distribution



Remuneration Report
Paladin Energy Ltd (Administrators Appointed)
 ACN 061 681 098 ("the Company")

Task Area	General Description	Including, but not limited to:
Investigations \$200,000 (exc GST)	Recoveries	Investigate likelihood of insolvent trading claim
		Investigate potential preference claims
		Investigate potential uncommercial transactions
		Determine ability to recover funds for creditors
Administration \$200,000 (exc GST)	Shareholders	Respond to shareholder queries
		Issue correspondence to shareholders
		Consider ASX and other exchange reporting obligations
	Statutory & general	Attend to statutory lodgements for finalisation of previous engagement
		Attend to statutory lodgements and notices for liquidation
		Liaise with statutory parties regarding appointment
		Attend to statutory receipts and payments lodgements
		Internal job status meetings
		Maintain and update task checklist
		Upload reference information to KPMG website
		Filing of documents
		Attend to banking matters
		Attend to updates in MYOB
		Attend to statutory lodgements upon finalisation
Total estimate: AUD \$1,850,000		

Table: Resolution 4b | Summary by key area

AUD \$	Task Area						
	Total	Assets	Creditors	Employees	Dividend	Investigations	Administration
Total estimated (ex GST)	1,850,000	600,000	400,000	200,000	250,000	200,000	200,000
GST	185,000	60,000	40,000	20,000	25,000	20,000	20,000
Total (inc GST)	2,035,000	660,000	440,000	220,000	275,000	220,000	220,000

3.3 Total remuneration reconciliation

Total remuneration reconciliation

As set out in the Executive Summary, total remuneration for this appointment is estimated to be \$1.85m and \$2m, including the remuneration incurred by KPMG Valuation Services.

The Initial Remuneration Notice dated 4 July 2017 estimated remuneration for the voluntary administration of the Paladin Group to be \$250,000 for the period up to the first creditors' meeting (being 13 July 2017).

Actual fees for the Paladin Group for this period totalled \$260,922, which is broadly in line with the estimate of \$250k.

The estimate equates to approximately \$125k per week for the Paladin Group (or \$100k per week for PEL). Remuneration has accrued at approximately \$100k per week since appointment, which is below the initial estimate.

Future remuneration requests

In preparing this remuneration report, we have made our best estimate at what we believe the future costs to complete will be, and at this time we do not anticipate that we will have to ask creditors to approve any further remuneration.

However, we will advise creditors if this changes and we may seek approval of further remuneration and provide details on why the remuneration has changed.

3.4 Likely impact on dividends

Please refer to our Report to Creditors dated 30 November 2017 for an update on the estimated distribution to creditors.

4 Disbursements

Disbursements are divided into three types:

1. Externally provided professional services recovered at cost (e.g. legal fees)
2. Externally provided non-professional costs (recovered at cost) such as travel, accommodation and search fees.
3. Internal disbursements such as photocopying, printing and postage. These disbursements, if charged to the administration, would generally be charged at cost. Some expenses such as telephone calls, photocopying and printing may be charged at a rate which recoups both variable and fixed costs. Whilst KPMG does not charge these costs on an itemised basis, it charges a flat 2.5% technology and administration charge on remuneration paid to recover costs of this nature.

We have undertaken a proper assessment of disbursements claimed in accordance with the law and applicable professional standards. We are satisfied that the disbursements claimed are necessary and proper.



Disbursements previously approved at a Committee meeting held on 26 July 2017	AUD \$ (ex GST)
Externally provided non-professional services	
Travel and accommodation	22,491.28
Postage fees	378.20
Couriers	31.42
Parking	163.47
Internal disbursements	
Technology and administration charge	8,215.91

Externally provided non-professional disbursements which have not yet been paid, but do not require creditor approval, include:

Externally provided non-professional disbursements	AUD \$ (ex GST)
Travel and accommodation	4,964.50
Statutory fees	13.65
KM reimbursements	57.42
Parking	370.44
IT hardware	315.42
Meals	86.58
Search fees	57.66
Postage fees	211.90
Total	6,077.57

The internal disbursements being claimed for the voluntary administration which have not yet been invoiced are:

Internal disbursements	AUD \$ (ex GST)
KPMG's Technology & Administration Charge	
An amount equivalent to 2.5% of the remuneration drawn (paid) under the external administration to cover all internal disbursements such as (but not limited to) telecommunications equipment, stationery, printing and postage.	
Resolution 5: Voluntary Administration 22 July 2017 to 17 November 2017	22,725.79
Resolution 6: KPMG Valuation Services 10 July 2017 to 24 November 2017	9,336.23
Resolution 7: Voluntary Administration 18 November 2017 to the date of the winding up or to the execution of the DOCA	8,750.00
Resolution 8a: DOCA execution to completion	18,750.00
Resolution 8b: Liquidation 7 December 2017 to completion	46,250.00

The above are based on the remuneration resolutions being sought in this report.

5 Report on progress of the Administration

Please refer to the Report to Creditors dated 30 November 2017 for a comprehensive report on the status of the administration.

6 Summary of Receipts and Payments

Please refer to the Report to Creditors dated 30 November 2017 for details of the Receipts and Payments.

7 Queries

Queries in relation to our remuneration or disbursements may be directed to our office on either +61 8 9263 4835 or paladinenergy@kpmg.com.au.

You can also access information which may assist you on the following websites:

- ARITA at www.arita.com.au/creditors
- ASIC at www.asic.gov.au (search for "insolvency information sheets")

8 Approval of remuneration and internal disbursements

Creditor approval of the remuneration resolutions contained in this report will be sought at the Meeting of Creditors scheduled for 7 December 2017. Details and notice of the meeting are contained in the Report to Creditors dated 30 November 2017, of which this remuneration report forms a part of.

Remuneration Approval Report

Paladin Energy Minerals NL (Administrators Appointed)
ACN 073 700 393 ("the Company")
30 November 2017

Contents

This remuneration approval report provides you with the information you need to be able to make an informed decision regarding the approval of our remuneration for undertaking the external administration of Paladin Energy Minerals NL (Administrators Appointed) ("PEM" or "the Company").

This report has the following information included:

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What do you need to do next?

You should read this report and the other documentation that we have sent you and then attend the meeting of the creditors in order to voice your opinion by casting your vote on the resolutions put to the meeting. The meeting will also give you an opportunity to ask any questions that you may have.

Alternatively, you are also able to appoint a representative to attend on your behalf by lodging a proxy form. Lodging a specific proxy form allows you to specify how your proxy must vote. Lodging a general proxy form allows your representative to choose how your vote is exercised.

Information about the meeting of creditors is set out in our Report to Creditors dated 30 November 2017.

Please advise this office on +61 8 9263 7477 or paladinenergy@kpmg.com.au if you will be attending the meeting of creditors and to request the conference password if required.

1 Declaration

We, Matthew Woods, Hayden White and Gayle Dickerson of KPMG have undertaken a proper assessment of this remuneration claim for our appointment as Administrators of PEM in accordance with the law and applicable professional standards.

We are satisfied that the remuneration claimed is in respect of necessary work, properly performed, in the conduct of the administration.

2 Executive Summary

The purpose of this report is to detail time and work undertaken for the specified period for which we are seeking approval. This report is provided to creditors for consideration at the upcoming meeting.

The total remuneration for the voluntary administration is estimated to be \$70,594.50.

Our initial fee estimate for the voluntary administration of the Paladin Group (being PEM, Paladin Energy Limited (Administrators Appointed), and Paladin Finance Pty Ltd (Administrators Appointed)) for the period 3 July 2017 up to the first creditors meeting (13 July 2017) detailed in the report to creditors dated 4 July 2017 was \$250,000.

Actual fees for the Paladin Group for this period totalled \$260,992 (detailed in the table below), which is broadly consistent with the estimate.

Remuneration for period 3 July 2017 to 13 July 2017	\$AUD (ex GST)
Paladin Energy Limited (Administrators Appointed)	210,406.00
Paladin Energy Minerals NL (Administrators Appointed)	31,477.00
Paladin Finance Pty Ltd (Administrators Appointed)	19,109.00
Total for the Paladin Group – 3 July 2017 to 13 July 2017	260,992.00

To date, no remuneration has previously been claimed or approved for this engagement.

Approval is now sought for the following periods, noting that Resolutions 3 and 6 are dependent on whether creditors resolve at the meeting of creditors on 7 December 2017 to execute a Deed of Company Arrangement ("DOCA") or for the company to be wound up:

Current remuneration approval sought	Report Reference	\$AUD (ex GST)
Resolution 1: Retrospective Voluntary Administrators' remuneration for the period 3 July 2017 to 17 November 2017.	3.2.1	45,594.50
Resolution 2: Prospective Voluntary Administrators' remuneration for the period 18 November 2017 to the date of the winding up or the execution of the DOCA.	3.2.2	25,000.00
Total remuneration for the Voluntary Administration:		70,594.50
Resolution 3a: If resolved to execute a DOCA, prospective Deed Administrators' fees for the period from DOCA execution until the completion of the DOCA.	3.2.3	50,000.00
Resolution 3b: If resolved that the company be wound up, prospective Liquidators' remuneration for the period 7 December 2017 until the completion of the Liquidation.	3.2.4	100,000.00



For full details of the calculation and composition of the remuneration approval sought, please refer to the report reference detailed above.

Fees have been calculated based on the hourly rates as detailed in our Remuneration Advice contained in the first report to creditors dated 4 July 2017.

Disbursements

Internal disbursements claimed are summarised below and are further discussed at Section 4 of this report.

Internal disbursements	Report Ref.	\$AUD (ex GST)
Resolution 4: Voluntary Administration – 3 July 2017 to 17 November 2017	4	1,139.86
Resolution 5: Voluntary Administration – 18 November 2017 to the date of the winding up to the date of the DOCA	4	625.00
Resolution 6a: DOCA execution to completion	4	1,250.00
Resolution 6b: Liquidation 7 December 2017 to completion	4	2,500.00

3 Remuneration

3.1 Remuneration claim resolutions

We will be seeking approval of the following resolutions at the upcoming Meeting of Creditors on 7 December 2017 to approve our remuneration. Details to support these resolutions are included in section 3.2 and in the attached schedules.

Resolution 1 (retrospective fees): 3 July 2017 to 17 November 2017

Resolution			
Company:	Paladin Energy Minerals NL (Administrators Appointed)	Period:	3 July 2017 to 17 November 2017
Practitioner:	Hayden White, Matthew Woods and Gayle Dickerson	Firm:	KPMG
Administration type:	Voluntary Administration		
Proposed resolution:	“That the Administrators’ remuneration in respect of Paladin Energy Minerals NL (Administrators Appointed), their partners and staff from 3 July 2017 to 17 November 2017 be approved in the amount of \$45,594.50 plus GST and disbursements, calculated in accordance with the KPMG guide to hourly rates as set out in the Administrators’ initial advice to creditors dated 4 July 2017, and that such fees are authorised for payment from the assets of the company, or otherwise”		

Where funds permit, the practitioner will generally pay approved remuneration where appropriate. Where funds are not available, the practitioner will not draw a fee at that time.

Resolution 2 (prospective fees): 18 November 2017 to the date of the winding up or the execution of the DOCA

Resolution			
Company:	Paladin Energy Minerals NL (Administrators Appointed)	Period:	18 November 2017 to the date of the winding up or the execution of the DOCA
Practitioner:	Hayden White, Matthew Woods and Gayle Dickerson	Firm:	KPMG
Administration type:	Voluntary Administration		
Proposed resolution:	“That the Administrators’ future remuneration in respect of Paladin Energy Minerals NL (Administrators Appointed), their partners and staff from 18 November 2017 to the date of the winding up or the execution of the DOCA be approved up to a maximum amount of \$25,000 plus GST and disbursements, calculated in accordance with the KPMG guide to hourly rates as set out in the Administrators’ initial advice to creditors dated 4 July 2017, and that such fees are authorised for payment from the assets of the company, or otherwise”		

As detailed above, Resolution 3 is dependent on whether creditors resolve at the meeting of creditors on 7 December 2017 to execute a Deed of Company Arrangement ("DOCA") or if they resolve for the company to be wound up.

Resolution 3a – Prospective Deed Administrators' fees

Resolution 3a			
Company:	Paladin Energy Minerals NL (Administrators Appointed)	Period:	DOCA execution until completion of the DOCA
Practitioner:	Hayden White, Matthew Woods and Gayle Dickerson	Firm:	KPMG
Administration type:	Deed of Company Arrangement		
Proposed resolution:	"That the Deed Administrators' future remuneration in respect of Paladin Energy Minerals NL (Administrators Appointed), their partners and staff for the period from DOCA execution to completion of the DOCA be approved up to a maximum amount of \$50,000 plus GST and disbursements, calculated in accordance with the KPMG guide to hourly rates as set out in the Administrators' initial advice to creditors dated 4 July 2017, and that such fees are authorised for payment from the assets of the company, or otherwise"		

Resolution 3b – Prospective Liquidators' fees

Resolution 3b			
Company:	Paladin Energy Minerals NL (Administrators Appointed)	Period:	7 December 2017 until completion of the Liquidation
Practitioner:	Hayden White, Matthew Woods and Gayle Dickerson	Firm:	KPMG
Administration type:	Liquidation		
Proposed resolution:	"That the Liquidators' future remuneration in respect of Paladin Energy Minerals NL (Administrators Appointed), their partners and staff for the period 7 December 2017 to completion of the liquidation be approved up to a maximum amount of \$100,000 plus GST and disbursements, calculated in accordance with the KPMG guide to hourly rates as set out in the Administrators' initial advice to creditors dated 4 July 2017, and that such fees are authorised for payment from the assets of the company, or otherwise"		

Resolution 4 – Internal disbursements (retrospective)

Resolution 4			
Company:	Paladin Energy Minerals NL (Administrators Appointed)	Period:	3 July 2017 to 17 November 2017
Practitioner:	Hayden White, Matthew Woods and Gayle Dickerson	Firm:	KPMG
Administration type:	Voluntary Administration		
Proposed resolution:	"That the internal disbursements claimed by our firm in the matter of Paladin Energy Minerals NL (Administrators Appointed) for the period 3 July 2017 to 17 November 2017 calculated at the rates detailed in the Remuneration Approval Report are approved for payment in the amount of \$1,139.86 exclusive of GST, to be drawn from available funds immediately or as funds become available."		

Resolution 5 – Internal disbursements (prospective)

Resolution 5			
Company:	Paladin Energy Minerals NL (Administrators Appointed)	Period:	18 November 2017 to the date of the winding up or the execution of the DOCA
Practitioner:	Hayden White, Matthew Woods and Gayle Dickerson	Firm:	KPMG
Administration type:	Voluntary Administration		
Proposed resolution:	"That the future internal disbursements claimed by our firm in the matter of Paladin Energy Minerals NL (Administrators Appointed) for the period 18 November 2017 to the date of the winding up or the execution of the DOCA calculated at the rates detailed in the Remuneration Approval Report are approved for payment in the amount of \$625 exclusive of GST, to be drawn from available funds immediately or as funds become available."		

Resolution 6a – Internal disbursements DOCA (if applicable)

Resolution 6a			
Company:	Paladin Energy Minerals NL (Administrators Appointed)	Period:	DOCA execution to DOCA completion
Practitioner:	Hayden White, Matthew Woods and Gayle Dickerson	Firm:	KPMG
Administration type:	Deed of Company Arrangement		
Proposed resolution:	"That the future internal disbursements claimed by our firm in the matter of Paladin Energy Minerals NL (Administrators Appointed) for the period from DOCA execution to finalisation of the DOCA calculated at the rates detailed in the Remuneration Approval Report are approved for payment in the amount of \$1,250 exclusive of GST, to be drawn from available funds immediately or as funds become available."		

Resolution 6b – Internal disbursements

Resolution 6b			
Company:	Paladin Energy Minerals NL (Administrators Appointed)	Period:	7 December 2017 to completion
Practitioner:	Hayden White, Matthew Woods and Gayle Dickerson	Firm:	KPMG
Administration type:	Voluntary Administration		
Proposed resolution:	"That the future internal disbursements claimed by our firm in the matter of Paladin Energy Minerals NL (Administrators Appointed) for the period 7 December 2017 to completion of the liquidation calculated at the rates detailed in the Remuneration Approval Report are approved for payment in the amount of \$2,500 exclusive of GST, to be drawn from available funds immediately or as funds become available."		

3.2 Details of remuneration

The basis of calculating the remuneration claims are summarised below and the details of the major tasks performed and the costs associated with each of those major tasks are contained in attached schedules.

3.2.1 Resolution 1 (retrospective) – 3 July 2017 to 17 November 2017

The table on the following page sets out time charged to each major task area by staff members working on the Voluntary Administration for the period 3 July 2017 to 17 November 2017 which is the basis of the Resolution 1 claim. Detailed descriptions of the tasks performed within each task area, matching the amounts below, are contained in Schedule 1.

Table: Resolution 1 | Description of work undertaken:

Task Area	General Description	Including, but not limited to:
Assets 8.2 Hours \$3,637.00 (exc GST)	General assets	Review and confirm completeness of asset register
		Liaison regarding management/maintenance of plant and equipment
		Review tenements and options for ongoing management
		Liaise with Department of Mines and Petroleum regarding Australian-based tenements
		Review tenement exploration exemption applications
	Sale of business / company assets / DOCA proposal	Prepare sale execution plan for proposed sale of assets
		Review and consider expressions of interest
		Correspondence with parties regarding DOCA proposal
		Prepare information and supporting documents required for inclusion in DOCA proposal
		Review and consider DOCA proposal contract
	Insurance of assets	Liaise with Arthur J Gallagher regarding insurance policies and information requirements
		Discuss pre-appointment insurance policies with insurers
		Provide ongoing updates to insurers required for renewals
Creditors 38.8 Hours \$17,748.50 (exc GST)	Secured creditors	Liaise with secured creditors regarding administration updates
		Respond to secured creditor queries
		Update secured creditor on progress of administration
		Advise of extension to convening period and discuss impact
	Meetings	Prepare for first meeting of creditors
		Issues statutory notices and report for first meeting
		Convene first meeting of creditors
		Prepare and lodge meeting minutes with ASIC
	Convening period extension	Prepare application to extend convening period
		Collate supporting documents for application
		Engage lawyers to assist in court attendance



Remuneration report
Paladin Energy Minerals NL (Administrators Appointed)
 ACN 073 700 393 ("the Company")

Task Area	General Description	Including, but not limited to:
		Attend court to secure extension to convening period
		Prepare circulars to advise stakeholders of extension to convening period
	Creditor reports	Prepare draft structure and content for creditor 439A report
		Internal meetings regarding structure of 439A report
		Draft, consider and update estimated return to creditors
		Draft statutory items required for 439A report
		Draft and review 439A report commentary on background and findings
		Review, consider and update draft editions of 439A report
		Draft form 529, 532 and 531C for creditor report
		Prepare tables and supporting documents for report
Trade on 6.9 Hours \$3,275 (exc GST)	Trade on management and budgeting	Maintain, reconcile and update daily cash flow forecast
		Hold daily strategic reviews of cash flow forecast and funding requirements
		Consider and review trading elements, and discuss with management
		Update and review cash flow forecast and determine trading position
		Prepare and attend to daily trading tasks
	Banking	Hold operational updates with management
		Obtain, review and execute trade funding facility
		Open bank account and prepare bank reconciliations
	Taxation	Prepare and finalise payment requisitions
		Prepare quarterly Business Activity Statements
Investigations 5.7 Hours \$2,510.00 (exc GST)	Review of company records and electronic files	Review of company books and records
		Prepare investigations workbook
	Conduct investigations	Undertake 439A reporting investigations including solvency review
		Review directors' Report as to Affairs
		Request additional RATA information
		Conduct interviews with key personnel
		Prepare 439A investigation memo and supporting file notes
Administration 47.7 Hours \$18,424.00 (exc GST)	General administration	Prepare and lodge statutory notices of appointment with ASIC
		Prepare notice of appointment to directors
		Review and consider directors' Report as to Affairs
		Internal status meetings to progress administration and discuss legal issues
		Maintain and update task checklist
		Upload creditor reference information to KPMG website
		Filing of documents
		File reviews
		Updating administration checklists
Total Hours 107.3 AUD \$45,594.50		



Remuneration report
Paladin Energy Minerals NL (Administrators Appointed)
ACN 073 700 393 ("the Company")

The basis of calculating the remuneration claim is summarised below by task area.

Table: Resolution 1 | Summary of hours by staff

Employee	Position	Rate (ex GST)	Total hours	Total (\$)	Assets		Creditors		Trade on		Investigations		Administration	
					Hrs	\$	Hrs	\$	Hrs	\$	Hrs	\$	Hrs	\$
B Raj	Appointee	700	0.5	350.00	-	-	-	-	0.5	350.00	-	-	-	-
H White	Appointee	700	7.5	5,250.00	-	-	5.6	3,920.00	-	-	0.5	350.00	1.4	980.00
M Woods	Appointee	700	0.8	560.00	-	-	0.6	420.00	0.2	140.00	-	-	-	-
C Joseph	Director	595	6.6	3,927.00	1.6	952.00	1.3	773.50	-	-	2.0	1,190.00	1.7	1,011.50
A Helbig	Manager	475	2.5	1,187.50	-	-	2.5	1,187.50	-	-	-	-	-	-
A Godfrey	Manager	475	42.2	20,045.00	3.0	1,425.00	16.1	7,647.50	4.4	2,090.00	-	-	18.7	8,882.50
J Zheng	Manager	475	1.0	475.00	-	-	-	-	1.0	475.00	-	-	-	-
L Diprose	Executive	350	4.6	1,610.00	3.3	1,155.00	0.9	315.00	-	-	-	-	0.4	140.00
L Parker*	Executive	350	4.2	1,470.00	0.3	105.00	-	-	-	-	0.4	140.00	3.5	1,225.00
C Sarpa	Executive	350	5.1	1,785.00	-	-	3.2	1,120.00	-	-	0.8	280.00	1.1	385.00
I Troedson*	Executive	350	0.7	245.00	-	-	-	-	-	-	-	-	0.7	245.00
A King	Analyst	275	4.0	1,100.00	-	-	4.0	1,100.00	-	-	-	-	-	-
L Parker	Analyst	275	19.3	5,307.50	-	-	3.2	880.00	0.8	220.00	2.0	550.00	13.3	3,657.50
I Troedson	Analyst	275	8.3	2,282.50	-	-	1.4	385.00	-	-	-	-	6.9	1,897.50
Total			107.3	45,594.50	8.2	3,637.00	38.8	17,748.50	6.9	3,275.00	5.7	2,510.00	47.7	18,424.00
GST				4,559.45	-	363.70		1,774.85		327.50		251.00		1,842.40
Total (inc GST)				50,153.95	-	4,000.70		19,523.35		3,602.50		2,761.00		20,266.40
Ave rate (inc GST)				467.42	-	487.89		503.18		522.10		484.39		424.87

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3.2.2 Resolution 2 (prospective) – From 18 November 2017 to the date of the winding up or the execution of the DOCA

The table below sets out the estimated cost for each major task area for the voluntary administration period 18 November 2017 to the date of the winding up or the execution of the DOCA, which is the basis of the Resolution 2 claim. The table includes detailed descriptions of the tasks performed within each task area, which is summarised in the subsequent table.

Table: Resolution 2 | Description of work to be undertaken

Task Area	General Description	Including, but not limited to:
Assets \$10,000 (exc GST)	Sale of assets	Review and consider terms to DOCA
		Consider impact of DOCA on stakeholders
		Consider timing and preconditions to DOCA
		Respond to queries relating to DOCA
		Liaise with DOCA proponents, financial and legal advisers to DOCA proponent, Administrators' lawyers regarding DOCA proposal
	Other assets	Maintain and reconcile bank account
		Review and update insurer
Creditors \$10,000 (exc GST)	Secured creditors	Liaise with secured creditor regarding administration update
		Discuss second meeting of creditors
	General creditors	Update and finalise 439A report
		Issue 439A report to creditors
	Creditors' meeting	Prepare for second meeting of creditors
		Prepare remuneration report for second creditors' meeting
		Issue notice to creditors in respect of second meeting of creditors
		Review and collate creditor proxies for meeting
		Liaise with creditors regarding meeting attendance
		Convene second meeting of creditors
		Attend to actions resulting from creditors' meeting
Prepare and lodge minutes of creditors' meeting		
Administration \$5,000 (exc GST)	Statutory	Final administration tasks required
		ATO notification
		Prepare final ASIC receipts and payments lodgement
		Internal job status meetings
		Liaise with directors
		Maintain and update task checklist
	General administration	Upload creditor reference information to KPMG website
		Filing of documents
		File reviews



Table: Resolution 2 | Summary by key area

AUD \$	Task Area			
	Total	Assets	Creditors	Administration
Total estimated (ex GST)	25,000.00	10,000.00	10,000.00	5,000.00
GST	2,500.00	1,000.00	1,000.00	500.00
Total (inc GST)	27,500.00	11,000.00	11,000.00	5,500.00

3.2.3 Resolution 3a – DOCA appointment (if applicable)

The below table sets out the remuneration for the major tasks likely to be performed by the Deed Administrators and their staff for the period of DOCA execution until completion of the DOCA (if the creditors resolve to execute a DOCA) which is the basis of the Resolution 3a claim.

Table: Resolution 3a | Description of work to be undertaken

Task Area	General Description	Including, but not limited to:
Assets \$30,000 (exc GST)	Terms of DOCA	Review and action terms under DOCA
		Other assets matters required pursuant to DOCA
Creditors \$10,000 (exc GST)	General creditors	Prepare and issue circular to creditors
		Liaise with secured creditors regarding facilities
		Review and respond to creditor queries regarding process
		Prepare updates on progress of DOCA
Administration \$10,000 (exc GST)	Statutory & general	Liaise with statutory parties regarding DOCA
		Liaise with directors regarding DOCA terms
		Internal job status meetings
		Maintain and update task checklist
		Upload reference information to KPMG website
		Filing of documents
		Attend to banking matters
		Attend to updates in MYOB

Table: Resolution 3a | Summary by key area

AUD \$	Total	Task Area		
		Assets	Creditors	Administration
Total estimated (ex GST)	50,000.00	30,000.00	10,000.00	10,000.00
GST	5,000.00	3,000.00	1,000.00	1,000.00
Total (inc GST)	55,000.00	33,000.00	11,000.00	11,000.00

3.2.4 Resolution 3b – Liquidation (if applicable)

The below table sets out the remuneration for the major tasks likely to be performed by the Liquidators and their staff for the period 7 December 2017 until completion (if the creditors resolve for the company to be wound up) which is the basis of the Resolution 3b claim.

Table: Resolution 3b | Description of work to be undertaken

Task Area	General Description	Including, but not limited to:
Assets \$35,000.00 (exc GST)	Assets	Develop strategies to realise remaining assets
		Maintain insurance on assets until realised
		Account for proceeds of asset realisations
Creditors \$20,000.00 (exc GST)	General creditors	Prepare and issue circular to creditors
		Liaise with secured creditors regarding facilities
		Review and respond to creditor queries regarding process
		Prepare estimated outcome statement for classes of creditors
		Issue report to creditors
Dividend \$20,000.00 (exc GST)	Determine dividend	Confirm funds available to distribute to creditors
		Review and confirm creditor claims and supporting evidence
		Issue correspondence to creditors regarding distribution
		Prepare and finalise distribution
Investigations \$10,000.00 (exc GST)	Recoveries	Investigate likelihood of insolvent trading claim
		Investigate potential preference claims
		Investigate potential uncommercial transactions
		Determine ability to recover funds for creditors
Administration \$15,000.00 (exc GST)	Statutory & general	Attend to statutory lodgements for finalisation of previous engagement
		Attend to statutory lodgements and notices for liquidation
		Liaise with statutory parties regarding appointment
		Attend to statutory receipts and payments lodgements
		Internal job status meetings
		Maintain and update task checklist
		Upload reference information to KPMG website
		Filing of documents
		Attend to banking matters
		Attend to statutory lodgements upon finalisation

Table: Resolution 3b | Summary by key area

AUD \$	Task Area					
	Total	Assets	Creditors	Investigations	Dividend	Administration
Total estimated (ex GST)	100,000.00	35,000.00	20,000.00	10,000.00	20,000.00	15,000.00
GST	10,000.00	3,500.00	2,000.00	1,000.00	2,000.00	1,500.00
Total (inc GST)	110,000.00	38,500.00	22,000.00	11,000.00	22,000.00	16,500.00

3.3 Total remuneration reconciliation

Total remuneration reconciliation

As set out in the Executive Summary, at this point in time we estimate that the total remuneration for the voluntary administration will be \$70,594.50 (excluding GST and disbursements).

The Initial Remuneration Notice dated 4 July 2017 estimated remuneration for the voluntary administration of the Paladin Group to be \$250,000 for the period up to the first creditors meeting (being 13 July 2017).

Actual fees for the Paladin Group for this period totalled \$260,992, which is broadly in line with the estimate of \$250,000.

Future remuneration requests.

In preparing this remuneration report, we have made our best estimate at what we believe the future costs to complete will be, and at this time we do not anticipate that we will have to ask creditors to approve any further remuneration.

However, we will advise creditors if this changes and we may seek approval of further remuneration and provide details on why the remuneration has changed.

3.4 Likely impact on dividends

Please refer to our Report to Creditors dated 30 November 2017 for our estimated distribution to creditors.

4 Disbursements

Disbursements are divided into three types:

1. Externally provided professional services recovered at cost (e.g. legal fees)
2. Externally provided non-professional costs (recovered at cost) such as travel, accommodation and search fees.
3. Internal disbursements such as photocopying, printing and postage. These disbursements, if charged to the administration, would generally be charged at cost. Some expenses such as telephone calls, photocopying and printing may be charged at a rate which recoups both variable and fixed costs. Whilst KPMG does not charge these costs on an itemised basis, it charges a flat 2.5% technology and administration charge on remuneration paid to recover costs of this nature.

We have undertaken a proper assessment of disbursements claimed in accordance with the law and applicable professional standards. We are satisfied that the disbursements claimed are necessary and proper.

To date, the Administrators have not paid any disbursements.

The internal disbursements being claimed for the voluntary administration which have not yet been invoiced are:

Internal disbursements	AUD \$ (ex GST)
KPMG's Technology & Administration Charge An amount equivalent to 2.5% of the remuneration drawn (paid) under the external administration to cover all internal disbursements such as (but not limited to) telecommunications equipment, stationery, printing and postage.	
Resolution 4: Voluntary Administration 3 July 2017 to 17 November 2017	1,139.86
Resolution 5: Voluntary Administration 18 November 2017 to the date of the winding up or the execution of the DOCA	625.00
Resolution 6a: DOCA execution to completion	1,250.00
Resolution 6b: Liquidation 7 December 2017 to completion	2,500.00

The above are based on the remuneration resolutions being sought in this report.

5 Report on progress of the Administration

Please refer to the Report to Creditors dated 30 November 2017 for a comprehensive report on the status of the administration.

6 Summary of Receipts and Payments

Please refer to the Report to Creditors dated 30 November 2017 for details of the Receipts and Payments.

7 Queries

Queries in relation to our remuneration or disbursements may directed to our office on either +61 8 9263 7477 or paladinenergy@kpmg.com.au.

You can also access information which may assist you on the following websites:

- ARITA at www.arita.com.au/creditors
- ASIC at www.asic.gov.au (search for "insolvency information sheets").

8 Approval of remuneration and internal disbursements

Creditor approval of the remuneration resolutions contained in this report will be sought at the Meeting of Creditors scheduled for 7 December 2017. Details and notice of the meeting are contained in the Report to Creditors dated 30 November 2017, of which this remuneration report forms a part of.

Remuneration Approval Report

Paladin Finance Pty Ltd (Administrators Appointed)
ACN 117 234 278 ("the Company")
30 November 2017

Contents

This remuneration approval report provides you with the information you need to be able to make an informed decision regarding the approval of our remuneration for undertaking the external administration of Paladin Finance Pty Ltd (Administrators Appointed) (“PFPL” or “the Company”).

This report has the following information included:

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What do you need to do next?

You should read this report and the other documentation that we have sent you and then attend the meeting of the creditors in order to voice your opinion by casting your vote on the resolutions put to the meeting. The meeting will also give you an opportunity to ask any questions that you may have.

Alternatively, you are also able to appoint a representative to attend on your behalf by lodging a proxy form. Lodging a specific proxy form allows you to specify how your proxy must vote. Lodging a general proxy form allows your representative to choose how your vote is exercised.

Information about the meeting of creditors is set out in our Report to Creditors dated 30 November 2017.

Please advise this office on +61 8 9263 7477 or paladinenergy@kpmg.com.au if you will be attending the meeting of creditors and to request the conference password if required.

1 Declaration

We, Matthew Woods, Hayden White and Gayle Dickerson of KPMG have undertaken a proper assessment of this remuneration claim for our appointment as Administrators of Paladin Finance Pty Ltd in accordance with the law and applicable professional standards.

We are satisfied that the remuneration claimed is in respect of necessary work, properly performed, in the conduct of the administration.

2 Executive Summary

The purpose of this report is to detail time and work undertaken for the specified period for which we are seeking approval. This report is provided to creditors for consideration at the upcoming meeting.

The total remuneration for the voluntary administration is estimated to be \$116,655.50.

Our initial fee estimate for the voluntary administration of the Paladin Group (being Paladin Energy Limited (Administrators Appointed), Paladin Energy Minerals NL (Administrators Appointed) and PFPL) for the period 3 July 2017 up to the first creditors meeting (13 July 2017) detailed in the report to creditors dated 4 July 2017 was \$250,000.

Actual fees for the Paladin Group for this period totalled \$260,992 (detailed in the table below), which is broadly consistent with the estimate.

Remuneration for period 3 July 2017 to 13 July 2017	\$AUD (ex GST)
Paladin Energy Limited (Administrators Appointed)	210,406.00
Paladin Energy Minerals NL (Administrators Appointed)	31,477.00
Paladin Finance Pty Ltd (Administrators Appointed)	19,109.00
Total for the Paladin Group – 3 July 2017 to 13 July 2017	260,992.00

To date, no remuneration has previously been claimed or approved for this engagement.

Approval is now sought for the following periods, noting that Resolutions 3 and 6 are dependent on whether creditors resolve at the meeting of creditors on 7 December 2017 to execute a Deed of Company Arrangement ("DOCA") or for the company to be wound up:

Current remuneration approval sought	Report Reference	\$AUD (ex GST)
Resolution 1: Retrospective Voluntary Administrators' remuneration for the period 3 July 2017 to 17 November 2017.	3.2.1	91,655.50
Resolution 2: Prospective Voluntary Administrators' remuneration for the period 18 November 2017 to the date of the winding up or the execution of the DOCA.	3.2.2	25,000.00
Total remuneration for the Voluntary Administration:		116,655.50
Resolution 3a: If resolved to execute a DOCA, prospective Deed Administrators' fees for the period from DOCA execution until the completion of the DOCA.	3.2.3	50,000.00
Resolution 3b: If resolved that the company be wound up, prospective Liquidators' remuneration for the period 7 December 2017 until the completion of the Liquidation.	3.2.4	100,000.00



Fees have been calculated based on the hourly rates as detailed in our Remuneration Advice contained in the first report to creditors dated 4 July 2017.

Disbursements

Internal disbursements claimed are summarised below and are further discussed at Section 4 of this report.

Internal disbursements – current claim	Report Ref.	\$AUD (ex GST)
Resolution 4: Voluntary Administration – 3 July 2017 to 17 November 2017	4	2,291.39
Resolution 5: Voluntary Administration – 18 November 2017 to the date of the winding up to the date of the DOCA	4	625.00
Resolution 6a: DOCA execution to completion	4	1,250.00
Resolution 6b: Liquidation 7 December 2017 to completion	4	2,500.00

For full details of the calculation and composition of the remuneration approval sought, please refer to the report reference detailed above.

3 Remuneration

3.1 Remuneration claim resolutions

We will be seeking approval of the following resolutions at the upcoming Meeting of Creditors on 7 December 2017 to approve our remuneration. Details to support these resolutions are included in section 3.2 and in the attached schedules.

Resolution 1 (retrospective fees): 3 July 2017 to 17 November 2017

Resolution 1			
Company:	Paladin Finance Pty Ltd (Administrators Appointed)	Period:	3 July 2017 to 17 November 2017
Practitioner:	Hayden White, Matthew Woods and Gayle Dickerson	Firm:	KPMG
Administration type:	Voluntary Administration		
Proposed resolution:	"That the Administrators' remuneration in respect of Paladin Finance Pty Ltd (Administrators Appointed), their partners and staff from 3 July 2017 to 17 November 2017 be approved in the amount of \$91,655.50 plus GST and disbursements, calculated in accordance with the KPMG guide to hourly rates as set out in the Administrators' initial advice to creditors dated 4 July 2017, and that such fees are authorised for payment from the assets of the company, or otherwise"		

Where funds permit, the practitioner will generally pay approved remuneration where appropriate. Where funds are not available, the practitioner will not draw a fee at that time.

Resolution 2 (prospective fees): 18 November 2017 to the date of the winding up or the execution of the DOCA

Resolution 2			
Company:	Paladin Finance Pty Ltd (Administrators Appointed)	Period:	18 November 2017 to the date of the winding up or the execution of the DOCA
Practitioner:	Hayden White, Matthew Woods and Gayle Dickerson	Firm:	KPMG
Administration type:	Voluntary Administration		
Proposed resolution:	"That the Administrators' future remuneration in respect of Paladin Finance Pty Ltd (Administrators Appointed), their partners and staff from 18 November 2017 to the date of the winding up or the execution of the DOCA be approved up to a maximum amount of \$25,000 plus GST and disbursements, calculated in accordance with the KPMG guide to hourly rates as set out in the Administrators' initial advice to creditors dated 4 July 2017, and that such fees are authorised for payment from the assets of the company, or otherwise"		

As detailed above, Resolution 3 is dependent on whether creditors resolve at the meeting of creditors on 7 December 2017 to execute a Deed of Company Arrangement ("DOCA") or if they resolve for the company to be wound up.

Resolution 3a – Prospective Deed Administrators' fees

Resolution 3a			
Company:	Paladin Finance Pty Ltd (Administrators Appointed)	Period:	DOCA execution until completion of the DOCA
Practitioner:	Hayden White, Matthew Woods and Gayle Dickerson	Firm:	KPMG
Administration type:	Deed of Company Arrangement		
Proposed resolution:	"That the Deed Administrators' future remuneration in respect of Paladin Finance Pty Ltd (Administrators Appointed), their partners and staff for the period from DOCA execution to completion of the DOCA be approved up to a maximum amount of \$50,000 plus GST and disbursements, calculated in accordance with the KPMG guide to hourly rates as set out in the Administrators' initial advice to creditors dated 4 July 2017, and that such fees are authorised for payment from the assets of the company, or otherwise"		

Resolution 3b – Prospective Liquidators' fees

Resolution 3b			
Company:	Paladin Finance Pty Ltd (Administrators Appointed)	Period:	7 December 2017 until completion of the Liquidation
Practitioner:	Hayden White, Matthew Woods and Gayle Dickerson	Firm:	KPMG
Administration type:	Liquidation		
Proposed resolution:	"That the Liquidators' future remuneration in respect of Paladin Finance Pty Ltd (Administrators Appointed), their partners and staff for the period 7 December 2017 to completion of the liquidation be approved up to a maximum amount of \$100,000 plus GST and disbursements, calculated in accordance with the KPMG guide to hourly rates as set out in the Administrators' initial advice to creditors dated 4 July 2017, and that such fees are authorised for payment from the assets of the company, or otherwise"		

Resolution 4 – Internal disbursements (retrospective)

Resolution 4			
Company:	Paladin Finance Pty Ltd (Administrators Appointed)	Period:	3 July 2017 to 17 November 2017
Practitioner:	Hayden White, Matthew Woods and Gayle Dickerson	Firm:	KPMG
Administration type:	Voluntary Administration		
Proposed resolution:	"That the internal disbursements claimed by our firm in the matter of Paladin Finance Pty Ltd (Administrators Appointed) for the period 3 July 2017 to 17 November 2017 calculated at the rates detailed in the Remuneration Approval Report are approved for payment in the amount of \$2,291.39 exclusive of GST, to be drawn from available funds immediately or as funds become available."		

Resolution 5 – Internal disbursements (prospective)

Resolution 5			
Company:	Paladin Finance Pty Ltd (Administrators Appointed)	Period:	18 November 2017 to the date of the winding up or the execution of the DOCA
Practitioner:	Hayden White, Matthew Woods and Gayle Dickerson	Firm:	KPMG
Administration type:	Voluntary Administration		
Proposed resolution:	"That the future internal disbursements claimed by our firm in the matter of Paladin Finance Pty Ltd (Administrators Appointed) for the period 18 November 2017 to the date of the winding up or the execution of the DOCA calculated at the rates detailed in the Remuneration Approval Report are approved for payment in the amount of \$625 exclusive of GST, to be drawn from available funds immediately or as funds become available."		

Resolution 6a – Internal disbursements DOCA (if applicable)

Resolution 6a			
Company:	Paladin Finance Pty Ltd (Administrators Appointed)	Period:	DOCA execution to DOCA completion
Practitioner:	Hayden White, Matthew Woods and Gayle Dickerson	Firm:	KPMG
Administration type:	Deed of Company Arrangement		
Proposed resolution:	"That the future internal disbursements claimed by our firm in the matter of Paladin Finance Pty Ltd (Administrators Appointed) for the period from DOCA execution to completion of the DOCA calculated at the rates detailed in the Remuneration Approval Report are approved for payment in the amount of \$1,250 exclusive of GST, to be drawn from available funds immediately or as funds become available."		

Resolution 6b – Internal disbursements

Resolution 6b			
Company:	Paladin Finance Pty Ltd (Administrators Appointed)	Period:	7 December 2017 to completion
Practitioner:	Hayden White, Matthew Woods and Gayle Dickerson	Firm:	KPMG
Administration type:	Voluntary Administration		
Proposed resolution:	"That the future internal disbursements claimed by our firm in the matter of Paladin Finance Pty Ltd (Administrators Appointed) for the period 7 December 2017 to completion of the liquidation calculated at the rates detailed in the Remuneration Approval Report are approved for payment in the amount of \$2,500 exclusive of GST, to be drawn from available funds immediately or as funds become available."		

3.2 Details of remuneration

The basis of calculating the remuneration claims are summarised below and the details of the major tasks performed and the costs associated with each of those major tasks are contained in attached schedules.

3.2.1 Resolution 1 (retrospective) – 3 July 2017 to 17 November 2017

The table below sets out time charged to each major task area for the voluntary administration period 3 July 2017 to 17 November 2017, which is the basis of the Resolution 1 claim. The table below includes detailed descriptions of the tasks performed within each task area, which is summarised in the subsequent table.

Table: Resolution 1 | Description of work undertaken:

Task Area	General Description	Including, but not limited to:
Assets 30.4 Hours \$19,359.00 (exc GST)	Valuation	Consider valuation and discuss options
		Discuss and clarify valuation model assumptions
		Review asset agreements and consider legal advice
	General assets	Consider strategy for dealing with assets
		Review tax implications from sale
		Considering options available under existing agreements
		Liaising with parties regarding asset position and options
	Sale of business / company assets / DOCA proposal	Correspondence with parties regarding DOCA proposal including DOCA proponents, legal and financial advisers to DOCA proponents and Administrators' lawyers
		Prepare information and supporting documents required for inclusion in DOCA proposal
		Consider transaction timeline, due diligence and transaction documentation
		Review and consider DOCA proposal contract
	Insurance of assets	Liaise with Arthur J Gallagher regarding insurance policies and information requirements
		Discuss pre-appointment insurance policies with insurers
Provide ongoing updates to insurers required for renewals		
Creditors 53.5 Hours \$25,716.50 (exc GST)	Secured creditors	Liaise with secured creditors regarding administration updates
		Respond to secured creditor queries
		Advise of extension to convening period and discuss impact
	General creditors	Issue correspondence to PPSR registration holders
		Receive and respond to creditor enquiries
		Maintain and manage creditor functional mailbox
		Prepare circular to creditors regarding extension of convening period
		Discuss creditor voting rights, claims and meeting procedures
	Prepare creditor schedule and breakdown for reporting purposes	
	Proofs of Debt (“POD”)	Review and process creditor PODs and supporting invoices



Remuneration report
Paladin Finance Pty Ltd (Administrators Appointed)
 ACN 117 234 278 ("the Company")

Task Area	General Description	Including, but not limited to:
		Upload details of creditor PODs into MYOB file
		Assess foreign exchange implications on PODs where required
	Meetings	Prepare for first meeting of creditors
		Issues statutory notices and report for first meeting
		Convene first meeting of creditors
		Prepare and lodge meeting minutes with ASIC
	Creditor reports	Prepare draft structure and content for creditor 439A report
		Internal meetings regarding structure of 439A report
		Draft statutory items required for 439A report
		Draft and review 439A report commentary on background, progress and investigations
		Consider estimated outcome analysis
		Review, consider and update draft editions of 439A report
		Draft form 529, 532 and 531C for creditor report
		Draft, consider and update estimated return to creditors
Prepare tables and supporting documents for report		
Trade on 43.4 Hours \$26,979.00 (exc GST)	Trade on management and budgeting	Maintain, reconcile and update daily cash flow forecast
		Hold daily strategic reviews of cash flow forecast and funding requirements
		Consider future funding options
		Consider and review trading elements, and discuss with management
		Update and review cash flow forecast and determine trading position
		Prepare and attend to daily trading tasks
		Hold operational updates with management
	Financing & banking	Open bank account and prepare bank reconciliations
		Discussions regarding new funding facility
		Review and comment on finance documents for new facility
		Liaise with lawyers regarding funding and facility options
		Obtain, review and execute trade funding facility
		Review of sealed orders in respect of funding facility
		Prepare affidavit for court hearing regarding new funding agreement
		Prepare for federal court hearing in respect of new funding agreement
		Attend federal court hearing in respect of new funding agreement
	Prepare announcement regarding new funding arrangement	
	Taxation	Prepare quarterly Business Activity Statements
	Investigations 8.0 Hours \$3,426.00 (exc GST)	Review of company records and electronic files
Prepare investigations workbook		
Conduct investigations		Undertake 439A reporting investigations including solvency review
		Conduct interviews with key personnel



Remuneration report
Paladin Finance Pty Ltd (Administrators Appointed)
 ACN 117 234 278 ("the Company")

Task Area	General Description	Including, but not limited to:
Administration 39.1 Hours \$16,175.00 (exc GST)	Statutory	Prepare 439A investigation memo and supporting file notes
		Prepare and issue statutory notices of appointment
		Prepare ASIC lodgements
		Liaising with general parties regarding appointment
		Drafting inter-entity notifications
		Review of ASIC lodgements under new legislation
	Extension to convening period	Prepare application to extend convening period
		Collate supporting documents for application
		Engage lawyers to assist in court attendance
		Attend court to secure extension to convening period
		Prepare circulars to advise stakeholders of extension to convening period
	General administration	Internal status meetings to progress administration and discuss legal issues
		Weekly roundtable meetings to discuss progress
		Maintain and update task checklist
		Upload creditor reference information to KPMG website
		Manage functional mailbox
		Filing of documents
		File reviews
		Updating administration checklists
	Total Hours: 174.4 AUD \$91,655.50	



Remuneration report
Paladin Finance Pty Ltd (Administrators Appointed)
ACN 117 234 278 ("the Company")

The basis of calculating the remuneration claim is summarised below by task area.

Table: Resolution 1 | Summary of hours by staff

Employee	Position	Rate (ex GST)	Total hours	Total (\$)	Assets		Creditors		Trade on		Investigations		Administration	
					Hrs	\$	Hrs	\$	Hrs	\$	Hrs	\$	Hrs	\$
H White	Appointee	700	49.0	34,300.00	11.9	8,330.00	11.2	7,840.00	24.6	17,220.00	0.5	350.00	0.8	560.00
M Woods	Appointee	700	8.9	6,230.00	4.1	2,870.00	2.9	2,030.00	1.6	1,120.00	0.3	210.00	-	-
C Joseph	Director	595	27.3	16,243.50	11.2	6,664.00	3.7	2,201.50	5.1	3,034.50	2.3	1,368.50	5.0	2,975.00
C Giddens	Director	595	3.6	2,142.00	-	-	-	-	3.6	2,142.00	-	-	-	-
A Helbig	Manager	475	1.8	855.00	-	-	1.8	855.00	-	-	-	-	-	-
A Godfrey	Manager	475	39.7	18,857.50	3.0	1,425.00	16.1	7,647.50	4.5	2,137.50	0.3	142.50	15.8	7,505.00
L Parker*	Executive	350	3.4	1,190.00	0.2	70.00	0.1	35.00	0.2	70.00	0.4	140.00	2.5	875.00
C Sarpa	Executive	350	5.1	1,785.00	-	-	3.2	1,120.00	-	-	0.8	280.00	1.1	385.00
I Troedson*	Executive	350	0.7	245.00	-	-	-	-	-	-	-	-	0.7	245.00
L Diprose	Executive	350	2.8	980.00	-	-	-	-	2.8	980.00	-	-	-	-
A King	Analyst	275	6.0	1,650.00	-	-	6.0	1,650.00	-	-	-	-	-	-
L Parker	Analyst	275	18.8	5,170.00	-	-	4.1	1,127.50	1.0	275.00	3.4	935.00	10.3	2,832.50
I Troedson	Analyst	275	7.3	2,007.50	-	-	4.4	1,210.00	-	-	-	-	2.9	797.50
Total			174.4	91,655.50	30.4	19,359.00	53.5	25,716.50	43.4	26,979.00	8.0	3,426.00	39.1	16,175.00
GST				9,165.55		1,935.90		2,571.65		2,697.90		342.60		1,617.50
Total (inc GST)				100,821.05		21,294.90		28,288.15		29,676.90		3,768.60		17,792.50
Ave rate (inc GST)				578.10		700.49		528.75		683.80		471.08		455.05

*Note: Position changes effective 1 October 2017

3.2.2 Resolution 2 (prospective) – 18 November 2017 to the date of the winding up or the execution of the DOCA

The table below sets out the estimated cost for each major task area for the voluntary administration period 18 November 2017 to the date of the winding up or the execution of the DOCA, which is the basis of the Resolution 2 claim. The table includes detailed descriptions of the tasks performed within each task area, which is summarised in the subsequent table.

Table: Resolution 2 | Description of work to be undertaken

Task Area	General Description	Including, but not limited to:
Assets \$10,000 (exc GST)	Sale of assets / DOCA proposal	Review and consider terms to DOCA
		Consider impact of DOCA on stakeholders
		Consider timing and preconditions to DOCA
		Respond to queries relating to DOCA
		Liaise with relevant parties regarding DOCA
	Other assets	Maintain and reconcile bank account
		Review and update insurer
Creditors \$10,000 (exc GST)	Secured creditors	Liaise with secured creditor regarding administration update
		Discuss second meeting of creditors
	General creditors	Respond to general creditor queries
		Review PODs ahead of meeting
		Update and finalise 439A report
		Issue 439A report to creditors
	Creditors meeting	Prepare for second meeting of creditors
		Prepare remuneration report for second creditors' meeting
		Issue notice to second meeting of creditors
		Review and collate creditor proxies for meeting
		Liaise with creditors regarding meeting attendance
		Convene second meeting of creditors
		Attend to actions resulting from creditors' meeting
Prepare and lodge minutes of creditors' meeting		
Administration \$5,000 (exc GST)	Statutory	Final administration tasks required
		ATO notification
		Prepare final ASIC receipts and payments lodgement
		Internal job status meetings
		Liaise with directors
		Maintain and update task checklist
	General administration	Upload creditor reference information to KPMG website
		Filing of documents
		File reviews



Table: Resolution 2 | Summary by key area

AUD \$	Task Area			
	Total	Assets	Creditors	Administration
Total estimated (ex GST)	25,000.00	10,000.00	10,000.00	5,000.00
GST	2,500.00	1,000.00	1,000.00	500.00
Total (inc GST)	27,500.00	11,000.00	11,000.00	5,500.00

3.2.3 Resolution 3a – DOCA appointment (if applicable)

The below table sets out the remuneration for the major tasks likely to be performed by the Deed Administrators and their staff for the period from DOCA execution until finalisation (if the creditors resolve to execute a DOCA) which is the basis of the Resolution 3a claim.

Table: Resolution 3a | Description of work to be undertaken

Task Area	General Description	Including, but not limited to:
Assets \$30,000 (exc GST)	Terms of DOCA	Review and action terms under DOCA
		Other assets matters required pursuant to DOCA
Creditors \$10,000 (exc GST)	General creditors	Prepare and issue circular to creditors
		Liaise with secured creditors regarding facilities
		Review and respond to creditor queries regarding process
		Prepare updates on progress of DOCA
Administration \$10,000 (exc GST)	Statutory & general	Attend to statutory lodgements for finalisation of previous engagement
		Attend to administrative terms of DOCA
		Liaise with statutory parties regarding DOCA
		Liaise with directors regarding DOCA terms
		Internal job status meetings
		Maintain and update task checklist
		Upload reference information to KPMG website
		Filing of documents
		Attend to banking matters
		Attend to updates in MYOB

Table: Resolution 3a | Summary by key area

AUD \$	Total	Task Area		
		Assets	Creditors	Administration
Total estimated (ex GST)	50,000.00	30,000.00	10,000.00	10,000.00
GST	5,000.00	3,000.00	1,000.00	1,000.00
Total (inc GST)	55,000.00	33,000.00	11,000.00	11,000.00

3.2.4 Resolution 3b – Liquidation (if applicable)

The below table sets out the remuneration for the major tasks likely to be performed by the Liquidators and their staff for the period 7 December 2017 until finalisation (if the creditors resolve for the company to be wound up) which is the basis of the Resolution 3b claim.

Table: Resolution 3b | Description of work to be undertaken

Task Area	General Description	Including, but not limited to:
Assets \$35,000.00 (exc GST)	Assets	Develop strategies to realise remaining assets
		Maintain insurance on assets until realised
		Account for proceeds of asset realisations
Creditors \$20,000.00 (exc GST)	General creditors	Prepare and issue circular to creditors
		Liaise with secured creditors regarding facilities
		Review and respond to creditor queries regarding process
		Prepare estimated outcome statement for classes of creditors
		Issue report to creditors
Dividend \$10,000.00 (exc GST)	Determine dividend	Confirm funds available to distribute to creditors
		Review and confirm creditor claims and supporting evidence
		Issue correspondence to creditors regarding distribution
		Prepare and finalise distribution
Investigations \$20,000.00 (exc GST)	Recoveries	Investigate likelihood of insolvent trading claim
		Investigate potential preference claims
		Investigate potential uncommercial transactions
		Determine ability to recover funds for creditors
Administration \$15,000.00 (exc GST)	Statutory & general	Attend to statutory lodgements for finalisation of previous engagement
		Attend to statutory lodgements and notices for liquidation
		Liaise with statutory parties regarding appointment
		Attend to statutory receipts and payments lodgements
		Internal job status meetings
		Maintain and update task checklist
		Upload reference information to KPMG website
		Filing of documents
		Attend to banking matters
		Attend to statutory lodgements upon finalisation

Table: Resolution 3b | Summary by key area

AUD \$	Task Area					
	Total	Assets	Creditors	Investigations	Dividend	Administration
Total estimated (ex GST)	100,000.00	35,000.00	20,000.00	10,000.00	20,000.00	15,000.00
GST	10,000.00	3,500.00	2,000.00	1,000.00	2,000.00	1,500.00
Total (inc GST)	110,000.00	38,500.00	22,000.00	11,000.00	22,000.00	16,500.00

3.3 Total remuneration reconciliation

Total remuneration reconciliation

As set out in the Executive Summary, at this point in time we estimate that the total remuneration for the voluntary administration will be \$116,655.50 (excluding GST and disbursements).

The Initial Remuneration Notice dated 4 July 2017 estimated remuneration for the voluntary administration of the Paladin Group to be \$250,000 for the period up to the first creditors' meeting (being 13 July 2017).

Actual fees for the Paladin Group for this period totalled \$260,992, which is broadly in line with the estimate of \$250,000.

Future remuneration requests.

In preparing this remuneration report, we have made our best estimate at what we believe the future costs to complete will be, and at this time we do not anticipate that we will have to ask creditors to approve any further remuneration.

However, we will advise creditors if this changes and we may seek approval of further remuneration and provide details on why the remuneration has changed.

3.4 Likely impact on dividends

Please refer to our Report to Creditors dated 30 November 2017 for an update on the estimated distribution to creditors.

4 Disbursements

Disbursements are divided into three types:

1. Externally provided professional services recovered at cost (e.g. legal fees)
2. Externally provided non-professional costs (recovered at cost) such as travel, accommodation and search fees.
3. Internal disbursements such as photocopying, printing and postage. These disbursements, if charged to the administration, would generally be charged at cost. Some expenses such as telephone calls, photocopying and printing may be charged at a rate which recoups both variable and fixed costs. Whilst KPMG does not charge these costs on an itemised basis, it charges a flat 2.5% technology and administration charge on remuneration paid to recover costs of this nature.

We have undertaken a proper assessment of disbursements claimed in accordance with the law and applicable professional standards. We are satisfied that the disbursements claimed are necessary and proper.

To date, the Administrators have not paid any disbursements.

The internal disbursements being claimed for the voluntary administration which have not yet been invoiced are:

Internal disbursements	AUD \$ (ex GST)
<p>KPMG's Technology & Administration Charge</p> <p>An amount equivalent to 2.5% of the remuneration drawn (paid) under the external administration to cover all internal disbursements such as (but not limited to) telecommunications equipment, stationery, printing and postage.</p>	
Resolution 4: Voluntary Administration 3 July 2017 to 17 November 2017	2,291.39
Resolution 5: Voluntary Administration 18 November 2017 to the date of the winding up or the execution of the DOCA	625.00
Resolution 6a: DOCA execution to DOCA completion	1,250.00
Resolution 6b: Liquidation 7 December 2017 to completion	2,500.00

The above are based on the remuneration resolutions being sought in this report.

5 Report on progress of the Administration

Please refer to the Report to Creditors dated 30 November 2017 for a comprehensive report on the status of the administration.

6 Summary of Receipts and Payments

Please refer to the Report to Creditors dated 30 November 2017 for details of the Receipts and Payments.

7 Queries

Queries in relation to our remuneration or disbursements may directed to our office on either +61 8 9263 7477 or paladinenergy@kpmg.com.au.

You can also access information which may assist you on the following websites:

- ARITA at www.arita.com.au/creditors
- ASIC at www.asic.gov.au (search for "insolvency information sheets").

8 Approval of remuneration and internal disbursements

Creditor approval of the remuneration resolutions contained in this report will be sought at the Meeting of Creditors scheduled for 7 December 2017. Details and notice of the meeting are contained in the Report to Creditors dated 30 November 2017, of which this remuneration report forms a part of.

I. Approving Fees: A Guide for Creditors



ASIC

Australian Securities & Investments Commission

INFORMATION SHEET 85

Approving fees: a guide for creditors

If a company is in financial difficulty, it can be put under the control of an independent external administrator.

This information sheet gives general information for creditors on the approval of an external administrator's fees in a liquidation of an insolvent company, voluntary administration or deed of company arrangement (other forms of external administration are not discussed in this information sheet). It outlines the rights that creditors have in the approval process.

Entitlement to fees and costs

A liquidator, voluntary administrator or deed administrator (i.e. an 'external administrator') is entitled to be:

- paid reasonable *fees*, or remuneration, for the work they perform, once these fees have been approved by a creditors' committee, creditors or a court, and
- reimbursed for out-of-pocket *costs* incurred in performing their role (these costs do not need creditors' committee, creditor or court approval).

External administrators are only entitled to an amount of fees that is reasonable for the work that they and their staff properly perform in the external administration. What is reasonable will depend on the type of external administration and the issues that need to be resolved. Some are straightforward, while others are more complex.

External administrators must undertake some tasks that may not directly benefit creditors. These include reporting potential breaches of the law and lodging a detailed listing of receipts and payments with ASIC every six months. The external administrator is entitled to be paid for completing these statutory tasks.

For more on the tasks involved, see ASIC's information sheets INFO 45 *Liquidation: a guide for creditors* and INFO 74 *Voluntary administration: a guide for creditors*.

Out-of-pocket costs that are commonly reimbursed include:

Important note: This information sheet contains a summary of basic information on the topic. It is not a substitute for legal advice. Some provisions of the law referred to may have important exceptions or qualifications. This document may not contain all of the information about the law or the exceptions and qualifications that are relevant to your circumstances. You will need a qualified professional adviser to take into account your particular circumstances and to tell you how the law applies to you.

- legal fees
- valuer's, real estate agent's and auctioneer's fees
- stationery, photocopying, telephone and postage costs
- retrieval costs for recovering the company's computer records, and
- storage costs for the company's books and records.

Creditors have a direct interest in the level of fees and costs, as the external administrator will, generally, be paid from the company's available assets before any payments to creditors. If there are not enough assets, the external administrator may have arranged for a third party to pay any shortfall. As a creditor, you should receive details of such an arrangement. If there are not enough assets to pay the fees and costs, and there is no third party payment arrangement, any shortfall is not paid.

Who may approve fees

Who may approve fees depends on the type of external administration: see Table 1. The external administrator must provide sufficient information to enable the relevant decision-making body to assess whether the fees are reasonable.

Table 1: Who may approve fees

	Creditors' committee	Creditors	Court
Administrator in a voluntary administration	✓ ¹	✓	✓
Administrator of a deed of company arrangement	✓ ¹	✓	✓
Creditors' voluntary liquidator	✓ ¹	✓ ⁵	✗ ³
Court-appointed liquidator	✓ ¹	✓ ^{4,5}	✓ ²

¹ If there is one.

² If there is no approval by the committee or the creditors.

³ Unless an application is made for a fee review.

⁴ If there is no creditors' committee or the committee fails to approve the fees.

⁵ If insufficient creditors turn up to the meeting called by the liquidator to approve fees, the liquidator is entitled to be paid up to a maximum of \$5000, or more if specified in the Corporations Regulations 2001.

Creditors' committee approval

If there is a creditors' committee, members are chosen by a vote of creditors as a whole. In approving the fees, the members represent the interests of all the creditors, not just their own individual interests.

There is not a creditors' committee in every external administration. A creditors' committee makes its decision by a majority in number of its members present at a meeting, but it can only act if a majority of its members attend.

To find out more about creditors' committees and how they are formed, see ASIC's information sheets INFO 45 *Liquidation: a guide for creditors*, INFO 74 *Voluntary administration: a guide for creditors* and INFO 41 *Insolvency: a glossary of terms*.

Creditors' approval

Creditors approve fees by passing a resolution at a creditors' meeting. Unless creditors call for a poll, the resolution is passed if a simple majority of creditors present and voting, in person or by proxy,

indicate that they agree to the resolution. Unlike where acting as committee members, creditors may vote according to their individual interests.

If a poll is taken, rather than a vote being decided on the voices or by a show of hands, a majority in *number* and *value* of creditors present and voting must agree. A poll requires the votes of each creditor to be recorded.

A separate resolution of creditors is required for approving fees for an administrator in a voluntary administration and an administrator of a deed of company arrangement, even if the administrator is the same person in both administrations.

A proxy is where a creditor appoints someone else to represent them at a creditors' meeting and to vote on their behalf. A proxy can be either a *general proxy* or a *special proxy*. A general proxy allows the person holding the proxy to vote as they wish on a resolution, while a special proxy directs the proxy holder to vote in a particular way.

A creditor will sometimes appoint the external administrator as a proxy to vote on the creditor's behalf. An external administrator, their partners or staff must not use a general proxy to vote on approval of their fees; they must hold a special proxy in order to do this. They must vote all special proxies as directed, even those against approval of their fees.

Calculation of fees

Fees may be calculated using one of a number of different methods, such as:

- on the basis of *time spent* by the external administrator and their staff
- a quoted *fixed fee*, based on an upfront estimate, or
- a percentage of asset realisations.

Charging on a time basis is the most common method. External administrators have a scale of hourly rates, with different rates for each category of staff working on the external administration, including the external administrator.

If the external administrator intends to charge on a time basis, you should receive a copy of these hourly rates soon after their appointment and before you are asked to approve the fees.

The external administrator and their staff will record the time taken for the various tasks involved, and a record will be kept of the nature of the work performed.

It is important to note that the hourly rates do not represent an hourly wage for the external administrator and their staff. The external administrator is running a business—an insolvency practice—and the hourly rates will be based on the cost of running the business, including overheads such as rent for business premises, utilities, wages and superannuation for staff who are not charged out at an hourly rate (such as personal assistants), information technology support, office equipment and supplies, insurances, taxes, and a profit.

External administrators are professionals who are required to have qualifications and experience, be independent and maintain up-to-date skills. Many of the costs of running an insolvency practice are fixed costs that must be paid, even if there are insufficient assets available to pay the external administrator for their services. External administrators compete for work and their rates should reflect this.

These are all matters that committee members or creditors should be aware of when considering the fees presented. However, regardless of these matters, creditors have a right to question the external administrator about the fees and whether the rates are negotiable.

It is up to the external administrator to justify why the method chosen for calculating fees is an appropriate method for the particular external administration. As a creditor, you also have a right to question the external administrator about the calculation method used and how the calculation was made.

Report on proposed fees

When seeking approval of fees, the external administrator must send committee members/creditors a report with the notice of meeting setting out:

- information that will enable the committee members/creditors to make an informed assessment of whether the proposed fees are reasonable
- a summary description of the major tasks performed, or to be performed, and
- the costs associated with each of these tasks.

Committee members/creditors may be asked to approve fees for work already performed or based on an estimate of work yet to be carried out.

If the work is yet to be carried out, it is advisable to set a maximum limit ('cap') on the amount that the external administrator may receive. For example, future fees calculated according to time spent may be approved on the basis of the number of hours worked at the rates charged (as set out in the provided rate scale) up to a cap of \$X. If the work involved then exceeds this figure, the external administrator will have to ask the creditors' committee/creditors to approve a further amount of fees, after accounting for the fees already incurred.

Deciding if fees are reasonable

If asked to approve an amount of fees either as a committee member or by resolution at a creditors' meeting, your task is to decide if that amount of fees is reasonable, given the work carried out in the external administration and the results of that work.

You may find the following information from the external administrator useful in deciding if the fees claimed are reasonable:

- the method used to calculate fees
- the major tasks that have been performed, or are likely to be performed, for the fees
- the fees/estimated fees (as applicable) for each of the major tasks
- the size and complexity (or otherwise) of the external administration
- the amount of fees (if any) that have previously been approved
- if the fees are calculated, in whole or in part, on a time basis:
 - the period over which the work was, or is likely to be performed
 - if the fees are for work that has already been carried out, the time spent by each level of staff on each of the major tasks
 - if the fees are for work that is yet to be carried out, whether the fees are capped.

If you need more information about fees than is provided in the external administrator's report, you should let them know before the meeting at which fees will be voted on.

What can you do if you think the fees are not reasonable?

If you do not think the fees being claimed are reasonable, you should raise your concerns with the external administrator. It is your decision whether to vote in favour of, or against, a resolution to approve fees.

Generally, if fees are approved by a creditors' committee/creditors and you wish to challenge this decision, you may apply to the court and ask the court to review the fees. Special rules apply to court liquidations.

You may wish to seek your own legal advice if you are considering applying for a court review of the fees.

Reimbursement of out-of-pocket costs

An external administrator should be very careful incurring costs that must be paid from the external administration—as careful as if they were dealing with their own money. Their report on fees should also include information on the out-of-pocket costs of the external administration.

If you have questions about any of these costs, you should ask the external administrator and, if necessary, bring it up at a creditors' committee/creditors' meeting. If you are still concerned, you have the right to ask the court to review the costs.

Queries and complaints

You should first raise any queries or complaints with the external administrator. If this fails to resolve your concerns, including any concerns about their conduct, you can lodge a complaint with ASIC at www.asic.gov.au/complain, or write to:

ASIC Complaints
PO Box 9149
TRARALGON VIC 3844

ASIC will usually not become involved in matters of commercial judgement by an external administrator. Complaints against companies and their officers can also be made to ASIC. For other enquiries, email ASIC through infoline@asic.gov.au, or call ASIC's Infoline on 1300 300 630 for the cost of a local call.

To find out more

For an explanation of terms used in this information sheet, see ASIC's information sheet INFO 41 *Insolvency: a glossary of terms*. For more on external administration, see ASIC's related information sheets at www.asic.gov.au/insolvencyinfosheets:

- INFO 74 *Voluntary administration: a guide for creditors*
- INFO 75 *Voluntary administration: a guide for employees*
- INFO 45 *Liquidation: a guide for creditors*
- INFO 46 *Liquidation: a guide for employees*
- INFO 54 *Receivership: a guide for creditors*
- INFO 55 *Receivership: a guide for employees*
- INFO 43 *Insolvency: a guide for shareholders*
- INFO 42 *Insolvency: a guide for directors*
- INFO 84 *Independence of external administrators: a guide for creditors*

These are also available from the Insolvency Practitioners Association (IPA) website at www.ipaa.com.au. The IPA website also contains the IPA's Code of Professional Practice for Insolvency Professionals, which applies to IPA members.