PALADIN ENERGY LTD
(Subject to Deed of Company Arrangement)
ACN 061 681 098

Ref: 432427

31 January 2018

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

By Electronic Lodgement

Dear Sir/Madam

Correction to 30 June 2017 Annual Report

Attached please find the 2017 Annual Report including audited financial statements for the year ended 30 June 2017 together with Appendix 4E and Management, Discussion and Analysis.

A correction of formatting errors on page 156 'Additional Information', which resulted in the duplication of some numbers.

Yours faithfully

Matthew Woods
for and on behalf of
PALADIN ENERGY LIMITED (SUBJECT TO DEED OF COMPANY ARRANGEMENT)

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Appendix 4E - Financial Report
Financial year ended 30 June 2017

Paladin Energy Ltd

(subject to deed of company arrangement)

ABN or equivalent company reference

ACN. 061 681 098

Results for announcement to the market

				30 June 2017 US$'000	30 June 2016 US$'000
Revenue from sales of uranium oxide	**Down**	48%	to	95,844	184,936
Revenue	**Down**	48%	to	96,048	185,442
Loss after tax attributable to members	**Down**	275%	to	457,785	121,981
Net loss for the year attributable to members	**Down**	275%	to	457,785	121,981
Loss per share (US cents)				(26.7)	(7.1)

Dividends	**Amount per security**	**Franked amount per security**
It is not proposed to pay dividends for the year	N/A	N/A
Previous corresponding year: No dividend paid	N/A	N/A

An explanation of the results is included in the Management Discussion & Analysis and the Financial Report attached.

	30 June 2017	30 June 2016
Net tangible (liabilities)/assets per share	US$(0.26)	US$0.02

Other
Previous corresponding period is the year ended 30 June 2016.
All foreign subsidiaries are prepared using IFRS.

PALADIN ENERGY LTD
(subject to deed of company arrangement)

ACN 061 681 098

ANNUAL

REPORT

2017

CONTENTS

The annual report covers the Group consisting of Paladin Energy Ltd (subject to deed of company arrangement) (referred throughout as the Company or Paladin) and its controlled entities.

Paladin Energy Ltd (subject to deed of company arrangement) is a company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Paladin Energy Ltd (subject to deed of company arrangement)
Level 4
502 Hay Street
SUBIACO WA 6008

Through the use of the internet, we have ensured that our corporate reporting is timely, complete, and available globally at minimum cost to the Company. All press releases, financial statements and other information are available on our website www.paladinenergy.com.au.

CORPORATE VALUES AND PALADIN TODAY

CORPORATE VALUES

- Create stakeholder value by excellent ‘through the cycle’ stewardship of our strategic tier one Langer Heinrich uranium mine and our industry leading suite of exploration and development assets.

- Operate at global best practice with particular emphasis on safety and the environment.

- Maintain financial discipline and a value-minded approach to project management, investments and capital structure decisions.

- Provide employees with an equal and fulfilling work environment where they can be rewarded for performance.

- Contribute to the communities in which we operate.

- Act with integrity, honesty and cultural sensitivity in all dealings.

PALADIN TODAY

Overview

- Paladin’s value is based on five key drivers – a strategic tier one core production base, an industry leading suite of exploration and development assets, experienced team, uranium industry positioning and sustainability of operations.

Operations

- Langer Heinrich Mine (LHM)
  - A strategic tier one mine in the global uranium industry.
  - Top 10 mine by uranium production with a first quartile position on the cash cost curve.
  - Long-term asset with in excess of 40 million pounds of cumulative historical uranium production and a remaining productive life in excess of 20 years.
  - Current focus on process optimisation and cost reduction.

- Kayelekera Mine (KM)
  - Fully-built mine commissioned in 2008 with 3.3 million pounds per year of uranium production capacity.
  - Placed on care and maintenance due to persistent low uranium prices.
  - Maintaining plant, infrastructure and critical aspects of intellectual property and operational knowhow to allow for a restart, when justified.

Positioning Going Forward

- Unhedged, pure-play exposure to uranium.

- One of the only independent, publicly listed, large-scale uranium producers in the world.

- Leverage to a rising uranium market greatly enhanced by ability to grow organically through a re-start of KM and leading suite of exploration and development assets.

- Experienced team with respect to uranium project construction, efficient project management and technical innovation.

- Financially disciplined.

INSIGHTS FROM THE CEO

Dear Stakeholders,

FY2017 and the period shortly thereafter was a difficult and tumultuous time for Paladin.

During the course of FY2017 we continued to progress cost reductions in our continued drive to make the company more 'fit' to survive a low uranium price. However, spot uranium price continued its relentless post-Fukushima downwards trajectory. The spot price fell below US$18/lb in November 2016, a 13 year low. The falling price and related negativity towards the uranium production sector hampered Paladin's significant and active efforts to raise enough new capital to deal with its near and medium term upcoming debt maturities, in particular the convertible bonds that were due in April 2017 (approximately US$212M).

In November 2016, on the realisation that there was not enough demand from the market for the quantum of new debt or equity to meet Paladin's requirements, the Company commenced working towards a holistic balance sheet restructuring and shortly thereafter entered into discussions with certain holders of its 2017 and 2020 convertible bonds. Such discussions resulted in the announcement by Paladin on 10 January 2017 of an initial restructuring proposal to be made by way of bond exchange. Subsequent to that proposal being made, CNNC Overseas Uranium Holdings Ltd (COUH) purported the proposed restructure to be an event of default pursuant to the Langer Heinrich Mine shareholders' agreement and took initial steps to exercise a resultant option to acquire Paladin's 75% interest in the mine by having Paladin's interest valued by an independent valuer but then COUH eventually decided not to exercise the option. Following that, the French utility Électricité de France demanded full repayment of amounts owing to it under a prepayment agreement signed in 2012 alongside a long-term supply contract entered into at the same time. As a result, shortly after the end of FY2017 (on 3 July 2017), the Company appointed Administrators.

Throughout the turmoil, Paladin maintained a safe workplace for our materially reduced workforce of 867 employees and contractors located across four continents, and we continued to maintain the highest environmental standards.

Operational performance for FY2017 was driven primarily by the curtailment of physical mining activity at Langer Heinrich Mine, which was implemented by the end of CY2016, with the plant feed coming from stockpiled medium-grade ore since then. The reduced feed grade associated with the mining curtailment reduced FY2017 uranium production to 4.149Mlb. However, the C1 cash cost of production reached yet another all-time record low at US$18.91/lb. Company-wide 'all-in' cash expenditure also fell 23% from FY2016 to reach US$29.95/lb of uranium produced.

I commend Paladin's stoic workforce for significant achievements in the area of operations and safety against the backdrop uranium market and corporate turmoil.

Subsequent to the end of the financial year, we have been working with key stakeholders and the Administrators to support a swift and orderly restructuring effort. Such a restructure has now been proposed through a Deed of Company Arrangement (DOCA) and on implementation, will result in Paladin being relisted on the Australian Securities Exchange with a substantial cash balance and less than one fifth of the debt being carried prior. The main negative consequence for shareholders of the restructure will be that 98% of the Company's shares will be transferred from existing shareholders to a trustee on behalf of creditors. However, for the first time in many years Paladin will have a capital structure that is more sustainable for a low uranium price environment.

I can characterise the company's key traits as follows:

- We are a **global leader in uranium** – Paladin is the 8th largest uranium company in the world by capacity and the largest pure-play uranium producer listed on the ASX.
- **Langer Heinrich Mine is a strategic tier one mine** – Our main operating asset, Langer Heinrich Mine in Namibia can be undisputedly considered a strategic tier one mine in the uranium industry. It's the fourth largest open-pit uranium mine in the world, has a remaining production life in excess of 20-years and is within the first quartile of global cash costs.
- **Optimisation is a core competency** for us – Paladin has an industry leading position in being able to introduce optimisation projects that enhance our operating margins. Our Bicarbonate Recovery Plant (BRP) installation at Langer Heinrich Mine was largely designed in-house and since its implementation in FY2015 and FY2016, it has halved our reagent costs. The resultant saving has been reflected in an approximately US$6/lb reduction in our cash cost of uranium production. The team that designed the BRP continues to work on future optimisation initiatives to ensure we get maximum value from our resources.

- **Senior leverage to uranium price upside** – should the uranium market eventually reach a post-Fukushima incident normalisation where uranium prices are much higher than now, and may have already bottomed. Paladin has unique leverage to uranium price upside. We are generally more exposed to spot prices vs. fixed contract prices than peer companies and we can also quickly bring on an additional 3-4Mlb of annual production through unwinding of the mining curtailment at Langer Heinrich and a re-start of our Kayelekera Mine in Malawi, which has been on care and maintenance since mid-2014.

Paladin's current strategy is based around four key elements, including:

- We are maximising operating cash flows from Langer Heinrich Mine through optimisation and cost reduction initiatives whilst preserving the integrity of the long-term mine plan.
- Our exploration business and Kayelekera Mine are being maintained on a minimal expenditure and care and maintenance basis until such time as uranium price recovers substantially.
- Corporate costs and administrative expenses are minimised.
- We are committed to maintaining a capital structure that is sustainable for the uranium price environment.

Through the combination of our focussed strategy, the quality of our asset base and more importantly, the quality of the Paladin team implementing the strategy, the post-restructure Company is well positioned to take advantage of evolving conditions in the uranium market.

Regarding the uranium market, we continue to expect a normalisation to occur at some point and that will bring with it much higher prices. During FY2017 and subsequently, low uranium prices finally started to show a clear impact on supply. In January 2017, Kazakhstan, the world's largest supplier announced it would cut 10% of its production (equivalent to around 3% of global uranium supply) due to low prices. In October 2017, Areva SA announced an approximately 20% production cut at its Somair mine in Niger (equivalent to around 1% of global uranium supply). In November 2017, Cameco Corp. announced it would close McArthur River, the world's largest uranium mine, for 10-months in 2018. In December 2017, Kazakhstan announced it would cut an additional 10% of production and have those cuts continue through 2018-2020 inclusive. In all, we estimate supply cuts and curtailments that will be in place in CY2018 represent in excess of 18% of CY2016 equivalent uranium production. These supply cuts are meaningful and we believe they potentially offer the strongest signal of a uranium market 'bottom'.

The long-term case for uranium remains positive. Demand continues to expand in new markets, with all of the 'BRICS' countries (i.e., Brazil, Russia, India, China and South Africa) rapidly growing their nuclear power capacity and increasing their reliance on nuclear power as a proportion of overall power generation.

We know that in the mining industry the longest and most savage bear markets often set up the longest and best bull runs, and to call the last few years in the uranium market 'savage' would be an understatement.

Lastly, I want to once again point out that the Paladin team is a world class team that has worked incredibly hard and professionally. The team, much smaller than a few years ago, has diligently supported a lot of operational change and the heavy extra workload of dealing with the various restructure initiatives and overlay of Administrators. It has been many years since the team has seen bonuses or pay rises, and many of the senior members have been working for at least two years on reduced pay. These professionals have remained uniquely loyal to the survival of a long standing and great Australian mining company and they should be commended for doing their best to protect stakeholders interests in that regard. I hope the stronger, restructured Paladin can return to growth when the market conditions allow to create opportunities to appropriately reward its team in the future.

Yours faithfully

ALEXANDER MOLYNEUX
CEO

MANAGEMENT DISCUSSION AND ANALYSIS

The following Management Discussion and Analysis ("MD&A") for Paladin Energy Ltd (subject to deed of company arrangement) ("Company") and its controlled entities ("Group") should be read in conjunction with the Consolidated Financial Statements for the year ended 30 June 2017. The effective date of this report is 30 January 2018.

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

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

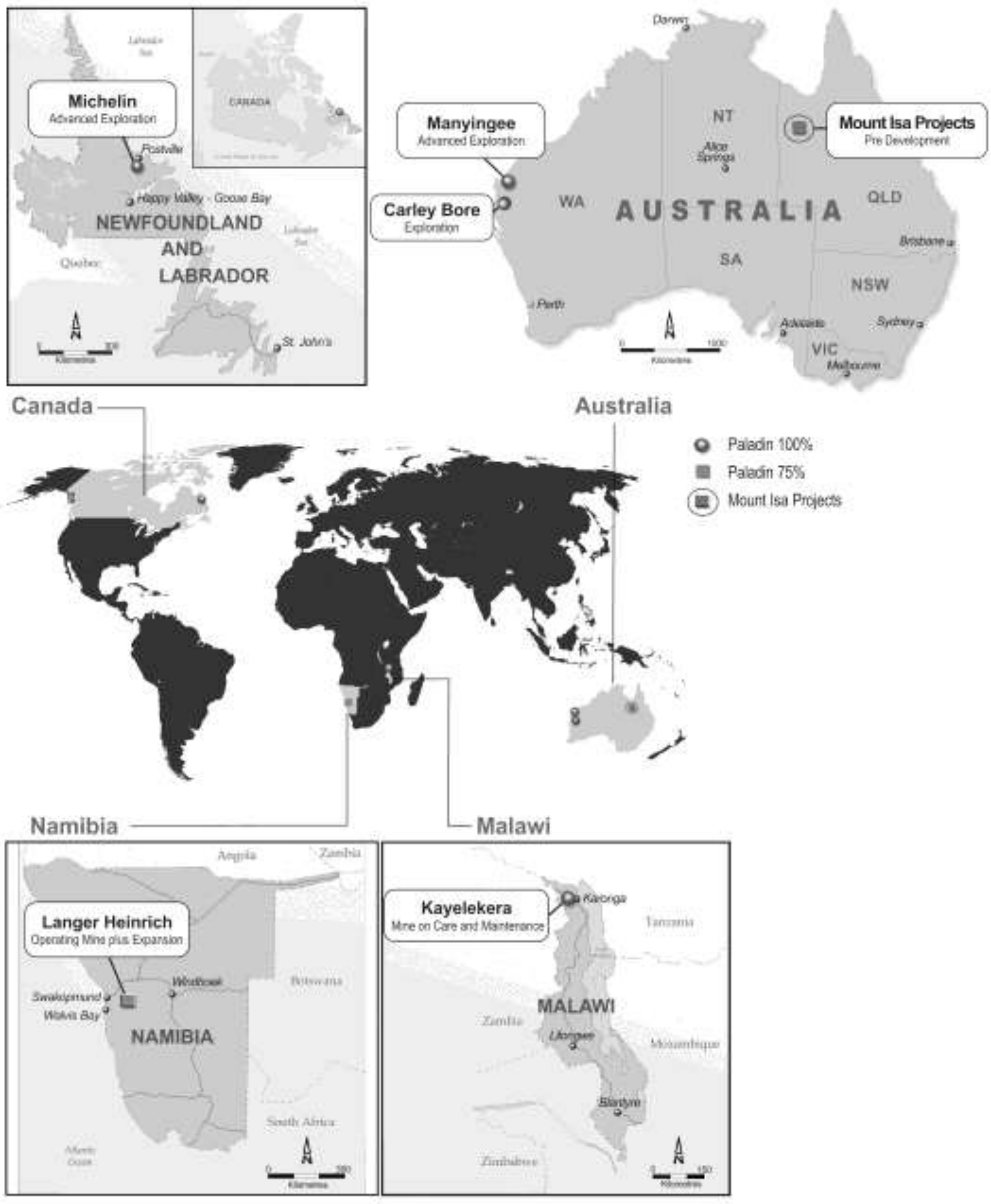
FORWARD LOOKING STATEMENTS

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

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

MANAGEMENT DISCUSSION AND ANALYSIS
REVIEW OF OPERATIONS

PROJECT LOCATIONS AND RESOURCE OVERVIEW



Unless specifically noted, Mineral Resources were prepared and first disclosed under the JORC Code 2004. These estimates have not been updated since to comply with JORC Code 2012 on the basis that the information that the estimates are derived from has not materially changed since it was last reported.

Paladin's attributable Mineral Resource inventory, with effect from 30 June 2017, includes 152,095t U_3O_8 (335.3Mlb) at 0.066% U_3O_8 in the Indicated and Measured categories (including ROM stockpiles) and 42,824t of U_3O_8 (94.4Mlb) at 0.055% U_3O_8 in the Inferred Resource category. A summary of the status of each of the advanced projects is detailed in the following table. This table does not include additional JORC(2004) compliant Mineral Resources from Bikini, Andersons, Mirrioola, Watta or Warwai deriving from Paladin's 82.08% ownership of Summit Resources Ltd, nor from the Duke Batman or Honey Pot deposits.

MANAGEMENT DISCUSSION AND ANALYSIS
REVIEW OF OPERATIONS (continued)

Project	Overview	Mining Method/ Deposit Type	Outlook	Mineral Resources	
Uranium Production					
**Langer Heinrich Mine - 75% (Namibia, Southern Africa)	The Company's cornerstone asset commenced production in 2007. The Stage 3 expansion is complete with production capacity at 5.2Mlb per annum (pa). Studies are underway for a further expansion.	Conventional open pit; calcrete	Project life of 20 years	M&I (inc stockpiles):	116.1Mt @ 0.046% (118.9Mlb U_3O_8)
				Inferred:	8.7Mt @ 0.047% (9.0Mlb U_3O_8)
*Kayelekera Mine – 85% (Malawi, Southern Africa)	Paladin's second uranium mine, capable of operating at nameplate of 3.3Mlb pa.	Conventional open pit; sandstone	Currently on care and maintenance due to low uranium prices	M&I (inc stockpiles):	15.0Mt @ 0.072% (23.9Mlb U_3O_8)
				Inferred:	5.4Mt @ 0.06% (7.4Mlb U_3O_8)
Uranium Development					
*Aurora Project – 100% (Labrador, Canada)	Paladin's first entry into Canada. Resource definition and additional exploration has been planned.	Open pit - underground; metasomatic	Resource definition and extension drilling is ongoing	M&I:	54.4Mt @ 0.09% (105.7Mlb U_3O_8)
				Inferred:	13.1Mt @ 0.08% (22.1Mlb U_3O_8)
**Manyingee Project – 100% (Western Pilbara, Western Australia)	Resource update has been completed and planning for a field leach trial is underway. Now includes the Carley Bore deposit and adjacent tenements.	In-situ leach; sandstone	3 year staged feasibility study required	M&I:	13.8Mt @ 0.07% (20.7Mlb U_3O_8)
				Inferred:	22.8Mt @ 0.04% (20.8Mlb U_3O_8)
*Valhalla, Skal & Odin Deposits – 91.04% (Queensland, Australia)	One of Paladin's significant Australian assets. Metallurgical studies are progressing towards developing a comprehensive processing flowsheet.	Open pit - underground; metasomatic	Development dependent on market conditions	M&I:	57.2Mt @ 0.07% (93.7Mlb U_3O_8)
				Inferred:	16.3Mt @ 0.06% (22.0Mlb U_3O_8)

Mineral Resources are quoted inclusive of any Ore Reserves that may be applicable.
Mineral Resources detailed above in all cases represent 100% of the resource – not the participant's share.
**Conforms to JORC(2004) guidelines, in addition the Mineral Resources for the Michelin and Jacques Lake deposits conform to the JORC(2012) guidelines.*
***Conforms to JORC(2012) guidelines.*
(a) For Kayelekera, the Government of Malawi holds a 15% equity interest in the subsidiary, Paladin (Africa) Limited, the holder of the Kayelekera Mining Licence.
(b) For Valhalla, Skal & Odin, Paladin's interest is based on 50% deriving from the Isa Uranium Joint Venture and 41.04% via Paladin's 82.08% ownership of Summit Resources Ltd.
Langer Heinrich and Kayelekera Mineral Resources have been depleted for mining to the end of June 2017 and June 2014 respectively.
M&I = Measured and Indicated.

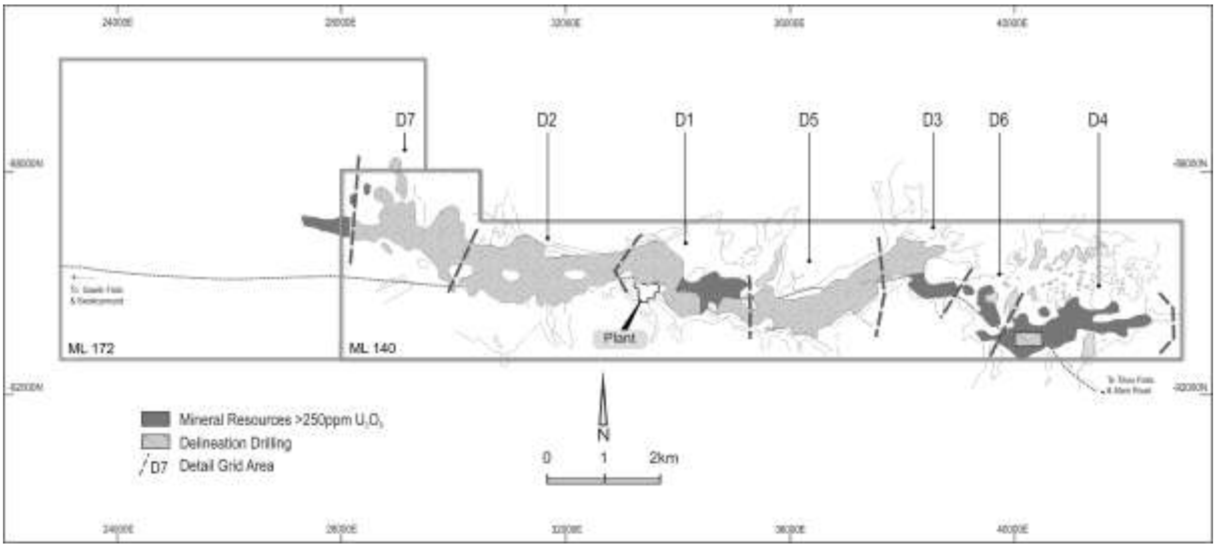
MANAGEMENT DISCUSSION AND ANALYSIS
REVIEW OF OPERATIONS (continued)

NAMIBIA

LANGER HEINRICH MINE (LHM)

Following the sale of a 25% equity stake to CNNC Overseas Uranium Holding Limited (CNNC), a wholly owned subsidiary of China National nuclear Corporation, Paladin owns 75% of LHM in Namibia through its Namibian subsidiary, Langer Heinrich Uranium (Pty) Ltd (LHUPL). Paladin purchased the Langer Heinrich project in August 2002 and following development and construction, production commenced from the open pit mine together with a conventional alkaline leach plant in early 2007. Annual production of 2.7Mlb of U_3O_8 was achieved in FY2009. Soon afterwards a Stage 2 expansion was undertaken to increase production to 3.7Mlb pa U_3O_8 followed by construction and commissioning of the Stage 3 expansion which was completed in FY2012 resulting in production over 5Mlb.

Langer Heinrich is a surficial calcrete type uranium deposit containing a Mineral Resource of 53,937t U_3O_8 at a grade of 0.046% U_3O_8 in the Measured and Indicated categories (including RoM stockpiles) in seven mineralized zones designated Detail 1 to 7 (see figure below) along the length of the Langer Heinrich valley within the 15km length of a contiguous paleo drainage system. The deposit is located in the Namib Desert, approximately 80km from the major seaport of Walvis Bay.



Operations

Following the continued decline in the spot price uranium market, the mine introduced a mining curtailment strategy in November 2016 following approval received from the Minister of Mines and Energy in late October 2016. With the benefit of substantial Medium Grade (MG) stockpiles available, the mine in order to reduce operating costs suspended all mining activities and commenced with the processing of its MG stockpiles. Resulting from this strategy some 28 LHM personnel were retrenched together with 280 mining contractors. Approximately 86 mining contractors were retained for load and haul activities involving the moving of MG stockpiles to the RoM pad for eventual crushing.

Langer Heinrich produced 4.149Mlb U_3O_8 in FY2017, down 13% from the previous year's total of 4.763Mlb U_3O_8. This reduced production was directly attributable to the implementation of the mining curtailment strategy which saw throughput grade reducing to 610ppm for the year, down 13% from FY2016. Plant throughput decreased by 1% from 3.57Mt in FY2016 to 3.52Mt for FY2017 whilst recoveries through the plant increased by more than 1% from 86.3% to 87.7% assisted by the successful commissioning of Flash Splash 2.

The BRP technology can now be considered established with the BRP continuing to perform to design on a regular basis. This technology, owned by Paladin has proved highly cost beneficial to LHM and reflects the success of its investment in innovation. With this technology now established there is further potential for additional enhancements at the back-end of the plant which should result in further cost savings to the mine. Additionally expansion plans to allow the treatment of much lower feed grade ore remain under development with the goal to reduce unit operation costs.

MANAGEMENT DISCUSSION AND ANALYSIS
REVIEW OF OPERATIONS (continued)

The mine has throughout FY2017 continued to vigorously control costs with C1 cash costs of production reaching yet another all-time low of US$19.91/lb. With the expectation that uranium prices will continue to remain depressed during FY2018, the focus on cost reduction and efficiency gains remains at the forefront of the mines agenda in order to remain sustainable.

Despite the reduction in cash operating costs achieved through the curtailment of physical mining, LHM continued to incur losses and did not generate positive operating cash flow in the first half of FY2018, due to the low prevailing uranium spot price during that period.

The current operating strategy, including the physical curtailment of mining, is dependent on processing available stockpiles of MG ore. At the current processing rate it is expected that such stockpiles will be exhausted in early-to-mid-2019. At least six months in advance of that, the Company will need to consider alternative operational options for LHM going forward including: a re-start of physical mining operations; processing of LG ore stockpiles; or care and maintenance. Various factors will need to be considered to determine the appropriate operating strategy including uranium market conditions.

In the September 2017 Uranium Cost Study Report, prepared by UxC, LHM was again classified amongst the first tier of lowest cash cost uranium producers in the world. LHM is the only operating open pit mine in the world with cash costs below US$30/lb.

Mineral Resources and Ore Reserves Estimation

Mineral Resources and Ore Reserves conforming to the JORC(2012) code are detailed below.

Mineral Resource Estimate (250ppm U_3O_8 cut-off)

	Mt	Grade % U_3O_8	t U_3O_8	Mlb U_3O_8
Measured	60.71	0.051	31,169	68.72
Indicated	21.48	0.046	9,854	21.72
Measured + Indicated	**82.19**	**0.050**	**41,022**	**90.44**
Stockpiles	33.90	0.038	12,915	28.47
Inferred	**8.70**	**0.047**	**4,073**	**8.98**

(Figures may not add due to rounding and are quoted inclusive of any Ore Reserves, and have been depleted for mining to the end of June 2017).

Ore Reserves

Economic analysis on this resource has indicated a break-even cut-off grade of 250ppm.

Ore Reserve Estimate (250ppm U_3O_8 cut-off)

	Mt	Grade % U_3O_8	t U_3O_8	Mlb U_3O_8
Proved	41.97	0.052	21,997	48.49
Probable	13.14	0.049	6,366	14.04
Stockpiles	33.90	0.038	12,915	28.47
Total	**89.01**	**0.046**	**41,278**	**91.00**

Ore Reserve has been depleted for mining to the end of June 2017.

The Ore Reserve was estimated from the original un-depleted Measured and Indicated Mineral Resource of 151.8Mt at a grade of 0.054% U_3O_8. During the year the Mineral Resource estimate for the project was updated to incorporate all the additional drilling completed on site since 2010. The additional Reverse Circulation (RC) drilling amounted to some 29,954 holes for 1,044,922m added to the resource dataset. It also allowed for an important increase in the definition of the non-mineralised basement profile. This updated basement profile was then used to further refine the Ore Reserve pit design. The Mineral Resource estimate was completed using Multi-Indicator Kriging and incorporates a specific adjustment based on expected mining parameters which have now been adjusted from those used in the 2010 Mineral Resource to incorporate information derived from actual mining. As a result, additional dilution and mining recovery are not included in the Ore Reserve estimation.

Changes from the 2010 Mineral Resource have been a significant transfer of material from Indicated to Measured category and a substantial reduction in Inferred material due to the increased drilling density. Overall there was a less than 1% reduction in contained metal. Differences between the updated Ore Reserve are related to depletion due to mining, refinement of the pit design based on the new basement profile and better definition of mineralisation edges due to increased drilling density and removal of material from the Ore Reserve as a result of on-going conversion of existing pits to tailings facilities. There has been no change to either the Mineral Resource or Ore Reserve cut-off grades, both remaining at 250ppm.

These reserves form the basis of the continuing life of mine plan for the Project. The revised mine plan allows a project life of 20 years, based on current processing feed rates.

Exploration (ML172)

ML 172, previously EPL3500, covers the western extension of the mineralised Langer Heinrich paleochannel. An application to convert the EPL to a mining lease has now been granted. During the year a follow-up test passive seismic survey was conducted in order to cost effectively determine the likely basement location with promising results. It is expected that the survey area will be significantly expanded in the 2018 financial year.

MALAWI

KAYELEKERA MINE (KM)

Kayelekera Mine (**KM**), which is currently on care and maintenance (C&M), is located in northern Malawi, 600km north of the country's capital city, Lilongwe, and 52km west of the regional administrative and commercial centre of Karonga.

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

Kayelekera is owned 100% by Paladin (Africa) Limited (PAL), an 85% subsidiary of Paladin. In July 2009, Paladin issued 15% of the equity in PAL to the Government of Malawi (GoM) under the terms of the Development Agreement signed between PAL and the Government in February 2007, which established the fiscal regime and development framework for KM. PAL operates KM under the provisions of Environmental Certificate 27.3.1, granted in March 2007, following approval of the Kayelekera Project Environmental Impact Assessment (EIA) and Mining Licence ML152, granted in April 2007. ML152 covers an area of some 55km^2 surrounding the Kayelekera deposit and was granted for a period of 15 years, renewable for further 10-year periods. The EIA contained a Social Impact Assessment and Management Plan, which was implemented during the construction and operational phases of KM, with certain components continuing during C&M. Under the terms of the Development Agreement, PAL has undertaken various corporate social responsibility (CSR) obligations in relation to operation of a Social Responsibility Plan, Local Business Development and Community Consultation.

Construction took place in 2007 to 2009 and KM operated for five years from 2009 to 2014, producing a total of 10.7Mlb U_3O_8 in that period. As a consequence of sustained losses due to low prevailing uranium prices in the wake of the 2011 Fukushima incident, production at KM was suspended in May 2014. The operation was placed on C&M until such time as economic conditions improve sufficiently to enable KM to resume production with sustained profitability. More than 50% of the project's total reserves and resources remain for future development. This is sufficient to provide for approximately 2.5Mlb pa of production, with the potential to produce strong cash flows for at least another six years. Additional regional exploration has the potential to extend that further.

MANAGEMENT DISCUSSION AND ANALYSIS
REVIEW OF OPERATIONS (continued)

C&M Operations

KM completed its third full year on C&M, with no production since May 2014 and no sales revenue since December 2014. The key focus at KM remains: ensuring the safety of C&M personnel and the security of the project assets; maintaining idled plant and equipment in a fit state of readiness to facilitate a rapid restart of operations when a decision is made to do so; maintaining legal and social obligations encompassing community relations, environmental and radiological monitoring; and treating and discharging surplus water stocks at KM to reduce KM's water balance prior to the onset of the next rainfall season.

During production, rainfall run-off water captured in the operational area was stored on site and was recycled for use in processing of uranium ore. Since the operation went on C&M, this has no longer been occurring, necessitating the controlled release of treated water in order to reduce KM's water balance prior to the onset of the next rainfall season. PAL modified a section of the KM processing plant to treat water to remove contaminants prior to release to meet internationally recognised standards.

PAL's license to treat and release water was renewed by the GoM in December 2016 for the 2017 wet season, with the government maintaining the prior strict conditions regulating critical water quality parameters, including the World Health Organization (WHO) drinking water guideline for uranium content. Controlled treated water release was not required for the 2017 wet season due to low rainfall Comprehensive monitoring of samples has been undertaken upstream and downstream from KM. At 30 June 2017 water inventories had reduced in the two major storage ponds and the dams are on track to reach their pre-wet season targets and are well below the levels for the same period last year. A new application to treat and discharge water for the 2018 wet season was submitted in June 2017 in preparation for the expiry of the current license on 9 of December 2017.

A feasibility study for recommencement of production at KM was completed in the previous year, results showed that KM remains a valuable strategic asset that can be quickly returned to production when justified by a higher uranium price environment. This study will be reviewed and updated in the coming year.

Mineral Resources and Ore Reserves Estimation

Mineral Resources and Ore Reserves are unchanged from those reported in 2014. As part of the Kayelekera re-start study it is expected that an updated Mineral Resource will be completed which will incorporate previous drilling undertaken to the west of the current pit. This extensional drilling only intersected mineralisation at depth and, given the current and projected uranium prices, this is not expected to contribute to additional Ore Reserves.

Mineral Resources and Ore Reserves conforming to the JORC(2004) code are detailed below.

Mineral Resource at 300ppm U_3O_8 Cut-off

	Mt	**Grade ppm U_3O_8**	**t U_3O_8**	**Mlb U_3O_8**
Measured	0.74	1,011	753	1.66
Indicated	12.71	700	8,901	19.62
Total Measured & Indicated	**13.45**	**717**	**9,654**	**21.28**
Stockpiles	1.59	756	1,199	2.64
Inferred	**5.35**	**625**	**3,334**	**7.35**

(Figures may not add due to rounding and are quoted inclusive of any Ore Reserves and are depleted for mining to end of June 2014 when mining ceased).

The Mineral Resource estimate is based on Multi Indicator Kriging techniques with a specific adjustment based on parameters derived from the mining process.

MANAGEMENT DISCUSSION AND ANALYSIS
REVIEW OF OPERATIONS (continued)

Ore Reserves

Economic analysis on this Mineral Resource has indicated a break-even cut-off grade of 400ppm U_3O_8.

Ore Reserve at 400ppm U_3O_8 Cut-off

	Mt	Grade ppm U_3O_8	t U_3O_8	Mlb U_3O_8
Proved	0.39	1,168	457	1.00
Probable	5.34	882	4,709	10.38
Stockpiles	1.59	756	1,199	2.64
Total	**7.32**	**870**	**6,365**	**14.03**

(Figures may not add due to rounding and are depleted for mining to end of June 2014).

The underlying Ore Reserve is unchanged from that announced in 2008 and has only been depleted for mining until 30 June 2014 (when mining ceased).

Exploration

The exploration group continues to work in areas close to the mine in order to identify any additional targets within easy access of the processing plant. Whilst mineralised areas have been identified these are not currently considered attractive enough to warrant drilling. This activity is expected to continue until all the Karoo sandstone outcrop areas within the vicinity have been covered.

The Malawian Government has recently implemented a new Cadastral system and is in the process of introducing a new mining act. The company has renewed the applications for additional licenses in the area adjacent and to the south of the mine and is in negotiation with existing coal license holders in the area to gain access to the land in order to fulfil tenement application requirements.

CANADA

MICHELIN PROJECT

Several of Paladin's Canadian subsidiaries have given guarantees and provided security over their 60.1% interest in the Michelin Project in respect of Paladin's obligations under the Électricité de France S.A. (EdF) Long Term Supply Agreement (LTSA) between EdF and Paladin dated 8 June 2012. On 29 November 2017 EdF issued a demand under these guarantees and sought to exercise its security. These claims have now been sold to Deutsche Bank AG, who may seek to sell down some or all of the purchased claims to other investors. Accordingly EdF in no longer a creditor of Paladin and its subsidiaries. Paladin is not aware of the intentions of Deutsche Bank AG (or any other purchasers of EdF's claims) for guarantees by Paladin's Canadian subsidiaries.

Paladin Energy Ltd (subject to deed of company arrangement), through its wholly-owned subsidiary Aurora Energy Ltd (Aurora), 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.

Paladin 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. Aurora claims cover a significant area of prospective ground over the CMB. The CMB contains publically reported 83.9Mlb U_3O_8 Measured and Indicated Mineral Resources as well as an additional 86.6Mlb U_3O_8 Inferred Mineral Resource in 12 deposits, half of which are covered by the Aurora tenements. The largest of these deposits is Michelin, the flagship of Aurora's CMB project and one of the world's top five albitite-hosted resources.

MANAGEMENT DISCUSSION AND ANALYSIS
REVIEW OF OPERATIONS (continued)

Following a review of the underlying data and geological assumptions that went into both the Michelin and Jacques Lake mineral resource estimations both have now been re-estimated with the updated results reported below. There were alterations to the Michelin geological model at depth which have resulted principally in the reduction in the amount of Inferred category material contained in the mineral resource. Additionally there has been a slight transfer of Indicated material into Measured. The transition point between potential open pit and underground mining has been maintained as per the previous mineral resource estimate as has the cut-off grade. The overall grade has been reduced slightly due to the application of different resource recovery and estimation parameters. Cut-off grade is now set at 200ppm U_3O_8.

Michelin Mineral Resource Estimation at 200ppm U_3O_8 cut-off

	Previous Mineral Resource			Updated Mineral Resource		
Class	**Tonnes M**	**Grade ppm**	**Metal t**	**Tonnes M**	**Grade ppm**	**Metal t**
Measured	15.6	995	15,458	17.6	965	17,045
Indicated	21.9	1,035	22,701	20.6	980	20,225
Total M&I	**37.5**	**1,015**	**38,159**	**38.3**	**975**	**37,270**
Inferred	8.8	1,180	10,378	4.5	985	4,470
Total	**46.3**	**1,050**	**48,537**	**42.8**	**975**	**41,740**

(Figures may not add due to rounding)

The deposit remains open at depth and it is expected that future drilling will be targeted at this area in order to improve the overall project economics.

A detailed review of the Jacques Lake data was undertaken and an updated geological model has now been completed. It is felt that this model more accurately reflects the underlying geology and mineralisation than the previous version, particularly with regard to the positioning of un-mineralised intrusive elements. The most recent work also indicates that the mineralisation has a significant apparent plunge component which was not previously accounted for in the drilling and, as a result, the mineralisation has the potential to remain open at depth along strike. Due to the particular surface topography overlying the Jacques Lake deposit a review of the positioning of the open pit/underground interface was undertaken. The vertical location of the base of the open pit portion of the model is particularly critical in the case of the Jacques Lake deposit in that it has the potential to add or subtract resource tonnes and metal due to the change in cut off grades from open pit to underground mining. Pit optimisation studies were carried out using a range of uranium prices with mining and processing costs being derived from the original 2009 Aurora preliminary economic analysis with appropriate CPI inflation allowance. Due to the location of Jacques Lake away from the Michelin deposit additional costs were allocated to transport of material which resulted in an overall increase in the cut-off grade applied to the mineral resource. The updated cut-off grade is now set at 250ppm U_3O_8.

The open pit interface derived from the pit optimisation studies is now set at approximately -30m RL and, due to the spatial distribution of the existing drilling, this has resulted in minimal material falling into the underground mineable potion of the resource. Due to this situation underground mineable material has now been excluded from the mineral resource estimate however it is believed that, based on the updated geological model, additional drilling will result in more material falling into this category.

Jacques Lake Mineral Resource Estimation at 250ppm U_3O_8 cut-off

	Previous Mineral Resource			Updated Mineral Resource		
Class	**Tonnes M**	**Grade percent**	**Metal t**	**Tonnes M**	**Grade ppm**	**Metal t**
Measured	0.9	0.09	747	-	-	-
Indicated	6.0	0.07	4,327	13.0	630	8,145
Total M&I	**6.9**	**0.07**	**5,074**	**13.0**	**630**	**8,145**
Inferred	8.1	0.05	4,103	3.6	550	1,988
Total	**15.0**	**0.06**	**9,177**	**16.6**	**610**	**10,133**

(Figures may not add due to rounding)

MANAGEMENT DISCUSSION AND ANALYSIS
REVIEW OF OPERATIONS (continued)

Both of the updated mineral resource estimates were completed using multi-indicator kriging techniques with a specific resource recovery adjustment applied. Additional pit optimisation studies were not completed for the Michelin resources as there were no material changes to the previous parameters used to define the open pit/underground interface and the only substantive change to the mineral resource was the reduction in Inferred material at depth.

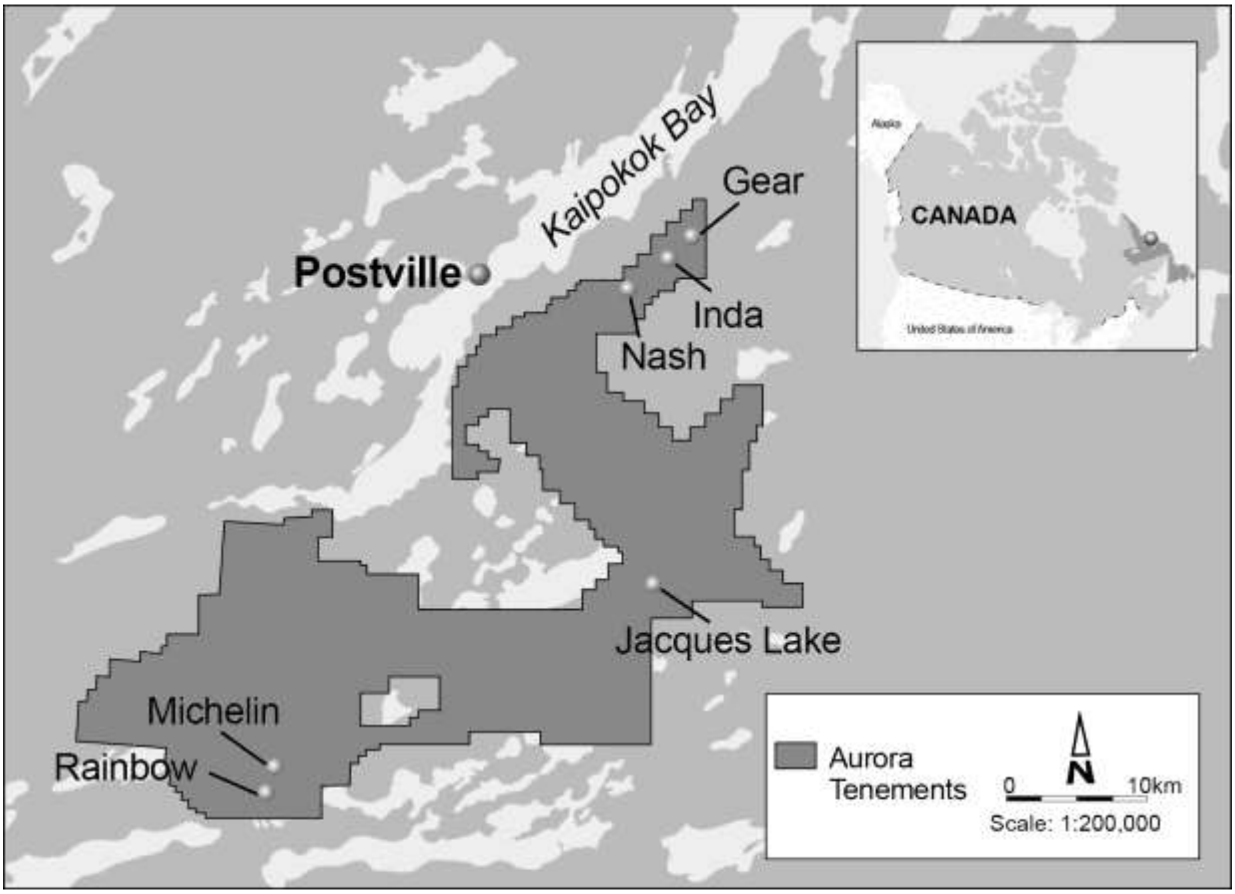
Additional Potential

The Michelin Deposit is still open along strike and at depth. Drilling programmes have already been designed to both infill and extend the existing Mineral Resource and these will be executed when conditions allow. In addition, there are also a number of promising targets within the MRT and wider CMB, which are currently being explored and are expected to contribute to the economic viability of the project. Mineral Resources for deposits within the Michelin project are detailed below.

Deposit	Measured Mineral Resource			Indicated Mineral Resource			Inferred Mineral Resource		
Cut-off 0.05% & 0.02% U_3O_8	Mt	Grade %	t U_3O_8	Mt	Grade %	t U_3O_8	Mt	Grade %	t U_3O_8
Michelin	17.6	0.10	17,045	20.6	0.10	20,225	4.5	0.10	4,470
Jacques Lake				13.0	0.06	8,145	3.6	0.06	1,988
Rainbow	0.2	0.09	193	0.8	0.09	655	0.9	0.08	739
India				1.2	0.07	826	3.3	0.07	2,171
Nash				0.7	0.08	564	0.5	0.07	367
Gear				0.4	0.08	270	0.3	0.09	279
Total	**17.8**	**0.10**	**17,238 (38.0Mlb)**	**36.6**	**0.08**	**30,685 (67.6Mlb)**	**13.1**	**0.08**	**10,014 (22.1Mlb)**

(Figures may not add due to rounding).

The Mineral Resources for the deposits are reported at cut-off grades that contemplated underground (0.05% U_3O_8 cut-off) and open pit (0.025% for Jacques Lake and 0.02% for the remainder, U_3O_8 cut-off) mining, based on preliminary economic assumptions carried out by Aurora.



MANAGEMENT DISCUSSION AND ANALYSIS
REVIEW OF OPERATIONS (continued)

Exemption from Non-Resident Ownership Restriction

On 22 June 2015 Paladin received notification from the Canadian Government that its submission to be the majority owner of a uranium mine at the Michelin Project has been approved. Under the current Non-Resident Ownership Policy (NROP), non-resident mining companies can own 100% of an exploration project but, by the stage of first production, there must be a minimum level of Canadian resident ownership in individual uranium mining projects of 51%.

This posed an obvious limitation to the Michelin Project. Given the Company's global mining experience and reputation, it has always considered itself as an owner/operator of its uranium projects. The granting of an exemption from NROP allowing Paladin to proceed eventually to production at the Michelin Project will permit Paladin to introduce a suitable minority joint venture partner at the appropriate time should this be desired.

QUEENSLAND

In early 2015, the Queensland Government reinstated the previous ban on uranium mining. This decision has caused Paladin to slow the development of its uranium holdings in the Mount Isa region of northwest Queensland.

Paladin has an 82.08% majority shareholding in Summit Resources Limited (Summit) acquired in 2007. Summit's wholly-owned subsidiary, Summit Resources (Aust) Pty Ltd (SRA), operates the Isa Uranium Joint Venture (IUJV) and the Mount Isa North Project (MINP). Additionally, the company wholly owns the Valhalla North Project (VNP) immediately to the north of the MINP area.

The three projects include 10 deposits containing 106.2Mlb U_3O_8 Measured and Indicated Mineral Resources as well as 42.2Mlb U_3O_8 Inferred Mineral Resources. The bulk of the mineralisation is concentrated in the Valhalla deposit. Of this, 95.8Mlb U_3O_8 Measured and Indicated Mineral Resources as well as 37.4Mlb U_3O_8 Inferred Mineral Resources are attributable to Paladin. 51.4% of the Mineral Resources are located at Valhalla; the rest is distributed over the Bikini, Skal, Odin, Andersons, Mirrioola, Watta, Warwai, Duke Batman and Honeypot deposits. The table below lists JORC(2004) and NI 43-101 compliant Mineral Resources by deposit, on a 100% project basis.

Deposit		**Measured & Indicated Mineral Resources**			**Inferred Mineral Resources**			**Paladin Attribution**
	Cut-off ppm U_3O_8	**Mt**	**Grade ppm**	**t U_3O_8**	**Mt**	**Grade ppm**	**t U_3O_8**	
Valhalla*	230	34.7	830	28,778	9.1	645	5,824	91.0%
Skal*	250	14.3	640	9,177	1.4	520	708	91.0%
Odin*	250	8.2	555	4,534	5.8	590	3,430	91.0%
Bikini*	250	5.8	497	2,868	6.7	495	3,324	82.0%
Andersons*	250	1.4	1,449	2,079	0.1	1,640	204	82.0%
Watta	250				5.6	405	2,260	82.0%
Warwai	250				0.4	365	134	82.0%
Mirrioola	250				2.0	555	1,132	82.0%
Duke Batman*	250	0.5	1,370	728	0.3	1,100	325	100%
Honey Pot	250				2.6	700	1,799	100%
Total		**64.9**	**742**	**48,164**	**34.0**	**565**	**19,140**	
Total Resource Attributable to Paladin		**58.5**	**743**	**43,470 (95.8Mlb)**	**29.8**	**570**	**16,983 (37.4Mlb)**	

(Figures may not add due to rounding).

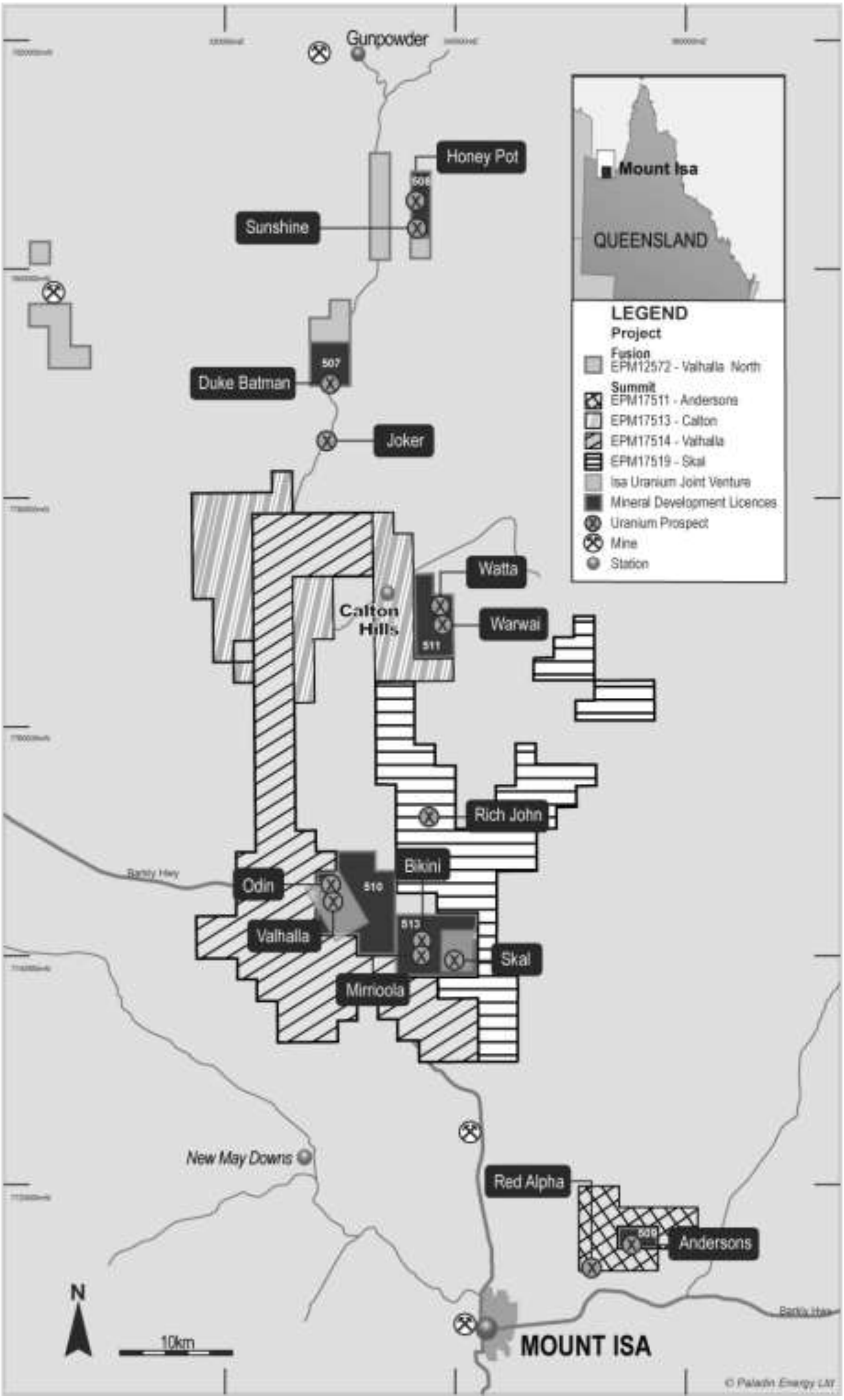
** Deposits estimated using Multiple Indicator Kriging within a wireframe envelope. All other Mineral Resources are estimated using Ordinary Kriging with an appropriate top cut. Data for all deposits is a combination of geochemical assay and downhole radiometric logging.*

Metallurgical test work on all the deposits completed previously has, to a large extent, validated the previous assumptions. The mineralisation from all of the deposits can be radiometrically sorted to a greater or lesser extent with no appreciable increase in deleterious gangue materials. Other forms of mineral sorting may be trialled in the future to improve the sorting efficiency of some of the deposits.

MANAGEMENT DISCUSSION AND ANALYSIS
REVIEW OF OPERATIONS (continued)

Follow on alkaline leach test work also indicates that the material from all of the deposits can be leached using this methodology, though with variable levels of uranium recovery broadly in line with the work previously undertaken. Work in the future will be focussed on optimising the potential flow sheet, improving recoveries in both the sorting and leach steps and analysing reagent consumption in order to better define the economics of all of the projects.

The exploration is managed through separate projects, the locations are shown in the following map and details are as follows:



MANAGEMENT DISCUSSION AND ANALYSIS
REVIEW OF OPERATIONS (continued)

ISA URANIUM JOINT VENTURE (IUJV)
Summit Resources (Aust) Pty Ltd (SRA) 50% and Manager
Mount Isa Uranium Pty Ltd (MIU) 50%

The IUJV covers ground containing the Valhalla, Odin and Skal uranium deposits 40km north of Mount Isa. Mineral Resource estimates are included in the table on the previous page.

Participants in the joint operation are SRA and Mount Isa Uranium Pty Ltd (MIU), each holding a 50% interest, with SRA as manager. MIU is a wholly-owned subsidiary of Valhalla Uranium Pty Ltd (VUL), a formerly public company and now a wholly-owned subsidiary of Paladin. Paladin's effective participating interest in the IUJV is 91.04% through its ownership of 82.08% of the issued capital of Summit.

Ground subject to the IUJV covers 17.24km^2 at Valhalla and 10km^2 at Skal. These two areas lie within a larger holding of contiguous tenements of 934km^2 held 100% and managed by SRA and Paladin as outlined in the map above. Valhalla is now covered by MDL510 and Skal by MDL517 which also includes the Bikini and Mirrioola Deposits.

MOUNT ISA NORTH PROJECT (MINP)

The MINP is located 10 to 70km north and east of Mount Isa and contains numerous uranium prospects. The area is 100% held and managed by SRA utilising Paladin staff and expertise. Exploration continues on MINP where Summit holds 934km^2 of granted tenements that are prospective for uranium, copper and base metals. In early 2015 the Queensland Government extended the licences for a further three years to 2018. The tenements are centred on the city of Mount Isa. The project includes the Bikini, Mirrioola, Watta, Warwai and Andersons uranium deposits which are covered by MDL's 509, 511 and 513 respectively, as well as numerous other uranium prospects. Mineral Resource estimates are shown in the table on page 16. Planning for a 2,500m drilling programme to be completed on the Round Hill and Elbow prospects, in order to meet tenement expenditure commitments, was completed during the year and the drilling will be undertaken late in the December 2017 quarter. At the same time the drilling is in progress a low level helicopter magnetic and radiometric survey will be completed in the region to the south west of Valhalla.

VALHALLA NORTH PROJECT (VNP)

The VNP is located on EPM 12572 and MDL's 507 and 508 totalling 70km^2, situated approximately 80km north of the Valhalla deposit. The geological setting is similar to the Summit/Paladin projects to the south where albitised basalts with interbedded metasediments are mineralised along east-west and north-south structures in Eastern Creek Volcanics. The project includes the Duke Batman and Honey Pot deposits (covered by MDL's 507 and 508 respectively) and Mineral Resource estimates for these deposits are listed in the table on page 16.

QUEENSLAND URANIUM POLITICS

The expectation in Queensland is that a conservative government will strongly support uranium mining while a Labor government (under current policy) will not permit it. After the Labor government was elected in March 2015 it indicated that it would continue to allow exploration for uranium but would not permit mining, this situation is expected to remain until such time as there is a change in government.

MANAGEMENT DISCUSSION AND ANALYSIS
REVIEW OF OPERATIONS (continued)

WESTERN AUSTRALIA

MANYINGEE URANIUM PROJECT (Manyingee)

Manyingee is located in the north-west of Western Australia, 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. Paladin purchased Manyingee in 1998 from Afmeco Mining and Exploration Pty Ltd (AFMEX), a subsidiary of Cogema from France.

Between 1973 and 1984, approximately 400 holes were drilled by the previous owners to establish the extent and continuity of the sediment-hosted uranium mineralisation contained in permeable sandstone in paleochannels. Field trials by AFMEX demonstrated that the Manyingee sandstone-hosted uranium deposit is amenable to extraction by in-situ recovery (ISR).

In 2012, Paladin drilled 96 holes for 9,026m of Rotary Mud and 242m of PQ core. The drilling resulted in a new geological model and, on 14 January 2014, Paladin announced an updated Mineral Resource for the Manyingee Project. The Mineral Resource estimate conforms to the JORC(2012) Code.

Mineral Resource Estimate (250ppm U_3O_8 and 0.2m cut-off)

Mineral Resource Category	Tonnes M	Grade ppm U_3O_8	Metal t U_3O_8	Metal Mlb U_3O_8
Indicated	8.37	850	7,127	15.71
Inferred	5.41	850	4,613	10.17

Figures may not add due to rounding.

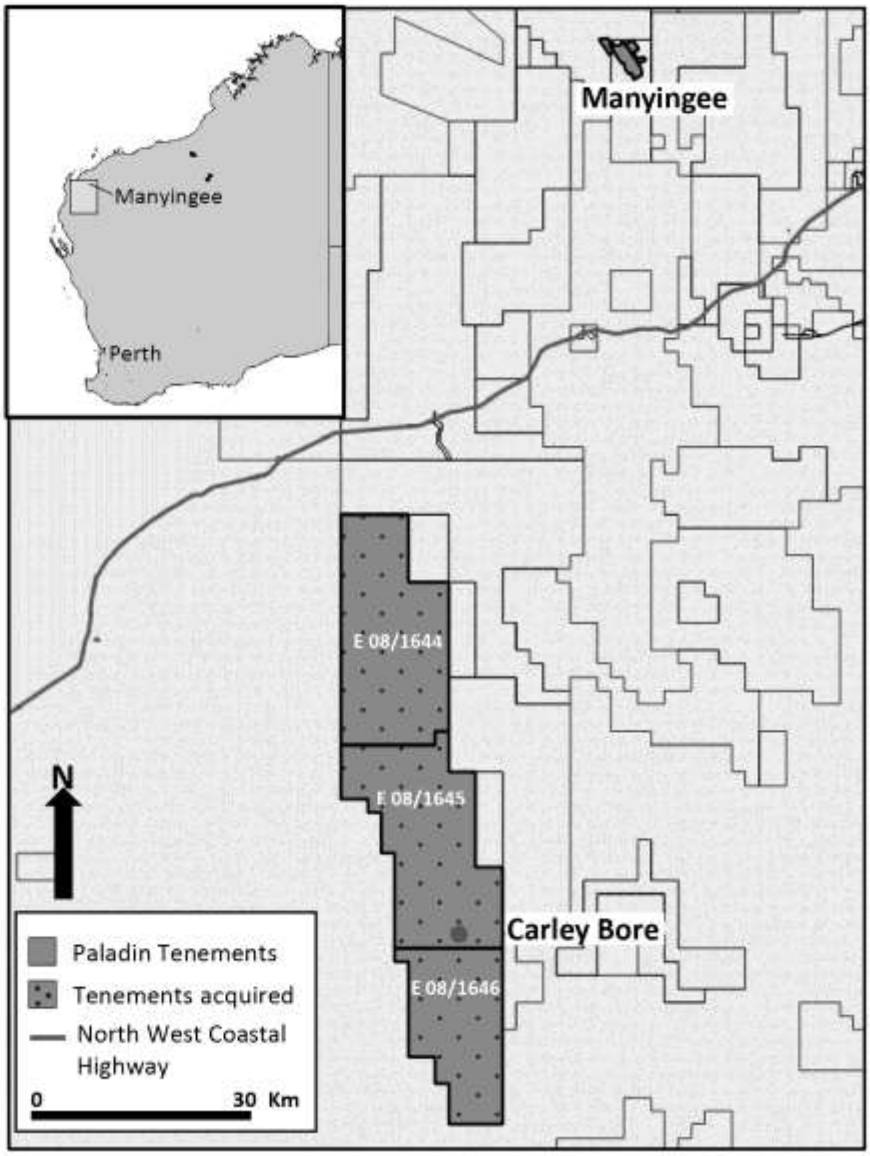
The geology of the deposit is well understood, having been subject to extensive exploration over a number of years with the stratigraphic sequence being defined by the comprehensive dataset of downhole electric logs. A total of 35 water bores, in place since 2012, are used for ongoing monitoring of physical and chemical properties of the aquifer containing the uranium mineralisation. Paladin believes that the Mineral Resources on the mining leases can be increased and that commencement of production at the project can be achieved within a 4-5 year time frame.

On the 21 July 2016 the company announced that it had signed a binding terms sheet with MGT Resources Limited (MGT) for it to acquire up to 75% of the Manyingee project in a two stage process. Unfortunately MGT were not able to complete the transaction and the acquisition has now lapsed. The company has engaged with WWC Engineering (WWC), an ISR specialist group in Wyoming USA, to advance the existing scoping studies on the Manyingee project using all the available data. It is expected that, when funds allow, additional test work will be conducted which it is hope will enable progress towards a pre-feasibility study on the project. The company believes that, particularly given the previous work completed on the project and the preliminary work by WWC, a full scale field leach trial (FLT) is probably not warranted and as such the company has halted work on the FLT application.

CARLEY BORE

The company completed the purchase of the Carley Bore project from Energia Minerals Limited (EMX) early in FY2016. Consisting of three contiguous exploration licences, this new project area is located 100km south of Paladin's Manyingee Uranium Project (Manyingee) as shown in the location map. The Carley Bore deposit, as estimated by EMX, contains an Indicated Mineral Resource of 5.0Mlb U_3O_8 grading 420ppm and an Inferred Mineral Resource of 10.6Mlb U_3O_8 grading 280ppm (JORC (2012)) at a cut-off grade of 150ppm U_3O_8.

MANAGEMENT DISCUSSION AND ANALYSIS
REVIEW OF OPERATIONS (continued)



Carley Bore and Manyingee Tenement Package Location

This acquisition has increased the Company's JORC (2012) Indicated Mineral Resources within the area by more than 30% to 20.7Mlb U_3O_8 at a grade of 680ppm, and the Inferred Mineral Resources by more than 100% to 20.9Mlb at a grade of 415ppm. Carley Bore remains open to the north and south and Paladin believes there is excellent potential within this land package to increase this resource base by at least a further 15Mlb to 25Mlb.

Mineral Resource Estimate (150ppm U_3O_8 cut-off)

Mineral Resource Category	Tonnes M	Grade ppm U_3O_8	Metal t U_3O_8	Metal Mlb U_3O_8
Indicated	5.4	420	2,268	5.00
Inferred	17.4	280	4,825	10.64

The large tenement package contains geology similar to that which hosts the Carley Bore and Manyingee deposits as well as numerous identified regional drill anomalies which offer additional targets warranting follow-up investigation. The established resource inventory and potential upside of the combined tenement portfolio will ensure that a single ISR facility in the region is able to operate with a long processing life.

MANAGEMENT DISCUSSION AND ANALYSIS
REVIEW OF OPERATIONS (continued)

The potential to develop a significant mining operation with a long mine life extending well beyond 20 years within a new uranium district is compelling. In-house studies indicate the acquisition of Carley Bore will be value accretive independent of the significant resource upside Paladin considers exploration may deliver.

Exploration drilling was completed in November 2016 with 64 holes drilled for 4,982.5m and confirmed the tenor of the exiting EMX resource drilling at Carley bore. As all of the drill holes in this programme were logged with both down hole radiometric and prompt fission neutron tools a more reasonable estimation of the local disequilibrium within the deposit and be estimated. A number of exploration holes were drilled on E 08/1644 in order to locate the projected redox front on the most northerly portion of the project area. Information from this drilling will be used to plan a more detailed exploration programme expected to be undertaken in the latter half of CY2018.

Oobagooma uranium project (Oobagooma), Bigrlyi Joint Venture (BJV) and Angela – Pamela Project (Angela)

On 14 December 2016 the company announced the sale of non-core assets in the form of Oobagooma, Angela and its share of the BJV to Uranium Africa Limited. The sale also included a number of historical applications for tenements located in the Northern Territory.

MINERAL RESOURCE AND ORE RESERVE SUMMARY

The following tables detail the Company's Mineral Resources and Ore Reserves and the changes that have occurred within FY2017. The only changes to Mineral Resource and Ore Reserve information were due to a combination of Mineral Resource update in incorporate additional drilling, depletion for mining to 30 June 2017 at Langer Heinrich as well as minor reductions due to the establishment of in-pit tailings facilities which have sterilised some mined-out areas within the resource/reserve, the surrender of tenements in Niger and the addition of a number of small deposits in the Joint Venture with Energy Metals. There were no other material changes to the Company's Mineral Resources and Ore Reserves.

MANAGEMENT DISCUSSION AND ANALYSIS
REVIEW OF OPERATIONS (continued)

Mineral Resources		30 June 2016 M tonnes	30 June 2016 grade % U_3O_8	30 June 2016 Metal t	30 June 2017 M tonnes	30 June 2017 grade % U_3O_8	30 June 2017 Metal t	Change M tonnes	Change Metal t
Canada									
Measured	Jacques Lake	0.86	0.087	747	-	-	-	-0.86	-747
	Michelin	15.57	0.099	15,458	17.62	0.097	17,045	+2.05	+1,587
	Rainbow	0.21	0.092	193	0.21	0.092	193	-	-
Indicated	Gear	0.35	0.077	270	0.35	0.077	270	-	-
	Inda	1.2	0.069	826	1.2	0.069	826	-	-
	Jacques Lake	6.04	0.072	4,327	12.96	0.063	8,145	+6.92	+3,818
	Michelin	21.93	0.104	22,701	20.65	0.098	20,225	-1.28	-2,476
	Nash	0.68	0.083	564	0.68	0.083	564	-	-
	Rainbow	0.76	0.086	655	0.76	0.086	655	-	-
Inferred	Gear	0.3	0.093	279	0.3	0.093	279	-	-
	Inda	3.26	0.067	2,171	3.26	0.067	2,171	-	-
	Jacques Lake	8.1	0.051	4,103	3.61	0.055	1,988	-4.49	-2,115
	Michelin	8.81	0.118	10,378	4.54	0.099	4,470	-4.27	-5,908
	Nash	0.51	0.072	367	0.51	0.072	367	-	-
	Rainbow	0.91	0.082	739	0.91	0.082	739	-	-
Malawi									
Measured	Kayelekera	0.74	0.101	753	0.74	0.101	753	-	-
Indicated		12.71	0.070	8,901	12.71	0.070	8,901	-	-
Inferred		5.35	0.062	3,334	5.35	0.062	3,334	-	-
Stockpiles		1.59	0.076	1,199	1.59	0.076	1,199	-	-
Namibia									
Measured	Langer Heinrich	64.34	0.052	33,216	60.71	0.051	31,169	-3.63	-2,047
Indicated		21.48	0.046	9,845	21.48	0.046	9,854	-	+9
Inferred		8.70	0.047	4,069	8.70	0.047	4,073	-	+4
Stockpiles		33.85	0.039	13,237	33.90	0.038	12,915	+0.05	-322
Australia									
Measured	Valhalla	16.02	0.082	13,116	16.02	0.082	13,116	-	-
Indicated	Bigrlyi	4.7	0.136	6,400	-	-	-	-4.7	-6,400
	Andersons	1.4	0.145	2,079	1.4	0.145	2,079	-	-
	Bikini	5.77	0.050	2,868	5.77	0.050	2,868	-	-
	Duke Batman	0.53	0.137	728	0.53	0.137	728	-	-
	Odin	8.2	0.055	4,534	8.2	0.055	4,534	-	-
	Skal	14.3	0.064	9,177	14.3	0.064	9,177	-	-
	Valhalla	18.64	0.084	15,662	18.64	0.084	15,662	-	-
	Carley Bore	5.4	0.042	2,268	5.4	0.042	2,268	-	-
	Manyingee	8.37	0.085	7,127	8.37	0.085	7,127	-	-
Inferred	Angela	10.7	0.131	13,980	-	-	-	-10.7	-13,980
	Bigrlyi	2.8	0.114	3,200	-	-	-	-2.8	-3,200
	Andersons	0.1	0.164	204	0.1	0.164	204	-	-
	Bikini	6.7	0.049	3,324	6.7	0.049	3,324	-	-
	Hill One	0.01	0.021	2	-	-	-	-0.01	-2
	Karins	1.2	0.056	691	-	-	-	-1.2	-691
	Sundberg	0.26	0.028	72	-	-	-	-0.26	-72
	Walbiri	5.1	0.064	3,226	-	-	-	-5.1	-3,226
	Duke Batman	0.29	0.110	325	0.29	0.110	325	-	-
	Honey Pot	2.56	0.070	1,799	2.56	0.070	1,799	-	-
	Mirrioola	2	0.056	1,132	2	0.056	1,132	-	-
	Odin	5.8	0.059	3,430	5.8	0.059	3,430	-	-
	Skal	1.4	0.052	708	1.4	0.052	708	-	-
	Valhalla	9.1	0.064	5,824	9.1	0.064	5,824	-	-
	Watta	5.6	0.040	2,260	5.6	0.040	2,260	-	-
	Warwai	0.4	0.036	134	0.4	0.036	134	-	-
	Carley Bore	17.4	0.028	4,825	17.4	0.028	4,825	-	-
	Manyingee	5.41	0.085	4,613	5.41	0.085	4,613	-	-

MANAGEMENT DISCUSSION AND ANALYSIS
REVIEW OF OPERATIONS (continued)

Ore Reserves		30 June 2016 M tonnes	grade % U_3O_8	Metal t	30 June 2017 M tonnes	grade % U_3O_8	Metal t	Change M tonnes	Metal t
Malawi	Kayelekera								
Proven		0.39	0.117	457	0.39	0.117	457	-	-
Probable		5.34	0.088	4,709	5.34	0.088	4,709	-	-
Stockpiles		1.59	0.076	1,199	1.59	0.076	1,199	-	-
Namibia	Langer Heinrich								
Proven		44.90	0.053	23,725	41.97	0.052	21,997	-2.93	-1,728
Probable		13.14	0.049	6,361	13.14	0.048	6,366	-	+5
Stockpiles		33.85	0.039	13,237	33.90	0.038	12,915	+0.05	-322

Mineral Resources and Ore Reserves quoted on a 100% basis.

All of the Company's Mineral Resources and Ore Reserves are internally peer reviewed at the time of estimation and are subject to ongoing review, as and when required. Should any Mineral Resources or Ore Reserves be utilised within a Bankable or Definitive Feasibility Study, it is expected that an audit by independent experts would be conducted. For both mine sites, ongoing reconciliations between Mineral Resource, Ore Reserve, Mining Production and Mill Feed tonnes and grade are completed on a regular basis and, to date, there have been no material differences identified in any of these processes.

The information above relating to exploration, mineral resources and ore reserves is, except where stated, based on information compiled by David Princep B.Sc P.Geo FAusIMM(CP) who is a member of the AusIMM. Mr Princep has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity that he/she is undertaking to qualify as Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Princep consents to the inclusion of this information in the form and context in which it appears.

URANIUM DATABASE

Paladin owns a substantial uranium database, compiled over 30 years, of investigations by the international uranium mining house Uranerzbergbau in Germany, incorporating all aspects of the uranium mining and exploration industry worldwide and including detailed exploration data for Africa and Australia.

Since acquiring this substantial uranium database, which consists of extensive collections of technical, geological, metallurgical, geophysical and geochemical resources, including resource evaluations, drill hole data, downhole logging data, airborne radiometric survey results, open-file data, and photographic archives, the Company has maintained and expanded this valuable library of data.

The data continues to be utilised by the Company as an asset for project generation to evaluate opportunities and generate new uranium prospects and projects for acquisition and exploration.

DEEP YELLOW LIMITED (DYL)

On the 14th December the company announced the sale of its stake in Deep Yellow Limited (DYL), an ASX-listed, Namibian-focussed advanced stage uranium exploration company. This resulted in a gain of US$1,667,000.

MANAGEMENT DISCUSSION AND ANALYSIS
HEALTH & SAFETY

HEALTH AND SAFETY

Paladin is “committed to provide and maintain a safe and healthy work environment with the aim of ‘Zero Harm’ from occupational injuries and illnesses in the work place”. The Company also “considers excellence in radiation management essential to our business success and is fully committed to achieving minimum radiation exposure to its workers, members of the public and the surrounding natural environment and minimising the potential impact by the safe management of radioactive waste at its uranium mining and processing operations” as stated in its Occupational Health and Safety Policy and Radiation Policy respectively.

Paladin’s safety and health performance of its operations is measured through the external internationally recognised National Occupational Safety Association (NOSA) Five Star System ensuring transparency and complementing its own internal audit processes. During the year, Paladin undertook one external NOSA grading audit at the LHM retaining a 4 Star Platinum grade rating.

In addition, the Company’s annual Lost Time Injury Frequency Rate (LTIFR) remained at 1.8 (2016:1.8). For FY2017, there were four Lost Time Injuries (LTIs) compared to five LTIs for the previous year.

Operational Area	**Langer Heinrich Mine**			**Kayelekera Mine**		
	Employees	Mine Contractors	Other Contractors	Employees	Mine Contractors	Other Contractors
Hours Worked	763,521	709,402	173,332	434,025	0	71,082
Lost Time Injuries	**2**	**1**	**0**	**0**	**0**	**0**
Fatalities	0	0	0	0	0	0
LTIFR	**2.6**	**1.4**	**0**	**0**	**0**	**0**
	Langer Heinrich Mine Total LTIFR = 1.8 Duration Rate=20.6			**Kayelekera Mine Total LTIFR = 0.0 Duration Rate =0.0**		

Operational Area	**Perth**	**Exploration**		**Group**	
	Corporate Office	Employees	Contractors	Paladin Employees	All Contractors
Hours Worked	19,360	16,400	4,187	1,233,306	958,003
Lost Time Injuries	**0**	**0**	**1**	**2**	**2**
Fatalities	0	0	0	0	0
LTIFR	**0**	**0**	**238.8**	**1.6**	**2.1**
	Perth LTIFR = 0.0 Duration Rate=0.0	**Exploration LTIFR = 48.6 Duration Rate=8.0**		**Paladin Group + All Contractors LTIFR = 1.8 Duration Rate =17.5**	

FY2017 Company Safety Statistics

Lost Time Injury (LTI):	Work injury that results in an absence from work for at least one full day or shift, any time after the day or shift on which the injury occurred.
Lost Time Injury Frequency Rate (LTIFR):	Number of lost time injuries inclusive of fatalities per million hours worked.
Duration Rate:	Average number of workdays lost per injury.

MANAGEMENT DISCUSSION AND ANALYSIS
HEALTH & SAFETY (continued)

Langer Heinrich Mine

During this reporting period LHM reported three LTIs of which two were LHM employees and one was a contractor. The site's annual LTIFR decreased from 2.3 to 1.8 with the decrease being attributed to a continued focus on safety, health, environment and radiation management.

The annual NOSA grading audit was conducted and the official report was received during July 2017. LHU mine maintained a 4 star rating with an effort score improving from an 84.4% rating in May 2016 to an effort score of 87.5% during the audit conducted in June 2017.

LHM has continued to focus on training, further up-skilling and broadening the employees and contractors safety and health knowledge base to ensure a safer work environment. The focus also included improving the permit to work and isolation systems.

The 2016 Annual Radiation Report[1] was compiled and delivered to the Namibian Radiation Protection Authority (NRPA). Radiation doses reported (excluding natural background) showed:

- The mean dose to individual Designated Workers was 1.6 mSv, compared with 1.3 mSv in 2015;
- The dose to the Non-Designated Worker Group was 1.6 mSv (compared to 1.2 mSv in 2015);
- The dose to a hypothetical group living on the site boundary (Remote Gate) for the entire 2016 year would have been 2.3 mSv (including natural background). This is less than the mean world member of the public dose as reported by the United Nations Scientific Committee on the Effects of Atomic Radiation (UNSCEAR) of 2.4 mSv.

Kayelekera Mine

KM continues to operate under care and maintenance. The site did not report any LTIs during the reporting period. The site's annual LTIFR remained 0 from the previous 0 in 2016. KM has achieved 1091 LTI free days with 1,862,918 man hours worked at 30 June 2017. This outcome is the result of the continued focus on high risk tasks and an emphasis on risk management of these tasks. The continued in-house training of employees concentrating on behaviour based safety as well as employees being actively encouraged to report all potential safety issues and incidents has led to a reduction in workplace injuries.

Internal NOSA based health, safety and environment audits were conducted for the period July 2016 to June 2017. These audits are aimed at identifying and addressing problems in preparation for the next external NOSA audit planned for June 2018.

KM continues using the "Take 5" risk assessment system which was implemented in the previous reporting period. The Take 5 system is a straightforward tool used to identify and control hazards before employees start a task. All site personnel receive ongoing training on the use of this system.

The 2016 Annual Dose Report was compiled and delivered to all employees and contractors at KM. The mean radiation dose for workers for 2016 remained 0.3 mSv equivalent to the one reported in 2015. This lower mean dose for workers can be attributed to the cessation of production with workers no longer handling any radioactive material in form of uranium ore and final product. Therefore there are no employees or contractors classified as Radiation Workers in the 2016 results. These workers are now grouped into one similar exposure group.

The long lived radioactive dust concentrations and radon decay product concentrations are monitored around the site to provide an indication of ambient conditions and also to provide baseline data for when production resumes.

[1] Calendar Year (1 January 2017 to 31 December 2017)

Exploration

Paladin's exploration activities included an exploration and resource confirmation drilling programme at Carley Bore in Australia, a soil sampling in Canada and limited ground surveys in Malawi. One LTI was recorded (muscle injury in Canada) for the year with the exploration group LTIFR rate adjusted to 48.6.

MANAGEMENT DISCUSSION AND ANALYSIS
FINANCIAL REVIEW

Operational Overview

The Group has two uranium mines in Africa[2], uranium exploration projects in Australia, Africa and Canada, and a strategy to become a major uranium mining house. The Company is incorporated under the laws of Western Australia with a primary share market listing on the Australian Securities Exchange ("ASX"); as well as the Munich, Berlin, Stuttgart and Frankfurt Stock Exchanges in Europe; and the Namibian Stock Exchange in Africa. The securities of Paladin have been suspended from official quotation, at the request of the Company, since 13 June 2017.

LHM

LHM commenced production in 2007 with a capacity of 2.7Mlb U_3O_8 pa. After operating at this level for a sustained period of time, construction of the Stage 2 expansion to 3.7Mlb U_3O_8 pa commenced in CY2008. LHM reached the Stage 2 design capacity in December 2009. The plant consistently operated at the 3.7Mlb U_3O_8 pa rate from the beginning of CY2010. Construction of the Stage 3 expansion to 5.2Mlb U_3O_8 commenced at the beginning of CY2010 and was completed on 31 March 2012. Commercial production was declared from 1 April 2012. The plant achieved Stage 3 design performance in FY2013.

In FY2014, the focus turned to process innovation and production optimisation. The plant achieved record annual production totalling 5.822Mlb[3] U_3O_8 for FY2014, 6% higher than FY2013. In FY2015 the production optimisation strategy continued and focused on the better utilisation of existing equipment, operator and supervision training and the further integration of process control. Production was 5.037Mlb U_3O_8. Process innovation was focused on the Bicarbonate Recovery Plant (BRP). The BRP was commissioned in early March 2015. In FY2016, annual production was 4.763Mlb U_3O_8. Production was affected by a decrease in throughput caused by reduced availability associated with planned annual maintenance and equipment reconfiguration (e.g. scrubber relining and reconfiguration of BRP). Overall recovery was also lower, caused principally by an atypical ore type which was unexpected, but fed for the whole quarter due to mine scheduling constraints. In the June quarter, U_3O_8 production was impacted by a decrease in ore milled that was associated with a lack of recycled water from the tailings system and unplanned mechanical plant breakdowns. Several new recovery bores were drilled and the recycle water system returned to normal operations by the end of July 2016.

An external review of LHM's processing operations was undertaken by a third-party consultant during FY2016, resulting in a number of action items. Such items included a heavy focus on initiatives to increase plant operating uptime, were mainly rolled out in FY2016 with the remainder due to be rolled out in FY2017. However, due to the distressed uranium economic climate, and to preserve much needed cash resources to maintain sustainability at the operations, these projects have been deferred until the uranium climate improves and the operation has the funds to undertake these capital projects

Following the continued decline in the spot price uranium market, the mine introduced a mining curtailment strategy in November 2016. The mine, in order to reduce operating costs, suspended all mining activities and commenced with the processing of its medium grade stockpiles.

In FY2017, LHM produced 4.149Mlb, down 13% from FY2016. This reduced production was directly attributable to the suspension of mining which saw throughput grade reduced to 610 ppm for the year, down 13% from FY2016. Plant throughput decreased by 1% from 3.57Mt in FY2016 to 3.52Mt for FY2017 whilst recoveries through the plant increased by 1% from 86.3% to 87.7% assisted by the successful commissioning of Flash Splash 2.

The BRP technology can now be considered established with the BRP continuing to perform to design on a regular basis. With the expectation that uranium prices will continue to remain depressed during FY2018, the focus on cost reduction and efficiency gains remains at the forefront of the mines agenda in order to remain sustainable.

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

[3] Langer Heinrich Mine production volumes were restated and include an adjustment to in-circuit inventory.

MANAGEMENT DISCUSSION AND ANALYSIS
FINANCIAL REVIEW (continued)

KM

Construction of KM, with a 3.3Mlb U_3O_8 design capacity, commenced in 2007 and, after a two-year construction phase, the mine entered its production ramp-up phase in CY2009. KM continued to ramp-up its production volumes through to July 2010. Commercial production was declared from 1 July 2010. KM made its first delivery of uranium to customers in December 2009. During FY2012, the operation made substantial positive steps toward the design of 3.3Mlb U_3O_8 pa through a programme of plant upgrades aimed at addressing bottlenecks. The plant achieved record annual production totalling 2.963Mlb U_3O_8 for FY2013, 20% higher than FY2012. The focus at KM turned to production optimisation with the acid recycling (nano-technology) project representing a key element. The acid recovery plant was operational up to the cessation of ore processing and continued to improve beyond its design criteria.

On 7 February 2014, the Company announced that it was suspending production at KM and placing the mine on care and maintenance due to the low uranium price and non-profitability of the operation. The plant operated until all reagents in the supply chain were consumed to the maximum extent possible and the plant ceased production on 6 May 2014. After a transition period, during which the site was made safe, the plant cleaned and all remaining product dispatched to customers, the care and maintenance period commenced on 26 May 2014. During care and maintenance the project will be maintained with an adequate component of staffing to keep the project in good working order and to preserve the critical aspects of Intellectual Property and operational knowhow.

In FY2017 activities once again focused on the water treatment programme. The license to treat and release water was renewed by the Government of Malawi in December 2016 for the 2017 wet season, with the government maintaining the prior strict conditions regulating critical water quality parameters, including the World Health Organization drinking water guideline for uranium content. Controlled treated water release was not required for the 2017 wet season due to low rainfall. Comprehensive monitoring of samples was undertaken upstream and downstream from KM. At 30 June 2017 water inventories had reduced in the two major storage ponds and the dams were on track to reach their pre-wet season targets, well below the levels for the same period last year. A new application to treat and discharge water for the 2017/18 was submitted in June in preparation for the expiry of the current license on the 9th of December 2017.

NON-IFRS MEASURES

C1 Cost of Production

C1 cost of production = cost of production excluding product distribution costs, sales royalties and depreciation and amortisation before adjustment for impairment. C1 cost, which is a non-IFRS measure, is a widely used 'industry standard' term. We use this measure as a meaningful way to compare our performance from period to period. We believe that, in addition to conventional measures prepared in accordance with IFRS, certain investors use this information to evaluate our performance. C1 cost information (unaudited) has been extracted from the financial statements. For an analysis of total cost of sales refer to Note 12 to the financial statements. Refer to page 31 for reconciliation.

Underlying EBITDA

The Company's Earnings Before Interest, Tax, Depreciation and Amortisation (Underlying EBITDA) represents profit before finance costs, taxation, depreciation and amortisation, impairments, foreign exchange gains/losses, restructure costs and other income. As the mining industry is a capital-intensive industry, capital expenditures, the level of gearing and finance costs may have a significant impact on the net profit of companies with similar operating results. Therefore, the Company believes underlying EBITDA may be helpful in analysing the operating results of a mining company like itself. Although underlying EBITDA is widely used in the mining industry as a benchmark to reflect operating performance, financing capability and liquidity, it is not regarded as a measure of operating performance and liquidity under IFRS. Refer to page 30 for reconciliation.

Underlying All-In Cash Expenditure per Pound

Underlying All-In Cash Expenditure = total cash cost of production plus non-production costs, capital expenditure, KM care & maintenance expenses, corporate costs, exploration costs and debt servicing costs and mandatory repayments, excluding one-off restructuring costs and non-recurring costs. Underlying All-In Cash Expenditure, which is a non-IFRS measure, is widely used in the mining industry

MANAGEMENT DISCUSSION AND ANALYSIS
FINANCIAL REVIEW (continued)

as a benchmark to reflect operating performance. We use this measure as a meaningful way to compare our performance from period to period as it provides a more comprehensive view of costs than the cash cost approach. Refer to page 31 for reconciliation.

FINANCIAL RESULTS

		YEAR ENDED 30 JUNE	
	% Change	**2017**	**2016**
Production volume (Mlb)	(13)%	4.149	4.763
Sales volume (Mlb)	(18)%	4.023	4.899
Realised sales price (US$/lb)	(37)%	23.82/lb	37.75/lb
		US$'000	**US$'000**
Revenue	(48)%	96,048	185,442
Cost of Sales	39%	(92,765)	(152,483)
Inventory write-down	(98)%	(38,046)	(19,193)
Gross (loss)/profit	**(353)%**	**(34,763)**	**13,766**
Impairments	(40)%	(243,900)	(173,959)
Loss after tax attributable to members of the parent	**(275)%**	**(457,785)**	**(121,981)**
Other comprehensive loss for the period, net of tax		(1,627)	(11,477)
Total comprehensive loss attributable to the members of the parent	**(244)%**	**(459,412)**	**(133,458)**
Loss per share - basic & diluted (US cents)	(276)%	(26.7)	(7.1)

References below to 2017 and 2016 are to the equivalent year ended 30 June 2017 and 2016 respectively.

Revenue in 2017 decreased by 48%, due to a 37% decrease in realised sales price and an 18% decrease in sales volume.

Gross Loss in 2017 of US$34,763,000 is a deterioration from the gross profit in 2016 of US$13,766,000 due to a 37% decrease in realised sales price, an 18% decrease in sales volume, and a write-down of inventory of US$38,046,000 (2016: US$19,193,000), which was partially offset by a 39% decrease in cost of sales. Inventory write down comprises a US$20,933,000 write-down of LHM ore stockpiles, US$8,709,000 write-down of LHM product-in-circuit and a US$8,404,000 write-down of finished goods due to low uranium prices.

Impairments of US$243,900,000 were recognised in 2017 (2016: US$173,959,000), comprising of a US$243,831,000 impairment of exploration assets, a US$48,000 impairment of property held for sale and a US$21,000 obsolescence write down of stores and consumables at KM. An independent expert valuation was used to determine the impairment of exploration assets. Additionally in 2016 there was a US$168,906,000 write-down of LHM ore stockpiles, US$326,000 impairment of the aircraft, US$1,484,000 relating to the impairment of the investment in Deep Yellow Limited, US$2,430,000 relating to an obsolescence write down of stores and consumables at KM and US$813,000 relating to the impairment of Summit's office building in Mount Isa.

Loss after Tax Attributable to the Members of the Parent for 2017 of US$457,785,000 is higher than the loss of US$121,981,000 in 2016, and is predominantly due to the US$243,831,000 impairment of exploration assets, a US$38,046,000 write-down of inventory, an income tax expense of US$37,372,000 (2016: income tax benefit US$83,397,000), and an increase in finance costs. Following Électricité de France's (EdF) demand for repayment, the Group has accreted the debt to the future value of the contracted floor price that has been prepaid, resulting in a US$78,182,000 expense

MANAGEMENT DISCUSSION AND ANALYSIS
FINANCIAL REVIEW (continued)

recognised in the Income Statement. Additionally there was an acceleration of the non-cash accretion relating to the 2020 Convertible Bonds, which has been partially offset by a US$2,741,000 decrease in administration, marketing and non-production costs.

Segment Information
The Namibian segment loss increased by US$15,436,000, as a result of a 37% decrease in realised sales price, an 18% decrease in sales volume, and an income tax expense of US$36,305,000 (2016: income tax benefit US$84,155,000), which was partially offset by a 39% decrease in cost of sales and a US$150,053,000 lower write-down of inventory, from US$188,099,000 in 2016 to US$38,046,000 in 2017. The Malawian segment loss decreased by US$6,523,000 as a result of lower care and maintenance costs. The exploration activities loss has increased by US$243,644,000 as a result of the US$243,831,000 impairment of exploration assets and a US$48,000 impairment of property held for sale. In the Unallocated portion, the Group reflected the remaining Income Statement activities, which for 2017 comprise mainly marketing, corporate, finance and administration costs. The loss (costs) in this area has increased by US$87,224,000. This is predominantly due to an increase in finance costs. Following EdF's demand for repayment, the Group has accreted the debt to the future value of the contracted floor price that has been prepaid, resulting in a US$78,182,000 expense recognised in the Income Statement. Additionally there was an acceleration of the non-cash accretion relating to the 2020 Convertible Bonds which has been partially offset by a decrease in administration and corporate costs through the various cost reduction initiatives.

UNDERLYING EBITDA

		YEAR ENDED 30 JUNE	
		2017	**2016**
	Note	**US$'000**	**US$'000**
Loss before interest and tax		(306,902)	(179,727)
Depreciation and amortisation		14,794	23,179
Impairment loss reversed on sale of inventory		-	(7,922)
Write-down of inventory		38,046	19,193
Foreign exchange loss/(gain)	**12**	10,244	(9,171)
Restructure costs	**12**	7,506	5,266
Impairment of assets	**12**	243,900	5,053
Impairment of ore stockpiles	**12**	-	168,906
(Profit)/loss on disposal of assets	**12**	(2,437)	31
Underlying EBITDA		**5,151**	**24,808**

Underlying EBITDA has decreased by US$19,657,000, mainly due to a 37% decrease in the realised sales price.

ANALYSIS OF REALISED SALES PRICE AND SALES & PRODUCTION VOLUMES

		YEAR ENDED 30 JUNE	
	%	**2017**	**2016**
	Change	**US$**	**US$**
Realised uranium sales price	**(37)%**	**US$23.82/lb**	**US$37.75/lb**
		Mlb U_3O_8	**Mlb U_3O_8**
Sales volume	**(18)%**	**4.023**	**4.899**
Production	**(13)%**	**4.149**	**4.763**

The average realised uranium sales price for the year 30 June 2017 was US$23.82lb U_3O_8 compared to the TradeTech weekly spot price average for the period of US$22.66/lb U_3O_8.

MANAGEMENT DISCUSSION AND ANALYSIS
FINANCIAL REVIEW (continued)

RECONCILIATION OF C1 COST OF PRODUCTION TO COST OF GOODS SOLD

	YEAR ENDED 30 JUNE 2017	2016
Volume Produced (Mlb)	*4.149*	*4.763*
Cost of Production/lb (C1)	*US$18.91/lb*	*US$25.88/lb*
	US$'000	**US$'000**
Cost of Production (C1)	78,476	123,248
Depreciation & amortisation	15,209	22,170
Production distribution costs	3,999	3,428
Royalties	3,054	5,699
Inventory movement	(8,094)	(2,062)
Other	121	-
Cost of goods sold	**92,765**	**152,483**

The C1 cost of production for the year ended 30 June 2017 decreased by 27% to US$18.91/lb U_3O_8 (2016: US$25.88/lb U_3O_8).

The unit C1 cash cost of production decrease was primarily due to strong operating performance and the impact of the US$168,906,000 write-down of LHM's ore stockpiles at 30 June 2016.

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

	% Change	YEAR ENDED 30 JUNE 2017 US$/lb	2016 US$/lb
LHM – C1 cost of production	**(27)%**	18.91	25.88
Less movement in ore stockpiles		3.32	(1.50)
Royalties		0.74	1.20
Product distribution costs		1.02	0.72
LHM – total cash cost of production	**(9)%**	23.99	26.30
Commercial & administration – non-production		0.57	1.04
Social development – non-production		0.48	0.06
Capex		2.16	0.71
LHM – total cash cost after capex	**(3)%**	27.20	28.11
KM – care & maintenance expenses		1.53	2.08
Corporate costs		0.65	1.25
Exploration costs		0.55	0.66
Debt servicing costs		0.02[(1)]	6.65
Underlying all-in cash expenditure	**(23)%**	**29.95**	**38.75**

[(1)]Excludes interest on convertible bonds, assuming that this interest will no longer be paid after the implementation of the Proposed Restructure (refer to Note 4).

Underlying all-in cash expenditure per pound of uranium production for the year ended 30 June 2017 was US$29.95/lb, a decrease of 23% compared to the year ended 30 June 2016 of US$38.75/lb.

MANAGEMENT DISCUSSION AND ANALYSIS
FINANCIAL REVIEW (continued)

ANALYSIS OF ADMINISTRATION, MARKETING & NON-PRODUCTION COSTS

		YEAR ENDED 30 JUNE	
	% Change	2017 US$'000	2016 US$'000
Total	**17%**	**(13,525)**	**(16,266)**

Costs for the year ended 30 June 2017 decreased by US$2,741,000, mainly due to a 49% decrease in corporate and marketing costs from US$5,987,000 in 2016 to US$3,064,000 in 2017 and a 37% decrease in LHM mine site non production costs from US$4,021,000 in 2016 to US$2,514,000 in 2017, which were partially offset by a 43% increase in restructure costs from US$5,266,000 in 2016 to US$7,506,000 in 2017.

Certain Balance Sheet items are set out below:

SUMMARISED STATEMENT OF FINANCIAL POSITION

	YEAR ENDED 30 JUNE	
	2017 US$'000	2016 US$'000
Cash and cash equivalents	11,502	59,205
Inventories	27,456	35,962
Total assets	438,944	791,115
Interest bearing loans and borrowings	487,587	429,255
Unearned revenue	278,182	200,000
Total long-term liabilities	177,739	493,401
Net (Liabilities)/Assets	**(435,799)**	**48,851**

Cash and Cash Equivalents have decreased by US$47,703,000, mainly as a result of payments to suppliers and employees of US$132,477,000, a US$10,424,000 distribution to CNNC Overseas Uranium Holding Ltd ("CNNC") by way of repayment of intercompany loans owing by LHM that have been assigned to CNNC, net interest paid of US$15,252,000, payments for property, plant and equipment at LHM of US$9,076,000 and exploration expenditure of US$2,562,000. This was partially offset by receipts from customers of US$96,190,000, the drawdown of US$20,000,000 under the LHM secured Revolving Credit Facility, and proceeds from the sale of non-core assets of US$4,483,000.

Inventories have decreased by US$8,506,000, predominantly due to the US$38,046,000 write-downs discussed earlier.

Interest Bearing Loans and Borrowings have increased by US$58,332,000, primarily as a result of the drawdown of US$20,000,000 under the LHM secured Revolving Credit Facility and the non-cash accretion of the convertible bonds of US$29,444,000, partially offset by a US$10,424,000 distribution to CNNC by way of repayment of intercompany loans owing by LHM that have been assigned to CNNC.

Unearned Revenue has increased by US$78,182,000. Following EdF's demand for repayment, the Group has accreted the prepayment amount to the future value of the contracted floor price that has been prepaid, resulting in a US$78,182,000 expense recognised in the Income Statement and reclassified it as a current liability (Refer to Note 25).

Segment Assets: Namibian assets have decreased predominantly due to a decrease in cash, inventories, property, plant and equipment, intangible assets and deferred tax assets, which was partially offset by an increase in trade and other receivables. Malawian assets, which are predominantly cash and stores and consumables, are largely unchanged. The Exploration segment assets have decreased predominantly as a result of an impairment of US$243,831,000. In the Unallocated portion, assets increased primarily due to an increase in cash and cash equivalents resulting from a US$29,576,000 distribution to Paladin by way of repayment of intercompany loans owing by LHM to Paladin.

LIQUIDITY AND CAPITAL RESOURCES

The Group's principal source of liquidity as at 30 June 2017, was cash of US$11,502,000 (30 June 2016: US$59,205,000). Any cash available to be invested is held with Australian banks with a minimum AA- Standard & Poor's credit rating over a range of maturities. Of this, US$9,331,000 is held in US dollars.

Net Cash Outflow from Operating Activities was US$52,229,000 in 2017 (2016 Inflow: US$4,203,000), primarily due to payments to suppliers and employees of US$132,477 (2016: US$153,804) and net interest paid of US$15,252,000 (2016: US$27,346,000), which were partially offset by receipts from customers of US$96,190,000 (2016: US$185,960,000).

Net Cash Outflow from Investing Activities was US$5,493,000 in 2017 (2016: US$5,249,000) and is due primarily to plant and equipment acquisitions of US$9,076,000 (2016: US$3,801,000) at LHM, including flash-splash 2 upgrade of US$2,400,000 and TSF5 construction of US$5,700,000, as well as capitalised exploration expenditure of US$1,833,000 (2016: US$4,156,000), which were partially offset by the proceeds from the sale of non-core assets of US$4,483,000 (2016: US$2,708,000). Paladin sold its entire shareholding in Deep Yellow Ltd for US$2,609,000, its interest in the Bigrlyi project for US$375,000 and its interest in Oobagooma and Angela/Pamela projects for US$1,499,000. In 2016: US$2,543,000 was received for the sale of the aircraft and US$165,000 from the sale of investments.

Net Cash Inflow from Financing Activities of US$9,576,000 in 2017 is attributable to the drawdown of US$20,000,000 under the LHM secured Revolving Credit Facility, which was partially offset by a US$10,424,000 distribution to CNNC by way of repayment of intercompany loans owing by LHM that have been assigned to CNNC. The net outflow in 2016 of US$122,603,000 in 2016 was attributable to the repurchase of US$62,000,000 April 2017 Convertible Bonds for US$56,442,000 (excluding accrued interest), repayment of US$60,910,000 under the LHM syndicated loan facility and US$5,212,000 distribution to CNNC by way of repayment of intercompany loans assigned to CNNC.

GOING CONCERN

The financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

The Group incurred a net loss after tax attributable to the ordinary equity holders of US$457,785,000 (30 June 2016: loss US$121,981,000) for the year ended 30 June 2017 and a net cash outflow from operating activities of US$52,229,000 (30 June 2016: inflow US$4,203,000). As at 30 June 2017, the Group had a net current asset deficit of US$641,787,000 (30 June 2016: deficit US$139,895,000), including cash on hand of US$11,502,000 (30 June 2016: US$59,205,000). Included within this cash on hand is US$1,010,000 (30 June 2016: US$597,000) which is restricted for use in respect of environmental and supplier guarantees provided by LHM.

Funding will be required within the next 12 months to address the Group's forecast net cash deficit position.

The Group's current operating strategy, including the physical curtailment of mining, is dependent on processing available medium grade stockpiles at LHM. At the current processing rate it is expected that such stockpiles will be exhausted in early-to-mid-2019. At least six months in advance of that, the Company will need to consider alternative operational options for LHM going forward including: a re-start of physical mining operations; processing of LG ore stockpiles; or placing the mine on care and maintenance. Various factors will need to be considered to determine the appropriate operating strategy including uranium market conditions. Should the mine be placed into care and maintenance the Group will no longer have any operating assets.

Subsequent to year end, on 3 July 2017, the Company announced the appointment of Administrators to the Company and other related companies. The appointment followed the demand from Électricité de France S.A. (EdF) for the repayment of approximately US$276,768,000 due to it on 10 July 2017 under the Long Term Supply Agreement signed in 2012.

Since the Administrators were appointed, a group of the Company's Bondholders organised themselves into an ad-hoc committee (Ad-hoc Committee) and, together with their advisers, presented a proposed capital restructure of the Company (Proposed Restructure) to the Administrators and sought to garner the support of the remaining bondholders.

This Proposed Restructure comprises:

- a debt for equity swap with the existing Bondholders and EdF receiving 70% of all existing Company shares pro rata to the value of their claims, to be effected through the Deed Administrators' power to transfer Shares with leave of the Court under section 444GA of the Australian Corporations Act (s444GA Transfer);
- an underwritten issue by the Company of new notes to the value of US$115,000,000 (New Notes). The New Notes will be secured by all-assets (with exceptions) security to be granted by the companies and certain other entities in the Group pursuant to various security agreements. Subscribers for the New Notes will also be entitled to be transferred a pro-rata allocation of 25% of the Company's currently issued shares (to be effected pursuant to the s444GA Transfer) (Equity Allocation). The New Notes are not convertible and are proposed to be listed on the Singapore Stock Exchange;
- the transfer of 3% of the Company's currently issued Shares to the underwriter(s) of the New Notes (also pursuant to the s444GA Transfer);
- payment by the Company of approximately US$60,000,000 cash (raised from the New Notes) to acquire the US$60,000,000 Deutsche Bank Facility established in July 2017;
- the extinguishment of all "subordinated claims" (as that term is defined in section 563A of the Australian Corporations Act) against the Company;
- the replacement of the board of directors of the Company (other than the Chairman); and
- payment of certain advisers' fees.

On 30 November 2017, the Administrators issued their report to creditors pursuant to section 439A of the Australian Corporations Act. The Administrators provided their opinion that, having considered the alternatives available to creditors and the fact that the only proposal received at the time of the report was the Proposed Restructure, it is in creditors' interests for the Company to enter into a deed of company arrangement (DOCA). The Proposed Restructure is likely to result in a gain on extinguishment of the Group's existing liabilities and an increase in equity.

The implementation of the DOCA (and the Proposed Restructure) is subject to the satisfaction of certain conditions, including:

- subscription funds for the New Notes being received in escrow;
- the Court granting leave to transfer the Shares in accordance with the s444GA Application (which has subsequently been obtained);
- the Company obtaining necessary relief and exemptions from the ASX and ASIC;
- all conditions to the reinstatement of Paladin to trading on the ASX being satisfied; and
- any necessary approvals being obtained under the Foreign Acquisitions and Takeovers Act 1975 (Cth) (which has subsequently been obtained).

On 7 December 2017, at the second meeting of creditors of the Company convened under section 439A of the Australian Corporations Act, the creditors of the Company resolved to execute the proposed DOCA and it was executed by the Administrators. Prior to the second meeting of creditors the Company received a letter from EdF rejecting the conclusions in the report to creditors that the Proposed Restructure is in the creditors' interests. EdF had also claimed that the Proposed Restructure was unfairly prejudicial to it and had foreshadowed that it may seek to have the DOCA terminated. Were EdF to institute proceedings to seek to have the DOCA terminated it may have delayed the Proposed Restructure and, if successful, cause the Proposed Restructure to fail. On 21 December 2017, EdF assigned all of its rights, interests, benefits, title, claims and entitlements under its Long Term Supply Contract and Prepayment Agreements with the Paladin Group, and the DOCA to Deutsche Bank AG. London Branch. As a result the potential proceedings by EdF to seek to have the DOCA terminated have not occurred.

On 31 December 2017, the KM environmental performance bond of US$10,000,000, issued by Nedbank Limited lapsed. Nedbank Limited is only willing to renew the environmental performance bond if it is fully cash backed by the Group. If the Group is not able to cash back the environmental performance bond or otherwise replace it within 30 days from receiving a notice from the Government of Malawi, the mining licences for KM could be suspended or cancelled. As at the date of this report, no notice has been received by the Group.

On 16 January 2018 the s444GA Application was heard by Justice Black on Supreme Court of New South Wales and he delivered judgment on 18 January 2018, granting leave for the application and approving the s444GA Transfer. The DOCA still remains subject to other outstanding conditions which the Deed Administrators are working to satisfy by the 31 January 2018 completion deadline. Should the DOCA not be successful, the Company will likely be placed into liquidation.

As part of the Proposed Restructure Paladin intends to issue New Notes to the value of US$115,000,000. These New Notes have a five year tenor with a single bullet repayment at the end of this period. The New Notes attract interest at 10% per annum or 9% per annum should the Company elect to pay the interest in cash or the Group's unrestricted cash holdings are greater than US$50,000,000 and the Group generates more than US$5,000,000 in cash inflows from operations net of maintenance and sustaining capital expenditures in the applicable 6 month interest period. The Group has a number of options available to it to obtain sufficient funding to repay the New Notes by the time they fall due. These options include generating sufficient surplus operating cash flows, which is reliant on the operating performance of its mines and the uranium price amongst other factors, the sale of some or all of the Group's assets, raising new equity or the refinance of the New Notes.

As a result of these matters, there is a material uncertainty that may cast significant doubt on the entity's ability to continue as a going concern and, therefore, that the entity may be unable to realise its assets and discharge its liabilities in the normal course of business. The financial report does not include adjustments relating to the recoverability or classification of the recorded assets amounts nor to the amounts or classification of liabilities that might be necessary should the Company not be able to continue as a going concern.

Based on the Company's expectation that the Proposed Restructure will be implemented and additional funding will be obtained, the Deed Administrators are satisfied that it is appropriate to prepare the financial statements on a going concern basis.

OUTSTANDING SHARE INFORMATION

As at 30 January 2018, Paladin had 1,712,843,812 fully paid ordinary shares issued. The following table sets out the fully paid ordinary shares and those issuable under the Group Employee Performance Share Rights Plan and in relation to the Convertible Bonds:

As at 30 January 2018	Number
Ordinary shares	1,712,843,812
Issuable under Performance Share Rights Plan (SARs)(1)	-
Issuable under Executive Share Option Plan	3,000,000
Issuable in relation to the US$212M Convertible Bonds(2)	-
Issuable in relation to the US$150M Convertible Bonds(2)	-
Total	**1,715,843,812**

(1) The number of ordinary shares ultimately issuable upon vesting of the Share Appreciation Rights will vary as the number of ordinary shares to be issued is based upon Paladin's relative share price growth over the relevant vesting periods. The number disclosed in the table above is based on the closing share price at 9 June 2017 of A$0.047. The securities of Paladin have been suspended from official quotation, at the request of the Company, since 13 June 2017.

(2) By way of a debt for equity swap, the existing Bondholders will receive existing Paladin shares pro rata to the value of their claims. This will be effected through the Deed Administrators' power to transfer Shares with leave of the Court under section 444GA of the Australian Corporations Act (s444GA Transfer).

CRITICAL ACCOUNTING ESTIMATES

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

FINANCIAL INSTRUMENTS

At 30 June 2017, the Group has exposure to interest rate risk, which is the risk that the Group's financial position will be adversely affected by movements in interest rates that will increase the cost of floating rate debt or opportunity losses that may arise on fixed rate convertible bonds in a falling interest rate environment. Interest rate risk on cash and short-term deposits is not considered to be a material risk due to the historically low US dollar interest rates of these financial instruments.

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

The Group currently does not engage in any hedging or derivative transactions to manage uranium price movements, interest rate or foreign currency risks.

The Group's credit risk is the risk that a contracting entity will not complete its obligation under a financial instrument that will result in a financial loss to the Group. The carrying amount of financial assets represents the maximum credit exposure. The Group trades only with recognised, credit worthy third parties. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not material.

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

OTHER RISKS AND UNCERTAINTIES

Risk Factors

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

TRANSACTIONS WITH RELATED PARTIES

During the year ended 30 June 2017, no payments were made to Director related entities. Directors of the Company receive fees as outlined in the Company's management circular forming part of the Company's Notice of AGM. The only related party transactions are with Directors and Key Management Personnel. Refer to Note 26. Details of material controlled entities are set out in Note 30.

INTERNAL CONTROLS

The Group has designed appropriate Internal Controls over Financial Reporting (ICFR) and ensured that these were in place for the year ended 30 June 2017. An evaluation of the design of ICFR has concluded that it is adequate to prevent a material misstatement of the Group's Consolidated Financial Report as at 30 June 2017.

DESIGNATED FOREIGN ISSUER PURSUANT TO CANADIAN SECURITY LAWS

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

CHANGES IN ACCOUNTING POLICIES

The Group has adopted all new and amended Australian Accounting Standards and AASB Interpretations effective from 1 July 2016. The nature and impact of each new standard and amendment is described in Note 3 – Basis of Preparation.

SUBSEQUENT EVENTS

Other than disclosed below, since 30 June 2017, the Deed Administrators are not aware of any other matter or circumstance not otherwise dealt with in this report, that has significantly or may significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in subsequent periods with the exception of the following, the financial effects of which have not been provided for in the 30 June 2017 Financial Report:

Appointment of administrators
On 1 July 2017, EdF provided notice to Paladin Energy Limited (subject to deed of company arrangement) that it was not willing to support a standstill with respect to the prepayment terms under the Long Term Supply Contract between EdF and Paladin Energy Limited (subject to deed of company arrangement), which was a key consideration of the restructuring proposal being proposed at that time, which essentially meant that the restructure could not proceed.

Following receipt of the notice from EdF that it had withdrawn its support, payment of approximately US$277,000,000, being Paladin Energy Limited's (subject to deed of company arrangement) obligation under the Long Term Supply Contract was required to be paid by 10 July 2017, on 3 July 2017 the directors appointed Matthew Woods, Hayden White and Gayle Dickerson of KPMG as voluntary administrators to Paladin Energy Ltd (subject to deed of company arrangement), , Paladin Finance Pty Ltd (subject to deed of company arrangement) and Paladin Energy Minerals NL (subject to deed of company arrangement). At the date of this report, these companies remain subject to deeds of company arrangement. An ASX announcement confirming these appointments was made on 3 July 2017.

New financing facility
On 21 July 2017, Paladin Energy Ltd (subject to deed of company arrangement), announced that it had entered into agreements with Deutsche Bank AG, London Branch (Deutsche Bank) to fund working capital for the Langer Heinrich Mine, refinance the Nedbank Revolving Credit Facility and meet the general corporate working capital requirements of the Paladin Group. Under the agreements Deutsche Bank acquired the existing Nedbank Revolving Credit Facility and increased the size of the facility from US$20,000,000 to US$60,000,000 (Deutsche Bank Facility). Under the terms of the Deutsche Bank Facility, Langer Heinrich Uranium (Pty) Ltd drew down US$45,000,000 for its working capital (including the US$20,000,000 already drawn) and Paladin Energy Ltd (subject to deed of company arrangement) and Paladin Finance Pty Ltd (subject to deed of company arrangement) drew down US$15,000,000 to fund the working capital requirements of the Group.

Paladin Energy Ltd (subject to deed of company arrangement) and Paladin Finance Pty Ltd (subject to deed of company arrangement) are jointly and severally liable for the entire facility and Langer Heinrich Uranium (Pty) Ltd is only liable for the amounts it drew down. The entire facility is guaranteed by Paladin Energy Ltd (subject to deed of company arrangement) and Paladin Finance Pty Ltd (subject to deed of company arrangement). The term of the Deutsche Bank Facility is 12 months. Additional security has been given to that provided under the Nedbank Revolving Credit Facility.

MANAGEMENT DISCUSSION AND ANALYSIS
FINANCIAL REVIEW (continued)

TSX
The TSX has delisted Paladin's shares effective at the close of market on 10 August 2017. The delisting has been imposed for failure by Paladin to meet the continued listing requirements of the TSX.

The deed administrators are in the process of transferring the TSX register to the ASX as part of the restructure and recapitalisation pursuant to the deeds of company arrangement.

Paladin to retain Langer Heinrich Mine
On 21 August 2017, Paladin Energy Ltd (subject to deed of company arrangement), announced that CNNC Overseas Uranium Holding Ltd (COUH) had informed Paladin it had decided not to exercise its potential option, which, if validly exercised, could entitle COUH to acquire Paladin's 75% interest in the Langer Heinrich Mine.

Termination by EdF of the Long Term Supply Contract
On 13 October 2017, the Company announced that EdF had given notice terminating the Long Term Supply Contract on the basis that Paladin had failed to repay approximately US$277,000,000 by 9 October 2017, being the due date for cure of the default.

Demand from EdF to enforce Michelin security
On 29 November 2017, the Company announced that EdF had issued a demand under the guarantees given by three of Paladin's subsidiaries (Paladin Energy Canada Ltd, Aurora Energy Ltd, and Paladin Canada Investments (NL) Ltd), in respect of Paladin's obligations under the Long Term Supply Agreement and the provision of security over their interests in the Michelin Project. EdF subsequently sold its claims to Deutsche Bank AG.

Outcome of second creditors' meeting
On 8 December 2017, the Company announced that at the concurrent second meeting of creditors of Paladin Energy Limited (subject to deed of company arrangement), Paladin Finance Pty Ltd (subject to deed of company arrangement) and Paladin Energy Minerals NL (subject to deed of company arrangement), held on 7 December 2017, the creditors resolved to execute the proposed deeds of company arrangement. The Companies' administrators and the respective companies executed the Deeds of Company Arrangement on 8 December 2017.

Resignation of directors
On 8 December 2017, the Company announced that following the successful resolutions by the Companies' creditors in favour of execution of the proposed deeds of company arrangement, Mr Donald Shumka, Mr Peter Donkin, Mr Philip Baily and Mr Wendong Zhang resigned on 8 December 2017.

Sale of EdF claims
On 22 December 2017, the Company announced that EdF's claims in respect of Paladin's obligations under the Long Term Supply Agreement and the provision of security over its interests in the Michelin Project had been sold to Deutsche Bank AG. Following the assignment from EdF to Deutsche Bank AG, Deutsche Bank AG advised the Deed Administrators that it may seek to sell down some or all of the purchased claims to other investors. Accordingly EdF in no longer a creditor of Paladin and its subsidiaries. The Deed Administrators are in discussions with Deutsche Bank AG in relation to the intentions of Deutsche Bank AG (and any purchasers of EdF's claims) with regard to the guarantees provided by Paladin's Canadian subsidiaries.

Supreme Court approves s444GA transfer
On 18 January 2018, the Company announced that the s444GA Application had been heard by Justice Black on 16 January 2018 at the Supreme Court of New South Wales and he had delivered judgment on 18 January 2018, granting leave for the application and approving the s444GA Transfer. The DOCA still remains subject to other outstanding conditions which the Deed Administrators are working to satisfy by 31 January 2018.

SUSTAINABLE DEVELOPMENT

Paladin is committed to the goal of sustainable development, which is reflected in its corporate values. The Company's values include promoting the creation of shared wealth, becoming a major uranium supplier, operating at global best practice, safety and environmental stewardship, employee welfare and recognition, and contributing and responding to the attitudes and expectations of local communities in the countries in which Paladin operates. The Company emphasises acting with integrity, honesty and cultural sensitivity in all of its dealings. In support of this commitment, Paladin applies and adheres to established and internationally recognised principles of sustainable development for all of its global activities.

In implementing its sustainable development programme, Paladin aims to achieve a balance between economic, environmental and social needs in all phases of its projects, and takes into consideration its employees, communities, shareholders and other key stakeholders.

Corporate Sustainability Reporting

Paladin produced its fifth Sustainability Report (FY2016), which can be found on the Company's website www.paladinenergy.com.au.

Paladin is continuing the data collection process from LHM and KM for input into future Sustainability Reports. Data is collected specifically to meet the reporting guidelines of the Global Reporting Initiative (GRI) Framework applying the G4 requirements. The GRI Sustainability Reporting Guidelines provide principles for and guidance on defining report content. Paladin's focus is on those indicators that are considered material to the Company and have therefore conducted materiality assessments to define the reporting parameters. .

The following discussion provides an overview of Paladin's environmental management.

ENVIRONMENT

Our Commitment

Paladin is committed to ensuring that effective environmental management is planned and undertaken for all aspects of its operations. The approach to environmental management is guided by Paladin's Environmental Policy, which promotes high standards for environmental performance across its operations. The key points of the Policy include:

- complying with applicable environmental legislation;
- ensuring operations have developed an environmental management system;
- identifying, assessing and managing environmental risks;
- implementing and assigning accountabilities for standards, guidelines and procedures;
- striving to achieve continuous improvement in environmental performance;
- preventing and mitigating pollution;
- communicating environmental responsibility to employees and contractors;
- effective consultation with stakeholders on environmental issues;
- inspections and audits of environmental performance; and
- reporting on environmental performance.

Paladin has established Corporate Sustainable Development Standards for all of its operational subsidiaries. Operational compliance with Paladin's Standards forms part of the Corporate Environmental Audit Programme.

Environmental Management System

Within the Paladin Environmental Management System (EMS) Standard, each operating site is required to develop and implement an EMS that is consistent with the requirements of ISO14001:2004. The EMS for LHM was re-certified in April 2015 for a period of three years. The development and implementation of an EMS at KM is continuing for the care and maintenance phase.

SUSTAINABLE DEVELOPMENT
(continued)

The Operational Environmental Management Plan (EMP) for LHM is regularly updated and revised as part of the site's continual improvement process. A care and maintenance EMP has been submitted and approved by the Malawian Government and is being adhered to during the care and maintenance phase.

Environment Regulatory Reporting

Both LHUPL and PAL prepare various environmental reports for the Namibian and Malawi Governments, respectively. Regulatory reporting for LHM is conducted monthly and annually for water aspects, and, annually for general environmental reporting. Regulatory environmental reporting at KM is conducted on a quarterly basis for data provision and for regulatory compliance, and on an annual basis for general environmental reporting.

Inspection and Audit Programme

The Paladin Environmental Audit Standard requires operating sites to establish and implement environmental inspection and audit programmes to ensure that the environmental performance of the operations is reviewed, audited and reported to the Board. These audits are undertaken to ensure that there is not only compliance with regulatory and Paladin requirements, but also with the World Bank Equator Principles and other industry standards, particularly those specified for the uranium industry.

Energy

Energy requirements at Paladin's operations are principally in the form of fuel for vehicles and electricity generation. Electricity at LHM is purchased from the Namibian grid, which can be supplemented, if necessary, with power generated from the on-site power plant. Power for the care and maintenance activities at KM is generated by a diesel-fuelled power station. Fuel usage at both sites for vehicles comprises diesel and minor amounts of petrol.

Water

Paladin applies a Standard for Water Use and Water Quality at its operations to ensure that there is efficient, safe and sustainable use of water and that water resources and ecosystems around its sites are protected. Both LHM and KM have implemented water management strategies and maintain whole-of-site water balances to ensure that the Company's objectives around water usage, supply and resource protection are achieved. Reuse and recycling of water is maximised as much as possible at Paladin's operations.

A specific care and maintenance water management strategy has been developed for KM which focuses on reducing stored water in the water collection ponds to ensure sufficient capacity remains in the ponds to capture rainfall runoff from the mining and processing areas of disturbance. This water management strategy is reviewed periodically. Water from the ponds is being treated in an on-site water treatment plant to drinking water standards and a quality suitable for discharge. Treated water is discharged into the local river under licence conditions.

A comprehensive surface and groundwater monitoring programme is undertaken at LHM and KM. All water monitoring data are collated in annual water reports that consolidate and summarise the key water aspects across Paladin's operations.

Land Use, Biodiversity and Rehabilitation

Land use and understanding land values are important components of sustainable development. Prior to disturbance for project development or expansions, studies are conducted to determine land use and land values including for biodiversity, ecological, social and cultural heritage. Land clearing approval processes are in place at all Paladin sites with the aim of minimising the area of disturbance and ensuring areas are surveyed to assess impacts prior to clearing. Progressive rehabilitation of disturbed areas is undertaken where practicable at all of Paladin's exploration sites and mining operations.

SUSTAINABLE DEVELOPMENT
(continued)

Paladin's aim is to conserve biodiversity by obtaining knowledge of the ecosystems within the regions in which the Company operates, and to ensure that impacts on biodiversity are minimised and managed. Data on land use and biodiversity management aspects is being collated from LHM and KM and will be presented in the 2017 Sustainability Report.

Air Emissions

Paladin has an Air Quality Standard in place with the intent to ensure that air pollutant emissions generated by any of Paladin's activities are identified, impacts assessed and management measures established and implemented. The common air pollutants generated by Paladin activities which have the potential to impact on human health and/or the environment include; radon, particulate matter (dust), sulphur oxides (SO_X); carbon oxides (CO and CO_2), and nitrogen oxides (NO_x).

Dust generation during exploration activities and at the mine sites is suppressed using water sprays to enable a safe working environment and to minimise impacts on the environment and surrounding communities. Fugitive dust level monitoring is conducted at both the LHM and KM sites and the results are collated in Annual Environmental Reports and submitted to the respective Governments.

SO_X emissions are generated at the operations by the burning of fuel for heating and power generation, and vehicle emissions. The sulphuric acid plant at KM has been mothballed whilst the site is on care and maintenance. Ambient ground level concentrations of SO_2 are monitored around KM. Monitoring data are analysed and the results reported in the Annual Environmental Report submitted to the Malawi Government.

The radon inhalation pathway has been identified in many studies as the main contributor to public radiation dose received from a practice such as uranium mining and milling. This is particularly true for permanent habitation occurring on or in the immediate vicinity of a mine site. At KM radon concentrations in the air are monitored at 10 locations both on and off site and to allow calculation of dose to the public. Passive radon gas monitors (PRGM) are positioned around the mine site and at Kayelekera Village. Five polycarbonate track etch radon monitors are deployed at each monitoring location for a period of three months, after which the radon monitors are collected and returned to the external radiological laboratory for analyses

The principal direct greenhouse gas emissions from Paladin's operations are those from fuel burning for power generation, boilers, burners, emulsions for explosives and automotive exhausts. The key indirect greenhouse gas emissions relate to the energy purchased from the Namibian electricity grid to power the LHM operations. Greenhouse gas emissions data are collected from the operating sites and will be calculated as Carbon Dioxide (CO_2) equivalent emissions. Paladin's current Australian activities are confined to Paladin's limited exploration activities and the corporate Perth office.

Waste Rock

Overburden is removed to allow access to the uranium ore in the mine pit and placed in dumps. Waste rock dump location, design and placement are important to the Company in terms of environmental considerations and cost. The main objectives for the final landform of the dumps are to be stable, blend in with the surrounding landscape and be capable of supporting a self-sustaining ecosystem.

Studies have been conducted at both mine sites to determine the best locations for the waste rock dumps, taking haulage costs and environmental aspects into consideration. The design of the dumps and the placement of waste rock also considers other factors such as the physical and geochemical properties of the material placed in the dumps.

Tailings

Tailings and tailings storage facility (TSF) management continues to be a high priority at the LHM operational site and also at KM whilst in care and maintenance. Paladin applies measures to ensure that its TSFs are appropriately designed, operated and managed according to acceptable standards. Specialist TSF engineers have designed the TSFs at both LHM and KM. The specialists have also defined the operational practice and management to ensure that the tailings and TSFs are appropriately managed and any potential environmental impacts from the tailings or the facility are minimised.

Non-Mineral Waste

Non-mineral waste includes typical general wastes, sewage and some water that may be considered hazardous. The LHM and KM operations both have waste management programmes and procedures in place with the aim of applying the principles of reduce, reuse and recycle wherever possible. At LHM, domestic solid wastes are separated into recyclable and non-recyclable. Recyclable domestic waste is collected and taken to off-site recycling depots whilst the non-recyclables are delivered to the municipal landfill sites. Facilities for the recycling of waste materials in Malawi are very limited, as are suitable off-site waste disposal locations. Office paper is mixed with rice husks and recycled into energy brickettes for use in cooking. Other waste materials generated at KM require on-site disposal so the wastes are categorised and segregated into their types and directed to appropriate on site waste disposal sites. Sewerage treatment plants are installed at both mine sites to treat sewage. Treated sewage from the plants is directed to the process water pond at LHM, and at KM to the water pond and TSF. Waste oils are collected by licensed contractors in both Namibia and Malawi and taken off-site for recycling or disposal.

Environmental Incidents

A standardised Paladin Incident Reporting Procedure is in place to ensure there is consistency across the business in terms of incident classification and reporting. Statistics and information on incidents occurring during the reporting period will be included in the 2017 Sustainability Report.

Closure

Mine closure planning is a key component of Paladin's commitment to Sustainable Development. A Closure Standard is in place for all of Paladin's developing and operational sites. The intent of the Standard is to ensure that Paladin's sites are left in a safe and stable manner and that environmental and social impacts are minimised so that tenements can be relinquished without future liability to the Company, government or the community. During the reporting period, the LHM Draft Mine Closure Plan and Closure Strategy were being revised and updated to reflect current and future mine plans. A Closure Strategy has been prepared for KM and progress continued on the preparation of a Draft Mine Closure Plan.

SUSTAINABLE DEVELOPMENT
(continued)

CORPORATE SOCIAL RESPONSIBILITY

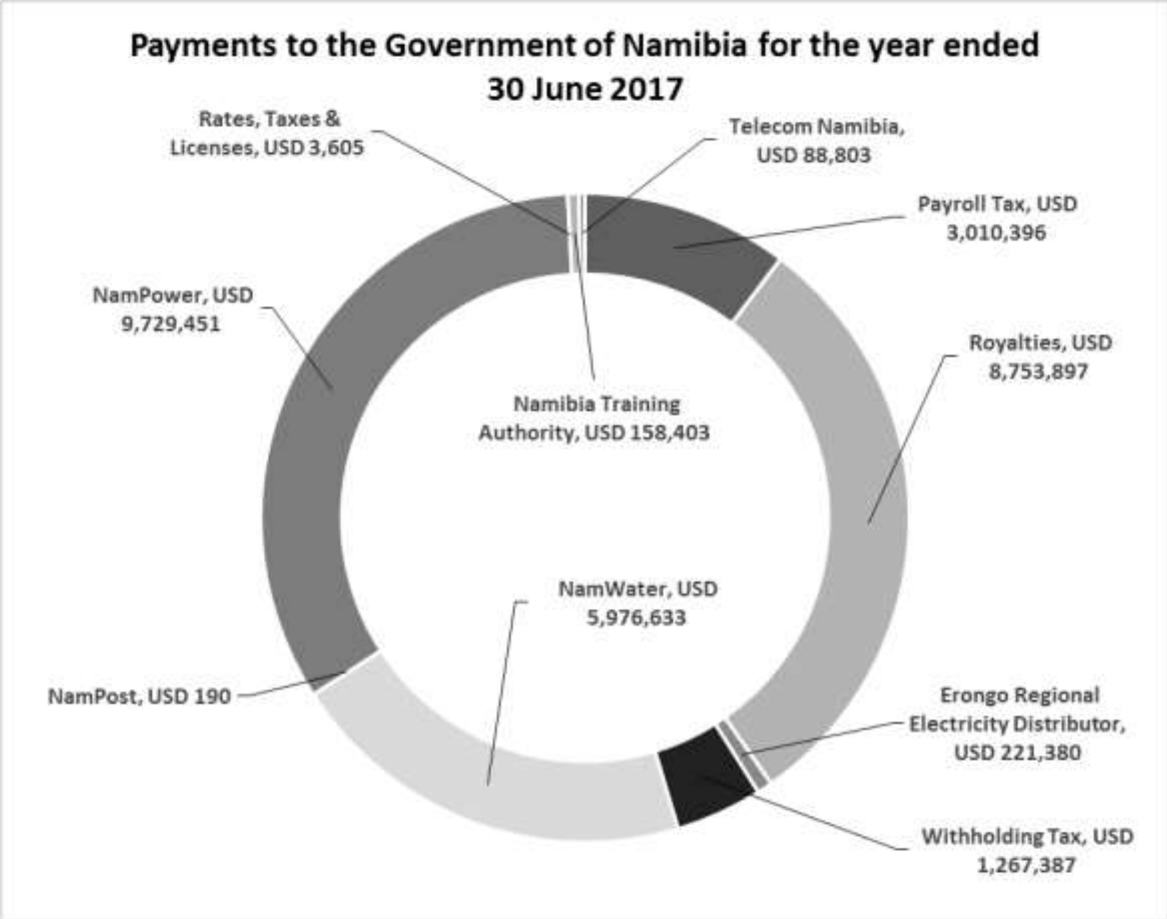
Paladin's purpose is to create value for its shareholders. In pursuit of this goal, the Company recognises that encompassing economic, environmental and social values are all important components of corporate success. Paladin stakeholders expect their Company to be a good corporate citizen, with fair and beneficial business practices focused on: operating to the highest ethical standards; contributing to the growth and prosperity of host countries and responding positively to community needs. Paladin's approach to Corporate Social Responsibility (CSR) – as with its commitment to sustainability – involves:

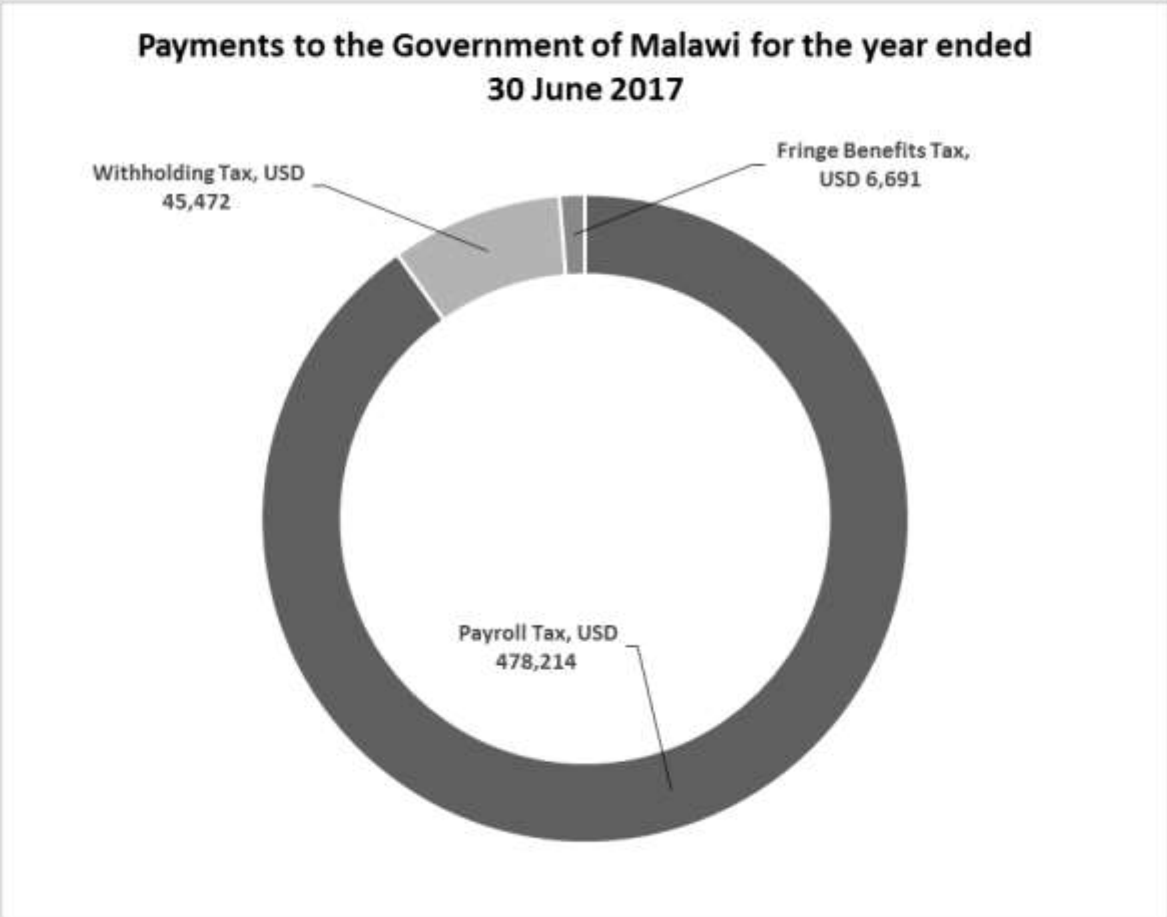
- Top-level support of the Board of Directors and CEO;
- Adherence to principles enunciated in Corporate Policy and Procedures;
- Programmes aligned with host country Global Goals for Sustainable Development;
- Personnel dedicated to achieving CSR objectives;
- Compliance with recognised international codes of conduct;
- Acknowledgement of voluntary standards; and,
- Reporting in accordance with the Global Reporting Initiative.

Paladin seeks to achieve these objectives by example, both through its own actions and by its active participation in industry and community-based organisations that foster and promote these values and aspirations. Below is a summary of the organisations in which the Company participates:

- Paladin played an instrumental role in establishing the Australia-Africa Mining Industry Group (AAMIG) – an industry body that facilitates the sharing of knowledge and experience to create better outcomes on the ground. It partners with Australian and African governments to promote active engagement and promotes best practice in CSR among Australian mining companies active in Africa.
- Paladin has committed to the principles contained in *Enduring Value – the Australian Minerals Industry Framework for Sustainable Development.* This commitment is aligned with the Ten Sustainable Development Principles of the International Council on Mining and Metals.
- Paladin supports the Extractive Industries Transparency Initiative (EITI) and has registered as an EITI Supporting Company, endorsing its principles and criteria. Taxes paid by Paladin to the Malawian and Namibian governments are presented in the Company's Sustainability Report.
- Paladin supports and respects a number of international guiding documents and seeks to conduct its business in accordance with the spirit and intent of them. These include the UN International Bill of Human Rights, the UN Guiding Principles on Business and Human Rights, The UN Global Compact, the ILO Declaration, the Voluntary Principles on Security and Human Rights, the OECD Guidelines for Multi-National Enterprises and the Equator Principles. These are embodied in Paladin's governance framework.
- Paladin's CSR programmes are developed, managed and assessed in compliance with the Group's Community Relations Policy.
- Paladin contributes significantly to those economies in its countries of operation through a variety of government taxes. These are detailed below for both Malawi and Namibia, where the Group's mines are located. It should be noted that the Kayelekera Mine in Malawi is currently on care and maintenance.

SUSTAINABLE DEVELOPMENT
(continued)





SUSTAINABLE DEVELOPMENT
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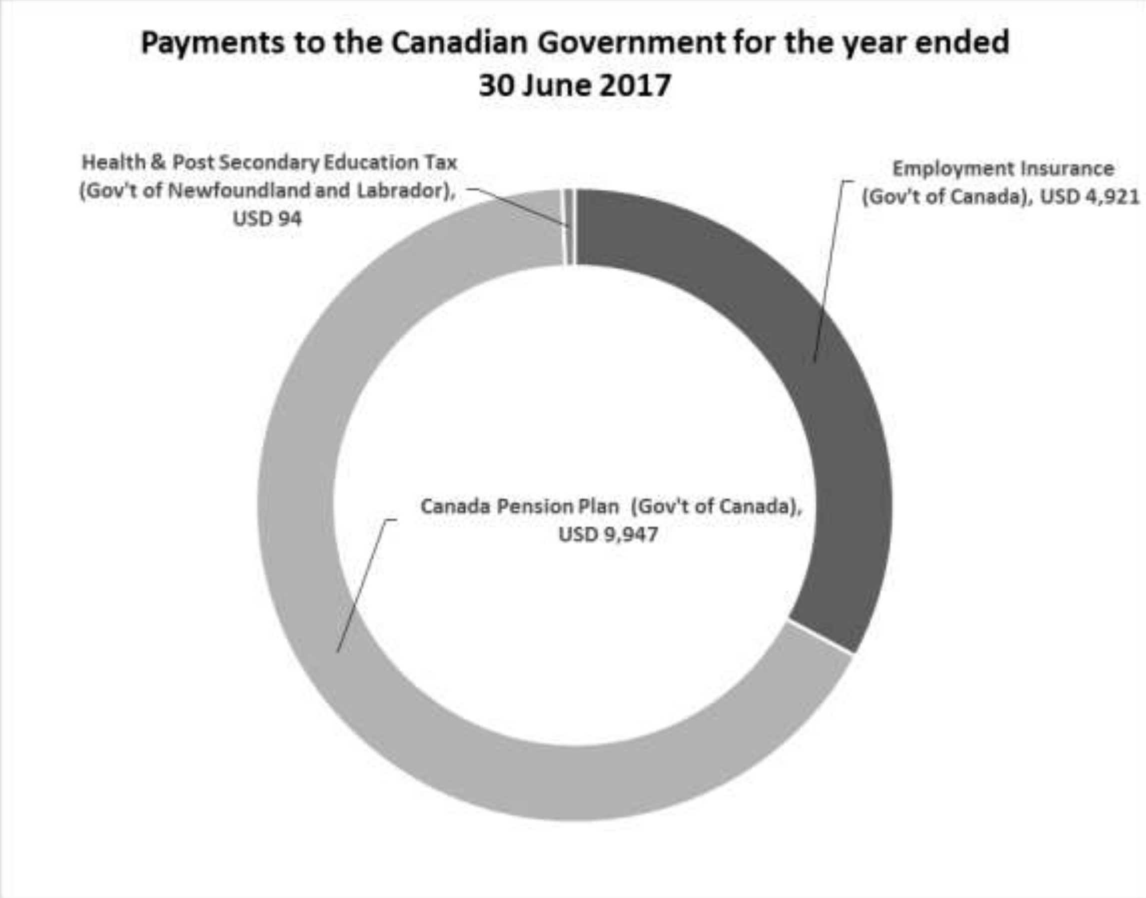
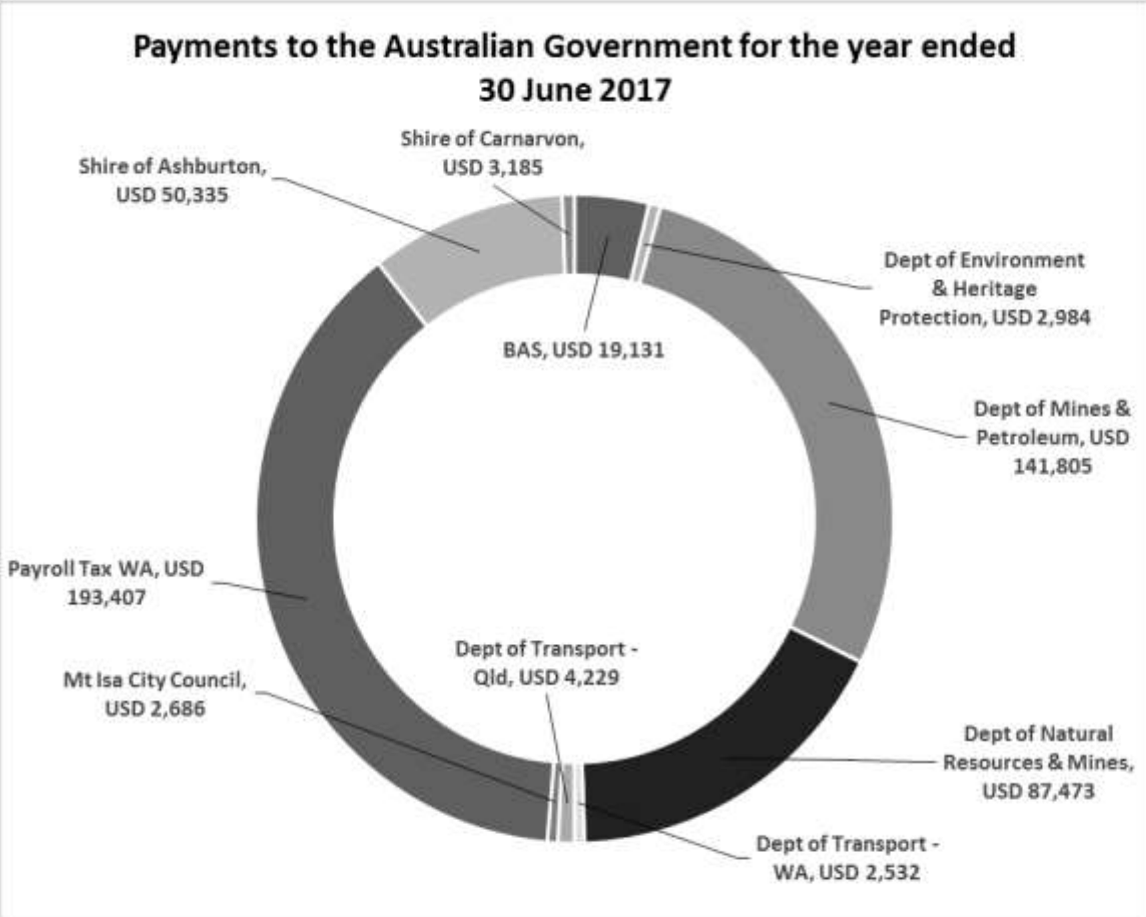




SUSTAINABLE DEVELOPMENT
(continued)

Human Rights

Paladin is committed to respecting human rights and fundamental freedoms. The Company's overall approach to human rights issues is reflected in its Human Rights Policy, which can be found on the Paladin website.

The Human Rights Policy provides the overarching framework to assist in achieving Paladin's commitment to respect human rights throughout its business. The Board reviews this regularly to ensure that it is current and that the requirements of the Policy reflect Paladin's commitment to human rights principles.

Training on human rights is conducted across the entire Paladin Group at all levels. This also extends to key external stakeholders and suppliers with specific training tailored for the security contingents at each site.

Industry Participation

As a leading participant in the global uranium sector, Paladin plays an active and responsible role in public policy development, both corporately in Australia and through Group subsidiary companies in their respective constituencies.

The Company is a member of the Minerals Council of Australia (MCA), which represents Australia's exploration, mining and minerals processing industry, nationally and internationally, in its contribution to sustainable development and society.

The Australian Uranium Association (AUA) has been integrated into the MCA and is now represented specifically through the Uranium Forum of the MCA. As such, Paladin is committed to abiding by and implementing the terms of the Uranium Industry Code of Practice. Along with the Code, the Group observes the Charter and Principles of Uranium Stewardship, which provide a guide to doing business ethically, responsibly and safely. Together, the Code, Charter and Stewardship Principles make up a vital standards framework for the uranium industry.

Senior management across the Group at both board and committee level are actively involved in a number of industry and policy making organisations. These include the MCA, Uranium Council of Australia, Advisory Group for IAEA, AAMIG and the Chamber of Mines and Energy of Namibia.

It is pleasing to note that a report issued in 2015 by the Danish Institute for International Studies titled "Corporate Engagement in Non-Proliferation along the Nuclear Supply Chain and Material Stewardship and Traceability in Uranium Procurement" shows Paladin as an example …"*Paladin can be seen as having one of the most robust approaches to this issue among all eight leading mining companies…..;* and *…" sets the example on Uranium Stewardship".*

LHUPL was a founding member of the Swakopmund-based Namibian Uranium Institute (NUI) in 2009. The NUI provides support and advice for industry members, operates a Uranium Information Centre, and engages with the public and scientific community through hosting training and information events, meetings and workshops. The Institute's aim is to improve the quality of healthcare, environment management and radiation safety in Namibia.

LHUPL also supports the Namibian Uranium Association (NUA), an advocacy body that represents the uranium industry exclusively.

Members of the NUA work co-operatively to ensure the Namibian uranium exploration, mining and exporting industry is able to operate, expand and thrive safely and efficiently. The NUA's Board of Directors, of which LHUPL's Managing Director, Michael Introna, is a member, also governs the NUI, which is an industry training and research centre. LHUPL is represented on four of its working groups – Water Quality, Sustainable Development, Radiation Safety and Swakop River Farmers.

SUSTAINABLE DEVELOPMENT
(continued)

LHM continues to provide strong support to the Namibian Chamber of Mines, which organised a Namibian Mining Expo in April 2016. This very successful conference was attended by almost 500 delegates from all over the country and from South Africa and provided an important forum for interaction between industry leaders and stakeholders.

Stakeholder Interaction

Regular meetings are conducted with the stakeholder groups in countries where Paladin has interests. These interactions include regular and/or informal meetings with:

- Community groups;
- Environmental groups;
- Host nation government ministers and senior civil servants;
- Indigenous groups;
- Civil Society Organisations; and
- Employees and their representative organisations.

INTERNATIONAL INITIATIVES

Malaria Treatment for Children

Paladin has continued to provide support to Suda Ltd for Suda's development of ArTiMist™, a sub-lingual (under the tongue) spray for the treatment of severe and complicated malaria in children.

Suda announced the results from a Phase III trial of ArTiMist™ in 2013, which was a comparative study against intravenous quinine. The report from the trial identified that ArTiMist™ was superior when compared to IV quinine. Approximately 95% of the patients treated with ArTiMist™ had parasite count reduced by more than 90% within 24 hours versus 40.6% of the patients treated with IV quinine. Suda is working with the Medicines for Malaria Venture and other groups to expand the opportunity for ArTiMist™ by evaluating the product as an early interventional treatment before patients are referred to hospital. Suda and its Clinical Advisory Board are finalising the design of a pivotal clinical trial of ArTiMist™ in the pre-referral setting and Suda aims to secure philanthropic funding from global organisations to support the trial.

The majority of deaths from severe malaria in childhood are caused by the delayed administration of effective anti-malarial treatment. There is a relentless deterioration in the clinical condition of a young child with malaria who fails to get effective treatment, with death ensuing in a matter of hours or days.

Suda believes that ArTiMist™ has the potential to be an effective pre-referral medication. It has the potential to significantly reduce child mortality and the adverse effects suffered by children, particularly within the first 24 hours of infection.

MALAWI

Paladin has continued to fulfil its Social Development responsibilities in Malawi under the terms of the Kayelekera Development Agreement and Environmental Impact Assessment. Following on from its decision to place Kayelekera Mine (KM) on care and maintenance in 2014, Paladin has maintained its community relations presence in Karonga, albeit at a reduced level of expenditure consistent with Kayelekera's non-producing status. Paladin completed the construction and hand over of the clinic at the Kayelekera village in May 2017 which was well received by the Government of Malawi and the local community.

Paladin has continued its ongoing community programmes focused primarily on health and education. Through its corporate Community Social Responsibility (CSR) programmes and projects undertaken and funded by the Paladin staff charity, Friends and Employees for African Children (FEPAC), the

SUSTAINABLE DEVELOPMENT
(continued)

Company social development footprint extends throughout the Karonga District, so ensuring that villages other than those in the immediate vicinity of KM benefit from its programmes.

Garnet Halliday Karonga Water Supply Project

The Garnet Halliday Karonga Water Project was built at a cost of more than US$10M and is the centrepiece of Paladin's Social Development commitment to Malawi, the objective being to provide a safe and reliable water supply to the town of Karonga.

The plant was operating as per design until the early part of 2016 when it was decommissioned and another installed in its place by a third party. The plant was providing Karonga with a safe and reliable water supply and maintenance support continued to be provided before decommissioning by the third party.

Community Liaison

Monthly meetings are held with the Kayelekera village leadership and on a more informal basis, with the Karonga District Commissioner and his/her staff together with traditional authorities and their advisors. Attendance at the Village Development Committee assists in communicating about current CSR projects. The Company engages the District Health Administrator and the District Officer from the Ministry of Agriculture, Irrigation and Water Development.

These forums ensure open communication between local stakeholders and the Company, particularly with the local CSR team on the ground and operating in the community on agreed schedules.

Community Education and HIV/AIDS Awareness

There are 36 education-through-storybooks in circulation though no longer being issued, covering a variety of community-focused subjects and have been translated into a number of local languages. They continue to be a very effective communication medium and remain extremely popular, given the general lack of reading material in the district, particularly in local languages.

Community Health Care

Paladin continued its support of local health clinics by providing transport for government medical staff in the region, alleviating the need for local villagers to travel long distances, and facilitating an under-five clinic.

The construction of the local clinic was completed and handed over to the Government of Malawi on behalf of the community in May 2017.

Paladin provided mosquito control programme in Kayelekera, Wiliro and Juma Villages in November 2016.

Educational Support

Paladin's Community Relations team continues to assist in the maintenance of local schools and teacher housing and assistance with teacher wages.
Trade and business study with a significant component of on-the-job learning continue being provided by FEPAC.

Solar power and a solar powered bore pump was supplied and installed by Paladin which supplies power and water to the Kayelekera clinic and clinic houses at the Kayelekera village. Paladin continues providing maintenance to the clinic facilities when the need arises.

Paladin donates all usable second hand vehicle tyres to the Malawi police department on a regular basis.

Paladin continues to provide a platform for practical learning and research for University of Malawi (UNIMA), Mzuzu University (MZUNI) and other public and private learning institutions.

SUSTAINABLE DEVELOPMENT
(continued)

NAMIBIA

In line with Paladin's policies and procedures, LHUPL continues to support the Government of Namibia in its endeavours to develop skilled, talented, ambitious and productive citizens, focussing specifically on its immediate impact areas within the Erongo region.

LHUPL's core Community Investments (CI) focus areas are Education and Skills; Sports and Culture; as well as Health. The primary target group of all LHUPL's community investments is the Namibian youth.

During the year under review, LHUPL supported the following programmes:

Education

Mondesa Youth Opportunities (MYO)

This non-profit organisation, established in 2005 as an after-school programme, offers financially underprivileged, yet academically able Grade 4 to 8 learners with after school lessons in Mathematics; English; Life, Music and Computer skills. The Centre supports 120 learners on an annual basis with its whole child approach, which incorporates academic and sport performance as well as physical, emotional and nutritional health (through a feeding programme).

LHUPL has been the main sponsor of MYO for the past six years and with a donation of N$1.2M made during the year under review, completed the second year of a five year commitment with MYO. The funds are utilised for the annual running costs of the Centre. Redundant computer equipment was also donated to the Centre's computer laboratory.

Mathematics Congress and Mathematics Enrichment Programme

Skilled teachers are one of the most critical success factors for effective education, while a focus on teacher development assures a bigger outreach and impact. LHUPL therefore supports the Annual Mathematics Congress, which targets the development of mathematics and teaching skills of teachers across Namibia. The theme of the 11th Annual Congress held in April 2016 was 'Making Connections: Linking Concepts and Context' and provided more than 300 teachers from all 14 regions of Namibia with practical, hands-on experience in using visualisation in the classroom; linking playing with learning; linking assessment with teaching; and using scientific calculators amongst others.

The mathematics enrichment programme was initiated by LHUPL six years ago and supports gifted learners in reaching their full academic potential. Through curriculum-based after school classes provided throughout the year, it benefits senior secondary learners enrolled for higher level or extended level mathematics. Other activities include mathematics spring schools, regional mathematics competitions and teacher mathematics workshops. On average, the programme benefits 200 learners on an annual basis.

With a donation of N$109,000, LHUPL maintained its role as one of the main sponsor of the events since 2009.

Ad-hoc Education Support Donations

LHUPL understands the value of celebrating successes and therefore spent a total of N$80,000 towards supporting various performance recognition initiatives of local primary and secondary schools, the University of Science and Technology, as well as the Regional Teachers Awards hosted by the Regional Directorate of Education, Arts and Culture. In addition LHUPL contributed towards school maintenance in the Erongo region.

The mine also supported the Annual National Debating Championships to the tune of N$11,000.

SUSTAINABLE DEVELOPMENT
(continued)

Environment

Gobabeb Training and Research Internship Programme (GRTIP)

The Gobabeb Training and Research Centre supports the development of scientific research skills of young environmental professionals through a five-month field-based internship programme facilitated at its Centre located in the Namib Desert. It aims to build capacity for the sustainable management of Namibia's natural resources.

Students, chosen after an intensive selection process, are expected to design and implement original, independent research projects focused on the management and restoration of degraded ecosystems. Close mentorship and supervision to ensure scientific quality are maintained, while critical thinking, systematic problem solving and improved communication skills are fostered.

LHUPL began its involvement in the GTRIP in 2014 with a pledge of N$1.2M over a 5 year period. To date, the Programme concluded the third round, with twelve young Namibians who have successfully completed the Programme. During FY2017 LHUPL donated N$250,000 to the programme.

Community

Blue Waters Sports Club

LHUPL has been in a long-term partnership with a local Sports Club registered in the Namibia Premier League. The Blue Waters Sports Club, founded in 1936, is the second oldest active sports club in Namibia, still full of history and culture. LHUPL's support goes towards the promotion of youth sports in codes such as boys' and girls' soccer, boys' and girls' handball, netball, girls' and boys' cricket. On average, 160 young girls and boys, mostly from schools in low income areas, benefit from the Programme. The Programme also creates short-term employment opportunities for at least 10 coaches and 20 soccer players contracted to play for the team in the National Premier League.

Young Namibian athletes gain from national and international exposure during competitions. The Club also has a programme supporting schools' sports administration and coaching.

In addition, LHUPL supports various short-term sports development and promotion activities. During the past financial year, a total of N$305,584 was invested in sport related activities, N$280,000 thereof towards the Blue Waters Sports Club.

Food Assistance Programme

During the year LHUPL supported the Promiseland Trust feeding scheme. LHUPL has supported this feeding scheme now for 7 years. Regrettably LHUPL had to disassociate itself from Cristian Eagle Centre feeding scheme for corporate governance reasons. Promiseland Trust caters for approximately 200 disadvantaged children and this feeding scheme comprises the primary meal the children receive on a daily basis. During the reporting period, LHUPL invested a total of N$180,000 in the scheme.

SUSTAINABLE DEVELOPMENT
(continued)

Employee Charitable Foundation, supported by Paladin

Friends and Employees of Paladin for African Children (FEPAC) is a charitable foundation established in 2008 by Paladin employees to fund social projects that are outside the scope of the Company's CSR programmes.

The charity supports four organisations in Malawi that assist orphaned children with educational needs and vocational training courses. These include two organisations that support kindergarten aged children where they receive porridge for breakfast, which for many may be their only meal of the day, and age appropriate lessons.

FEPAC also supported a school for the visually impaired and a school for deaf children. Over the years FEPAC has helped fund the construction of classrooms, dormitories and teacher's houses for these schools as well as assisting with their monthly running costs.

FEPAC made capital donations to each of the organisations that it supports, which was used as an investment in a self-sustaining project. These self-sustaining projects were completed in the current year and generate both ongoing food and income that, as the projects mature, will exceed FEPAC's past annual funding contribution. The projects will give the organisations that FEPAC has supported over the years the best chance of continuing their good work in a sustainable way for many years to come.

OUR PEOPLE

The Company has spent the past year focussing on reviewing its workforce throughout all departments and projects with a view of efficiency, rationalisation and consolidation. This has led to a continued decrease in total employee numbers seen across the Group.

Turnover for the Group is detailed in the following table.

Location		Total at Year-end	Female %	Local Nationals %	Turnover %*
Australia	- Corporate, administration, financial & marketing	10	40%	n/a	17%**
	- Technical Services	0	n/a	n/a	100%**
	- Exploration	5	20%	n/a	0%
Namibia	- LHM	300***	16%	95%	18%
Malawi	- KM	133	8%	97%	30%**
	- Exploration	2	0%	100%	0%
Canada	- Exploration	4	0%	100%	0%
Total		**454**	**14%**		

*	Employee turnover is based on a 12 month rolling average.
**	Due to retrenchments during the financial year
***	Includes LHM Permanent Employees and Paladin employees seconded to LHM.

Diversity overall, and gender diversity specifically, remains a focus and, despite the overall headcount decreasing over the period, the percentage of female representation within the workforce has remained reasonably steady. Supporting a diverse workforce remains one of the cornerstones of Paladin's strategy with a commitment to equitable gender representation amongst its workforce, balanced with availability of appropriate candidates in the region of operation. Further information on diversity can be found in the Corporate Governance Statement available on Paladin's website.

Australia (Head Office & Mount Isa)

The Perth head office currently has 15 employees, a reduction from 22 at the same time last year. Females within the head office represent 33% of employees.

SUSTAINABLE DEVELOPMENT
(continued)

During the period, the total turnover was 32%. In light of the continued focus on consolidating the organisational structure and cost reduction six roles were made redundant. In instances of natural attrition only those roles that were deemed essential were replaced, resulting in a reduction of one further role.

In line with the continued focus on cost reductions, there were no salary increases. The year ahead will see a continued focus on retaining key skills in an environment of cost reductions.

Exploration

Group-wide the exploration team totals 11 spread across projects based in Australia, Malawi and Canada. Paladin places a large focus on the development of its geoscience capabilities and has the benefit of exposing its professionals to a number of different geological terrains and environments within the global project portfolio. Additionally, a number of senior technical individuals within the Group are consistently invited to present papers at industry conferences, providing yet another opportunity to transfer expert knowledge amongst the Group and aid in the development of junior professionals.

The Perth based exploration team is a small group comprised of senior technical roles focussed on providing support and guidance across the Group. This small group consistently has minimal turnover and currently has an average tenure of 9.35 years of service within the team.

When the Company is active in exploration in Canada, it employs up to 30 seasonal staff for each field season. Of these individuals, generally 80% are employed from the surrounding communities of Postville, Makkovik and Rigolet with the majority consistently re-employed for the past field seasons. Currently, programmes that are run in Australia are relatively small and, as a consequence, involve very limited numbers of outside contractors (mainly drilling and earthworks).

Malawi (Kayelekera Mine)

With Kayelekera Mine (KM) remaining on Care and Maintenance (C&M), the focus has continued to be on adapting the workforce and operations to better suit this change. The current financial year has seen the operation in a continued settled state within C&M, and further decreases to both the national and expatriate employee numbers during the year. At year end there were 131 national employees and 4 expatriates.

Namibia (Langer Heinrich Mine)

The current financial year was shaped by challenges such as the curtailment of mining operations as well as the retention of skilled roles resulting in a 12 month rolling total turnover of 17.7%.

As part of the ongoing retention measures the Key Employee Retention Scheme was implemented and will remain active to assist in retaining the best performing and skilled employees.

The conclusion of a three year Substantive Wage Agreement with the Namibian Mineworkers Trade Union (MUN) early in 2017 had a positive impact on internal employee relations. External referred labour disputes between MUN and LHM (one collective and four individual disputes) did not progress past the conciliation phase with one matter already dismissed in favour of LHU.

LHM remains focused on Capability Development by providing training and developing Graduates, Interns and Students. In order to advance the momentum of our workplace competency and capability work plans, LHM invested in excess of N$2.7M in some 122 Namibians receiving support and financial assistance to participate in studies, apprenticeships and bursaries.

The current financial year was also impacted by the promulgation of various workplace related legislation requiring further analysis and or compliance. LHM was certified to be in compliance with Employment Equity legislation following the annual LHM Affirmative Action report.

SUSTAINABLE DEVELOPMENT
(continued)

LHM is compliant with all requirements of the Affirmative Action Act and has a consultative forum which is an integral part of its affirmative action strategy. Furthermore, it is committed to, and fully supports, the policy of equal opportunity employment and non-discrimination through its measurable Affirmative Action Plan.

LHM's workforce demographics in terms of Employment Equity categories as at 30 June 2017 was as follows:

	CY2014	**CY2015&16**	**CY2017**
% Female Employees	19%	18%	18%
% Historically Racially Disadvantaged Employees*	89%	85%	89%
% Non-Namibians	2%	9%	5%
Total Employees	**363**	**446****	**368****

* As defined in the Affirmative Action (Employment) Act 1998
** Includes FTC employee numbers

The year ahead will continue to require measures to ensure the attraction of skilled artisans, retention of skilled employees and overall competency building to provide for an engaged and high performing workforce.

CORPORATE GOVERNANCE STATEMENT

CORPORATE GOVERNANCE FRAMEWORK

The Board of Directors of Paladin Energy Ltd (subject to deed of company arrangement) is responsible for the corporate governance of the Group.

Paladin has adopted systems of control and accountability as the basis for the administration of corporate governance.

This Corporate Governance Statement, dated 30 June 2017, which has been prepared and will be considered by the newly constituted Board in early February 2018, outlines the key principles and practices of the Company which, taken as a whole, represents the system of governance.

The ASX Listing Rules require the Company to report on the extent to which it has followed the Corporate Governance Recommendations contained in the ASX Corporate Governance Council's (ASX CGC) 3rd Edition of its Corporate Governance Principles and Recommendations. For FY2017, Paladin has complied with all the recommendations and has referenced these throughout this Corporate Governance Statement. Further, the Company also complies with the Ontario Securities Commission's corporate governance requirements as set out in National Instrument 58-101.

Paladin's Corporate Governance Statement can be found in the Corporate Governance section of the Investor Centre on its website at www.paladinenergy.com.au, along with the ASX Appendix 4G, a checklist cross-referencing the ASX Principles and Recommendations to disclosures in this statement, the current Annual Report and the Company website. The Corporate Governance Statement, together with the 4G, is expected to be lodged with the ASX in early February 2018.

The Company reviews and amends its corporate governance policies as appropriate to reflect the growth of the Company, current legislation and good practice. Copies or summaries of key corporate governance policy documents can be found on the Company's website (www.paladinenergy.com.au).

DEED ADMINISTRATORS' REPORT

The Deed Administrators of Paladin Energy Limited (subject to deed of company arrangement) present their report together with the financial report of the Group consisting of Paladin Energy Ltd (subject to deed of company arrangement) (Company) and the entities (Group) it controlled at the end of, or during, the year ended 30 June 2017 and the auditor's report.

Messrs Matthew Woods, Hayden White and Gayle Dickerson of KPMG were appointed as voluntary administrators of Paladin Energy Limited (subject to deed of company arrangement), Paladin Finance Pty Ltd (subject to deed of company arrangement) and Paladin Energy Minerals NL (subject to deed of company arrangement) on 3 July 2017 pursuant to section 436A of the Corporations Act 2001 (Cth).

On 7 December 2017 creditors of Paladin Energy Limited (subject to deed of company arrangement), Paladin Finance Pty Ltd (subject to deed of company arrangement) and Paladin Energy Minerals NL (subject to deed of company arrangement)) resolved to enter into the proposed deeds of company arrangement to give effect to the proposed restructure and recapitalisation. Matthew Woods, Hayden White and Gayle Dickerson were appointed joint and several deed administrators.

DIRECTORS

The following persons were Directors of Paladin Energy Ltd (subject to deed of company arrangement) and were in office for this entire period unless otherwise stated:

Mr Rick Wayne Crabb *B. Juris (Hons), LLB, MBA, FAICD*
(Non-executive Chairman)

Mr Crabb holds degrees of Bachelor of Jurisprudence (Honours), Bachelor of Laws and Master of Business Administration from the University of Western Australia. He practised as a solicitor from 1980 to 2004 specialising in mining, corporate and commercial law and advised in relation to numerous project developments in Australia and Africa. Mr Crabb now focuses on his public company directorships and investments. He has been involved as a director and strategic shareholder in a number of successful public companies. He is also a non-executive director of Golden Rim Resources Ltd (since August 2001) and was non-executive chairman of Otto Energy Ltd (from November 2004 to November 2015) and Lepidico Ltd (formerly Platypus Minerals Ltd) (from September 1999 to October 2015). Mr Crabb is a councillor on the Western Australian Division of the Australian Institute of Company Directors.

Mr Crabb was appointed to the Paladin Board on 8 February 1994 and as Chairman on 27 March 2003.

Special Responsibilities
Chairman of the Board
Member of Remuneration Committee from 1 June 2005
Member of Nomination Committee from 1 June 2005
Member of Sustainability Committee from 25 November 2010

Mr Donald Shumka *B.A., MBA (resigned 8 December 2017)*
(Non-executive Director)

Mr Shumka is a Vancouver-based Corporate Director with more than 40 years' experience in financial roles. From 2004 to 2011, he was President and Managing Director of Walden Management, a consulting firm specialising in natural resources. From 1989 to 2004, he was Managing Director, Investment Banking with CIBC World Markets and Raymond James Ltd. Prior to 1989, Mr Shumka was Vice President, Finance and Chief Financial Officer of West Fraser Timber Co. Ltd., one of Canada's largest forest products companies. He holds a Bachelor of Arts Degree in Economics from the University of British Columbia and a Master of Business Administration Degree from Harvard University. Mr Shumka is also a director of Alterra Energy Corp. (since March 2008), Lumina Gold Corp. (formerly Odin Mining and Exploration Ltd) (since July 2014), RIWI Corporation (since September 2015) and was a director of Eldorado Gold Corp. (from May 2005 to May 2016).

Mr Shumka was appointed to the Paladin Board on 9 July 2007.

Special Responsibilities
Chairman of Audit Committee from 9 July 2007
Member of Remuneration Committee from 10 August 2007
Member of Nomination Committee from 9 July 2007

DEED ADMINISTRATORS' REPORT
(continued)

Mr Peter Mark Donkin *BEc, LLB. F Fin (resigned 8 December 2017)*
(Non-executive Director)

Mr Donkin has over 30 years' experience in finance, including 20 years arranging finance in the mining sector. He was previously the Managing Director of the Mining Finance Division of Société Générale in Australia, having worked for that bank for 21 years in both their Sydney and London offices. Prior to that, he was with the corporate and international banking division of the Royal Bank of Canada. His experience has involved arranging transactions for mining companies, both in Australia and internationally, in a wide variety of financial products, including project finance, corporate finance, acquisition finance, export finance and early stage investment capital. Mr Donkin holds a Bachelor of Economics degree and a Bachelor of Law degree from the University of Sydney. He was previously a director of Allegiance Coal Ltd, Sphere Minerals Ltd and Carbine Tungsten Ltd.

Mr Donkin was appointed to the Paladin Board on 1 July 2010.
Special Responsibilities
Member of Audit Committee from 25 November 2010
Chairman of Nomination Committee from 21 August 2015 (member from 1 July 2010)

Mr Philip Baily *BSc, MSc (resigned 8 December 2017)*
(Non-executive Director)

Mr Baily is a metallurgist with more than 40 years' experience in the mining industry, including some 11 years in the uranium sector. Throughout his career, he has been involved in the design, construction, commissioning and operation of mineral processing plants, including two uranium plants. Project locations have varied from the deserts of Australia to the tropics of Papua New Guinea and the high altitudes of Argentina. He has extensive experience, at senior management level, in the evaluation of projects from grass roots development to the acquisition of advanced projects and operating companies. These projects have been located throughout the world, many in developing countries and environmentally sensitive areas. Mr Baily holds a Bachelor of Science and a Master of Science degree in Metallurgy from the University of NSW.

Mr Baily was appointed to the Paladin Board on 1 October 2010.

Special Responsibilities
Chairman of Sustainability Committee from 25 November 2010
Member of Nomination Committee from 1 October 2010

Mr Wendong Zhang *(resigned 8 December 2017)*
(Non-executive Director)

Mr Zhang has over 25 years' experience in financial services and international capital markets and was among the first generation Chinese bankers on Wall Street working with Morgan Stanley, UBS and Citi across New York, Hong Kong and Beijing. He also co-founded two boutique investment advisory firms focusing on China opportunities. He has completed a number of advisory, financing and investment transactions and established relationships with leading players in various sectors including conventional energy, nuclear utilities and natural resources. Mr Zhang graduated from Dartmouth College, New Hampshire USA, in 1991 with a B.A. in Engineering and Economics.

Mr Zhang was appointed to the Paladin Board on 25 November 2014.

Special Responsibilities
Member of Audit Committee from 15 October 2015
Chairman of Remuneration Committee 21 August 2015 (member from 12 February 2015)

CHIEF EXECUTIVE OFFICER
Mr Alexander Molyneux *BEc*

Mr Molyneux is an experienced mining industry executive. He is Co-Founder and Chairing Member of Azarga Resources Group (2012 – present). Mr. Molyneux currently serves as Non-Executive Chairman of Azarga Metals Corp. (TSX-V:AZR) (May 2016 – present) and Non-Executive Director of Argosy Minerals Limited (ASX:AGY) (2016 – present). He was previously Executive Chairman of Azarga Uranium Corp (TSX:AZZ) and its predecessor companies (2012 – 2015), Non Executive Director of Goldrock Mines Corp (TSX-V:GRM) (2012 – 2016) and CEO of SouthGobi Resources Limited (Ivanhoe Mines Group) (TSX:SGQ / HKEX:1878) (2009 – 2012). Prior to joining SouthGobi, Mr Molyneux was

DEED ADMINISTRATORS' REPORT
(continued)

Managing Director, Head of Metals and Mining Investment Banking, Asia Pacific, with Citigroup. In his position as a specialist resources investment banker he spent approximately 10 years providing advice and investment banking services to natural resources corporations.

COMPANY SECRETARY

Mr Ranko Matic *B.Bus, CA*

Mr Matic is a Chartered Accountant with over 25 years' experience in the areas of financial and executive management, accounting, audit, business and corporate advisory. Mr Matic serves as a Non-Executive Director and Company Secretary for a number of publicly listed natural resources companies.

BOARD AND COMMITTEE MEETINGS

The number of Directors' meetings and meetings of committees held in the period each Director held office during the financial year, and the number of meetings attended by each Director were:

	Board of Directors		Audit Committee		Remuneration Committee		Nomination Committee		Sustainability Committee	
Name	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend
Mr Rick Crabb	16	16	-	-	2	2	2	2	2	2
Mr Donald Shumka	15	16	4	4	2	2	2	2	-	-
Mr Peter Donkin	16	16	4	4	-	-	2	2	-	-
Mr Philip Baily	16	16	-	-	-	-	2	2	2	2
Mr Wendong Zhang	13	16	4	4	2	2	2	2	-	-

Of the above Board meetings, 6 were face to face with the remainder held via electronic means. The Board meeting schedule also includes a scheduled conference call mid quarter between the face to face meetings.

INTERESTS IN THE SECURITIES OF THE COMPANY

As at the date of this report, the interests of the Directors in the securities of Paladin Energy Ltd (subject to deed of company arrangement) were:

Director	Paladin Shares	Share rights (issued under the Paladin Employee Plan)
Mr Rick Crabb	5,981,528	Nil

RESIGNATION OF DIRECTORS

Following the successful resolution in favour of execution of the proposed deeds of company arrangement, Mr Donald Shumka, Mr Peter Donkin, Mr Philip Baily and Mr Wendong Zhang resigned on 8 December 2017.

PRINCIPAL ACTIVITY

The principal activity of the Group was the development and operation of uranium mines in Africa, together with global exploration and evaluation activities in Africa, Australia and Canada.

REVIEW AND RESULTS OF OPERATIONS

A detailed operational and financial review of the Group is set out on pages 7 to 38 of this report under the section entitled Management Discussion and Analysis.

The Group's loss after tax for the year is US$457,785,000 (2016: US$121,981,000) representing an increase of 275% from the previous year.

DEED ADMINISTRATORS' REPORT
(continued)

DIVIDENDS

No dividend has been paid during the financial year and no dividend is recommended for the current year.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

There were no significant changes in the state of affairs of the Group during the financial year not otherwise dealt with in this report. Please refer to 'Significant Events After The Balance Date below.

SIGNIFICANT EVENTS AFTER THE BALANCE DATE

Other than disclosed below, since 30 June 2017, the Deed Administrators are not aware of any other matter or circumstance not otherwise dealt with in this report, that has significantly or may significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in subsequent periods with the exception of the following, the financial effects of which have not been provided for in the 30 June 2017 Financial Report:

Appointment of administrators
On 1 July 2017, EdF provided notice to Paladin Energy Limited (subject to deed of company arrangement) that it was not willing to support a standstill with respect to the prepayment terms under the Long Term Supply Contract between EdF and Paladin Energy Limited (subject to deed of company arrangement), which was a key consideration of the restructuring proposal being proposed at that time, which essentially meant that the restructure could not proceed.

Following receipt of the notice from EdF that it had withdrawn its support, payment of approximately US$277,000,000, being Paladin Energy Limited's (subject to deed of company arrangement) obligation under the Long Term Supply Contract was required to be paid by 10 July 2017, on 3 July 2017 the directors appointed Matthew Woods, Hayden White and Gayle Dickerson of KPMG as voluntary administrators to Paladin Energy Ltd (subject to deed of company arrangement), , Paladin Finance Pty Ltd (subject to deed of company arrangement) and Paladin Energy Minerals NL (subject to deed of company arrangement). At the date of this report, these companies remain subject to deeds of company arrangement. An ASX announcement confirming these appointments was made on 3 July 2017.

New financing facility
On 21 July 2017, Paladin Energy Ltd (subject to deed of company arrangement), announced that it had entered into agreements with Deutsche Bank AG, London Branch (Deutsche Bank) to fund working capital for the Langer Heinrich Mine, refinance the Nedbank Revolving Credit Facility and meet the general corporate working capital requirements of the Paladin Group. Under the agreements Deutsche Bank acquired the existing Nedbank Revolving Credit Facility and increased the size of the facility from US$20,000,000 to US$60,000,000 (Deutsche Bank Facility). Under the terms of the Deutsche Bank Facility, Langer Heinrich Uranium (Pty) Ltd drew down US$45,000,000 for its working capital (including the US$20,000,000 already drawn) and Paladin Energy Ltd (subject to deed of company arrangement) and Paladin Finance Pty Ltd (subject to deed of company arrangement) drew down US$15,000,000 to fund the working capital requirements of the Group.

Paladin Energy Ltd (subject to deed of company arrangement) and Paladin Finance Pty Ltd (subject to deed of company arrangement) are jointly and severally liable for the entire facility and Langer Heinrich Uranium (Pty) Ltd is only liable for the amounts it drew down. The entire facility is guaranteed by Paladin Energy Ltd (subject to deed of company arrangement) and Paladin Finance Pty Ltd (subject to deed of company arrangement). The term of the Deutsche Bank Facility is 12 months. Additional security has been given to that provided under the Nedbank Revolving Credit Facility.

TSX
The TSX has delisted Paladin's shares effective at the close of market on 10 August 2017. The delisting has been imposed for failure by Paladin to meet the continued listing requirements of the TSX.

The deed administrators are in the process of transferring the TSX register to the ASX as part of the restructure and recapitalisation pursuant to the deeds of company arrangement.

DEED ADMINISTRATORS' REPORT
(continued)

Paladin to retain Langer Heinrich Mine
On 21 August 2017, Paladin Energy Ltd (subject to deed of company arrangement), announced that CNNC Overseas Uranium Holding Ltd (COUH) had informed Paladin it had decided not to exercise its potential option, which, if validly exercised, could entitle COUH to acquire Paladin's 75% interest in the Langer Heinrich Mine.

Termination by EdF of the Long Term Supply Contract
On 13 October 2017, the Company announced that EdF had given notice terminating the Long Term Supply Contract on the basis that Paladin had failed to repay approximately US$277,000,000 by 9 October 2017, being the due date for cure of the default.

Demand from EdF to enforce Michelin security
On 29 November 2017, the Company announced that EdF had issued a demand under the guarantees given by three of Paladin's subsidiaries (Paladin Energy Canada Ltd, Aurora Energy Ltd, and Paladin Canada Investments (NL) Ltd), in respect of Paladin's obligations under the Long Term Supply Agreement and the provision of security over their interests in the Michelin Project. EdF subsequently sold its claims to Deutsche Bank AG.

Outcome of second creditors' meeting
On 8 December 2017, the Company announced that at the concurrent second meeting of creditors of Paladin Energy Limited (subject to deed of company arrangement), Paladin Finance Pty Ltd (subject to deed of company arrangement) and Paladin Energy Minerals NL (subject to deed of company arrangement), held on 7 December 2017, the creditors resolved to execute the proposed deeds of company arrangement. The Companies' administrators and the respective companies executed the Deeds of Company Arrangement on 8 December 2017.

Resignation of directors
On 8 December 2017, the Company announced that following the successful resolutions by the Companies' creditors in favour of execution of the proposed deeds of company arrangement, Mr Donald Shumka, Mr Peter Donkin, Mr Philip Baily and Mr Wendong Zhang resigned on 8 December 2017.

Sale of EdF claims
On 22 December 2017, the Company announced that EdF's claims in respect of Paladin's obligations under the Long Term Supply Agreement and the provision of security over its interests in the Michelin Project had been sold to Deutsche Bank AG. Following the assignment from EdF to Deutsche Bank AG, Deutsche Bank AG advised the Deed Administrators that it may seek to sell down some or all of the purchased claims to other investors. Accordingly EdF in no longer a creditor of Paladin and its subsidiaries. The Deed Administrators are in discussions with Deutsche Bank AG in relation to the intentions of Deutsche Bank AG (and any purchasers of EdF's claims) with regard to the guarantees provided by Paladin's Canadian subsidiaries.

Supreme Court approves s444GA transfer
On 18 January 2018, the Company announced that the s444GA Application had been heard by Justice Black on 16 January 2018 at the Supreme Court of New South Wales and he had delivered judgment on 18 January 2018, granting leave for the application and approving the s444GA Transfer. The DOCA still remains subject to other outstanding conditions which the Deed Administrators are working to satisfy by 31 January 2018.

LIKELY DEVELOPMENTS

Likely developments in the operations of the Group constituted by the Company and the entities it controls from time to time are set out under the section entitled Management, Discussion and Analysis.

ENVIRONMENTAL REGULATIONS

The Group is subject to significant environmental regulation in respect to its exploration, evaluation, development and operational activities for uranium projects under the laws of the countries in which its activities are conducted. The Group currently has mining and processing operations in Namibia and Malawi (placed on care and maintenance in February 2014), as well as exploration projects in Australia, and Canada. The Group's Policy is to ensure compliance with all applicable environmental laws and regulations in the countries in which it conducts business.

Specific environmental regulations, approvals and licences for the exploration, development and operation are required to conduct the activities at each site. In addition, many other international and industry standards are also applied to the Group's activities, including those specified for the global uranium industry. These environmental laws, regulations and standards relate to environmental factors such as radiation, water, flora, fauna, air quality, noise, waste management and pollution control.

The Directors are not aware of any environmental matters which would have a significant adverse effect on the Group.

REMUNERATION FOR THE YEAR AT A GLANCE

Executive Remuneration – cash value of earnings realised (unaudited)
Details of the remuneration received by the Key Management Personnel are prepared in accordance with statutory requirements and accounting standards, and are detailed further in the Remuneration Report.

The disclosure below aims to provide an overall picture of the group-wide remuneration platform and not simply focus on Key Management Personnel. Given the difficult business and operating conditions which have persisted throughout the year, specifically the continuing poor uranium price, and resulting cash constraints that the Company faced during the past year, the following initiatives have been implemented:

- Paladin reduced its corporate office staff by a further 32% during the year. No salary increases at the corporate office.
- Ex-pat numbers at the Kayelekera Mine were reduced by a further 63% during the year.
- Cash bonuses totalling only US$131,124 were paid across the Group this year.
- A focus on rationalisation and consolidation of the workforce continued with a reduction in overall headcount across the Group and certain roles made redundant over the period. Additionally, where natural attrition occurred, only those roles deemed to be critical were replaced.
- 2,955,000[(1)] Share Appreciation Rights (SARs) were granted during the year.
- Long-term incentives on issue at balance date comprise 3,000,000 Options (0.18% of issued capital) and 7,468,000[(1)(2)] SARs.

[(1)] The number of ordinary shares ultimately issuable upon vesting of the SARs will vary as the number of ordinary shares to be issued is based upon Paladin's relative share price growth over the relevant vesting periods.

[(2)] Based on the closing share price at 30 June 2017 of A$0.047 no shares (0% of issued capital) would be issuable. The securities of Paladin have been suspended from official quotation, at the request of the Company, since 13 June 2017.

In keeping with the Company's practice since 2011, the tables below set out the cash value of earnings realised by the Managing Director/CEO and other executives considered to represent Key Management Personnel (KMP) for 2017 and 2016 and the intrinsic value of share-based payments that vested to the executives during the period. This voluntary disclosure is in addition and different to the disclosures required by the Corporations Act and Accounting Standards, particularly in relation to share rights. As a general principle, the Accounting Standards require a value to be placed on share rights based on probabilistic calculations at the time of grant, which may be reflected in the remuneration report even if ultimately the share rights do not vest because vesting conditions are not met. By contrast, this table discloses the intrinsic value of share rights, which represents only those share rights which actually vested and resulted in shares issued to a KMP. The intrinsic value is the Company's closing share price on the date of vesting.

The Company believes that this additional information is useful to investors as recognised by the 2009 Productivity Commission Inquiry Report *'Executive Remuneration in Australia'*. The Commission recommended that remuneration reports should include actual levels of remuneration received by the individuals named in the report in order to increase its usefulness to investors.

DEED ADMINISTRATORS' REPORT
(continued)

The cash value of earnings realised include cash salary and fees, superannuation, cash bonuses and other benefits received in cash during the year and the intrinsic value of long-term incentives vesting during the 2017 year. The tables do not include the accounting value for share rights, share appreciation rights and options granted in the current and prior years, as this value may or may not be realised as they are dependent on the achievement of certain performance hurdles. The accounting value of other long-term benefits which were not received in cash during the year have also been excluded.

All cash remuneration is paid in Australian dollars to those parties listed below (with the exception of Mr A Molyneux, who is paid in US$), therefore the tables are presented in both A$ and US$ (being the functional and presentation currency of the Company). The detailed schedules of remuneration presented later in this report are presented in US$.

REMUNERATION FOR THE YEAR AT A GLANCE (continued)

Executive Remuneration - cash value of earnings realised (continued)

2017 (A$) / (US$)

Name	Base Salary & Superannuation		Other		Total Cash	
	A$	US$	A$	US$	A$	US$
Mr Alexander Molyneux	-	-	509,656[(1)]	384,000[(1)]	509,656	384,000
Mr Craig Barnes	370,931	279,477	-	-	370,931	279,477
Total	**370,931**	**279,477**	**509,656**	**384,000**	**880,587**	**663,477**

Refer to the Compensation of Key Management Personnel table later in the Remuneration Report for audited information required in accordance with the Corporations Act 2001 and its Regulations.

Exchange rate used is average for year US$1 = A$1.32723.
(1) Fees for services as CEO.

2016 (A$) / (US)

Name	Base Salary & Superannuation		Retirement Benefit[(1)]		Other		Total Cash		LTIP 1 Dec 2014[(2)]		Total	
	A$	US$	A$	US$	A$	US$	A$	US$	A$	US$	A$	US$
Mr A Molyneux	-	-	-	-	411,308[(3)]	299,333[(3)]	411,308	299,333	-	-	411,308	299,333
Mr C Barnes	377,442	274,687	-	-	-	-	377,442	274,687	-	-	377,442	274,687
Mr J Borshoff[(4)]	1,040,599	757,306	1,353,145	984,765	293,029[(5)]	213,255[(5)]	2,686,773	1,955,326	-	-	2,686,773	1,955,326
Mr D Garrow[(6)]	1,394,728	1,015,027	-	-	-	-	1,394,728	1,015,027	55,256	40,213	1,449,984	1,055,240
Ms G Swaby	-	-	-	-	652,050[(7)]	474,536[(7)]	652,050	474,536	39,269	28,578	691,319	503,114
Total	**2,812,769**	**2,047,020**	**1,353,145**	**984,765**	**1,356,387**	**987,124**	**5,522,301**	**4,018,909**	**94,525**	**68,791**	**5,616,826**	**4,087,700**

Refer to the Compensation of Key Management Personnel table later in the Remuneration Report for audited information required in accordance with the Corporations Act 2001 and its Regulations.

Exchange rate used is average for year US$1 = A$1.37408.
(1) Payment of Retirement Benefit on completion of the six month notice period provided for in services contract upon resignation on 10 August 2015.
(2) Value of share rights granted on 1 December 2014 that either vested immediately and were held in escrow to 1 December 2015, or vested on 1 December 2015 at a market price of A$0.225.
(3) Fees for services as CEO.
(4) Mr John Borshoff resigned effective 10 August 2015. Includes payment of accrued annual leave.
(5) Accrued long service leave paid out on resignation.
(6) Mr Dustin Garrow retrenched effective 21 August 2015. Includes six months payment in lieu of notice, severance pay and accrued annual leave.
(7) Ms Gillian Swaby resigned effective 21 August 2015. Includes twelve months payment in lieu of notice. Fees for Ms Gillian Swaby's services as Group Company Secretary and EGM – Corporate Services paid to a company of which Ms Gillian Swaby is a director and shareholder.

DEED ADMINISTRATORS' REPORT
(continued)

REMUNERATION REPORT (Audited)

This Remuneration Report outlines the Director and executive remuneration arrangements of the Company and the Group in accordance with the requirements of the Corporations Act 2001 (Cth) and its Regulations. For the purposes of this report, Key Management Personnel of the Group are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Group, directly or indirectly, including any Director, whether executive or otherwise, of the parent company.

Key Management Personnel comprise:

- Mr Rick Crabb, *Non-executive Chairman*
- Mr Alexander Molyneux, *Chief Executive Officer*
- Mr Donald Shumka, *Non-executive Director (resigned 8 December 2017)*
- Mr Philip Baily, *Non-executive Director (resigned 8 December 2017)*
- Mr Peter Donkin, *Non-executive Director (resigned 8 December 2017)*
- Mr Wendong Zhang, *Non-executive Director (resigned 8 December 2017)*
- Mr Craig Barnes, *Chief Financial Officer*

For the purposes of this report, the term 'Executive' encompasses the CEO, senior executives, managers and company secretary of the Parent and the Group.

REMUNERATION APPROVAL PROCESS

The Remuneration Committee is charged with assisting the Board by reviewing and making appropriate recommendations on remuneration packages for the CEO, Non-executive Directors and senior executives. In addition, it makes recommendations on long-term incentive plans and associated performance hurdles together with the quantum of grants made, taking into account both the individual's and the Company's performance.

The Remuneration Committee, chaired by Mr Zhang, held two meeting during the year. Messrs Crabb and Shumka are also Committee members. The CEO is invited to attend those meetings which consider the remuneration strategy of the Group and recommendations in relation to senior executives.

Having regard to the recommendations made by the CEO, the Committee approves the quantum of any short-term incentive bonus pool and the total number of any long-term incentive grants to be made and recommends the same for approval by the Board. Individual awards are then determined by the CEO in conjunction with senior management, as appropriate. The remuneration for the CEO is determined by the Remuneration Committee.

Any salary reviews and bonus payments are effective from 1 January in the year.

DEED ADMINISTRATORS' REPORT
(continued)

REMUNERATION REPORT (Audited) (continued)

KEY ELEMENTS OF KEY MANAGEMENT PERSONNEL/EXECUTIVE REMUNERATION STRATEGY

The overall focus of Paladin's remuneration strategy is to:

- provide competitive and fair reward;
- be flexible and responsive in line with market expectations;
- align Executive interests with those of the Company's shareholders; and,
- comply with applicable legal requirements and appropriate standards of governance.

The above strategies also need to recognise the economic situation of the Group given the prevailing uranium prices.

This strategy applies group wide for all employees. Information in relation to the compensation of Non-executive Directors is detailed later in this Remuneration Report.

The overall level of compensation takes into account the Company's earnings and growth in shareholder wealth of the Company together with the achievement of strategic goals but must also reflect current economic conditions. Consideration of the Company's earnings will be more relevant as the Company matures from its development and consolidation phase to profitability which is of course highly dependent on prevailing uranium prices.

In 2016, due to continued poor uranium prices, the Company took significant steps to reduce the remuneration for all Key Management Personnel/Executives.

The Board is cognisant of general shareholder concern that long-term equity-based remuneration be linked to Company performance and growth in shareholder value. SARs issued under the LTI programme have a one to three-year performance period. These SARs will only vest at the end of a one to three-year period. If a Key Management Personnel/Executive resigns during this period, they will ordinarily forfeit their shares. This promotes a focus on long-term performance as the value of the shares is linked to the ongoing performance of the Company. This period represents an appropriate balance between providing a genuine and foreseeable incentive to Key Management Personnel/Executives and fostering a long-term view of shareholder interests.

The table below compares the earnings per share to the closing share price for the Company's five most recently completed financial years.

	30 June 2013	30 June 2014	30 June 2015	30 June 2016	30 June 2017
EPS	US$(0.49)	US$(0.33)	US$(0.19)	US$(0.07)	US$(0.27)
Share Price	A$0.88	A$0.29	A$0.245	A$0.185	A$0.047[(1)]

[(1)] The securities of Paladin were suspended from official quotation, at the request of the Company, since 13 June 2017.

The remuneration structure for the Key Management Personnel/Executives has three elements:

- fixed remuneration;
- short-term variable remuneration; and,
- long-term incentives.

DEED ADMINISTRATORS' REPORT
(continued)

REMUNERATION REPORT (Audited) (continued)

COMPONENTS OF KEY MANAGEMENT PERSONNEL/EXECUTIVE REMUNERATION

These are detailed as follows:

Remuneration Component	Elements	Details
Fixed Remuneration	Annual base salary determined as at 1 January each year	The 'not at risk' cash component which may include certain salary sacrifice packaging.
	Statutory superannuation contributions	Statutory % of base salary.
	Expatriate benefits	Executives who fulfil their roles as an expatriate may receive benefits including relocation costs, health insurance, housing and car allowances, educational fees and tax advisory services.
	Foreign assignment allowance	An additional % of base salary is payable in relation to foreign assignments being 15% for Malawi and 10% for Namibia.
Variable Performance Linked Remuneration ("at risk" remuneration)	Short-term incentive, paid as a cash bonus	Rewards Executives for performance over a short period, being the year ending 31 December. Bonuses are awarded at the same time as the salary reviews. Assessment is based on the individual's performance and contribution to team and Company performance.
	Long-term incentive, granted under the Rights Plan	Award determined in the September quarter of each year, based on individual performance and contribution to team and Company performance. Vesting dependent on creation of shareholder value over a one to three-year period, together with a retention element.

Fixed Remuneration

This is reviewed annually with consideration given to both the Company and the individual's performance and effectiveness. Market data, focused on the mining industry, is analysed with a focus on maintaining parity or above with companies of similar complexity and size operating in the resources sector and becoming an employer of choice. The Company did not engage remuneration consultants.

Despite the challenging economic times, there was a general salary increase at LHM as part of the wage agreement and in an effort to maintain a competitive remuneration structure. There were no salary increases at the corporate office or across the rest of the group.

REMUNERATION REPORT (Audited) (continued)

COMPONENTS OF KEY MANAGEMENT PERSONNEL/EXECUTIVE REMUNERATION (CONTINUED)

Variable Remuneration (continued)

Short-term Incentives

The Company provides short-term incentives comprising a cash bonus to Executives of up to 30% of base salary. The bonus is entirely discretionary with the goal of focusing attention on short-term strategic and financial objectives. The amount is dependent on the Company's performance in its stated objectives and the individual's performance, together with the individual's position and level of responsibility. This component is an "at risk" component of overall remuneration designed to encourage exceptional performance whilst adhering to the Company values. Specific targets for individuals have not been set due to the philosophy of achieving a common goal for the Company, however, the following measures are taken into account where these are applicable to the Key Management Personnel and individual Executives and have been selected to align their interests to those of shareholders:

(a) health, safety and environmental performance;
(b) production performance;
(c) project development performance;
(d) additional uranium resources delineated;
(e) performance of the Company in meeting its various other objectives;
(f) financial performance of the Company; and
(g) such other matters determined by the Remuneration Committee in its discretion.

The above must, however, be viewed in the context of the operating environment and the priorities in terms of the allocation and preservation of cash.

Given the priority of cost reduction and cash conservation with the uranium industry continuing to experience difficult times, cash bonuses totalling only US$131,124 were paid across the Group this year (FY2016 US$18,869). No bonuses were paid to KMPs.

The expectation is that short-term incentives will not be reinstated until such time as the operating environment improves and, at that time, a more structured incentive programme linked both to individual and corporate performance will be implemented.

CEO

A success fee of up to 100% of base salary can be achieved under the terms of his contract, having consideration to operational, financial, environmental and health and safety outcomes achieved during the calendar year as determined by the Remuneration Committee. For the calendar year 2016 no success fee was awarded in line with the philosophy applying to all staff referred to earlier.

Mr. Molyneux will be entitled to the full amount of the success fee plus an additional success fee of US$225,000 in the event that during the current calendar year a transaction results in a change of material influence, being:

(a) approximately 20% or more equity issuance to a party which is not an existing shareholder, with rights of director appointments;
(b) a change of control (defined as greater than a 50% change in Paladin Energy Ltd (subject to deed of company arrangement) shareholding); or
(c) sale of a material asset or assets, requiring shareholder approval, with such success fee only pertaining to transactions that are recommended by the board of directors.

Any success fee payable, relating to the 2017 calendar year, would be paid out in CY2018. No success is payable relating to 2017.

Long-term Incentives

The Company believes that encouraging its employees to become shareholders is the best way of aligning their interests with those of its shareholders. In 2009, the Company implemented an Employee Performance Share Rights Plan (the Rights Plan) together with a Contractor Performance Share Rights Plan (the Contractor Rights Plan). These plans are referred to jointly as the Rights Plans and were reaffirmed by shareholders at the 2015 Annual General Meeting.

REMUNERATION REPORT (Audited) (continued)

COMPONENTS OF KEY MANAGEMENT PERSONNEL/EXECUTIVE REMUNERATION (CONTINUED)

Variable Remuneration (continued)

Long-term Incentives (continued)

The Rights Plans are long-term incentive plans aimed at advancing the interests of the Company by creating a stronger link between employee performance and reward and increasing shareholder value by enabling participants to have a greater involvement with, and share in, the future growth and profitability of the Company. They are an important tool in assisting to attract and retain talented people.

SARs are granted under the plan for no consideration. SARs are a right to receive a bonus equal to the appreciation in the company's share price over a period. SARs benefit the holder with an increase in share price; the holder is not required to pay the exercise price, but rather just receives the amount of the increase in shares. The number of ordinary shares ultimately issuable upon vesting of the SARs will vary as the number of ordinary shares to be issued is based upon Paladin's relative share price growth over the relevant vesting periods. SARs granted under the FY17 LTI Offer were granted in 3 tranches and will only vest if the holder remains employed at the relevant vesting dates (11 November 2017, 2018 and 2019).

The number of share rights able to be issued under the Plans is limited to 5% of the issued capital. The 5% limit includes incentive grants under all plans made in the previous 5 years (with certain exclusions under the Australian corporate legislation). This percentage now stands at 0.44%.

The Board is cognisant of general shareholder concern that long-term equity-based rewards should be linked to the performance of the Company. The holder of a SAR only receives an amount equivalent to the share price increase (i.e. the net appreciation amount, which is the market price on exercise date minus market price on grant date) in shares.

The Company does not offer any loan facilities to assist in the purchase of shares by employees.

The CEO was granted 3,000,000 options upon appointment, on 10 August 2015, as follows:-

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

The options issued to the CEO have different exercise prices and provide a direct link between the CEO's reward and shareholder return, and provide a clear line of sight between CEO performance and Company performance.

Shares Acquired Under the Rights Plan

Shares to be allocated to participants on vesting are currently issued from equity. No consideration is paid on the vesting of the share rights and resultant shares carry full dividend and voting rights.

Change of Control

All SARs will vest on a change of control event. The Remuneration Committee considers that this is appropriate given that shareholders (or a majority thereof) would have collectively elected to accept a change of control event. Moreover the number of SARs relative to total issued shares is very insignificant (0.44%) and thus are not considered a disincentive to a potential bidder.

REMUNERATION REPORT (Audited) (continued)

COMPONENTS OF KEY MANAGEMENT PERSONNEL/EXECUTIVE REMUNERATION (CONTINUED)

Cessation of Employment

Under the Rights Plan, employees' SARs will be cancelled on cessation of employment, unless special circumstances exist such as retirement, total and permanent disability, redundancy or death. Contractors will have their SARs cancelled, other than on death at which point the contractor's legal representative will be entitled to receive them.

Share Appreciation Rights at 30 June 2017

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

In summary, this balance represents 0.44% of the issued capital.

KEY ELEMENTS OF NON-EXECUTIVE DIRECTOR REMUNERATION STRATEGY

The focus of the remuneration strategy is to:

- Attract and retain talented and dedicated directors.
- Remunerate appropriately to reflect the:
  - size of the Company;
  - the nature of its operations;
  - the time commitment required; and,
  - the responsibility the Directors carry.

DEED ADMINISTRATORS' REPORT
(continued)

REMUNERATION REPORT (Audited) (continued)

COMPONENTS OF NON-EXECUTIVE DIRECTOR REMUNERATION

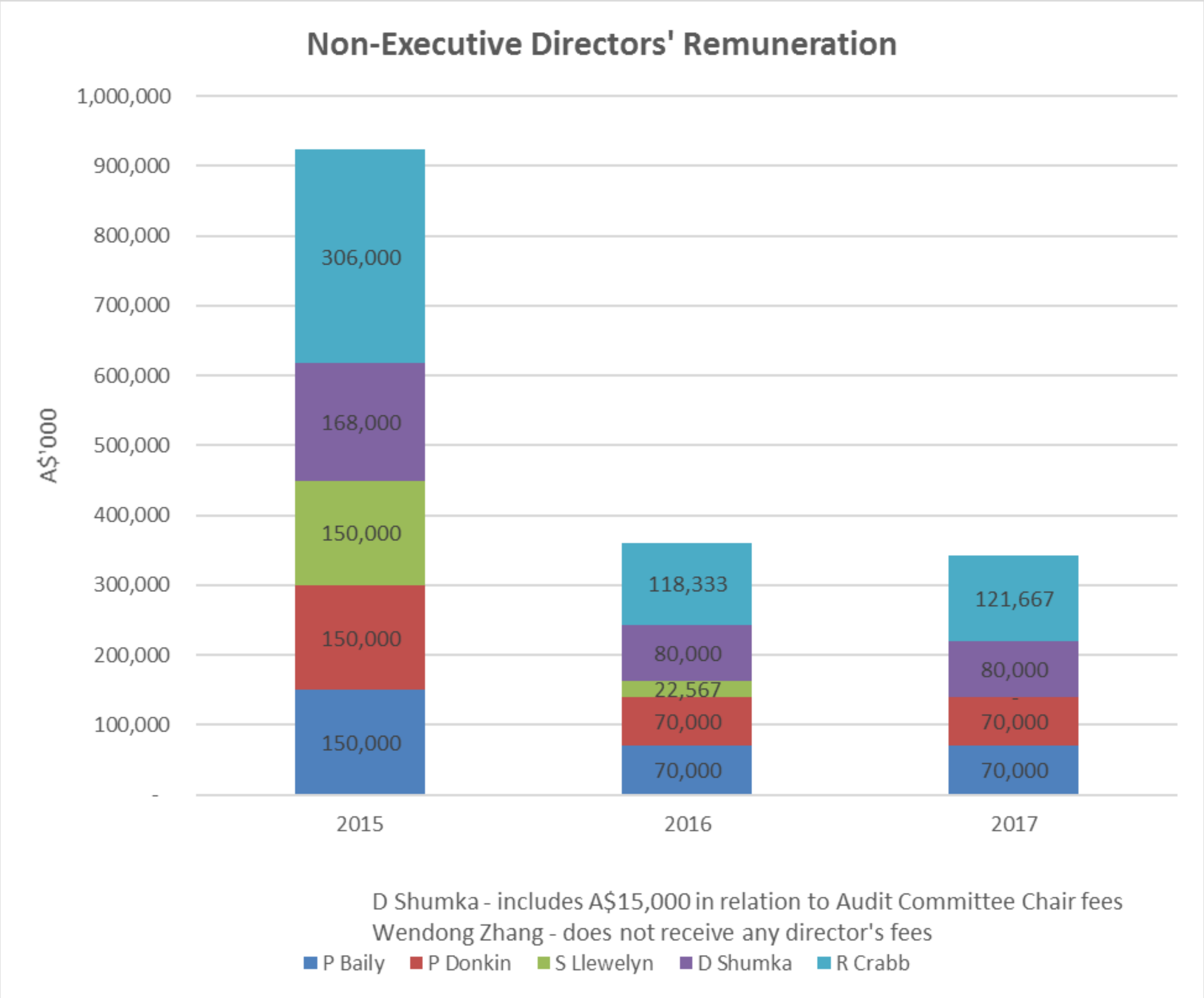
In accordance with corporate governance principles, Non-executive Directors are remunerated solely by way of fees and statutory superannuation. The aggregate annual remuneration permitted to be paid to Non-executive Directors is A$1,200,000 (US$904,139) as approved by shareholders at the 2008 AGM. Fees paid for the year to 30 June 2017 total A$342,000 (US$257,680), a reduction of 63% from 2015.

Remuneration Component	Elements	Details (per annum)
Base Fee	Must be contained within aggregate limit	Chairman A$125,000 (US$94,181) Non-executive Director A$65,000 (US$48,974)
Committee Fees	Paid to the Chairman of the Audit Committee Paid to the Chairman of the Nomination Committee Paid to the Chairman of the Sustainability Committee	A$15,000 (US$11,302) A$5,000 (US$3,767) A$5,000 (US$3,767)
Superannuation	Statutory contributions are included in the fees set out above	Statutory % of fees

REMUNERATION REPORT (Audited) (continued)

COMPONENTS OF NON-EXECUTIVE DIRECTOR REMUNERATION (continued)

The following graph is provided to give a clearer understanding of the Non-executive Directors' remuneration.



Other Fees/Benefits

In addition, the Company's Constitution provides for additional compensation to be paid if any of the Directors are called upon to perform extra services or make any special exertions on behalf of the Company or the business of the Company. The Company may compensate such Director in accordance with such services or exertions, and such compensation may be either in addition to or in substitution for the Directors' fees referred to above. No additional fees were paid during the year, other than the Directors' fees disclosed.

Non-executive Directors are also entitled to be reimbursed for reasonable expenses incurred whilst engaged on Company business. There is no entitlement to compensation on termination of non-executive directorships. Non-executive Directors do not earn retirement benefits (other than the statutory superannuation) and are not entitled to any form of performance linked remuneration.

Resignation of Directors

Following the successful resolution in favour of execution of the proposed deeds of company arrangement, Mr Donald Shumka, Mr Peter Donkin, Mr Philip Baily and Mr Wendong Zhang resigned on 8 December 2017.

DEED ADMINISTRATORS' REPORT (continued)

REMUNERATION REPORT (audited) (continued)

Compensation of Key Management Personnel for the year ended 30 June 2017 of the Group.

	Short-Term Benefits		Post Employment	Share Based Payment*	Total	Total	Total Performance Related	Total Performance Related
	Salary & fees	Other	Superannuation	Share Rights				
	US$	US$	US$	US$	US$	A$	US$	%
Directors								
Mr Rick Crabb	83,717	-	7,953	-	91,670	121,667	-	-
Mr Donald Shumka	60,276	-	-	-	60,276	80,000	-	-
Mr Philip Baily	48,166	-	4,576	-	52,742	70,000	-	-
Mr Peter Donkin	48,166	-	4,576	-	52,742	70,000	-	-
Subtotal	240,325	-	17,105	-	257,430	341,667		
Key Management Personnel								
Mr Alexander Molyneux	-	384,000(1)	-	-	384,000	509,656	-	-
Mr Craig Barnes	264,698	-	14,779	17,721	297,198	394,451	17,721	6.0
Subtotal	264,698	384,000	14,779	17,721	681,198	904,107		
Total	**505,023**	**384,000**	**31,884**	**17,721**	**938,628**	**1,245,774**		

Notes to the Compensation Table

Presentation Currency - The compensation table has been presented in US$, the Company's functional and presentation currency. The A$ value has also been shown as this is considered to be the most relevant comparator between years, given that in 2017 more than 58% of KMP's contracts for services were denominated in A$ and this eliminates the effects of fluctuations in the US$ and A$ exchange rate. Exchange rate used is average for year US$ 1 = A$1.32723

(1) Represents fees paid for services as CEO.

* A reconciliation of this figure in A$ follows to enable a clearer understanding of how this number is calculated.

REMUNERATION REPORT (audited) (continued)

Reconciliation of Share-Based Payment Compensation of Key Management Personnel for the year ended 30 June 2017 of the Group.

	Share Appreciation Rights granted 27 September 2016 (exercisable CY2017 to CY2019) A$	US$
Executives		
Mr Craig Barnes	23,520	17,721
TOTAL	**23,520**	**17,721**

It should be noted that service or performance vesting conditions are attached to all of the options and share appreciation rights referred to above. These are detailed elsewhere in this report.

Exchange rate used as the average for year US$1 = A$1.32723.

DEED ADMINISTRATORS' REPORT (continued)

REMUNERATION REPORT (audited) (continued)

Compensation of Key Management Personnel for the year ended 30 June 2016 of the Group.

	Short-Term Benefits				Post Employment		Long-Term Benefits		Share-Based Payment*	Total	Total	Total Performance Related	Total Performance Related
	Salary & fees	Cash bonus	Other Company Benefits	Other	Super-annuation	Retirement Benefits	Long-Term Incentive Plan	Long Service Leave	Share Rights				
	US$	US$	US$	US$	US$	US$	US$	US$	US$	US$	A$	US$	%
Directors													
Mr Rick Crabb	78,647	-	-	-	7,471	-	-	-	-	86,118	118,333	-	-
Mr John Borshoff(1)	502,126	-	-	-	10,539	(181,646)(2)	-	(17,292)(3)	-	313,727	431,085	-	-
Mr Sean Llewelyn(4)	14,999	-	-	-	1,425	-	-	-	-	16,424	22,567	-	-
Mr Donald Shumka	58,221	-	-	-	-	-	-	-	-	58,221	80,000	-	-
Mr Philip Baily	46,523	-	-	-	4,420	-	-	-	-	50,943	70,000	-	-
Mr Peter Donkin	46,523	-	-	-	4,420	-	-	-	-	50,943	70,000	-	-
Subtotal	747,039	-	-	-	28,275	(181,646)	-	(17,292)	-	576,376	791,985	-	
Key Management Personnel													
Mr Alexander Molyneux	-	-	-	299,333(5)	-	-	-	-	103,528	402,861	553,564	103,528	25.7
Mr Craig Barnes	260,636	-	-	-	14,051	-	-	-	36,236	310,923	427,233	36,236	11.7
Ms Gillian Swaby	-	-	-	474,536(6)	-	-	-	-	-	474,536	652,050	-	-
Mr Dustin Garrow(7)	962,436	-	-	-	-	-	-	(91,544)(8)	-	870,892	1,196,675	-	-
Subtotal	1,223,072	-	-	773,869	14,051	-	-	(91,544)	139,764	2,059,212	2,829,522	-	
Total	**1,970,111**	**-**	**-**	**773,869**	**42,326**	**(181,646)**	**-**	**(108,836)**	**139,764**	**2,635,588**	**3,621,507**	**-**	

Notes to the Compensation Table

Presentation Currency - The compensation table has been presented in US$, the Company's functional and presentation currency. The A$ value has also been shown as this is considered to be the most relevant comparator between years, given that in 2016 more than 55% of KMP's contracts for services were denominated in A$ and this eliminates the effects of fluctuations in the US$ and A$ exchange rate. Exchange rate used is average for year US$ 1 = A$1.37408

(1) Mr John Borshoff resigned on 10 August 2015.

(2) Amounts previously accrued for Mr Borshoff's retirement benefit in previous years were paid to Mr Borshoff on completion of the six month notice period provided for in Services Contract upon resignation. The accounting credit has arisen due to the reduction in Mr Borshoff's base salary that resulted in the final payment being lower than the amount accrued and disclosed in previous years.

(3) Amounts previously accrued for Mr. Borshoff's long service leave in previous years were paid to Mr Borshoff on completion of the six month notice period. The accounting credit has arisen due to the reduction in Mr Borshoff's base salary that resulted in the final payment being lower than the amount accrued and disclosed in previous years.

(4) Mr Sean Llewelyn resigned on 21 August 2015.

(5) Represents fees paid for services as CEO.

(6) Ms Gillian Swaby resigned on 21 August 2015. Includes twelve months payment in lieu of notice. Represents fees for Ms Gillian Swaby's services as Group Company Secretary and EGM – Corporate Services, paid to a company of which Ms Gillian Swaby is a director and shareholder.

(7) Mr Dustin Garrow retrenched on 21 August 2015. Includes six months payment in lieu of notice and severance pay.

(8) Amounts previously accrued for Mr Garrow's long service leave in previous years. The accounting credit has arisen as number of years' service requirement was not satisfied upon retrenchment.

* A reconciliation of this figure in A$ follows to enable a clearer understanding of how this number is calculated.

DEED ADMINISTRATORS' REPORT (continued)

REMUNERATION REPORT (audited) (continued)

Reconciliation of Share-Based Payment Compensation of Key Management Personnel for the year ended 30 June 2016 of the Group.

	Options[1] granted 10 August 2015 (exercisable CY2015)		Share Appreciation Rights granted 20 October 2015 (exercisable CY2016 to CY2018)		Total Share-Based Payment	
	A$	US$	A$	US$	A$	US$
Executives						
Mr Alexander Molyneux	142,256	103,528	-	-	142,256	103,528
Mr Craig Barnes	-	-	49,791	36,236	49,791	36,236
TOTAL	**142,256**	**103,528**	**4949,791**	**36,236**	**192,047**	**139,764**

It should be noted that service or performance vesting conditions are attached to all of the options and share appreciation rights referred to above. These are detailed elsewhere in this report.

Exchange rate used as the average for year US$1 = A$1.37408.

(1) Options granted on appointment as CEO on 10 August 2015.

REMUNERATION REPORT (audited) (continued)

Options Holdings of Key Management Personnel (Group)

30 June 2017	01 Jul 16 number	Granted as remuneration number	Fair value at grant date US$'000	Vested as shares number	Lapsed number	30 Jun 17 Number
Executives						
Mr Alexander Molyneux	3,000,000	-	-	-	-	3,000,000
Total	3,000,000	-	-	-	-	3,000,000

Share Appreciation Rights Holdings of Key Management Personnel (Group)

30 June 2017	01 Jul 16 number	Granted as remuneration number	Fair value at grant date US$	Vested as shares number	Lapsed number	30 Jun 16 Number
Executives						
Mr Craig Barnes	800,000	279,000	17,721	-	-	1,079,000
Total	800,000	279,000	17,721	-	-	1,079,000

Granted 11 November 2016.
Fair value per right at grant date was US$0.06.

Shares held in Paladin Energy Ltd (subject to deed of company arrangement) (number)

30 June 2017	Balance 01 Jul 16	On Vesting of Rights	Net Change Other	Balance 30 June 17
Directors				
Mr Rick Crabb	5,981,528	-	-	5,981,528
Mr Donald Shumka	200,000	-	-	200,000
Mr Peter Donkin	22,500	-	-	22,500
Mr Philip Baily	18,000	-	-	18,000
Mr Wendong Zhang	2,180,000	-	-	2,180,000
Total	8,402,028	-	-	8,402,028

No other Key Management Personnel held shares during the year ended 30 June 2017.

REMUNERATION REPORT (audited) (continued)

All equity transactions with Key Management Personnel have been entered into under terms and conditions no more favourable than those the Group would have adopted if dealing at arm's length.

CONTRACTS FOR SERVICES

Remuneration and other terms of employment for the Key Management Personnel are normally formalised in contracts for services.

All contracts with Key Management Personnel may be terminated early by either party providing between six to twelve months written notice or providing payments in lieu of the notice period (based on fixed component of remuneration). On termination notice by the Company, any rights that have vested, or that will vest during the notice period, will be released. Rights that have not yet vested will be forfeited.

Mr Alexander Molyneux, *Chief Executive Officer*

Monthly fee – US$32,000.

Success fee – Up to 100% of base salary. Payable having consideration to operational, financial, environmental and health and safety outcomes achieved during the calendar year as determined by the Remuneration Committee.

Change of material influence – Mr. Molyneux will be entitled to the full amount of the success fee plus an additional success fee of US$225,000 in the event that during the current calendar year a transaction results in a change of material influence, being: (a) approximately 20% or more equity issuance to a party which is not an existing shareholder, with rights of director appointments; (b) a change of control (defined as greater than a 50% change in Paladin Energy Ltd (subject to deed of company arrangement) shareholding); or (c) sale of a material asset or assets, requiring shareholder approval, with such success fee only pertaining to transactions that are recommended by the board of directors. This additional success fee is not expected to become due.

Termination – Mr. Molyneux's engagement may be terminated by either party at any time by six months' notice. However, in the case of termination by the Company within 12-months following a change of control, the Company must give 12-months' notice.

Mr Craig Barnes, *Chief Financial Officer*

Term of agreement – no fixed term.
Base salary, inclusive of superannuation of A$410,000. 1 September 2015, 10% reduction in salary to A$371,000.
No termination benefit is specified in the agreement.
Notice period six months.

Remuneration for all parties referred to above includes provision of an annual discretionary bonus and initial and ongoing discretionary participation in the Company's long-term incentive plans.

No Share Rights Vested as Shares to Key Management Personnel during the year ended 30 June 2017.

End of audited Remuneration Report

OPTIONS

The outstanding balance of Options at the date of this report are as follows:

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

No shares were issued on the exercise of Options during the year ended 30 June 2017.

SHARE APPRECIATION RIGHTS

The outstanding balance of Share Appreciation Rights at the date of this report are as follows:

Date granted	Exercisable date	Expiry date	Fair value	Exercise price	Number
20 October 2015	1 November 2016	1 November 2021	A$0.13	A$0.20	2,450,000
20 October 2015	1 November 2017	1 November 2022	A$0.13	A$0.20	1,225,000
20 October 2015	1 November 2018	1 November 2023	A$0.13	A$0.20	1,225,000
3 March 2016	1 November 2016	1 November 2021	A$0.10	A$0.20	157,500
3 March 2016	1 November 2017	1 November 2022	A$0.10	A$0.20	78,750
3 March 2016	1 November 2018	1 November 2023	A$0.10	A$0.20	78,750
27 September 2016	11 November 2017	11 November 2022	A$0.08	A$0.20	751,000
27 September 2016	11 November 2018	11 November 2023	A$0.08	A$0.20	751,000
27 September 2016	11 November 2019	11 November 2024	A$0.08	A$0.20	751,000
Total					7,468,000

No shares were issued on the exercise of Share Appreciation Rights during the year ended 30 June 2017.

DIRECTORS' INDEMNITIES

During the year the Company has incurred premiums to insure the Directors and/or officers for liabilities incurred as costs and expenses that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of the Company and or its controlled entities. Under the terms and conditions of the insurance contract, the nature of liabilities insured against and the premium paid cannot be disclosed.

INDEMINIFICATION OF AUDITORS

To the extent permitted by law, the Company has agreed to indemnify its auditors, PricewaterhouseCoopers, as part of the terms of its audit engagement agreement against claims by third parties arising from the audit (for an unspecified amount). The Deed Administrators of Paladin Energy Limited (subject to deed of company arrangement) have not provided PricewaterhouseCoopers with any indemnities. No payment has been made to indemnify PricewaterhouseCoopers during or since the financial year.

ROUNDING

The amounts contained in this report, the Financial Report and the Management, Discussion and Analysis have been rounded to the nearest US$1,000 (where rounding is applicable) under the option available to the Company under ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191. The Company is an entity to which the Instrument applies.

AUDITOR

PricewaterhouseCoopers were appointed auditors for the Company by shareholders at the 2016 Annual General Meeting on 18 November 2016.

NON-AUDIT SERVICES

During the year, non-audit and assurance services were provided by the Company's auditor, PricewaterhouseCoopers. The Directors are satisfied that the provision of non-audit and assurance services is compatible with the general standard of independence for auditors imposed by the Corporations Act. The nature and scope of each type of non-audit and assurance service provided means that auditor independence was not compromised.

Details of amounts paid or payable to PwC can be found in Note 27.

LEAD AUDITOR'S INDEPENDENCE DECLARATION

The Lead Auditor's Independence Declaration is set out on page 78 of the Financial Report.

Dated this 30th day of January 2018

Signed by Matthew Woods in his capacity as Deed Administrator of Paladin Energy Limited (subject to deed of company arrangement):

Matthew Woods
In his capacity as Deed Administrator

Auditor's Independence Declaration

As lead auditor for the audit of Paladin Energy Ltd (subject to deed of company arrangement) for the year ended 30 June 2017, I declare that to the best of my knowledge and belief, there have been:

(a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

(b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Paladin Energy Ltd (subject to deed of company arrangement) and the entities it controlled during the period.

Ben Gargett
Partner
PricewaterhouseCoopers

Perth
30 January 2018

PricewaterhouseCoopers, ABN 52 780 433 757
Brookfield Place, 125 St Georges Terrace, PERTH WA 6000, GPO Box D198, PERTH WA 6840
T: +61 8 9238 3000, F: +61 8 9238 3999, www.pwc.com.au

PALADIN ENERGY LTD (SUBJECT TO DEED OF COMPANY ARRANGEMENT) AND CONTROLLED ENTITIES
FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2017

EXPRESSED IN US DOLLARS

CONTENTS OF THE FINANCIAL REPORT

Note **Title** **Page Number**

PALADIN ENERGY LTD (SUBJECT TO DEED OF COMPANY ARRANGEMENT) AND CONTROLLED ENTITIES
CONSOLIDATED INCOME STATEMENT

FOR THE YEAR ENDED 30 JUNE 2017

EXPRESSED IN US DOLLARS

	Notes	2017 US$'000	2016 US$'000
Revenue			
Revenue	11	96,048	185,442
Cost of sales	12	(92,765)	(152,483)
Inventory write-down	17	(38,046)	(19,193)
Gross (loss)/profit		(34,763)	13,766
Other income	12	2,437	9,171
Exploration and evaluation expenses	21	(729)	(917)
Administration, marketing and non-production costs	12	(13,525)	(16,266)
Impairment of exploration assets		(243,831)	-
Write-down of ore stockpiles		-	(168,906)
Other expenses	12	(16,491)	(16,575)
Loss before interest and tax		(306,902)	(179,727)
Finance costs	12	(141,158)	(48,071)
Net loss before income tax from continuing operations		**(448,060)**	**(227,798)**
Income tax (expense)/benefit	13	(37,372)	83,397
Net loss after tax from continuing operations		**(485,432)**	**(144,401)**
Profit after tax from discontinued operations	12	**1,250**	**-**
Net loss after tax		**(484,182)**	**(144,401)**
Attributable to:			
Non-controlling interests		(26,397)	(22,420)
Members of the parent		(457,785)	(121,981)
Net loss after tax		**(484,182)**	**(144,401)**
Loss per share (US cents)			
Loss after tax from operations attributable to ordinary equity holders of the Company			
– continuing operations, basic and diluted (US cents)	14	(26.7)	(7.1)
– discontinued operations, basic and diluted (US cents)	14	(0.1)	-

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

PALADIN ENERGY LTD (SUBJECT TO DEED OF COMPANY ARRANGEMENT) AND CONTROLLED ENTITIES
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2017

EXPRESSED IN US DOLLARS

	2017 US$'000	2016 US$'000
Net loss after tax	**(484,182)**	**(144,401)**
Other comprehensive income		
Items that may be subsequently reclassified to profit or loss:		
Net loss on available-for-sale financial assets	(993)	(1,016)
Transfer of realised gains to other income on disposal of available-for-sale financial assets	993	-
Transfer of impairment loss on available-for-sale financial assets to income statement	-	1,484
Foreign currency translation	(1,724)	(12,229)
Income tax on items of other comprehensive income	97	283
Items that will not be subsequently reclassified to profit or loss:		
Foreign currency translation attributable to non-controlling interests	356	-
Other comprehensive loss for the year, net of tax	(1,271)	(11,478)
Total comprehensive loss for the year	**(485,453)**	**(155,879)**
Total comprehensive loss attributable to:		
Non-controlling interests	(26,041)	(22,421)
Members of the parent	(459,412)	(133,458)
	(485,453)	(155,879)

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

PALADIN ENERGY LTD (SUBJECT TO DEED OF COMPANY ARRANGEMENT) AND CONTROLLED ENTITIES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2017

EXPRESSED IN US DOLLARS

	Notes	2017 US$'000	2016 US$'000
ASSETS			
Current assets			
Cash and cash equivalents	6	11,502	59,205
Trade and other receivables	16	13,744	12,150
Prepayments		2,350	1,651
Inventories	17	27,456	35,962
Assets classified as held for sale	18	165	-
TOTAL CURRENT ASSETS		55,217	108,968
Non current assets			
Trade and other receivables	16	384	1,184
Available-for-sale financial assets		-	947
Property, plant and equipment	19	244,297	256,754
Mine development	20	36,396	39,781
Exploration and evaluation expenditure	21	92,025	336,074
Intangible assets	22	10,625	11,102
Deferred Tax Assets	13	-	36,305
TOTAL NON CURRENT ASSETS		383,727	682,147
TOTAL ASSETS		438,944	791,115
LIABILITIES			
Current liabilities			
Trade and other payables	23	18,241	31,546
Interest bearing loans and borrowings	7	398,199	204,726
Other Interest bearing loans - CNNC	8	-	10,424
Provisions	24	2,382	2,167
Unearned revenue	25	278,182	-
TOTAL CURRENT LIABILITIES		697,004	248,863
Non current liabilities			
Interest bearing loans and borrowings	7	-	127,830
Other Interest bearing loans - CNNC	8	89,388	86,275
Provisions	24	88,351	79,296
Unearned revenue	25	-	200,000
TOTAL NON CURRENT LIABILITIES		177,739	493,401
TOTAL LIABILITIES		874,743	742,264
NET ASSETS		**(435,799)**	**48,851**
EQUITY			
Contributed equity	9	2,101,085	2,101,085
Reserves	9	32,436	49,949
Accumulated losses		(2,464,780)	(2,023,683)
Parent interests		(331,259)	127,351
Non-controlling interests	30	(104,540)	(78,500)
TOTAL EQUITY		**(435,799)**	**48,851**

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

PALADIN ENERGY LTD (SUBJECT TO DEED OF COMPANY ARRANGEMENT) AND CONTROLLED ENTITIES
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2017

EXPRESSED IN US DOLLARS

	Contributed Equity US$'000	Available -for-Sale Reserve US$'000	Share-Based Payments Reserve US$'000	Convertible Bond Non-Distrib-utable Reserve US$'000	Foreign Currency Revaluation Reserve US$'000	Premium on Acquisition Reserve US$'000	Option Application Reserve US$'000	Consol-idation Reserve US$'000	Accumu-lated Losses US$'000	Attributabl e to Owners of the Parent US$'000	Non-Controlling Interests US$'000	Total US$'000
Balance at 1 July 2015	**2,094,880**	**(5,424)**	**46,443**	**94,374**	**(137,617)**	**14,916**	**137**	**48,319**	**(1,901,703)**	**254,325**	**(56,079)**	**198,246**
Loss for the period	-	-	-	-	-	-	-	-	(121,980)	(121,980)	(22,421)	(144,401)
Other comprehensive income/(loss)	-	751	-	-	(12,229)	-	-	-	-	(11,478)	-	(11,478)
Total comprehensive income/ (loss) for the year net of tax	-	751	-	-	(12,229)	-	-	-	(121,980)	(133,458)	(22,421)	(155,879)
Share-based payment	5,944	-	484	-	-	-	-	-	-	6,428	-	6,428
Vesting performance rights	261	-	(205)	-	-	-	-	-	-	56	-	56
Convertible bond, equity component – net of transaction costs	-	-	-	57,257	-	-	-	-	-	57,257	-	57,257
Convertible bond, buy back	-	-	-	(57,257)	-	-	-	-	-	(57,257)	-	(57,257)
Balance at 30 June 2016	**2,101,085**	**(4,673)**	**46,722**	**94,374**	**(149,846)**	**14,916**	**137**	**48,319**	**(2,023,683)**	**127,351**	**(78,500)**	**48,851**
Transfer of reserves	-	4,576	-	-	(20,999)	-	-	-	16,688	265	1	266
Loss for the period	-	-	-	-	-	-	-	-	(457,785)	(457,785)	(26,397)	(484,182)
Other comprehensive income/(loss)	-	97	-	-	(1,724)	-	-	-	-	(1,627)	356	(1,271)
Total comprehensive income/ (loss) for the year net of tax	-	97	-	-	(1,724)	-	-	-	(457,785)	(459,412)	(26,041)	(485,453)
Share-based payment	-	-	537	-	-	-	-	-	-	537	-	537
Balance at 30 June 2017	**2,101,085**	**-**	**47,259**	**94,374**	**(172,569)**	**14,916**	**137**	**48,319**	**(2,464,780)**	**(331,259)**	**(104,540)**	**(435,799)**

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

PALADIN ENERGY LTD (SUBJECT TO DEED OF COMPANY ARRANGEMENT) AND CONTROLLED ENTITIES
CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2017

EXPRESSED IN US DOLLARS

	Notes	2017 US$'000	2016 US$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		96,190	185,960
Payments to suppliers and employees		(132,477)	(153,804)
Interest received		165	471
Interest paid		(15,417)	(27,817)
Exploration and evaluation expenditure		(729)	(917)
Other income		39	310
NET CASH (OUTFLOW)/INFLOW FROM OPERATING ACTIVITIES	15	**(52,229)**	**4,203**
CASH FLOWS FROM INVESTING ACTIVITIES			
Capitalised exploration expenditure		(1,833)	(4,156)
Payments for property, plant and equipment		(9,076)	(3,801)
Proceeds from sale of subsidiary		375	-
Proceeds from sale of tenements		1,499	-
Proceeds from sale of property, plant & equipment		933	2,543
Proceeds from sale of investments		2,609	165
NET CASH OUTFLOW FROM INVESTING ACTIVITIES		**(5,493)**	**(5,249)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of loans and borrowings		(10,424)	(66,122)
Drawdown of secured revolving credit facility		20,000	-
Repayment of convertible bonds		-	(56,442)
Project finance borrowing costs		-	(39)
NET CASH INFLOW/(OUTFLOW) FROM FINANCING ACTIVITIES		**9,576**	**(122,603)**
NET DECREASE IN CASH AND CASH EQUIVALENTS		**(48,146)**	**(123,649)**
Cash and cash equivalents at the beginning of the financial year		59,205	183,749
Effects of exchange rate changes on cash and cash equivalents		443	(895)
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR	6	**11,502**	**59,205**

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

PALADIN ENERGY LTD (SUBJECT TO DEED OF COMPANY ARRANGEMENT) AND CONTROLLED ENTITIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

EXPRESSED IN US DOLLARS

BASIS OF PREPARATION

NOTE 1. CORPORATE INFORMATION

The Financial Report of Paladin for the year ended 30 June 2017 was authorised for issue by the Deed Administrators on 30 January 2018.

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

The Group's principal place of business is Level 4, 502 Hay Street, Subiaco, Western Australia. The nature of the operations and principal activities of the Group are described in the Management Discussion and Analysis (unaudited) on pages 6 to 38.

NOTE 2. STRUCTURE OF THE FINANCIAL REPORT

The Notes to the Consolidated Financial Statements have been grouped into six key categories, which are summarised as follows:

Basis of Presentation

This section sets out the group's significant accounting policies that relate to the financial statements as a whole. Where an accounting policy is specific to one note, the policy is described in the note to which it relates. Accounting policies determined non-significant are not included in the financial statements. There have been no changes to the Group's accounting policies that are no longer disclosed in the financial statements.

Segment Information

This section compares performance across operating segments.

Capital Structure

This section outlines how the group manages its capital and related financing costs.

Performance for the Year

This section focuses on the results and performance of the group. This covers both profitability and the resultant return to shareholders via earnings per share combined with cash generation.

Operating Assets and Liabilities

This section shows the assets used to generate the group's trading performance and the liabilities incurred as a result. Liabilities relating to the group's financing activities are addressed in the Capital Structure section.

Other Notes

This section deals with the remaining notes that do not fall into any of the other categories.

NOTE 3. BASIS OF PREPARATION

Introduction and Statement of Compliance

The Financial Report is a general purpose Financial Report, which has been prepared in accordance with the requirements of the *Corporations Act 2001,* Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board.

NOTE 3. BASIS OF PREPARATION (continued)

Introduction and Statement of Compliance (continued)

The Financial Report complies with International Financial Reporting Standards as issued by the International Accounting Standards Board. The Financial Report has also been prepared on a historical cost basis, except for available-for-sale investments, which have been measured at fair value. Where necessary, comparatives have been reclassified and repositioned for consistency with current year disclosures. For the purposes of preparing the consolidated financial statements, the Company is a for-profit entity.

The Financial Report is presented in US dollars and all values are rounded to the nearest thousand dollars (US$1,000) unless otherwise stated under the option available to the Company under Australian Securities and Investments Commission (ASIC) Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191. The Company is an entity to which the Instrument applies.

Changes in Accounting Policies

Apart from the changes in accounting policies noted below, the accounting policies adopted are consistent with those disclosed in the Financial Report for the year ended 30 June 2016.

New Accounting Standards and Interpretations

The Group has adopted all new and amended Australian Accounting Standards and AASB Interpretations effective from 1 July 2016. The nature and impact of each new standard and amendment is described below:

Reference	Title	Impact
AASB 2014-3	**Amendments to Australian Accounting Standards – Accounting for Acquisitions of Interests in Joint Operations [AASB 1 & AASB 11]** The Standard amends AASB 11 *Joint Arrangements* to provide guidance on the accounting for acquisitions of interests in joint operations in which the activity constitutes a business. The amendments require: (a) the acquirer of an interest in a joint operation in which the activity constitutes a business, as defined in AASB 3 *Business Combinations*, to apply all of the principles on business combinations accounting in AASB 3 and other Australian Accounting Standards except for those principles that conflict with the guidance in AASB 11; and (b) the acquirer to disclose the information required by AASB 3 and other Australian Accounting Standards for business combinations. This Standard also makes an editorial correction to AASB 11	There was no material impact on the Annual Report.

EXPRESSED IN US DOLLARS

NOTE 3. BASIS OF PREPARATION (continued)

New Accounting Standards and Interpretations (continued)

Reference	Title	Impact
AASB 1057	**Application of Australian Accounting Standards** This Standard lists the application paragraphs for each other Standard (and Interpretation), grouped where they are the same. Accordingly, paragraphs 5 and 22 respectively specify the application paragraphs for Standards and Interpretations in general. Differing application paragraphs are set out for individual Standards and Interpretations or grouped where possible. The application paragraphs do not affect requirements in other Standards that specify that certain paragraphs apply only to certain types of entities.	No direct impact on accounts but the changes apply to Standards relevant to Paladin.
AASB 2015-2	**Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101** The Standard makes amendments to AASB 101 *Presentation of Financial Statements* arising from the IASB's Disclosure Initiative project. The amendments are designed to further encourage companies to apply professional judgment in determining what information to disclose in the financial statements. For example, the amendments make clear that materiality applies to the whole of financial statements and that the inclusion of immaterial information can inhibit the usefulness of financial disclosures. The amendments also clarify that companies should use professional judgment in determining where and in what order information is presented in the financial disclosures.	No direct impact on accounts but the changes apply to Standards relevant to Paladin.
AASB 2015-9	**Amendments to Australian Accounting Standards – Scope and Application Paragraphs [AASB 8, AASB 133 & AASB 1057]** This Standard inserts scope paragraphs into AASB 8 and AASB 133 in place of application paragraph text in AASB 1057. This is to correct inadvertent removal of these paragraphs during editorial changes made in August 2015. There is no change to the requirements or the applicability of AASB 8 and AASB 133.	No direct impact on accounts but the changes apply to Standards relevant to Paladin.

NOTE 3. BASIS OF PREPARATION (continued)

Basis of Consolidation

The consolidated financial statements comprise the financial statements of Paladin Energy Ltd (subject to deed of company arrangement) and its subsidiaries as at 30 June 2017 (the Group).

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant
  activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to affect its returns.

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group’s voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the statement of comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group’s accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

Foreign Currency Translation

Functional and Presentation Currency

Items included in the Financial Statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The Consolidated Financial Statements are presented in United States dollars (US dollars), which is the Company’s functional and presentation currency.

Transactions and Balances

Foreign currency transactions are converted into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Income Statement. Translation differences on available-for-sale financial assets are included in the available-for-sale reserve.

NOTE 3. BASIS OF PREPARATION (continued)

Foreign Currency Translation (continued)

Group Companies

Some Group entities have a functional currency of US dollars which is consistent with the Company's functional and presentational currency. For all other Group entities the functional currency has been translated into US dollars for presentation purposes. Assets and liabilities are translated using exchange rates prevailing at the balance date; revenues and expenses are translated using average exchange rates prevailing for the income statement year; and equity transactions are translated at exchange rates prevailing at the dates of transactions. The resulting difference from translation is recognised in a foreign currency translation reserve. Upon the sale of a subsidiary the Functional Currency Translation Reserve (FCTR) attributable to the parent is recycled to the Income Statement.

The functional currency of individual subsidiaries reflects their operating environment.

Significant Accounting Judgements, Estimates and Assumptions

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

The carrying amounts of certain assets and liabilities are often determined based on estimates and assumptions of future events. The key estimates and assumptions, that have a significant risk of causing a material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting period, are dealt with elsewhere in the notes.

NOTE 4. GOING CONCERN

The financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

The Group incurred a net loss after tax attributable to the ordinary equity holders of US$457,785,000 (30 June 2016: loss US$121,981,000) for the year ended 30 June 2017 and a net cash outflow from operating activities of US$52,229,000 (30 June 2016: inflow US$4,203,000). As at 30 June 2017, the Group had a net current asset deficit of US$641,787,000 (30 June 2016: deficit US$139,895,000), including cash on hand of US$11,502,000 (30 June 2016: US$59,205,000). Included within this cash on hand is US$1,010,000 (30 June 2016: US$597,000) which is restricted for use in respect of environmental and supplier guarantees provided by LHM.

Funding will be required within the next 12 months to address the Group's forecast net cash deficit position.

The Group's current operating strategy, including the physical curtailment of mining, is dependent on processing available medium grade stockpiles at LHM. At the current processing rate it is expected that such stockpiles will be exhausted in early-to-mid-2019. At least six months in advance of that, the Company will need to consider alternative operational options for LHM going forward including: a re-start of physical mining operations; processing of LG ore stockpiles; or placing the mine on care and maintenance. Various factors will need to be considered to determine the appropriate operating strategy including uranium market conditions. Should the mine be placed into care and maintenance the Group will no longer have any operating assets.

NOTE 4. GOING CONCERN (continued)

Subsequent to year end, on 3 July 2017, the Company announced the appointment of Administrators to the Company and other related companies. The appointment followed the demand from Électricité de France S.A. (EdF) for the repayment of approximately US$276,768,000 due to it on 10 July 2017 under the Long Term Supply Agreement signed in 2012.

Since the Administrators were appointed, a group of the Company's Bondholders organised themselves into an ad-hoc committee (Ad-hoc Committee) and, together with their advisers, presented a proposed capital restructure of the Company (Proposed Restructure) to the Administrators and sought to garner the support of the remaining bondholders.

This Proposed Restructure comprises:

- a debt for equity swap with the existing Bondholders and EdF receiving 70% of all existing Company shares pro rata to the value of their claims, to be effected through the Deed Administrators' power to transfer Shares with leave of the Court under section 444GA of the Australian Corporations Act (s444GA Transfer);
- an underwritten issue by the Company of new notes to the value of US$115,000,000 (New Notes). The New Notes will be secured by all-assets (with exceptions) security to be granted by the companies and certain other entities in the Group pursuant to various security agreements. Subscribers for the New Notes will also be entitled to be transferred a pro-rata allocation of 25% of the Company's currently issued shares (to be effected pursuant to the s444GA Transfer) (Equity Allocation). The New Notes are not convertible and are proposed to be listed on the Singapore Stock Exchange;
- the transfer of 3% of the Company's currently issued Shares to the underwriter(s) of the New Notes (also pursuant to the s444GA Transfer);
- payment by the Company of approximately US$60,000,000 cash (raised from the New Notes) to acquire the US$60,000,000 Deutsche Bank Facility established in July 2017;
- the extinguishment of all "subordinated claims" (as that term is defined in section 563A of the Australian Corporations Act) against the Company;
- the replacement of the board of directors of the Company (other than the Chairman); and
- payment of certain advisers' fees.

On 30 November 2017, the Administrators issued their report to creditors pursuant to section 439A of the Australian Corporations Act. The Administrators provided their opinion that, having considered the alternatives available to creditors and the fact that the only proposal received at the time of the report was the Proposed Restructure, it is in creditors' interests for the Company to enter into a deed of company arrangement (DOCA). The Proposed Restructure is likely to result in a gain on extinguishment of the Group's existing liabilities and an increase in equity.

The implementation of the DOCA (and the Proposed Restructure) is subject to the satisfaction of certain conditions, including:

- subscription funds for the New Notes being received in escrow;
- the Court granting leave to transfer the Shares in accordance with the s444GA Application (which has subsequently been obtained);
- the Company obtaining necessary relief and exemptions from the ASX and ASIC;
- all conditions to the reinstatement of Paladin to trading on the ASX being satisfied; and
- any necessary approvals being obtained under the Foreign Acquisitions and Takeovers Act 1975 (Cth) (which has subsequently been obtained).

On 7 December 2017, at the second meeting of creditors of the Company convened under section 439A of the Australian Corporations Act, the creditors of the Company resolved to execute the proposed DOCA and it was executed by the Administrators. Prior to the second meeting of creditors the Company received a letter from EdF rejecting the conclusions in the report to creditors that the Proposed Restructure is in the creditors' interests. EdF had also claimed that the Proposed Restructure was unfairly prejudicial to it and had foreshadowed that it may seek to have the DOCA

NOTE 4. GOING CONCERN (continued)

terminated. Were EdF to institute proceedings to seek to have the DOCA terminated it may have delayed the Proposed Restructure and, if successful, cause the Proposed Restructure to fail. On 21 December 2017, EdF assigned all of its rights, interests, benefits, title, claims and entitlements under its Long Term Supply Contract and Prepayment Agreements with the Paladin Group, and the DOCA to Deutsche Bank AG. London Branch. As a result the potential proceedings by EdF to seek to have the DOCA terminated have not occurred.

On 31 December 2017, the KM environmental performance bond of US$10,000,000, issued by Nedbank Limited lapsed. Nedbank Limited is only willing to renew the environmental performance bond if it is fully cash backed by the Group. If the Group is not able to cash back the environmental performance bond or otherwise replace it within 30 days from receiving a notice from the Government of Malawi, the mining licences for KM could be suspended or cancelled. As at the date of this report, no notice has been received by the Group.

On 16 January 2018 the s444GA Application was heard by Justice Black on Supreme Court of New South Wales and he delivered judgment on 18 January 2018, granting leave for the application and approving the s444GA Transfer. The DOCA still remains subject to other outstanding conditions which the Deed Administrators are working to satisfy by the 31 January 2018 completion deadline. Should the DOCA not be successful, the Company will likely be placed into liquidation.

As part of the Proposed Restructure Paladin intends to issue New Notes to the value of US$115,000,000. These New Notes have a five year tenor with a single bullet repayment at the end of this period. The New Notes attract interest at 10% per annum or 9% per annum should the Company elect to pay the interest in cash or the Group's unrestricted cash holdings are greater than US$50,000,000 and the Group generates more than US$5,000,000 in cash inflows from operations net of maintenance and sustaining capital expenditures in the applicable 6 month interest period. The Group has a number of options available to it to obtain sufficient funding to repay the New Notes by the time they fall due. These options include generating sufficient surplus operating cash flows, which is reliant on the operating performance of its mines and the uranium price amongst other factors, the sale of some or all of the Group's assets, raising new equity or the refinance of the New Notes.

As a result of these matters, there is a material uncertainty that may cast significant doubt on the entity's ability to continue as a going concern and, therefore, that the entity may be unable to realise its assets and discharge its liabilities in the normal course of business. The financial report does not include adjustments relating to the recoverability or classification of the recorded assets amounts nor to the amounts or classification of liabilities that might be necessary should the Company not be able to continue as a going concern.

Based on the Company's expectation that the Proposed Restructure will be implemented and additional funding will be obtained, the Deed Administrators are satisfied that it is appropriate to prepare the financial statements on a going concern basis.

SEGMENT INFORMATION

NOTE 5. SEGMENT INFORMATION

Identification of Reportable Segments

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

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

The accounting policies used by the Group in reporting segments internally are the same as those contained in the accounts and in the prior period.

Inter-entity sales are priced with reference to the spot rate.

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

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

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

PALADIN ENERGY LTD (SUBJECT TO DEED OF COMPANY ARRANGEMENT) AND CONTROLLED ENTITIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 JUNE 2017

EXPRESSED IN US DOLLARS

NOTE 5. SEGMENT INFORMATION (continued)

The following tables present revenue, expenditure and asset information regarding operating segments for the years ended 30 June 2017 and 30 June 2016.

Year ended 30 June 2017	**Exploration US$'000**	**Namibia US$'000**	**Malawi US$'000**	**Unallocated US$'000**	**Consolidated US$'000**
Sales to external customers	-	95,844	-	-	95,844
Other revenue	-	-	-	204	204
Total consolidated revenue	**-**	**95,844**	**-**	**204**	**96,048**
Cost of sales	-	(92,765)	-	-	(92,765)
Inventory write-down	-	(38,046)	-	-	(38,046)
Gross (loss)/profit	-	(34,967)	-	204	(34,763)
Gain on disposal of investments	-	-	-	1,666	1,666
Gain on disposal of tenements	766	-	-	-	766
Other expenses	(1,423)	(12,994)	(6,148)	(2,597)	(23,162)
Restructure costs	-	-	-	(7,506)	(7,506)
Impairment of assets	(243,903)	-	-	-	(243,903)
Segment loss before income tax and finance costs	(244,560)	(47,961)	(6,148)	(8,233)	(306,902)
Finance costs	-	(9,992)	(164)	(131,002)	(141,158)
Loss before income tax	(244,560)	(57,953)	(6,312)	(139,235)	(448,060)
Income tax expense	-	(36,305)	-	(1,067)	(37,372)
Loss after income tax from continuing operations	**(244,560)**	**(94,258)**	**(6,312)**	**(140,302)**	**(485,432)**
Profit after tax from discontinued operations	-	-	-	1,250	1,250
Net loss after tax	**(244,560)**	**(94,258)**	**(6,312)**	**(139,052)**	**(484,182)**
At 30 June 2017					
Segment assets/total assets	**93,280**	**332,202**	**981**	**12,481**(1)	**438,944**

	Australia US$'000	**Canada US$'000**	**Namibia US$'000**	**Other US$'000**	**Consolidated US$'000**
Non current assets (excluding financial instruments) by country	65,186	28,535	289,968	-	383,689

In 2017, the five most significant customers equated on a proportionate basis to 32% (US$30,283,133 Namibia), 13% (US$12,617,104 Namibia), 12% (US$11,090,500 Namibia), 11% (US$10,125,000 Namibia) and 10% (US$9,704,216 Namibia) of the Group's total sales revenue.

(1) Includes US$9,149,000 in cash and cash equivalents.

NOTE 5. SEGMENT INFORMATION (continued)

Year ended 30 June 2016	Exploration US$'000	Namibia US$'000	Malawi US$'000	Unallocated US$'000	Consolidated US$'000
Sales to external customers	-	184,936	-	-	184,936
Other revenue	-	-	-	506	506
Total consolidated revenue	**-**	**184,936**	**-**	**506**	**185,442**
Cost of sales	-	(152,483)	-	-	(152,483)
Inventory write-down	-	(19,193)	-	-	(19,193)
Gross profit	-	13,260	-	506	13,766
Other expenses	(916)	4,290	(10,108)	(7,534)	(14,268)
Restructure costs	-	-	-	(5,266)	(5,266)
Impairment of assets	-	-	(2,430)	(2,622)	(5,052)
Write-down of ore stockpiles	-	(168,906)	-	-	(168,906)
Segment loss before income tax and finance costs	(916)	(151,356)	(12,538)	(14,916)	(179,726)
Finance costs	-	(11,621)	(297)	(36,153)	(48,071)
Loss before income tax	(916)	(162,977)	(12,835)	(51,069)	(227,797)
Income tax benefit/(expense)	-	84,155	-	(759)	83,396
Loss after income tax	**(916)**	**(78,822)**	**(12,835)**	**(51,828)**	**(144,401)**
At 30 June 2016					
Segment assets/total assets	**337,806**	**441,015**	**894**	**11,400**[(1)]	**791,115**

	Australia US$'000	Canada US$'000	Namibia US$'000	Other US$'000	Consolidated US$'000
Non current assets (excluding financial instruments and deferred tax assets) by country	117,935	221,205	305,755	-	644,895

In 2016, the most significant customers equated to 24% (US$44,578,076 Namibia), 16% (US$29,117,793 Namibia), 14% (US$26,807,978Namibia) and 13% (US$23,992,780 Namibia) of the Group's total sales revenue.

[(1)] Includes US$8,565,000 in cash and cash equivalents and US$947,000 available-for-sale financials assets.

CAPITAL STRUCTURE

The group's objectives when managing capital are to safeguard its ability to continue as a going concern, so that it can continue to provide returns to shareholders and benefits for other stakeholders and to maintain an efficient capital structure to reduce the cost of capital. Capital includes issued capital and all other equity reserves attributable to the equity holders of the parent.

In order to maintain or adjust the capital structure, the group may issue new shares or sell assets to reduce debt.

The group monitors capital on the basis of the level of return on capital and also the level of net cash/debt and compliance with bank covenants, including the gearing ratio calculated as a net debt / (net debt + equity). The group manages funds on a group basis with all funds being drawn by the parent entity.

NOTE 6. CASH AND CASH EQUIVALENTS

	2017 US$'000	2016 US$'000
Cash at bank and on hand	1,653	7,031
Short-term bank deposits	9,849	52,174
Total cash and cash equivalents	**11,502**	**59,205**

Total cash and cash equivalents includes US$1,010,000 (30 June 2016: US$597,000) restricted for use in respect of environmental and supplier guarantees provided by LHM.

Recognition and measurement

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Cash at bank earns interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates.

NOTE 7. INTEREST BEARING LOANS AND BORROWINGS

	Maturity	2017 US$'000	2016 US$'000
Current			
Secured revolving credit facility(1)	2018	19,688*	-
Unsecured convertible bonds(2)	2017	220,544	204,726
Unsecured convertible bonds(3)	2020	157,967	-
Total current interest bearing loans and borrowings		**398,199**	**204,726**
Non Current			
Unsecured convertible bonds(3)	2020	-	127,830
Total non current interest bearing loans and borrowings		**-**	**127,830**

* Includes transaction costs which offset the balance in accordance with the requirements of Accounting Standards.

Fair value disclosures

Details of the fair value of the Group's interest bearing liabilities are set out in Note 10.

Secured bank loans

(1) In June 2016, a US$25,000,000 24-month Revolving Credit Facility was implemented at LHM, which was subsequently reduced to US$20,000,000 in September 2016. The purpose was to provide a buffer facility that could be drawn in periods where LHM-level working capital requirements were in deficit, mainly due to the timing of sales receipts. The provider of the Revolving Credit Facility was Nedbank Limited (Nedbank), through its UK registered subsidiary, N.B.S.A. Limited. At 30 June 2017 the Company had drawn US$20,000,000 under this facility. The facility was repayable on 9 June 2018 and bears interest at LIBOR plus 5.17%.

NOTE 7. INTEREST BEARING LOANS AND BORROWINGS (continued)

Secured bank loans (continued)

The impairment of LHM's ore stockpiles on 24 August 2016 resulted in Paladin Energy Ltd's (subject to deed of company arrangement) Consolidated Net Asset Value going below the minimum threshold as required within the Revolving Credit Facility. As a result, Nedbank provided a waiver until such time as the Company presented an acceptable funding plan for the 2017 Convertible Bonds.

On 27 June 2017, Nedbank agreed to extend the forbearances in relation to the events of default until 31 August 2017. Nedbank indicated that it was not willing to permit further draws under the Revolving Credit Facility to fund working capital at the Langer Heinrich Mine and may require the facility to be repaid at the expiration of the forbearance.

As a result of the waiver ending within 12 months after the reporting period, the balance of US$19,688,000 (US$20,000,000 drawn down less capitalised transaction costs) has been classified as current at 30 June 2017.

On 21 July 2017, the Group's ultimate holding company, Paladin, announced it had entered into agreements with Deutsche Bank AG, London Branch (Deutsche Bank) to fund working capital for the Langer Heinrich Mine, refinance the Nedbank Revolving Credit Facility and meet the general corporate purposes of the Paladin Group.

Under the agreements Deutsche Bank acquired the existing Nedbank Revolving Credit Facility and increased the size of the facility from US$20,000,000 to US$60,000,000 (Deutsche Bank Facility). Under the terms of the Deutsche Bank Facility, Langer Heinrich Uranium (Pty) Ltd drew down US$45,000,000 for its working capital (including the US$20,000,000 already drawn) and Paladin and Paladin Finance Pty Ltd (subject to deed of company arrangement) (PFPL) drew down US$15,000,000.

Paladin and PFPL are jointly and severally liable for the entire facility and Langer Heinrich Uranium (Pty) Ltd is only liable for the amounts drawn down. The entire facility is guaranteed by Paladin and PFPL. The term of the Deutsche Bank Facility is 12 months. Additional security has been given to that provided under the Nedbank Revolving Credit Facility.

Unsecured convertible bonds

(2) On 30 April 2012, the Company issued US$274,000,000 in convertible bonds with a coupon rate of 6% (underlying effective interest rate of 10.68%) maturing on 30 April 2017 with a conversion price of US$1.83 for Company shares. During the year ended 30 June 2016, the Company repurchased a principal amount of US$62,000,000 thereby reducing the principal amount outstanding to US$212,000,000. The cash expenditure for the repurchase was approximately US$57,500,000 (including accrued interest) as the bonds were bought back at an average price of 91.0 per cent. The balance outstanding at 30 June 2017 comprises the principal amount of US$212,000,000 plus accrued unpaid interest of US$8,544,000.

(3) On 31 March 2015, the Company issued US$150,000,000 in convertible bonds with a coupon rate of 7% (underlying effective interest rate of 12.37%) maturing on 31 March 2020 with a conversion price of US$0.356 for Company shares. Following the appointment of administrators on 3 July 2017, as a result of the demand from EdF for the payment of the approximately US$278,182,000 due to it on 10 July 2017, under the Long Term Supply Agreement, the Group has accreted the debt to the principal amount of US$150,000,000 plus accrued unpaid interest of US$7,967,000 at 30 June 2017.

NOTE 7. INTEREST BEARING LOANS AND BORROWINGS (continued)

Recognition and measurement

Bank loan borrowings are initially recognised at fair value, net of transaction costs incurred. Bank loan borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the Income Statement over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance date.

The component of convertible bonds that exhibits characteristics of debt is recognised as a liability in the Statement of Financial Position, net of transaction costs. On issue of convertible bonds, the fair value of the liability component is determined using a market rate for an equivalent non-convertible bond and this amount is carried as a liability on the amortised cost basis until extinguished on conversion or redemption. The increase in the liability due to the passage of time is recognised as a finance cost. The remainder of the proceeds is allocated to the equity component and is recognised in shareholders' equity. The carrying amount of the equity component is not remeasured in subsequent years.

Financing facilities available

At reporting date, the following financing facilities had been negotiated and were available:

	2017 US$'000	2016 US$'000
Total facilities:		
Unsecured convertible bonds	362,000	362,000
Secured revolving credit facility	20,000	-
	382,000	362,000
Facilities used at reporting date:		
Unsecured convertible bonds	362,000	362,000
Secured revolving credit facility	20,000	-
	382,000	362,000
Facilities unused at reporting date:		
Unsecured convertible bonds	-	-
Secured revolving credit facility	-	-

NOTE 8. OTHER INTEREST BEARING LOANS - CNNC

	Maturity	30 June 2017 US$'000	30 June 2016 US$'000
Current			
Other loan - CNNC		**-**	**10,424**
Non Current			
Other loan - CNNC	2018 to 2021	**89,388**	**86,275**

As part of the sale of a 25% interest in the Langer Heinrich mining operation, US$96,000,000 (representing 25%) of the intercompany shareholder loans owing by LHM to PFP were assigned to CNNC under the same interest rate (LIBOR plus a margin between 2% and 4.25%) and existing conditions.

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

All loan repayments from LHM will be paid on a pro rata basis against the outstanding balances. In July 2016 US$10,424,000 was repaid to CNNC and US$29,576,000 to PFPL.

On consolidation, PFPL's 75% share of the LHM intercompany shareholder loans are eliminated against the intercompany shareholder loans receivable recorded in PFPL and therefore, they do not appear on Paladin's consolidated statement of financial position. As a result of the consolidation of 100% of LHM's assets and liabilities, LHM's total liability of US$89,388,000 to CNNC is recognised on the consolidated statement of financial position.

NOTE 9. CONTRIBUTED EQUITY AND RESERVES

Issued and Paid Up Capital

	Number of Shares 2017	Number of Shares 2016	2017 US$'000	2016 US$'000
Ordinary shares				
Issued and fully paid	1,712,843,812	1,712,843,812	2,101,085	2,101,085

Fully paid ordinary shares carry one vote per share and carry the right to dividends.

Recognition and measurement

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

Movements in Ordinary Shares on Issue

Date		Number of Shares	Issue Price A$	Exchange Rate US$: A$	Total US$'000
Balance 30 June 2015		**1,666,927,668** (1)			**2,094,880**
August 2015	Acquisition of Carley Bore Project	45,000,000	0.18	1.36273	5,944
September 2015	Rights vested	163,265	-	-	-
October 2015	Rights vested	78,047	-	-	-
December 2015	Rights vested	547,442	-	-	-
May 2016	Rights vested	127,390	-	-	-
	Transfer from share-based payments reserve				261
Balance 30 June 2016		**1,712,843,812** (1)			**2,101,085**
Balance 30 June 2017		**1,712,843,812** (1)			**2,101,085**

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

NOTE 9. CONTRIBUTED EQUITY AND RESERVES (continued)

Reserves	Consolidation reserve US$'000	Listed option application reserve US$'000	Share-based payments reserve US$'000	Available-for-sale reserve US$'000	Foreign currency translation reserve US$'000	Convertible bond non-distributable reserve US$'000	Premium on acquisition reserve US$'000	Total US$'000
At 30 June 2015	**48,319**	**137**	**46,443**	**(5,424)**	**(137,617)**	**94,374**	**14,916**	**61,148**
Net unrealised movement on available-for-sale investments	-	-	-	(1,484)	-	-	-	(1,484)
Share-based payments	-	-	279	-	-	-	-	279
Foreign currency translation	-	-	-	453	(12,229)	-	-	(11,776)
Transfer of impairment loss to Income Statement	-	-	-	1,484	-	-	-	1,484
Income Tax	-	-	-	298	-	-	-	298
Convertible bond, equity component – net of transaction costs	-	-	-	-	-	57,257	-	57,257
Convertible bond, buy back	-	-	-	-	-	(57,257)	-	(57,257)
At 30 June 2016	**48,319**	**137**	**46,722**	**(4,673)**	**(149,846)**	**94,374**	**14,916**	**49,949**
Transfer of reserves	-	-	-	4,576	(20,999)	-	-	(16,423)
Net unrealised movement on available-for-sale investments	-	-	-	993	-	-	-	993
Share-based payments	-	-	537	-	-	-	-	537
Foreign currency translation	-	-	-	-	(1,724)	-	-	(1,724)
Transfer of realised gains to Income Statement (net of tax)	-	-	-	(896)	-	-	-	(896)
At 30 June 2017	**48,319**	**137**	**47,259**	**-**	**(172,569)**	**94,374**	**14,916**	**32,436**

NOTE 9. CONTRIBUTED EQUITY AND RESERVES (continued)

Nature and Purpose of Reserves

Consolidation reserve

This reserve recognises the difference between the fair value of the 15% interest in PAL allotted to the Government of Malawi, at the net present value of the Kayelekera Project on the date the Development Agreement was signed (22 February 2007), and the non-controlling interest in the net assets of PAL. It also recognises the excess of the proceeds received over the 25% interest in net assets of Langer Heinrich Mauritius Holdings limited and Langer Heinrich Uranium (Pty) Ltd disposed of to China Uranium Corporation Limited, a subsidiary of China National Nuclear Corporation, on 28 June 2014 under the Share Sale Agreement dated 18 January 2014.

Listed option application reserve

This reserve consists of proceeds from the issue of listed options, net of expenses of issue. These listed options expired unexercised and no restriction exists for the distribution of this reserve.

Share-based payments reserve

This reserve is used to record the value of equity benefits provided to Directors, employees and consultants as part of their remuneration.

Available-for-sale reserve

This reserve records the fair value changes on the available-for-sale financial assets.

Foreign currency translation reserve

This reserve is used to record exchange differences arising on translation of the group entities that do not have a functional currency of US dollars and have been translated into US dollars for presentation purposes, as described in Note 3.

Convertible bond non-distributable reserve

This reserve records the equity portion of the convertible bonds issued as described in Note 7.

Acquisition reserve

This reserve represents the premium paid on the acquisition of a non-controlling interest in Summit.

NOTE 10. FINANCIAL RISK MANAGEMENT

Financial Risk Management Objectives and Policies

The Group's management of financial risk is aimed at ensuring net cash flows are sufficient to:

- meet all its financial commitments; and
- maintain the capacity to fund corporate growth activities.

The Group monitors its forecast financial position on a regular basis.

Market, liquidity and credit risk (including foreign exchange, commodity price and interest rate risk) arise in the normal course of the Group's business. These risks are managed under Board approved directives which underpin treasury practices and processes. The Group's principal financial instruments comprise interest bearing debt, cash and short-term deposits and available for sale financial assets. Other financial instruments include trade receivables and trade payables, which arise directly from operations.

The Group's forecast financial risk position with respect to key financial objectives and compliance with treasury practice is regularly reported to the Board.

Market Risk

Foreign Exchange Risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures.

Foreign exchange risk arises from future commitments, assets and liabilities that are denominated in a currency that is not the functional currency of the relevant Group company.

The Group's borrowings and deposits are largely denominated in US dollars. Currently there are no foreign exchange hedge programmes in place. However, the Group treasury function manages the purchase of foreign currency to meet operational requirements.

The financial instruments exposed to movements in the Namibian dollar are as follows:

	2017 US$'000	2016 US$'000
Financial assets		
Cash and cash equivalents	2,164	6,361
Trade and other receivables	12,779	10,920
	14,943	17,281
Financial liabilities		
Trade and other payables	(13,806)	(16,317)
Net exposure	1,137	964

Based on the Group's net exposure at the balance date, a reasonably possible change in the exchange rate would not have a material impact on profit or equity.

NOTE 10. FINANCIAL RISK MANAGEMENT (continued)

Market Risk (continued)

Interest Rate Risk

Interest rate risk is the risk that the Group's financial position will be adversely affected by movements in interest rates that will increase the cost of floating rate debt or opportunity losses that may arise on fixed rate borrowings in a falling interest rate environment. Interest rate risk on cash and short-term deposits is not considered to be a material risk due to the short-term nature of these financial instruments.

The Group's main interest rate risk arises from long-term debt. Floating rate debt exposes the Group to cash flow interest rate risk and fixed rate debt exposes the Group to fair value interest rate risk. All other financial assets and liabilities in the form of receivables, investments in shares, payables and provisions, are non-interest bearing.

The Group currently does not engage in any hedging or derivative transactions to manage interest rate risk.

The floating rate financial instruments exposed to interest rates movements are as follows:

	2017 US$'000	2016 US$'000
Financial assets		
Cash and cash equivalents – short-term deposits	11,502	59,205
Financial liabilities		
Interest-bearing liabilities	(109,077)	(96,699)
Net exposure	(97,575)	(37,494)

Based on the Group's net exposure at the balance date, a reasonably possible change in LIBOR would not have a material impact on profit or equity.

NOTE 10. FINANCIAL RISK MANAGEMENT (continued)

Liquidity Risk

The liquidity position of the Group is managed to ensure sufficient liquid funds are available to meet the Group's financial commitments in a timely and cost effective manner.

The Group treasury function continually reviews the Group's liquidity position including cash flow forecasts to determine the forecast liquidity position and maintain appropriate liquidity levels. Sensitivity analysis is conducted on a range of pricing and market assumptions to ensure the Group has the ability to meet repayment commitments. This enables the Group to manage cash flows on a long-term basis and provides the flexibility to pursue a range of funding alternatives if necessary. Note 7 details the repayment obligations in respect of the amount of the facilities.

The maturity analysis of payables at the reporting date was as follows:

Payables maturity analysis

	Total	**<1 year**	**1-2 years**	**2-3 years**	**>3 years**
2017	**US$'000**	**US$'000**	**US$'000**	**US$'000**	**US$'000**
Trade and other payables	18,241	18,241	-	-	-
Loans and borrowings	462,928	382,000	-	-	80,928
Interest payable	54,788	44,888	3,715	3,869	2,316
Total payables	**535,957**	**445,129**	**3,715**	**3,869**	**83,244**
2016					
Trade and other payables	31,545	31,545	-	-	-
Loans and borrowings	452,788	215,625	-	-	237,163
Interest payable	70,097	26,377	13,771	13,889	16,060
Total payables	**554,430**	**273,547**	**13,771**	**13,889**	**253,223**

Credit Risk

Credit risk is the risk that a contracting entity will not complete its obligation under a financial instrument that will result in a financial loss to the Group. The carrying amount of financial assets represents the maximum credit exposure. The Group trades only with recognised, creditworthy third parties. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

The maximum exposure to credit risk at the reporting date was a total of US$25,630,000 (2016 US$72,539,000), comprising cash and receivables.

	2017 US$'000	**2016 US$'000**
Current		
Cash and cash equivalents*	11,502	59,205
Trade receivables	674	1,020
Other receivables – other entities	13,070	11,130
	25,246	71,355
Non Current		
Other receivables – other entities	384	1,184
Total	25,630	72,539

* The Group's maximum deposit with a single financial institution represents 69% (2016: 85%) of cash and cash equivalents.

NOTE 10. FINANCIAL RISK MANAGEMENT (continued)

Credit Risk (continued)

	Receivables ageing analysis		
	Total	**Current**	**>1 year**
2017	**US$'000**	**US$'000**	**US$'000**
Trade receivables	673	673	-
Other receivables	13,454	13,070	384
Total receivables	14,127	13,743	384

	Total	**Current**	**>1 year**
2016	**US$'000**	**US$'000**	**US$'000**
Trade receivables	1,020	1,020	-
Other receivables	12,314	11,130	1,184
Total receivables	13,334	12,150	1,184

No receivables are past due or impaired.

Fair Values

Set out below is a comparison by class of the carrying amounts and fair value of the Group's financial instruments, other than those with carrying amounts that are reasonable approximations of fair values as at 30 June 2017:

	2017		**2016**	
	Carrying amount US$'000	**Fair value US$'000**	**Carrying amount US$'000**	**Fair value US$'000**
Financial liabilities				
Interest bearing loans and borrowings:				
- Secured bank loan	19,688[(1)]	19,688	-	-
- Debt component of Unsecured convertible bonds	362,000	259,173	204,726[(1)]	202,065
Total current	381,688	278,861	204,726	202,065
Interest bearing loans and borrowings				
- Debt component of Unsecured convertible bonds	-	-	127,830[(1)]	134,774
Total non-current	-	-	127,830	134,774
Total	381,688	278,861	332,556	336,839

[(1)] This figure includes transaction costs which offset the balance in accordance with the requirements of Accounting Standards.

The Group uses various methods in estimating the fair value of a financial instrument. The methods comprise:

Level 1 – the fair value is calculated using quoted prices in active markets.
Level 2 – the fair value is estimated using inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices).

NOTE 10. FINANCIAL RISK MANAGEMENT (continued)

Fair Values (continued)

Level 3 – the fair value is estimated using inputs for the asset or liability that are not based on observable market data.

The fair value of the financial instruments as well as the methods used to estimate the fair value are summarised in the table below:

	Year ended 30 June 2017				Year ended 30 June 2016			
	Quoted market price (Level 1) US$'000	Valuation technique-market observable inputs (Level 2) US$'000	Valuation technique-non market observable inputs (Level 3) US$'000	Total US$'000	Quoted market price (Level 1) US$'000	Valuation technique-market observable inputs (Level 2) US$'000	Valuation technique-non market observable inputs (Level 3) US$'000	Total US$'000
Financial assets measured at fair value								
Available-for-sale investments								
Listed investments	-	-	-	-	947	-	-	947
	-	-	-	-	947	-	-	947
Financial liabilities for which fair values are disclosed								
Interest bearing loans and borrowings								
Debt component of Convertible bonds(1)	-	278,861	-	278,861	-	336,839	-	336,839
	-	278,861	-	278,861	-	336,839	-	336,839

(1) The fair value has been determined using a valuation technique based on the quoted market price of the bonds less the estimated fair value of the equity component attributable to the conversion feature, which was valued using an option pricing model. The estimated fair value of the equity component was not considered material at 30 June 2017 or 30 June 2016.

Quoted market price represents the fair value determined based on quoted prices on active markets as at the reporting date without any deduction for transaction costs. The fair value of the listed equity investments are based on quoted market prices.

For financial instruments not quoted in active markets, the Group uses valuation techniques such as present value techniques, comparison to similar instruments for which market observable prices exist and other relevant models used by market participants. These valuation techniques use both observable and unobservable market inputs.

For financial instruments that are recognised at fair value on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Capital Management

When managing capital, management's objective is to ensure adequate cash resources to meet the Company's commitments are maintained, as well as to maintain optimal returns to shareholders through ensuring the lowest cost of capital available to the entity.

NOTE 10. FINANCIAL RISK MANAGEMENT (continued)

Capital Management (continued)

The Company utilises a combination of debt, equity and convertible bonds to provide the cash resources required. Management reviews the capital structure from time to time as appropriate.

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

Group treasury monitors gearing and compliances with various contractual financial covenants. The Company's project finance facility is subject to various financial undertakings including a negative pledge, debt service coverage ratio, loan life coverage ratio and project life coverage ratio. Refer to Note 4 for an analysis of the Group's compliance with its financial undertakings.

	2017 US$'000	2016 US$'000
Total borrowings	487,588	429,255
Less cash and cash equivalents	(11,502)	(59,205)
Net debt	**476,086**	**370,050**
Total equity	(435,799)	48,851
Total Capital	**40,287**	**418,901**
Gearing Ratio	1,182%	88%

PERFORMANCE FOR THE YEAR

NOTE 11. REVENUE

	2017 US$'000	2016 US$'000
Sale of uranium	95,844	184,936
Interest income	204	506
Total	96,048	185,442

Recognition and measurement

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of duties and taxes paid. Revenue is recognised for the major business activities as follows:

Sale of Uranium

Revenue from sale of uranium is recognised when risk and reward of ownership pass, which is when title of the product passes from the Group pursuant to an enforceable contract, when selling prices are known or can be reasonably estimated and when the product is in a form that requires no further treatment by the Group.

Interest Revenue

Interest revenue from investments in cash is recognised in the Income Statement as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

NOTE 12. OTHER INCOME AND EXPENSES

	2017 US$'000	2016 US$'000
Cost of Sales		
Cost of production (C1)	(78,476)	(123,248)
Depreciation and amortisation	(15,209)	(22,170)
Product distribution costs	(3,999)	(3,428)
Royalties	(3,054)	(5,699)
Other	(121)	-
Inventory movement	8,094	2,062
Total	(92,765)	(152,483)
Other Income		
Foreign exchange gain (net)	-	9,171
Gain on disposal of investments	1,667	-
Gain on disposal of tenements	766	-
Gain on disposal of assets	4	-
Total	2,437	9,171
Administration, Marketing and Non-Production Costs		
Corporate and marketing	(3,064)	(5,987)
Restructure Costs	(7,506)	(5,266)
LHM mine site	(2,514)	(4,021)
Canada site	(23)	(31)
Depreciation and amortisation	(63)	(535)
Other	(355)	(426)
Total	(13,525)	(16,266)

NOTE 12. OTHER INCOME AND EXPENSES (continued)

	2017 US$'000	2016 US$'000
Impairment of exploration assets	(243,831)	-

Impairments of US$243,831,000 were recognised in 2017. The exploration and evaluation assets have been written down after considering the valuation determined by an independent expert.

Write-down of ore stockpiles	-	(168,906)

2016: Write-down of US$168,906,000 relating to the LHM Ore Stockpiles. In 2016, a change in LHM's life of mine plan, in order to reduce costs and improve cash flows, resulted in a change in the timescale for processing the ore stockpiles. The stockpiles were forecast to be processed over the next three years compared to nine years under the previous life of mine plan. The lower short-term forecast prices over the next three years compared to medium to long-term forecast prices, when the stockpiles were originally planned to be processed, resulted in the net realisable value at 30 June 2016 being estimated as US$Nil. Refer to Note 17.

Other Expenses

Impairment of assets(1)	(48)	(813)
Impairment of aircraft	-	(326)
Impairment for available for sale financial assets	-	(1,484)
KM stores & consumables obsolescence write off	(21)	(2,430)
LHM fixed costs during plant shutdown	-	(1,345)
KM care and maintenance expenses	(6,178)	(10,146)
Foreign exchange loss (net)	(10,244)	-
Loss on sale of investment	-	(31)
Total	(16,491)	(16,575)

(1) The Company made a decision to sell its property at 9 Clarke St, Mt Isa and on 17 June 2017 a contract was signed. The sale was completed and monies were received on 2 August 2017. An impairment expense of US$48,000 has been recorded in Property, Plant and Equipment. In 2016 there was an impairment charge of US$813,000 relating to the impairment of Summit's office building in Mount Isa.

Finance Costs

Interest expense	(28,470)	(30,269)
Accretion expense relating to convertible bonds	(29,444)	(13,498)
Accretion expense relating to unearned revenue	(78,182)	-
Profit on convertible bond buyback	-	2,166
Mine closure provision accretion expense	(5,062)	(3,584)
Facility costs	-	(2,886)
Total	(141,158)	(48,071)
Total depreciation and amortisation expense	(15,272)	(22,705)

Profit after tax from discontinued operations

Reclassification of foreign currency translation reserve	875	-
Gain on disposal of subsidiary	375	-
	1,250	-

In December 2016, Paladin sold a subsidiary company, Northern Territory Uranium Pty Ltd, which holds an interest in the Bigrlyi exploration project located in the Northern Territory, to Uranium Africa Ltd for approximately US$375,000.

NOTE 12. OTHER INCOME AND EXPENSES (continued)

	2017 US$'000	2016 US$'000
Employee Benefits Expense		
Wages and salaries	(18,056)	(19,681)
Defined contribution superannuation	(1,624)	(1,729)
Share-based payments	(469)	(491)
Other employee benefits	(2,499)	(7,051)
	(22,648)	(28,952)

Recognition and measurement

Superannuation

The Company contributes to employees' superannuation plans in accordance with the requirements of Occupational Superannuation Legislation. Contributions by the Company represent a defined percentage of each employee's salary. Employee contributions are voluntary.

Details of the Employee Performance Share Rights Plan for the Company are disclosed in the Remuneration Report.
Depreciation – refer to Note 19.
Employee benefits – refer to Note 24.

Borrowing Costs

Borrowing costs incurred for the construction of any qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Other borrowing costs are expensed as incurred including the unwinding of discounts related to mine closure provisions. When relevant, the capitalisation rate used to determine the amount of borrowing costs to be capitalised is the weighted average interest rate applicable to the entity's outstanding borrowings during the year.

NOTE 13. INCOME AND OTHER TAXES

	2017 US$'000	2016 US$'000
Income Tax (Expense)/Benefit		
Current income tax		
Current income tax benefit/(expense)	-	-
Deferred income tax		
Related to the origination and reversal of temporary differences	(37,372)	83,397
Income tax (expenses)/benefit reported in the Income Statement	(37,372)	83,397
Amounts Charged or Credited Directly to Equity		
Deferred income tax related to items charged or credited directly to equity:		
Foreign currency translation reserve movement	-	-
Other and prior period	-	833
Income tax benefit reported in equity	-	833
Numerical Reconciliation of Income Tax Benefit to Prima Facie Tax Payable		
Loss before income tax expense	448,060	227,797
Tax at the Australian tax rate of 30% (2016– 30%)	134,418	68,339
Difference in overseas tax rates	(2,143)	12,204
Non - deductible items	1,707	64,069
Under/over prior year adjustment	478	16,219
Losses not recognised		-
Other foreign exchange differences	1,297	(2,600)
Deferred tax assets not recognised	(173,129)	(74,834)
Income tax (expense)/benefit reported in the Income Statement	(37,372)	83,397
Tax Losses		
Australian unused tax losses for which no deferred tax asset has been recognised	(412,092)	(419,174)
Other unused tax losses for which no deferred tax asset has been recognised	(490,910)	(223,387)
Total unused tax losses for which no deferred tax asset has been recognised	(903,002)	(642,561)
Unused tax losses for which no deferred tax assets has been recognised	(284,085)	(187,133)

NOTE 13. INCOME AND OTHER TAXES (continued)

	2017 US$'000	2016 US$'000
Deferred Income Tax		
Deferred tax liabilities		
Accelerated prepayment deduction for tax purposes	(471)	(412)
Accelerated depreciation for tax purposes	(90,593)	(96,821)
Exploration expenditure	(12,403)	(13,092)
Inventory / Consumables	(4,519)	(4,452)
Convertible bond	2,371	(6,562)
Gross deferred tax liabilities	(105,615)	(121,339)
Set off of deferred tax assets	105,615	121,339
Net deferred tax liabilities	-	-
Deferred tax assets		
Revenue losses available for offset against future taxable income	122,625	84,878
Available for sale securities	-	6,889
Foreign currency balances	64,039	63,133
Interest bearing liabilities	24,053	-
Deferred tax assets not recognised	(107,901)	-
Other	2,799	2,744
Gross deferred tax assets	105,615	157,644
Set off against deferred tax liabilities	(105,615)	(121,339)
Net deferred tax assets recognised	-	36,305

Paladin and all its wholly-owned Australian resident entities are part of a tax-consolidated group under Australian tax law.

The net deferred tax assets recognised are in respect of revenue losses expected to be offset against future taxable income.

This benefit for tax losses will only be obtained if:

(1) the Consolidated Entities derive future assessable income of a nature and of an amount sufficient to enable the benefit from the deductions for the losses to be realised;

(2) the Consolidated Entities continue to comply with the conditions for deductibility imposed by tax legislation; and

(3) no changes in tax legislation adversely affect the Consolidated Entities in realising the benefit from the deductions for the losses.

Recognition and measurement

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantially enacted, at the reporting date in the countries where the Group operates and generates taxable income.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the statement of profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to integration and establishes provisions where appropriate.

NOTE 13. INCOME AND OTHER TAXES (continued)

Recognition and measurement (continued)

Deferred tax assets and liabilities are recognised using the full liability method for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are enacted or substantively enacted for each jurisdiction. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability. An exception is made for certain temporary differences arising from the initial recognition of an asset or a liability. No deferred tax asset or liability is recognised in relation to these temporary differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity. Deferred tax assets and liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

Significant Accounting Estimates and Assumptions

Deferred Tax Assets and Liabilities

The Group is subject to income taxes in Australia and jurisdictions where it has foreign operations. Significant judgement is required in determining deferred tax assets and liabilities. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits, together with future tax planning strategies.

Unrecognised deferred income tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

NOTE 14. EARNINGS PER SHARE

The following reflects the income and share data used in the basic and diluted earnings per share computations:

	2017 US$'000	2016 US$'000
Net loss attributable to ordinary equity holders of the Parent from continuing operations	(457,786)	(121,981)
	2017 Number of Shares	**2016 Number of Shares**
Weighted average number of ordinary shares for basic and diluted earnings per share	1,712,843,812	1,707,894,118
Total number of securities not included in weighted average calculation due to their antidilutive nature in the current period, that could potentially dilute basic earnings per share in the future	549,806,310	547,320,310

Recognition and measurement

Basic Earnings Per Share

Basic earnings per share are calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the period.

Diluted Earnings Per Share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares. Diluted earnings per share is the same as basic earnings per share in 2017 and 2016 as the Group is in a loss position.

NOTE 15. RECONCILIATION OF EARNINGS AFTER INCOME TAX TO NET CASH FLOW FROM OPERATING ACTVITIES

	2017 US$'000	2016 US$'000
Reconciliation of Net Loss After Tax to Net Cash Flows (Used in)/Provided by Operating Activities		
Net loss	(484,182)	(144,401)
Adjustments for		
Depreciation and amortisation	15,273	22,706
Gain on disposal in investments	(1,666)	-
Gain on Sale of Subsidiary	(375)	-
Gain on Sale of Tenements	(766)	-
Gain on repayment of convertible bonds	-	(2,166)
Gain on disposal of property, plant and equipment	(4)	(6)
Gain from discontinued operations	(875)	-
Net exchange differences	10,245	(9,171)
Share-based payments	355	533
Non-cash financing costs	112,348	19,968
Inventory write-down	38,046	21,623
Asset impairments	243,881	1,139
Available-for-sale asset impairment	-	1,484
Changes in assets and liabilities		
(Increase)/decrease in prepayments	(801)	1,323
Increase in trade and other receivables	(685)	(3,179)
Increase in trade and other payables	8,957	6,377
Increase/(decrease) in provisions	188	(2,532)
(Increase)/decrease in inventories	(29,540)	173,902
Decrease in tax reserves	1,067	-
Decrease in deferred tax liabilities	-	(83,397)
Decrease in deferred tax assets	36,305	-
Net cash flows (used in)/provided by operating activities	(52,229)	4,203

OPERATING ASSETS AND LIABILITIES

NOTE 16. TRADE AND OTHER RECEIVABLES

	Notes	2017 US$'000	2016 US$'000
Current			
Trade receivables	(a)	674	1,020
GST and VAT	(b)	12,164	9,773
Sundry debtors		897	1,349
Interest receivable		9	8
Total current receivables		**13,744**	**12,150**

(a) Trade receivables are non-interest bearing and are generally on 30 day terms. Carrying value approximates fair value due to the short-term nature of the receivables. An allowance for doubtful debts is made when there is objective evidence that a trade receivable is impaired. No allowance has been recognised for the current year or the previous year.

(b) GST and VAT debtor relates to Australia, Namibia, Malawi, Netherlands and Canada.

	2017 US$'000	2016 US$'000
Non Current		
Sundry debtors	384	1,184
Total non current receivables	**384**	**1,184**

Recognition and measurement

Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides money, goods or services directly to a debtor with no intention of selling the receivable. They are included in current assets, except for those with maturities greater than 12 months after the balance date which are classified as non current assets.

Collectability of trade receivables is reviewed on an ongoing basis. Debts that are known to be uncollectible are written off when identified. An allowance for doubtful debts is raised when there is objective evidence that the group will not be able to collect the debt. Financial difficulties of the debtor, default payments or debts more than 60 days overdue are considered objective evidence of impairment.

NOTE 17. INVENTORIES

	2017 US$'000	2016 US$'000
Current		
Stores and consumables	9,183	8,671
Work in progress	4,840	5,092
Finished goods	13,433	22,199
Total current inventories at the lower of cost and net realisable value	**27,456**	**35,962**

Inventory Expense

Inventories sold recognised as an expense for the year ended 30 June 2017 totalled US$92,765,000 (2016: US$152,483,000) for the Group.

Write-down of Inventories

During 2017, the carrying value of inventories held was reduced to net realisable value resulting in an inventory write-down of US$38,046,000 (2016: US$188,099,000) for the year, recognised in cost of sales (2016: US$19,193,000 recognised in cost of sales, US$168,906,000 historic ore stockpiles write-down recognised in other expenses). The write-down of inventories includes:

a. Write-down of ore stockpiles of US$20,933,000 (2016: US$168,906,000). During 2016, a change in LHM's life of mine plan, in order to reduce costs and improve cash flows, resulted in a change in the timescale for processing the ore stockpiles. The stockpiles are expected to be processed over the next one to two years, which due to the lower forecast prices (compared to forecast prices in future periods when the ore stockpiles were originally planned to be processed) resulted in the net realisable value at 30 June 2017 being estimated as US$Nil (2016: US$Nil). The net realisable value of the ore stockpiles is dependent on a number of key factors including: uranium price (for which a combination of spot and forward pricing has been used for the next two to three years), future processing costs, grade and recovery rates.

b. Write-down of product-in-circuit of US$8,709,000 (2016: US$14,572,867) due to the write-off of the build-up of solubilised uranium present in the interstitial water in TSF3 and low uranium prices.

c. Write-down of finished product of US$8,404,000 (2016: US$4,620,000) due to low uranium prices.

During 2016 stores and consumables held at KM were reduced by US$2,430,000 (2017: US$Nil) due to obsolescence.

Recognition and measurement

Consumable stores inventory are valued at the lower of cost and net realisable value using the weighted average cost method, after appropriate allowances for redundant and slow moving items.

Finished goods and work in progress inventory are valued at the lower of cost and net realisable value using the weighted average cost method. Cost is derived on an absorption costing basis, including both fixed and variable production costs and attributable overheads incurred up to the delivery point where legal title to the product passes. No accounting value is attributed to stockpiles containing ore at less than the cut-off grade.

The costs of production include labour costs, materials and contractor expenses which are directly attributable to the extraction and processing of ore (including any recognised expense of stripping costs); the depreciation of property, plant and equipment used in the extraction and processing of ore; and production overheads.

NOTE 17. INVENTORIES (continued)

Significant Estimates and Assumptions

Net Realisable Value of Inventories

The Group reviews the carrying value of inventories regularly to ensure that their cost does not exceed net realisable value. In determining net realisable value various factors are taken into account, including sales prices and costs to complete inventories to their final form.

NOTE 18. ASSETS CLASSIFIED AS HELD FOR SALE

	2017 US$'000	2016 US$'000
Plant and equipment	165	-
Total assets classified as held for sale	**165**	**-**

The Company made a decision to sell its property at 9 Clarke St, Mt Isa and on 17 June 2017 a contract was signed. The sale was completed and monies were received on 2 August 2017. An impairment expense of US$49,000 has been recorded in Property, Plant and Equipment.

NOTE 19. PROPERTY, PLANT AND EQUIPMENT

	2017 US$'000	2016 US$'000
Plant and equipment – at cost	713,321	721,401
Less accumulated depreciation and impairment	(485,801)	(473,557)
Net carrying value plant and equipment	227,520	247,844
Land and buildings - at cost	10,052	10,330
Less accumulated depreciation and impairment	(4,013)	(3,754)
Net carrying value land and buildings	6,039	6,576
Construction work in progress – at cost	10,738	2,334
Less impairment	-	-
Net carrying value construction work in progress	10,738	2,334
Net carrying value property, plant and equipment	**244,297**	**256,754**

Property, Plant and Equipment Pledged as Security for Liabilities

Refer to Note 7 for information on property, plant and equipment pledged as security.

Reconciliations

Reconciliations of the carrying amounts of each class of property, plant and equipment at the beginning and end of the year are set out below:

	Total US$'000	Plant and Equipment US$'000	Land and Buildings US$'000	Construction Work in Progress US$'000
2017				
Net carrying value at start of year	256,754	247,844	6,576	2,334
Additions	9,092	30	-	9,062
Depreciation and amortisation expense	(12,736)	(12,368)	(368)	-
Reclassification of assets	-	647	11	(658)
Reclassification to assets held for sale	(165)	-	(165)	-
Adjustment (1)	(8,633)	(8,633)	-	-
Impairment of assets	(48)	-	(48)	-
Foreign currency translation	33	-	33	-
Net carrying value at end of year	244,297	227,520	6,039	10,738

(1) Reduction of $8,633,435 to previously capitalised costs due to the settlement of the litigation relating to Stage 3 expansion at LHM.

	Total US$'000	Plant and Equipment US$'000	Land and Buildings US$'000	Construction Work in Progress US$'000
2016				
Net carrying value at start of year	273,658	264,382	7,847	1,429
Additions	3,708	414	6	3,288
Depreciation and amortisation expense	(18,194)	(17,785)	(409)	-
Impairment of assets	(813)	-	(813)	-
Reclassification of assets	-	1,063	14	(1,077)
Reclassification to mine development	(1,306)	-	-	(1,306)
Disposal of assets	(189)	(189)	-	-
Foreign currency translation	(110)	(41)	(69)	-
Net carrying value at end of year	256,754	247,844	6,576	2,334

NOTE 19. PROPERTY, PLANT AND EQUIPMENT (continued)

Recognition and measurement

All property, plant and equipment are stated at historical cost less accumulated depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the Income Statement during the financial period in which they are incurred.

Property, plant and equipment costs include both the costs associated with construction of equipment associated with establishment of an operating mine, and the estimated costs of dismantling and removing the asset and restoring the site on which it is located.

Land is not depreciated. Depreciation on other assets is calculated using either the unit of production basis or the straight line method to allocate their cost amount, net of their residual values, over their estimated useful lives, as follows:

- Buildings — 20 years
- Databases — 10 years
- Plant and equipment — 2-6 years
- Leasehold improvements — period of lease
- Mine plant and equipment — lesser of life of asset and unit of production basis

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amounts. These are included in the Income Statement.

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units).

Significant Estimates and Assumptions

Impairment of Property, Plant and Equipment; Mine Development and Intangibles

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

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

NOTE 19. PROPERTY, PLANT AND EQUIPMENT (continued)

Significant Estimates and Assumptions (continued)

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

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

The recoverable value of the LHM property, plant and equipment has been determined based on the higher of an asset's or CGU's fair value less costs of disposal ("FVLCD") or value in use ("VIU").

On 19 June 2017, Paladin and CNNC formally engaged an independent valuation expert to determine the fair market value of LHM. On 19 July 2017, the expert determined LHM's enterprise value as being in a valuation range of US$533,000,000 to US$633,000,000 (midpoint US$583,000,000). The current carrying value of the LHM CGU is US$264,000,000.

The following key assumptions were used by the independent expert in their valuation of LHM:

- Future production based on the latest Life of Mine plan (LOM).
- Average uranium price forecast ranging from US$39.96/lb to US$56.05/lb.
- Average future cost of production of US$26/lb based on the current LOM.
- Discount rate applied to cash flow projections ranging from 10.5% to 12.5% to determine the valuation range of US$553,000,000 to US$633,000,000.

In addition to this valuation Deutsche Bank AG engaged another independent valuation expert to prepare a valuation of LHM on 11 June 2017. They determined the value of 100% of LHM to be in the range of US$585,000,000 to US$915,000,000, with a midpoint of US$750,000,000. This valuation results in a higher recoverable amount for LHM than the initial valuation. The Company also considered this independent valuation in assessing the recoverable amount of LHM.

Considering both independent valuations, no impairment of the LHM CGU has been recognised at 30 June 2017.

NOTE 20. MINE DEVELOPMENT

	2017 US$'000	2016 US$'000
Mine development – at cost	213,487	214,416
Less accumulated depreciation and impairment	(177,091)	(174,635)
Net carrying value – mine development	**36,396**	**39,781**
Net carrying value at start of year	39,781	42,962
Depreciation and amortisation expense	(2,456)	(4,487)
Reclassification from property, plant and equipment	-	1,306
Disposals	(929)	-
Net carrying value at end of year	36,396	39,781

Recognition and measurement

Mine development

Pre-production costs are deferred as development costs until such time as the asset is capable of being operated in a manner intended by management and depreciated on a units of production basis. Post-production costs are recognised as a cost of production.

Stripping (waste removal) costs

As part of its mining operations, the Group incurs stripping (waste removal) costs both during the development phase and production phase of its operations. Stripping costs incurred in the development phase of a mine, before the production phase commences (development stripping), are capitalised as part of the cost of constructing the mine and subsequently amortised over its useful life using a units-of-production method. The capitalisation of development stripping costs ceases when the mine/component is commissioned and ready for use as intended by management.

Stripping activities undertaken during the production phase of a surface mine (production stripping) are accounted for as set out below. After the commencement of production, further development of the mine may require a phase of stripping that is similar in nature to development phase stripping. The costs of such stripping are accounted for in the same way as development stripping (as outlined above).

NOTE 20. MINE DEVELOPMENT (continued)

Recognition and measurement (continued)

Stripping (waste removal) costs (continued)

Stripping costs incurred during the production phase are generally considered to create two benefits, being either the production of inventory or improved access to the ore to be mined in the future. Where the benefits are realised in the form of inventory produced in the period, the production stripping costs are accounted for as part of the cost of producing those inventories. Where the benefits are realised in the form of improved access to ore to be mined in the future, the costs are recognised as a non-current asset, referred to as a stripping activity asset, if the following criteria are met:

a) Future economic benefits (being improved access to the ore body) are probable;
b) The component of the ore body for which access will be improved can be accurately identified; and
c) The costs associated with the improved access can be reliably measured.

If all of the criteria are not met, the production stripping costs are charged to the statement of profit or loss as operating costs as they are incurred.

In identifying components of the ore body, the Group works closely with the mining operations personnel for each mining operation to analyse each of the mine plans. Generally, a component will be a subset of the total ore body, and a mine may have several components. The mine plans, and therefore the identification of components, can vary between mines for a number of reasons. These include, but are not limited to: the geological characteristics of the ore body, the geographical location, and/or financial considerations.

The stripping activity asset is initially measured at cost, which is the accumulation of costs directly incurred to perform the stripping activity that improves access to the identified component of ore, plus an allocation of directly attributable overhead costs. If incidental operations are occurring at the same time as the production stripping activity, but are not necessary for the production stripping activity to continue as planned, these costs are not included in the cost of the stripping activity asset.

If the costs of the inventory produced and the stripping activity asset are not separately identifiable, a relevant production measure is used to allocate the production stripping costs between the inventory produced and the stripping activity asset. This production measure is calculated for the identified component of the ore body and is used as a benchmark to identify the extent to which the additional activity of creating a future benefit has taken place. The Group uses the expected volume of waste extracted compared with the actual volume for a given volume of ore production of each component.

The stripping activity asset is accounted for as an addition to, or an enhancement of, an existing asset, being the mine asset, and is presented as part of 'Mine Development' in the statement of financial position.

The stripping activity asset is subsequently depreciated using the units-of-production method over the life of the identified component of the ore body that became more accessible as a result of the stripping activity. Economically recoverable reserves, which comprise proven and probable reserves, are used to determine the expected useful life of the identified component of the ore body. The stripping activity asset is then carried at cost less depreciation and any impairment losses.

Significant Judgements, Estimates and Assumptions

The Group has assessed that the useful lives of the individual identifiable components of the relative ore bodies are short and that the strip ratio over the life of component is relatively uniform. Accordingly, the Group has accounted for production stripping costs as a production cost in the years ended 30 June 2016 and 2017. Refer to Note 19 for assessment of recoverability.

NOTE 20. MINE DEVELOPMENT (continued)

Significant Judgements, Estimates and Assumptions (continued)

Proved and Probable Reserves

The Group uses the concept of a life of mine as an accounting value to determine such things as depreciation rates and the appropriate period to discount mine closure provisions. In determining life of mine, the proved and probable reserves measured in accordance with the 2004 edition of the JORC Code specific to a mine are taken into account which by their very nature require judgements, estimates and assumptions.

PALADIN ENERGY LTD (SUBJECT TO DEED OF COMPANY ARRANGEMENT) AND CONTROLLED ENTITIES
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 JUNE 2017

EXPRESSED IN US DOLLARS

NOTE 21. EXPLORATION AND EVALUATION EXPENDITURE

The following table details the expenditures on interests in mineral properties by area of interest for the year ended 30 June 2017:

Areas of interest	Valhalla /Skal (1) US$'000	Isa North US$'000	Carley Bore US$'000	Canada US$'000	Niger US$'000	Manyingee/ Oobagooma/ Other US$'000	Angela/ Pamela Bigrlyi (2) US$'000	Fusion US$,000	Total US$'000
Balance 30 June 2016	89,132	9,962	8,431	220,668	-	7,881	-	-	336,074
Acquisition property payments	-	-	-	-	-	-	-	-	-
Project exploration and evaluation expenditure									
Labour	28	56	108	342	-	41	10	6	591
Outside services	1	1	253	69	2	-	9	-	335
Other expenses	92	323	299	634	98	148	32	43	1,669
Total expenditure	121	380	660	1,045	100	189	51	49	2,595
Relinquished tenement expenditure	-	25	-	-	-	-	-	-	25
Expenditure expensed	(121)	(405)	-	-	(100)	(3)	(51)	(49)	(729)
Expenditure capitalised	**-**	**-**	**660**	**1,045**	**-**	**186**	**-**	**-**	**1,891**
Foreign exchange differences	(696)	(337)	-	(285)	-	(58)	-	-	(1,376)
Cost of tenements sold - Oobagooma	-	-	-	-	-	(732)	-	-	(732)
Impairment of exploration and evaluation expenditure	(48,128)	(1,125)	(1,291)	(193,288)	-	-	-	-	(243,832)
Balance 30 June 2017	**40,308**	**8,500**	**7,800**	**28,140**	**-**	**7,277**	**-**	**-**	**92,025**

(1) Summit has a 50% interest in the Valhalla/Skal Projects with the other 50% interest held by the Paladin Group. As a consequence of the takeover of the Summit Group, the above table now reflects 100% of the Valhalla/Skal Projects with the non-controlling interest reflected on the face of the Statement of Financial Position.

(2) In December 2016, Paladin sold a number of non-core Australian exploration assets to Uranium Africa Ltd for approximately US$1,874,000. The assets sold included the Oobagooma and Angela/Pamela projects located in Western Australia and the Northern Territory respectively and Paladin's interest in the Bigrlyi project located in the Northern Territory.

PALADIN ENERGY LTD (SUBJECT TO DEED OF COMPANY ARRANGEMENT) AND CONTROLLED ENTITIES
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 JUNE 2017

EXPRESSED IN US DOLLARS

NOTE 21. EXPLORATION AND EVALUATION EXPENDITURE (continued)

The following table details the expenditures on interests in mineral properties by area of interest for the year ended 30 June 2016:

Areas of interest	Valhalla /Skal (1) US$'000	Isa North US$'000	Fusion US$'000	Angela Pamela US$'000	Bigrlyi US$'000	Carley Bore (2) US$'000	Canada US$'000	Manyingee/ Oobagooma/ Other US$'000	Total US$'000
Balance 30 June 2015	89,602	10,373	-	-	-	-	230,364	7,483	337,822
Acquisition property payments	-	-	-	-	-	7,649	-	-	7,649
Project exploration and evaluation expenditure									
Labour	21	32	16	3	18	133	814	94	1,131
Outside services	19	60	41	3	19	14	233	163	552
Other expenses	72	235	40	56	30	276	935	177	1,821
Total expenditure	112	327	97	62	67	423	1,982	434	3,504
Expenditure expensed	(112)	(327)	(97)	(62)	(67)	-	(178)	(74)	(917)
Expenditure capitalised	**-**	**-**	**-**	**-**	**-**	**423**	**1,804**	**360**	**2,587**
Foreign exchange differences	(470)	(411)	-	-	-	359	(11,500)	38	(11,984)
Impairment of exploration and evaluation expenditure	-	-	-	-	-	-	-	-	-
Balance 30 June 2016	**89,132**	**9,962**	**-**	**-**	**-**	**8,431**	**220,668**	**7,881**	**336,074**

(1) Summit has a 50% interest in the Valhalla/Skal Projects with the other 50% interest held by the Paladin Group. As a consequence of the takeover of the Summit Group, the above table now reflects 100% of the Valhalla/Skal Projects with the non-controlling interest reflected on the face of the Statement of Financial Position.

(2) On 7 August 2015, Paladin acquired the Carley Bore Uranium Deposit in Western Australia for consideration comprising US$1,174,113 (A$1,600,000) cash and 45 million Paladin shares. Due to the nature of the asset as an early stage exploration project, the fair value of the asset was not able to be measured reliably and therefore the 45 million shares issued were valued at the date of completion, being AU$0.18c per share based on the market price at that date. US$600,000 acquisition costs were capitalised to the exploration and evaluation asset.

NOTE 21. EXPLORATION AND EVALUATION EXPENDITURE (continued)

Recognition and measurement

Exploration and evaluation expenditure related to areas of interest is capitalised and carried forward to the extent that:

1. rights to tenure of the area of interest are current; and

2. costs are expected to be recouped through successful development and exploitation of the area of interest or alternatively by its sale.

Exploration and evaluation expenditure is allocated separately to specific areas of interest. Such expenditure comprises net direct costs and an appropriate portion of related overhead expenditure directly related to activities in the area of interest.

Costs related to the acquisition of properties that contain Mineral Resources are allocated separately to specific areas of interest.

If costs are not expected to be recouped through successful development and exploitation of the area of interest, or alternatively by sale, costs are expensed in the period in which they are incurred.

Exploration and evaluation expenditure that is capitalised is included as part of cash flows from investing activities, whereas exploration and evaluation expenditure that is expensed is included as part of cash flows from operating activities.

When a decision to proceed to development is made, the exploration and evaluation capitalised to that area is transferred to mine development. All costs subsequently incurred to develop a mine prior to the start of mining operations within the area of interest are capitalised and carried at cost. These costs include expenditure incurred to develop new ore bodies within the area of interest, to define further mineralisation in existing areas of interest, to expand the capacity of a mine and to maintain production.

Capitalised amounts for an area of interest may be written down to their recoverable amount if the area of interest's carrying amount is greater than their estimated recoverable amount.

Significant Estimates and Assumptions

Impairment of Exploration and Evaluation Expenditure

The Group reviews the carrying value of exploration and evaluation expenditure at each reporting date. This requires judgement as to the status of the individual projects and their future economic value.

In December 2016, Paladin received a notice from EdF requesting security for its prepayment in addition to its existing security over 60.1% of the Michelin project in Canada. Pursuant to the EdF off-take agreement, Paladin was required to provide additional security under certain circumstances and Paladin proposed potential additional security over its Mount Isa, Manyingee, Carley Bore and Michelin projects.

Paladin and EdF appointed an independent expert to determine the value of the additional security proposed. On 9 June 2017, the independent expert determined the value of the additional security was insufficient.

NOTE 21. EXPLORATION AND EVALUATION EXPENDITURE (continued)

Significant Estimates and Assumptions (continued)

Impairment of Exploration and Evaluation Expenditure (continued)

After considering the range of implied values contained in the independent expert's valuation report, the Company was of the opinion that there was an indication that an impairment was required and undertook an impairment assessment on all its exploration assets. The independent expert determined an implied fair value per pound of resource for each project. The Company has used the low-end of the independent expert's valuation range in the impairment assessment, resulting in the projects being impaired by US$243,832,000 to a net carrying value of US$92,025,000 at 30 June 2017.
The following key assumptions were used by the independent expert in their valuation of Paladin's exploration assets:

- An estimate of the Company's mineral resources
- A long-term uranium price of US$55/lb was used to calculate cut-off grades for resource estimates.
- Total resource multiples were derived using the business enterprise values (BEV) of relevant comparable companies, calculated using market capitalisations, plus book value of minority interest, plus book value of debt, less total cash and investments. The BEV of each comparable company was divided by the total reserves and resources (R&R) owned by the company to calculate the BEV/Total R&R multiple.
- Precedent transactions were considered, involving uranium properties with delineated, measured, indicated, or inferred resources by identifying the implied enterprise value to resource multiples for non-producing properties with and without proven and probable reserves, comprised of the price paid per pound of contained uranium equivalent. The precedent transactions considered were those that most closely resembled each specific exploration asset, with specific focus on uranium projects with similar geography, political risk, resource grade, resource size and mining method type.

The fair value measurements, as described above, made by the independent expert, are Level 3 fair value measurements.

NOTE 22. INTANGIBLE ASSETS

	2017 US$'000	2016 US$'000
At 30 June		
Intangible assets – at cost	27,803	27,803
Less accumulated depreciation and impairment	(17,178)	(16,701)
Net carrying value – intangible assets	**10,625**	**11,102**

Amortisation of US$477,000 (2016: US$557,000) is included in cost of sales in the Income Statement.

Movements in Intangible Assets

Movements in each group of intangible asset during the financial year are set out below:

	Right to Supply of Power US$'000	Right to Supply of Water US$'000	Total US$'000
2017			
Net carrying value at 1 July 2016	3,110	7,992	11,102
Amortisation expense	(134)	(343)	(477)
Net carrying value at 30 June 2017	2,976	7,649	10,625
2016			
Net carrying value at 1 July 2015	3,266	8,393	11,659
Amortisation expense	(156)	(401)	(557)
Net carrying value at 30 June 2016	3,110	7,992	11,102

Description of the Group's Intangible Assets

1. Right to supply of power

LHUPL has entered into a contract with NamPower in Namibia for the right to access power at LHM. In order to obtain this right, the power line connection to the mine was funded by LHM. However, ownership of the power line rests with NamPower. The amount funded is being amortised on a unit of production basis.

2. Right to supply of water

LHUPL has entered into a contract with NamWater in Namibia for the right to access water at LHM. In order to obtain this right, the water pipeline connection to the mine was funded by LHM. However, ownership of the pipeline rests with NamWater. The amount funded is being amortised on a unit of production basis.

Recognition and measurement

Intangible assets acquired separately or in a business combination are initially measured at cost. The cost of an intangible asset acquired in a business combination is its fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is recognised in the Income Statement in the year in which the expenditure is incurred.

NOTE 22. INTANGIBLE ASSETS (continued)

Recognition and measurement (continued)

The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised over the useful life and tested for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for prospectively by changing the amortisation period or method, as appropriate, which is a change in accounting estimate. The amortisation expense on the intangible assets with finite lives is recognised in profit or loss in the expense category consistent with the function of the intangible asset.

A summary of the policies applied to the Group's intangible assets is as follows:

Right to use water and power supply

Useful lives	Life of mine
Amortisation method used	Amortised over the life of the mine on a unit of production basis
Impairment testing	Annually and more frequently when an indication of impairment exists. The amortisation method is reviewed at each financial year-end.

The rights to use water and power supply have been granted for a minimum of 17 years from April 2007 by the relevant utilities with the option of renewal without significant cost at the end of this period.

NOTE 23. TRADE AND OTHER PAYABLES

	2017 US$'000	2016 US$'000
Current		
Trade and other payables	18,241	31,546
Total current payables	**18,241**	**31,546**

Trade payables are non-interest bearing and are normally settled on 30 day terms.

Recognition and measurement

Trade and other payables are carried at amortised cost and represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured and are usually paid within 30 days of recognition.

NOTE 24. PROVISIONS

	2017 US$'000	2016 US$'000
Current		
Employee benefits	2,382	2,167
Total current provisions	**2,382**	**2,167**
Non Current		
Employee benefits	46	56
Rehabilitation provision	86,933	77,901
Demobilisation provision	1,372	1,339
Total non current provisions	**88,351**	**79,296**

Movements in Provisions

Movements in each class of provision during the financial year, excluding provisions relating to employee benefits, are set out below:

	Demobilisation US$'000	Rehabilitation US$'000	Total US$'000
At 1 July 2016	1,339	77,901	**79,240**
Arising during the year	122	3,245	**3,367**
Utilised	(301)	-	**(301)**
Foreign currency movements	212	5,786	**5,999**
At 30 June 2017	1,372	86,933	**88,305**
2017			
Current	-	-	**-**
Non current	1,372	86,933	**88,305**
	1,372	86,933	**88,305**
2016			
Current	-	-	**-**
Non current	1,339	77,901	**79,240**
	1,339	77,901	**79,240**

Nature and Timing of Provisions

Rehabilitation
A provision for rehabilitation and mine closure has been recorded in relation to LHM and KM. A provision is made for rehabilitation work when the obligation arises and this is recognised as a cost of production or development as appropriate. Additionally the provision includes the costs of dismantling and demolition of infrastructure or decommissioning, the removal of residual material and the remediation of disturbed areas specific to the infrastructure to a state acceptable to various authorities.

Demobilisation
A provision for demobilisation has been recorded in relation to LHM for the costs of demobilising the mining contractor.

NOTE 24. PROVISIONS (continued)

Recognition and measurement

Provisions
Mine closure and restoration costs include the costs of dismantling and demolition of infrastructure or decommissioning, the removal of residual material and the remediation of disturbed areas specific to the infrastructure. Mine closure costs are provided for in the accounting period when the obligation arising from the related disturbance occurs, whether this occurs during the mine development or during the production phase, based on the net present value of estimated future costs.

As the value of the provision for mine closure represents the discounted value of the present obligation to restore, dismantle and close the mine, the increase in this provision due to the passage of time is recognised as a finance cost. The discount rate used is a pre-tax rate that reflects the current market assessment of the time value of money and the risks specific to the liability.

Provision is made for rehabilitation work when the obligation arises and this is recognised as a cost of production or development. The rehabilitation costs provided for are the present value of the estimated costs to restore operating locations. The value of the provision represents the discounted value of the current estimate to restore and the discount rate used is the pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the liability.

Employee benefits

Short-term benefits

Liabilities for short-term benefits, including wages and salaries, and accumulating sick leave expected to be settled within 12 months of the reporting date are recognised as a current liability in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and measured at the rates paid or payable.

Long Service Leave

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Significant Accounting Judgements, Estimates and Assumptions

Rehabilitation Provision

The value of this provision represents the discounted value of the present obligation to rehabilitate the mine and to restore, dismantle and close the mine. The discounted value reflects a combination of management's assessment of the cost of performing the work required, the timing of the cash flows and the discount rate. A change in any, or a combination, of the three key assumptions (estimated cash flows, discount rates or inflation rates), used to determine the provision could have a material impact to the carrying value of the provision.

NOTE 25. UNEARNED REVENUE

	2017 US,000	2016 US$'000
Current		
Unearned revenue	**278,182**	**-**
Non Current		
Unearned revenue	**-**	**200,000**

Recognition and measurement

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

Under this agreement, a US$200,000,000 cash prepayment was received in 2012. The prepayment related to 44.51% of the total volume to be delivered under the contract, at the present value of the contracted floor price, determined using an imputed interest rate of 7.619%.

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

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

The Company and EdF appointed an independent expert to determine the value of additional security proposed by Paladin under the off-take agreement. If the expert determined that the value of the additional security was less than the value required by the off-take agreement, the outstanding amount (being approximately US$278,182,000 at 30 June 2017) would need to be repaid within 30 days of the determination. On 9 June 2017, the independent expert ruled that the additional security proposed was insufficient. Paladin and EdF entered into discussions about a possible standstill from EdF, however on 3 July 2017, EdF informed Paladin that it was not prepared to enter into a standstill agreement and required payment of the outstanding amount when due, on 10 July 2017.

Following receipt of the demand from EdF, the board of Paladin met and resolved to appoint administrators.

On the 13 October 2017, Paladin announced that EdF had given notice terminating the Long Term Supply Contract on the basis that Paladin had failed to repay the outstanding amount (being approximately US$278,182,000 at 30 June 2017) by 9 October 2017, being the due date for cure of the default. EdF remains a creditor in the administration.

The Group's accounting policy is to recognise revenue from the long-term off-take agreement as a payment for future product to be delivered. Advance customer payments are unearned revenues at the time of receipt. The unearned revenue is not accreted to the future value of the contracted floor price that had been prepaid. The unearned revenue will be recognised as an expense in the Income Statement at its original carrying value when the product is delivered to the customer.

Following EdF's demand for repayment, the outstanding amount has been classified as current and the Group has accreted the prepayment amount to the future value of the contracted floor price that has been prepaid, resulting in a US$78,182,000 expense recognised in the Income Statement and reclassified it as a current liability.

EXPRESSED IN US DOLLARS

OTHER NOTES

NOTE 26. KEY MANAGEMENT PERSONNEL

Details of Key Management Personnel

(i) Directors

Mr Rick Crabb	Chairman (Non-executive)
Mr Donald Shumka	Director (Non-executive)
Mr Peter Donkin	Director (Non-executive)
Mr Philip Baily	Director (Non-executive)
Mr Wendong Zhang	Director (Non-executive)

(ii) Executives

Mr Alexander Molyneux	Chief Executive Officer
Mr Craig Barnes	Chief Financial Officer

Compensation of Key Management Personnel: Compensation by Category

	2017 US$	2016 US$
Short-term employee benefits	889,023	2,743,980
Post-employment benefits	31,884	(139,320)
Long-term benefits	-	(108,836)
Share-based payments	17,721	139,764
	938,628	2,635,588

EXPRESSED IN US DOLLARS

NOTE 27. AUDITORS' REMUNERATION

The auditor of the Paladin Energy Ltd (subject to deed of company arrangement) Group is PricewaterhouseCoopers (2016: Ernst & Young).

	2017 US$	2016 US$
Amounts received or due and receivable by PricewaterhouseCoopers (Australia) for:		
• Audit or review of the financial report of the consolidated Group	218,901	-
• Other services	-	-
• Taxation services:		
Tax compliance services	43,205	-
International tax consulting	77,495	-
Other tax advice	8,816	-
Sub-total	348,417	-
Amounts received or due and receivable by related practices of PricewaterhouseCoopers (Australia) for:		
• Audit or review of the financial report of subsidiaries and audit related services	48,393	-
• Other services	7,236	-
• Taxation services:		
Tax compliance services	-	-
International tax consulting	903	-
Other tax advice	-	-
Sub-total	56,532	-
Amounts received or due and receivable by Ernst & Young (Australia) for:		
• Audit or review of the financial report of the consolidated Group	13,225	258,153
• Other services	-	15,005
• Taxation services:		
Tax compliance services	-	17,758
International tax consulting	-	26,373
Other tax advice	-	29,368
Sub-total	13,225	346,657
Amounts received or due and receivable by related practices of Ernst & Young (Australia) for:		
• Audit or review of the financial report of subsidiaries and audit related services	2,345	75,452
• Taxation services:		
Tax compliance services	3,621	11,695
International tax consulting	221	-
Other tax advice	-	37,680
Sub-total	6,187	124,827

NOTE 27. AUDITORS' REMUNERATION (continued)

The level of non-audit related fees was driven by the tax compliance requirements of multiple jurisdictions and by the specialist advice requirements of group restructures.

Whilst always striving to meet the highest corporate governance standards, Paladin is also cognisant of the need to retain the value of the best available specialist advice. Paladin engaged PricewaterhouseCoopers because of their specialised experience in both Africa and the mining sector and PricewaterhouseCoopers's detailed understanding of the Paladin Group.

In terms of the Company's Corporate Governance Policy all non-audit services are reviewed and approved by the Audit Committee prior to commencement to ensure that they do not adversely affect the integrity and objectivity of the auditor and that the nature of the services provided does not compromise the Code of Ethics for Professional Accountants APES 110 issued by the Accounting Professional and Ethical Standards Board.

All non-audit services provided by PricewaterhouseCoopers were allowable services that received the sign off of the audit partner confirming that, in his professional opinion, they do not in any way impair the independence of the firm.

NOTE 28. COMMITMENTS AND CONTINGENCIES

There were no outstanding commitments or contingencies, which are not disclosed in the Financial Report of the Group as at 30 June 2017 other than:

	2017 US$'000	2016 US$'000
Tenements		
Commitments for tenements contracted for at the reporting date but not recognised as liabilities, payable:		
Within one year	1,722	927
Later than one year but not later than 5 years	10,188	11,942
More than 5 years	3,493	7,481
Total tenements commitment	15,403	20,350

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

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

Operating Lease Commitments

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

These non-cancellable leases have remaining terms of between 1 month and 46 months. All leases include a clause to enable upward revision of rental charge on an annual basis according to prevailing market conditions.

NOTE 28. COMMITMENTS AND CONTINGENCIES (continued)

Operating Lease Commitments (continued)

Future minimum rentals payable under non-cancellable operating leases as at 30 June are as follows:

	2017 US$'000	2016 US$'000
Within one year	510	254
Later than one year but not later than 5 years	915	1,175
More than 5 years	-	-
Total operating lease commitment	1,425	1,429

Other Commitments

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

	2017 US$'000	2016 US$'000
Within one year	14,985	10,758
Later than one year but not later than 5 years	-	-
More than 5 years	-	-
Total other commitment	14,985	10,758

In relation to the Manyingee Uranium Project, the re-negotiated acquisition terms provide for a payment of A$750,000 (US$574,703) (2016: A$750,000 (US$556,297)) by the Group to the vendors when all project development approvals are obtained.

Bank Guarantees

As at 30 June 2017 the Group has outstanding US$172,522 (A$225,145) (2016: US$450,713 / A$607,651)) as a current guarantee provided by a bank for the corporate office lease; a US$130,266 (A$170,000) (2016: US$132,055 / A$172,500)) guarantee for tenements; a US$49,808 (A$65,000) (2016: US$95,408 / A$128,630) guarantee for corporate credit cards, and a US$10,000,000 (2016: US$10,000,000) KM environmental performance bond in favour of the Government of Malawi expiring on 31 December 2017.

Contingent Liability

A dispute arose between a Group company and a contractor in relation to the contract for the Stage 3 expansion at LHM. The contractor was seeking payment of a disputed sum of N$151,100,000 (30 June 2016: N$151,100,000), which was approximately US$10,554,000 (30 June 2016: US$10,066,000). The Group denied the claim and vigorously defended it. The Group also counter claimed damages from the contractor and cross-claimed from another contractor. The precise quantum of the counter-claim and cross claim was never established, however the merits of the Company's defences against the claims were considered to be good, and it was expected that in the final result the Company's quantum was likely to exceed any residual entitlement that may have been due on the contractors' claims.

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

NOTE 29. RELATED PARTIES

Key Management Personnel

The only related party transactions are with Directors and Key Management Personnel. Refer to Note 26. Details of material controlled entities are set out in Note 30.

NOTE 30. GROUP INFORMATION

	2017 US$'000	2016 US$'000
Information Relating to Paladin Energy Ltd (subject to deed of company arrangement)		
Current assets	8,534	9,005
Total assets	193,127	1,019,867
Current liabilities	657,740	211,987
Total liabilities	681,756	563,602
Issued capital	2,101,085	2,101,085
Accumulated losses	(2,731,484)	(1,786,340)
Option application reserve	137	137
Share-based payments reserve	47,259	46,722
Available-for-sale investment revaluation reserve	-	285
Convertible bond non distributable reserve	94,374	94,374
Total shareholders' equity	488,629	456,263
Net loss after tax from operations	(945,144)	(48,885)
Total comprehensive loss	(945,115)	(58,262)

Details of Any Guarantees Entered Into by the Parent in Relation to the Debts of its Subsidiaries

Paladin has provided a guarantee and indemnity for the Project Finance Facility which supports the Kayelekera Mine and for the Revolving Credit Facility at Langer Heinrich.

Details of Any Contingent Liabilities of the Parent Entity

Paladin has provided a guarantee of US$44,416,400 for the LHM Environmental Trust Fund.

Details of Any Contractual Commitments by the Parent Entity for the Acquisition of Property, Plant and Equipment

There are no contractual commitments by the parent entity for the acquisition of property, plant and equipment as at reporting date.

EXPRESSED IN US DOLLARS

NOTE 30. GROUP INFORMATION (continued)

Tax Consolidation

Paladin and its 100% owned Australian resident subsidiaries formed a tax consolidated group (the Group) with effect from 1 July 2003. Paladin is the head entity of the Group. Members of the Group have entered into a tax-sharing agreement that provides that the head entity will be liable for all taxes payable by the Group from the consolidation date. The parties have agreed to apportion the head entity's taxation liability within the Group based on each contributing member's share of the Group's taxable income and losses.

Investments in Material Controlled Entities

NAME	COUNTRY OF INCORPORATION	PERCENTAGE INTEREST HELD 2017 %	2016 %
Paladin Finance Pty Ltd (subject to deed of company arrangement)	Australia	100	100
Paladin Energy Minerals NL (subject to deed of company arrangement)	Australia	100	100
PEM Malawi Pty Ltd	Australia	100	100
Eden Creek Pty Ltd	Australia	100	100
Paladin Asset Management Pty Ltd (1)	Australia	-	100
Paladin (Africa) Limited	Malawi	85	85
Paladin Netherlands BV	Netherlands	100	100
Paladin Netherlands Holdings Cooperatief U.A.	Netherlands	100	100
Langer Heinrich Mauritius Holdings Ltd	Mauritius	75	75
Langer Heinrich Uranium (Pty) Ltd	Namibia	75	75
Valhalla Uranium Pty Ltd	Australia	100	100
Northern Territory Uranium Pty Ltd (2)	Australia	-	100
Mount Isa Uranium Pty Ltd	Australia	100	100
Paladin Nuclear Ltd	Australia	100	100
Summit Resources Ltd	Australia	82	82
Summit Resources (Aust) Pty Ltd	Australia	82	82
Pacific Mines Pty Ltd	Australia	82	82
Paladin NT Pty Ltd	Australia	100	100
Paladin Intellectual Property Pty Ltd	Australia	100	100
Fusion Resources Pty Ltd	Australia	100	100
NGM Resources Pty Ltd	Australia	100	100
Indo Energy Ltd (3)	B.V.I.	-	100
Paladin Energy Canada Ltd	Canada	100	100
Michelin Uranium Ltd	Canada	100	100
Paladin Canada Investment (NL) Ltd	Canada	100	100
Paladin Canada Holdings (NL) Ltd	Canada	100	100
Aurora Energy Ltd	Canada	100	100

All investments comprise ordinary shares and all shares held are unquoted, with the exception of Summit's shares, which are quoted on the ASX and Paladin Netherlands Holdings Cooperatief U.A. which issues membership equity.

(1) Company deregistered on 24 March 2017
(2) Company sold on 14 December 2016
(3) Company dissolved on 8 June 2017.

NOTE 31. EVENTS AFTER THE BALANCE DATE

Other than disclosed below, since 30 June 2017, the Deed Administrators are not aware of any other matter or circumstance not otherwise dealt with in this report, that has significantly or may significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in subsequent periods with the exception of the following, the financial effects of which have not been provided for in the 30 June 2017 Financial Report:

Appointment of administrators
On 1 July 2017, EdF provided notice to Paladin Energy Limited (subject to deed of company arrangement) that it was not willing to support a standstill with respect to the prepayment terms under the Long Term Supply Contract between EdF and Paladin Energy Limited (subject to deed of company arrangement), which was a key consideration of the restructuring proposal being proposed at that time, which essentially meant that the restructure could not proceed.

Following receipt of the notice from EdF that it had withdrawn its support, payment of approximately US$277,000,000, being Paladin Energy Limited's (subject to deed of company arrangement) obligation under the Long Term Supply Contract was required to be paid by 10 July 2017, on 3 July 2017 the directors appointed Matthew Woods, Hayden White and Gayle Dickerson of KPMG as voluntary administrators to Paladin Energy Ltd (subject to deed of company arrangement), , Paladin Finance Pty Ltd (subject to deed of company arrangement) and Paladin Energy Minerals NL (subject to deed of company arrangement). At the date of this report, these companies remain subject to deeds of company arrangement. An ASX announcement confirming these appointments was made on 3 July 2017.

New financing facility
On 21 July 2017, Paladin Energy Ltd (subject to deed of company arrangement), announced that it had entered into agreements with Deutsche Bank AG, London Branch (Deutsche Bank) to fund working capital for the Langer Heinrich Mine, refinance the Nedbank Revolving Credit Facility and meet the general corporate working capital requirements of the Paladin Group. Under the agreements Deutsche Bank acquired the existing Nedbank Revolving Credit Facility and increased the size of the facility from US$20,000,000 to US$60,000,000 (Deutsche Bank Facility). Under the terms of the Deutsche Bank Facility, Langer Heinrich Uranium (Pty) Ltd drew down US$45,000,000 for its working capital (including the US$20,000,000 already drawn) and Paladin Energy Ltd (subject to deed of company arrangement) and Paladin Finance Pty Ltd (subject to deed of company arrangement) drew down US$15,000,000 to fund the working capital requirements of the Group.

Paladin Energy Ltd (subject to deed of company arrangement) and Paladin Finance Pty Ltd (subject to deed of company arrangement) are jointly and severally liable for the entire facility and Langer Heinrich Uranium (Pty) Ltd is only liable for the amounts it drew down. The entire facility is guaranteed by Paladin Energy Ltd (subject to deed of company arrangement) and Paladin Finance Pty Ltd (subject to deed of company arrangement). The term of the Deutsche Bank Facility is 12 months. Additional security has been given to that provided under the Nedbank Revolving Credit Facility.

TSX
The TSX has delisted Paladin's shares effective at the close of market on 10 August 2017. The delisting has been imposed for failure by Paladin to meet the continued listing requirements of the TSX.

The deed administrators are in the process of transferring the TSX register to the ASX as part of the restructure and recapitalisation pursuant to the deeds of company arrangement.

Paladin to retain Langer Heinrich Mine
On 21 August 2017, Paladin Energy Ltd (subject to deed of company arrangement), announced that CNNC Overseas Uranium Holding Ltd (COUH) had informed Paladin it had decided not to exercise its potential option, which, if validly exercised, could entitle COUH to acquire Paladin's 75% interest in the Langer Heinrich Mine.

Termination by EdF of the Long Term Supply Contract
On 13 October 2017, the Company announced that EdF had given notice terminating the Long Term Supply Contract on the basis that Paladin had failed to repay approximately US$277,000,000 by 9 October 2017, being the due date for cure of the default.

NOTE 31. EVENTS AFTER THE BALANCE DATE (continued)

Demand from EdF to enforce Michelin security

On 29 November 2017, the Company announced that EdF had issued a demand under the guarantees given by three of Paladin's subsidiaries (Paladin Energy Canada Ltd, Aurora Energy Ltd, and Paladin Canada Investments (NL) Ltd), in respect of Paladin's obligations under the Long Term Supply Agreement and the provision of security over their interests in the Michelin Project. EdF subsequently sold its claims to Deutsche Bank AG.

Outcome of second creditors' meeting

On 8 December 2017, the Company announced that at the concurrent second meeting of creditors of Paladin Energy Limited (subject to deed of company arrangement), Paladin Finance Pty Ltd (subject to deed of company arrangement) and Paladin Energy Minerals NL (subject to deed of company arrangement), held on 7 December 2017, the creditors resolved to execute the proposed deeds of company arrangement. The Companies' administrators and the respective companies executed the Deeds of Company Arrangement on 8 December 2017.

Resignation of directors

On 8 December 2017, the Company announced that following the successful resolutions by the Companies' creditors in favour of execution of the proposed deeds of company arrangement, Mr Donald Shumka, Mr Peter Donkin, Mr Philip Baily and Mr Wendong Zhang resigned on 8 December 2017.

Sale of EdF claims

On 22 December 2017, the Company announced that EdF's claims in respect of Paladin's obligations under the Long Term Supply Agreement and the provision of security over its interests in the Michelin Project had been sold to Deutsche Bank AG. Following the assignment from EdF to Deutsche Bank AG, Deutsche Bank AG advised the Deed Administrators that it may seek to sell down some or all of the purchased claims to other investors. Accordingly EdF in no longer a creditor of Paladin and its subsidiaries. The Deed Administrators are in discussions with Deutsche Bank AG in relation to the intentions of Deutsche Bank AG (and any purchasers of EdF's claims) with regard to the guarantees provided by Paladin's Canadian subsidiaries.

Supreme Court approves s444GA transfer

On 18 January 2018, the Company announced that the s444GA Application had been heard by Justice Black on 16 January 2018 at the Supreme Court of New South Wales and he had delivered judgment on 18 January 2018, granting leave for the application and approving the s444GA Transfer. The DOCA still remains subject to other outstanding conditions which the Deed Administrators are working to satisfy by 31 January 2018.

EXPRESSED IN US DOLLARS

NOTE 32. NEW ACCOUNTING STANDARDS AND INTERPRETATIONS

Accounting Standards and Interpretations issued but not yet effective

The following Australian Accounting Standards that have recently been issued or amended but are not yet effective are relevant to the Group but have not been applied by the Group for the annual reporting period ending 30 June 2017:

Reference	Title	Summary	Application date of standard*	Application date for Group*
AASB 9	**Financial Instruments**	AASB 9 (December 2014) is a new standard which replaces AASB 139. This new version supersedes AASB 9 issued in December 2009 (as amended) and AASB 9 (issued in December 2010) and includes a model for classification and measurement, a single, forward-looking 'expected loss' impairment model and a substantially-reformed approach to hedge accounting. AASB 9 is effective for annual periods beginning on or after 1 January 2018. However, the Standard is available for early adoption. The own credit changes can be early adopted in isolation without otherwise changing the accounting for financial instruments. **Classification and measurement** AASB 9 includes requirements for a simpler approach for classification and measurement of financial assets compared with the requirements of AASB 139. There are also some changes made in relation to financial liabilities. The main changes are described below. **Financial assets** a. Financial assets that are debt instruments will be classified based on (1) the objective of the entity's business model for managing the financial assets; (2) the characteristics of the contractual cash flows. b. Allows an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument. c. Financial assets can be designated and measured at fair value through profit or loss at initial recognition if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities, or recognising the gains and losses on them, on different bases. **Financial liabilities** Changes introduced by AASB 9 in respect of financial liabilities are limited to the measurement of liabilities designated at fair value through profit or loss (FVPL) using the fair value option. Where the fair value option is used for financial liabilities, the change in fair value is to be accounted for as follows: ➢ The change attributable to changes in credit risk are presented in other comprehensive income (OCI) ➢ The remaining change is presented in profit or loss AASB 9 also removes the volatility in profit or loss that was caused by changes in the credit risk of liabilities elected to be measured at fair value. This change in accounting means that gains or losses attributable to changes in the entity's own credit risk would be recognised in OCI. These amounts recognised in OCI are not recycled to profit or loss if the liability is ever repurchased at a discount.	1 January 2018	1 July 2018

EXPRESSED IN US DOLLARS

Reference	Title	Summary	Application date of standard*	Application date for Group*
		Impairment The final version of AASB 9 introduces a new expected-loss impairment model that will require more timely recognition of expected credit losses. Specifically, the new Standard requires entities to account for expected credit losses from when financial instruments are first recognised and to recognise full lifetime expected losses on a more timely basis. **Hedge accounting** Amendments to AASB 9 (December 2009 & 2010 editions and AASB 2013-9) issued in December 2013 included the new hedge accounting requirements, including changes to hedge effectiveness testing, treatment of hedging costs, risk components that can be hedged and disclosures. Consequential amendments were also made to other standards as a result of AASB 9, introduced by AASB 2009-11 and superseded by AASB 2010-7, AASB 2010-10 and AASB 2014-1 – Part E. AASB 2014-7 incorporates the consequential amendments arising from the issuance of AASB 9 in Dec 2014. AASB 2014-8 limits the application of the existing versions of AASB 9 (AASB 9 (December 2009) and AASB 9 (December 2010)) from 1 February 2015 and applies to annual reporting periods beginning on after 1 January 2015.		
AASB 15	**Revenue from Contracts with Customers**	AASB 15 *Revenue from Contracts with Customers* replaces the existing revenue recognition standards AASB 111 *Construction Contracts*, AASB 118 *Revenue* and related Interpretations (Interpretation *13 Customer Loyalty Programmes*, Interpretation 15 *Agreements for the Construction of Real Estate,* Interpretation 18 *Transfers of Assets from Customers*, Interpretation 131 *Revenue—Barter Transactions Involving Advertising Services* and Interpretation 1042 *Subscriber Acquisition Costs in the Telecommunications Industry*). AASB 15 incorporates the requirements of IFRS 15 *Revenue from Contracts with Customers* issued by the International Accounting Standards Board (IASB) and developed jointly with the US Financial Accounting Standards Board (FASB). AASB 15 specifies the accounting treatment for revenue arising from contracts with customers (except for contracts within the scope of other accounting standards such as leases or financial instruments).The core principle of AASB 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity recognises revenue in accordance with that core principle by applying the following steps: (a) Step 1: Identify the contract(s) with a customer (b) Step 2: Identify the performance obligations in the contract (c) Step 3: Determine the transaction price (d) Step 4: Allocate the transaction price to the performance obligations in the contract (e) Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation AASB 2015-8 amended the AASB 15 effective date so it is now effective for annual reporting periods commencing on or after 1 January 2018. Early application is permitted. AASB 2014-5 incorporates the consequential amendments to a number Australian Accounting Standards (including Interpretations) arising from the issuance of AASB 15.	1 January 2018	1 July 2018

EXPRESSED IN US DOLLARS

NOTE 32. NEW ACCOUNTING STANDARDS AND INTERPRETATIONS (continued)

Accounting Standards and Interpretations issued but not yet effective (continued)

Reference	Title	Summary	Application date of standard*	Application date for Group*
AASB 2014-10	**Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture**	AASB 2014-10 amends AASB 10 C*onsolidated Financial Statements* and AASB 128 to address an inconsistency between the requirements in AASB 10 and those in AASB 128 (August 2011), in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require: (a) a full gain or loss to be recognised when a transaction involves a business (whether it is housed in a subsidiary or not) (b) a partial gain or loss to be recognised when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary. AASB 2014-10 also makes an editorial correction to AASB 10. AASB 2015-10 defers the mandatory effective date (application date) of AASB 2014-10 so that the amendments are required to be applied for annual reporting periods beginning on or after 1 January 2018 instead of 1 January 2016.	1 January 2022	1 July 2022
AASB 16	**Leases**	The key features of AASB 16 are as follows: Lessee accounting • Lessees are required to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. • A lessee measures right-of-use assets similarly to other non-financial assets and lease liabilities similarly to other financial liabilities. • Assets and liabilities arising from a lease are initially measured on a present value basis. The measurement includes non-cancellable lease payments (including inflation-linked payments), and also includes payments to be made in optional periods if the lessee is reasonably certain to exercise an option to extend the lease, or not to exercise an option to terminate the lease. • AASB 16 contains disclosure requirements for lessees. Lessor accounting • AASB 16 substantially carries forward the lessor accounting requirements in AASB 117. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently. • AASB 16 also requires enhanced disclosures to be provided by lessors that will improve information disclosed about a lessor's risk exposure, particularly to residual value risk. AASB 16 supersedes: (a) AASB 117 Leases; (b) Interpretation 4 Determining whether an Arrangement contains a Lease; (c) SIC-15 Operating Leases—Incentives; and (d) SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a	1 January 2019	1 July 2019

Reference	Title	Summary	Application date of standard*	Application date for Group*
		Lease. The new standard will be effective for annual periods beginning on or after 1 January 2019. Early application is permitted, provided the new revenue standard, AASB 15 Revenue from Contracts with Customers, has been applied, or is applied at the same date as AASB 16.		

* Designates the beginning of the applicable annual reporting period unless otherwise stated.

The Group is in the process of determining what impact the following accounting standards and amendments to the accounting standards will have on the financial statements, when applied in future periods. These include: AASB 9 Financial Instruments, AASB 15 Revenue from Contracts with Customers and AASB 16 Leases.

Information on the undiscounted amount of the Group's operating lease commitments is disclosed in Note 28. Under AASB 16, the present value of these commitments would be shown as a liability on the balance sheet together with an asset representing the right-of-use and expenses will be split between amortisation and interest expense.

The Group does not expect the application of AASB 15 to have a material effect on the consolidated Income Statement, Statement of Financial Position or Statement of Cash Flows. The Group has elected not to early adopt these new standards or amendments in the financial statements.

The Group does not expect the application of AASB 9 to have a material impact on the measurement of financial assets and liabilities.

For Standards and Interpretations effective from 1 July 2017, it is not expected that the new Standards and Interpretations will significantly affect the Group's financial performance.

DEED ADMINSTRATORS' DECLARATION

1. In the opinion of the Deed Administrators' of Paladin Energy Ltd (subject to deed of company arrangement):

   (a) The consolidated financial statements and notes that are set out on pages 79 to 146 , are in accordance with the *Corporations Act 2001*, including:

      (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2017 and of its performance for the financial year ended on that date; and

      (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001.

   (b) The Company's ability to continue as a going concern is subject to the successful completion of the proposed recapitalisation (incorporating the DOCA) referred to in the consolidated financial statements. The ability of the Company to continue as a going concern is also subject to the Ad-hoc Committee, underwriters of the New Note Issue and other parties not withdrawing their support under their various agreements. While a number of implementation steps remain to be completed, and there is no guarantee that they will be completed, the Deed Administrators believe that those steps will likely be implemented in a timely manner, and in accordance with the DOCA.

   (c) Should the proposed recapitalisation (contemplated by the DOCA) not be successful the Company will likely be placed into liquidation.

   (d) Given the Deed Administrators expectation that the DOCA proposal will be effected and additional funding will be obtained, it has been considered appropriate to prepare the Financial Statements on a going concern basis.

   (e) The financial statements and notes also comply with International Financial Reporting Standards as disclosed in Note 3 to the Financial Statements.

   (f) Subject to the matters set out in Note 4 to the Financial Statements, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

2. This declaration has been made after receiving the declarations required to be made in accordance with section 295A of the Corporations Act 2001 for the financial year ending 30 June 2017 (**section 295A Declarations**). The section 295A Declarations have been made by the Chief Executive Officer, Alexander Molyneux and the Chief Financial Officer, Craig Barnes.

Dated at Perth on 30th January 2018

Signed by Matthew Woods in his capacity as Deed Administrator

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Matthew Woods
in his capacity as Deed Administrator

Independent auditor's report

To the members of Paladin Energy Limited (subject to deed of company arrangement)

Report on the audit of the financial report

Our opinion

In our opinion:

The accompanying financial report of Paladin Energy Limited (subject to deed of company arrangement) (the Company) and its controlled entities (together the Group) is in accordance with the *Corporations Act 2001*, including:

(a) giving a true and fair view of the Group's financial position as at 30 June 2017 and of its financial performance for the year then ended

(b) complying with Australian Accounting Standards and the *Corporations Regulations 2001.*

What we have audited

The Group financial report comprises:

- the consolidated statement of financial position as at 30 June 2017
- the consolidated statement of comprehensive income for the year then ended
- the consolidated statement of changes in equity for the year then ended
- the consolidated statement of cash flows for the year then ended
- the consolidated income statement for the year then ended
- the notes to the consolidated financial statements, which include a summary of significant accounting policies
- the Deed Administrators' declaration.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial report* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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Material uncertainty related to going concern

We draw attention to Note 4 in the financial report, which indicates that the Group incurred a net loss after tax attributable to ordinary equity holders of US$457,785,000, a net cash outflow from operations of US$52,229,000 and that additional funding will be required to address the forecast net cash deficit. On 3 July 2017, Deed Administrators were appointed to the Company and other related companies. The Deed Administrators remain in place at the date of this report and a deed of company arrangement is required to be implemented to enable the Group to undertake the proposed restructure and continue its operations. These conditions, along with other matters set forth in Note 4, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern.

Our opinion is not modified in respect of this matter.

Our audit approach

An audit is designed to provide reasonable assurance about whether the financial report is free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial report as a whole, taking into account the geographic and management structure of the Group, its accounting processes and controls and the industry in which it operates.

The Group operates uranium mining and exploration assets in Namibia, Malawi, Canada and Australia.

Materiality

- For the purpose of our audit we used overall Group materiality of US$4,400 thousand, which represents approximately 1% of the Group's total assets.
- We applied this threshold, together with qualitative considerations, to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements on the financial report as a whole.
- As not all of the Group's assets are producing, we chose total assets as the materiality benchmark rather than profit before tax. Total assets are more reflective of the Group's size and scale given that only the Langer Heinrich mine site is producing uranium. The use of total assets as a benchmark provides a level of materiality which, in our view, is appropriate for the audit having regard to the expected requirements of users of the Group's financial report.
- We utilised a 1% threshold based on our professional judgement, noting it is within the range of commonly acceptable thresholds.

Audit Scope

- Our audit focused on where the Group made subjective judgements; for example, significant accounting estimates involving assumptions and inherently uncertain future events.
- In establishing the overall approach to the Group audit, we determined the type of work that needed to be performed by the group engagement team and by the component auditor in Namibia operating under our instruction. We structured our audit as follows:
  - The component auditor performed audit procedures on the financial information of Langer Heinrich Uranium (Pty) Ltd
  - The group engagement team performed audit procedures, as required due to their financial significance, on the financial information of the Group's remaining subsidiaries
  - The group engagement team and component auditor had active dialogue throughout the year through discussions, site visits by the engagement team, review of audit working papers and written instructions and reporting.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report for the current period. The key audit matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Further, any commentary on the outcomes of a particular audit procedure is made in that context. We communicated the key audit matters to the Audit and Risk Committee.

In addition to the matter described in the *Material uncertainty related to going concern* section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Key audit matter	How our audit addressed the key audit matter
Impairment assessments for non-current assets *(Refer to note 19 and 20) US$244,297 thousand in property, plant and equipment and US$36,396 thousand in mine development* The Group's financial report includes significant non-current assets in the form of Mine Development and Property, Plant and Equipment, relating primarily to the Group's Langer Heinrich uranium mine in Namibia. Due to the sustained depressed uranium price and resulting operating cash outflows, the Group identified indications of impairment for its Langer Heinrich Cash Generating Unit (CGU) during the year and as a result, the Group tested the Langer Heinrich CGU for impairment.	We performed the following procedures, amongst others: • assessed whether the composition of the Group's CGUs, being Langer Heinrich and Kayalekera, was consistent with our knowledge of the Group's operations; and • evaluated the Group's assessment that there were indicators of asset impairment or reversal of impairment at 30 June 2017 for its CGUs. We focused our testing on the Group's impairment assessment for the Langer Heinrich CGU. We performed the following procedures, amongst others:

Key audit matter	How our audit addressed the key audit matter
The Group did not identify any indicators of impairment reversal for the Kayelekera CGU which was previously impaired to $nil. The impairment assessment involved significant judgements in the assessment, such as: • forecast long term uranium prices • reserve and resource estimates and production and processing volumes • discount rates; and • operating costs, capital expenditure, foreign exchange rates and inflation rates This was a key audit matter due to the significant carrying value of the Group's non-current assets and the judgements and assumptions outlined above in determining whether there are any impairment indicators or impairment charges.	• assessed whether the Langer Heinrich CGU appropriately included all directly attributable assets and liabilities • assessed the fair value of the Langer Heinrich CGU by comparing it to the fair value estimated by the Group utilising an external valuation expert. As key assumptions incorporated in the expert's valuation materially impacted the fair value of the Langer Heinrich CGU, we also performed the following procedures over key assumptions: o compared long term uranium pricing data used to current industry forecasts o compared the Group's current forecast uranium production profiles over the life of mine to the Group's most recent reserves and resources statement o compared the Group's estimated operating and capital expenditure assumptions to operating budgets, and o compared foreign exchange rate and inflation rate assumptions to current economic forecasts, and assessed the Group's selection of an asset specific discount rate, assisted by PwC valuation experts • evaluated the competency and independence of the expert retained by the Group to assist with the assessment the recoverable amount of the Langer Heinrich CGU, and • evaluated the adequacy of the disclosures made in note 19 including those regarding key assumptions used in the impairment assessment, in light of the requirements of Australian Accounting Standards.

Key audit matter	*How our audit addressed the key audit matter*

Impairment assessment for capitalised exploration and evaluation expenditure
(Refer to note 21) US$92,025 thousand
 	
As at 30 June 2017, the Group holds capitalised exploration and evaluation assets of $92,025 thousand.
 	
Capitalised exploration and evaluation assets are accounted for in accordance with the policy in Note 21 to the financial report.
 	
Judgement is required by the Group to assess whether there were indicators of impairment of the capitalised exploration and evaluation assets, due to the need to make estimates about future events and circumstances, such as whether the mineral resources may be economically viable to mine in the future.
 	
As a result, the Group tested its capitalised exploration and evaluation expenditure for impairment during the year ended 30 June 2017. As a result of this testing, impairment charges of $243,831 thousand were recognised in the consolidated income statement.
 	
The carrying value of capitalised exploration and evaluation assets was a key audit matter due to the magnitude of capitalised exploration and evaluation assets recognised in the consolidated statement of financial position as at 30 June 2017 and the judgements and assumptions utilised in determining whether there are any impairment indicators or impairment charges.
	We performed the following procedures, amongst others:
	
	• evaluated the Group's assessment that there had been indicators of impairment for its capitalised exploration and evaluation expenditure assets
	• tested whether the Group retained right of tenure for a sample of its exploration licence areas by obtaining relevant licence status records
	• assessed the fair value of the Group's capitalised exploration and evaluation expenditure assets by comparing them to the fair value estimated by the Group utilising an external valuation expert. As key assumptions incorporated in the expert's valuation materially impacted the fair value of the Group's capitalised exploration and evaluation expenditure assets, we also performed the following procedures over key assumptions:
	  o re-performed a sample of calculations utilised by the external valuation expert to determine comparable resource multiples and precedent transactions used in assessing the fair value
	  o compared the mineral resource information utilised by the expert to the latest mineral resource statement for individual assets, where applicable, and
	  o compared foreign exchange rate assumptions and uranium pricing data used to current economic forecasts, assisted by PwC valuation experts.
	• evaluated the competency and independence of the expert retained by the Group to assist with the assessment of the recoverable amount of the capitalised exploration and evaluation expenditure assets, and
	• evaluated the adequacy of the disclosures made in note 21 including those regarding key assumptions used in the impairment assessment, in light of the requirements of Australian Accounting Standards.

Key audit matter	How our audit addressed the key audit matter
Closure and rehabilitation provisions *(Refer to note 24) US$88,305 thousand* As a result of its mining and processing operations, the Group is obliged to restore and rehabilitate the environment disturbed by these operations. Rehabilitation activities are governed by a combination of legislative and licence requirements. At 30 June 2017 the consolidated statement of financial position included provisions for such obligations of $88,305 thousand. This was a key audit matter given the determination of these provisions required judgement in the assessment of the nature and extent of future works to be performed, the future cost of performing the work, the timing of when the rehabilitation will take place and economic assumptions such as the discount rate and inflation rates applied to future cash outflows associated with rehabilitation activities to bring them to their present value.	We considered the Group's assessment of their obligations to rehabilitate disturbed areas and the estimated future cost of that work, which forms the basis for the closure and rehabilitation provision calculations (the models) for the Langer Heinrich and Kayelekera mines. We evaluated and tested key assumptions utilised in these models by performing the following procedures: • compared the rehabilitation costs being estimated at Langer Heinrich to an external expert's assessment of the rehabilitation obligation completed during the year • evaluated the competency and independence of the expert retained by the Group to assist with the assessment of the Langer Heinrich rehabilitation obligation • examined supporting information for significant changes in future cost estimates from the prior year • assessed the timing of work to be performed by comparison to mine plans and environmental rehabilitation plans submitted to relevant authorities, and • considered the appropriateness of the discount rates and inflation rates utilised in calculating the provision by comparing them to current market consensus rates.
Classification and measurement of borrowings and unearned revenue *(Refer to note 7 and 25) US$398,199 thousand in interest bearing loans and liabilities and US$278,182 thousand in unearned revenue* As at 30 June 2017, 77% of the Group's total liabilities consisted of borrowings and unearned revenue which have been re-measured to face value and classified as current liabilities. Entities within the Group breached certain financial covenants on the borrowings and unearned revenue which made these instruments callable and therefore required reclassification to current liabilities.	We performed the following audit procedures, amongst others: • read the most up-to-date agreements between entities in the Group and their financiers to develop an understanding of the terms and conditions, including financial covenants contained in the borrowings and unearned revenue agreements • obtained confirmations from financiers and/or the administrators of entities in the Group as to the balance and due date of payments on borrowings and unearned revenue • tested the re-measurement of the borrowings and unearned revenue to face value, and

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Key audit matter	How our audit addressed the key audit matter
This was a key audit matter given the magnitude of borrowings and unearned revenue, the financial impact of their re-measurement and the importance of the classification and measurement of these items in the Group financial report.	• evaluated whether the disclosures were consistent with the requirements of Australian Accounting Standards.

Other information

The Deed Administrators are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2017, including Corporate Values and Paladin Today, Insights from the CEO, Management Discussion and Analysis, Corporate Governance Statement, Deed Administrators' Report, Additional Information and Corporate Directory, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Deed Administrators' for the financial report

The Deed Administrators of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and *Corporations Act 2001* and for such internal control as the Deed Administrators determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Deed Administrators are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Deed Administrators either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_responsibilities/ar1.pdf. This description forms part of our auditor's report.

Report on the remuneration report

Our opinion on the remuneration report

We have audited the remuneration report included in pages 62 to 75 of the Deed Administrators' report for the year ended 30 June 2017.

In our opinion, the remuneration report of Paladin Energy Limited for the year ended 30 June 2017 complies with section 300A of the *Corporations Act 2001.*

Responsibilities

The Deed Administrators of the Company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of *the Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

PricewaterhouseCoopers

PricewaterhouseCoopers

Ben Gargett
Partner

Perth
30 January 2018

ADDITIONAL INFORMATION
(continued)

Pursuant to the Listing Requirements of ASX as at 17 January 2018:

(a) Distribution and number of holders

Range			Total Holders	No. of Shares
1	-	1,000	7,697	3,787,381
1,001	-	5,000	8,076	21,560,885
5,001	-	10,000	3,078	24,096,777
10,001	-	100,000	5,600	192,835,817
100,001	-	maximum	1,340	1,470,562,952
			25,791	**1,712,843,812**

18,971 shareholders hold less than a marketable parcel of shares.

(b) The twenty largest shareholders hold 59.53% of the total shares issued.

Holder	No. of Shares	%
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
JP Morgan Nominees Australia Limited	60,831,945	3.55
CEDE & Co	36,472,984	2.13
BNP Paribas Nominees Pty Ltd < IB Au Noms >	21,335,065	1.25
HSBC Custody Nominees (Australia) Limited – A/C 2	20,289,596	1.19
HSBC Custody Nominees (Australia) Limited – A/C 3	10,617,346	0.62
BNP Paribas Noms Pty Ltd <DRP>	6,563,582	0.38
Ms Seng Bee Teoh	6,555,414	0.38
Grandor Pty Ltd < Mark Scott Family P/F A/C >	5,476,260	0.32
Diamond Rock Pty Ltd	5,000,000	0.29
BNP Paribas Nominees Pty Ltd < Agency Lending DRP >	4,803,695	0.28
Mrs Julian Huang	4,369,224	0.26
Mr Jeremy James Burfoot < Burfoot Super Fund A/C >	4,000,000	0.23
Dr Jeffrey Kun Beng Tee < Tee Superfund >	4,000,000	0.23
TLG Trading Pty Ltd	3,950,000	0.23
Mr Songnan Huang	3,350,000	0.20
JCKL Pty Ltd < Staff Super Fund A/C >	3,172,000	0.19
	1,019,448,526	**59.53**

Substantial shareholders as disclosed in substantial shareholder notices given to the Company are as follows:

HOPU Clean Energy (Singapore) Pte Ltd	249,888,360

(c) Voting rights

Ordinary Shares
For all shares, voting rights are one vote per member on a show of hands and one vote per share in a poll.

Unlisted Options
There are no voting rights attached to options.

Share Appreciation Rights
There are no voting rights attached to share appreciation rights.

(d) Securities Subject to Voluntary Escrow

There are no ordinary fully paid shares subject to voluntary escrow.

ADDITIONAL INFORMATION
(continued)

(e) Unquoted securities

Unlisted Options

The Company has 3,000,000 unlisted options on issue, issued to Alex Molyneux the CEO pursuant to the terms of his engagement letter:

1,000,000 options exercisable at $0.20 and expiring 10/08/2018
1,000,000 options exercisable at $0.30 and expiring 8/11/2018
1,000,000 options exercisable at $0.40 and expiring 23/12/2018

Unlisted Share Appreciation Rights

The Company has 7,468,000 share appreciation rights on issue, issued in accordance with the Share Rights Plan approved by shareholders in November 2015. The number of beneficial holders of share appreciation rights totals 21.

ADDITIONAL INFORMATION
(continued)

Tenements held

URANIUM PROJECTS

NAMIBIA – AFRICA

Project	Tenements		Interest %	JV Partner/s	Operator	Note
Langer Heinrich	1 MLI		100.00%	-	LHU	1
Gawib	1 MLI		100.00%	-	LHU	1

MALAWI – AFRICA

Kayelekera	1 MLI		100.00%	-	PAL	2
Kopakopa	1 EPL	(A)	100.00%	-	PAL	2
Nthalire	1 EPL	(A)	100.00%	-	PAL	2
Uliwa	1 EPL		100.00%	-	PAL	2
Rukuru	1 EPL		100.00%	-	PAL	2
Mapambo	1 EPL		100.00%	-	PAL	2
Ngana	1 EPL	(A)	100.00%	-	PAL	2

LABRADOR/NEWFOUNDLAND – CANADA

Central Mineral Belt	31 MLC	100.00%	-	AUR	

QUEENSLAND

Isa North	4 EPMs	82.08%	(see Note 4)	SRA	3,4
	4 MDLs	82.08%	(see Note 4)	SRA	3,4
Valhalla North	1 EPM	100.00%	-	FSN	
	2 MDLs	100.00%	-	FSN	

WESTERN AUSTRALIA

Manyingee	3 MLs	100.00%	-	PEM	
Carley Bore	3 ELs	100.00%	-	PEM	

ADDITIONAL INFORMATION
(continued)

Tenements held (continued)

NON-URANIUM PROJECTS

QUEENSLAND

Western Isa Joint Venture (See Note 4)
(Summit Resources (Aust) Pty Ltd, Pacific Mines Pty Ltd)

Isa South	6 EPMs	20.00%	Aeon Metals Limited	AML	5
	1 EPM	18.00%	Aeon Metals Limited Centaurus Metals Limited	AML	5
May Downs	2 EPMs	20.00%	Aeon Metals Limited	AML	5
Mount Kelly	1 EPM	20.00%	Aeon Metals Limited	AML	5
Constance Range	4 EPMs	20.00%	Aeon Metals Limited	AML	5

SOUTH AUSTRALIA

Reaphook JV	1 EL	7.50%	Perilya Limited Signature Resources NL	Perilya	

ADDITIONAL INFORMATION
(continued)

Tenements held (continued)

Operators		Paladin Equity (direct and indirect)	Note
AML	Aeon Metals Limited	0%	
AUR	Aurora Energy Ltd	100%	
CNNC	CNNC Overseas Uranium Holding Limited	0%	1
FSN	Fusion Resources Pty Ltd	100%	
LHU	Langer Heinrich Uranium (Pty) Ltd	75%	1
MIU	Mount Isa Uranium Pty Ltd	100%	
PAC	Pacific Mines Pty Ltd	100%	
PAL	Paladin (Africa) Ltd	85%	2
PEM	Paladin Energy Minerals NL (subject to deed of company arrangement)	100%	
SRA	Summit Resources (Aust) Pty Ltd	82.08%	3
PDN	Paladin Energy Ltd (subject to deed of company arrangement)		
PERILYA	Perilya Limited	0%	

Notes

1. Paladin holds an ultimate 75% interest in LHUPL with 25% held by CNNC.

2. Paladin holds 85% equity in PAL with 15% equity having been issued to the Government of Malawi pursuant to the terms of the Development Agreement for KM between the Government of Malawi, PAL and Paladin Energy Minerals NL (subject to deed of company arrangement).

3. Paladin's interest in these tenements is held by virtue of Paladin's 82.08% equity holding in Summit Resources Limited which in turn holds 100% equity interest in Summit Resources (Aust) Pty Ltd ("SRA") and Pacific Mines Pty Ltd.

4. The Valhalla and Skal uranium deposits lie within the Isa North tenement block within defined blocks of land (17km^2 and 10km^2 respectively) subject to the Isa Uranium Joint Venture between SRA (50% and Operator) and Mount Isa Uranium Pty Ltd (50%).

5. Aeon Metals Limited earned 80% equity in the Western Isa Joint Venture tenements through expenditure of A$8M within three years of commencement (10 December 2007). SRA and Pacific Mines Pty Ltd have retained up to 20% equity in each of these tenements. Aeon Metals Limited were formally known as Aston Metals (Qld) Limited.

Tenement Types

EL	Exploration Licence (Australia)
EPL	Exclusive Prospecting Licence (Africa)
EPM	Exploration Permit for Minerals (Australia)
MDL	Mineral Development Licence (Australia)
ML	Mining Lease (Australia)
MLI	Mining Licence (Africa)
MLC	Mineral Licence (Newfoundland/Labrador)
(A)	Pending Application

ADDITIONAL INFORMATION
(continued)

LIST OF ABBREVIATIONS

A$	Australian dollars
bcm	bank cubic metres
BFS	bankable feasibility study
BRP	bicarbonate recovery plant
CCD	counter current decantation
C&M	care and maintenance
DFS	definitive feasibility study
DIFR	disabling incident frequency rate
ft	feet
g	gram
g/m^3	grams per cubic metre
g/t	grams per tonne
hr	hours
ISO	International Organisation for Standardisation
ISR	in situ recovery
JORC	Joint Ore Reserves Committee
K	thousand
kg	kilogram
kg/t	kilogram per tonne
km	kilometres
KM	Kayelekera Mine
km^2	square kilometres
kW	kilowatts
lb	pounds
LHM	Langer Heinrich Mine
LHUPL	Langer Heinrich Uranium (Pty) Ltd
LTI	lost time injury
LTIFR	lost time injury frequency rate
M	million
Mlb	million pounds
m	metres
Ma	million years
MIK	multiple indicator kriging
mm	millimetres
MMI	mobile metal ion
mSv	millisiverts
Mtpa	million tonnes per annum
NI 43-101	National Instrument 43-101 – *Standards of Disclosure for Mineral Projects* of the Canadian Securities Administrators
NOSA	National Occupational Safety Association
NPV	net present value
OK	ordinary kriging
pa	per annum
PAL	Paladin (Africa) Limited
PFS	pre-feasibility study
ppb	parts per billion
ppm	parts per million
QAQC	quality assurance and quality control
QC	quality control
RC	reverse circulation
RIP	resin-in-pulp
t	tonnes
t/m^3	tonnes per cubic metre
tpa	tonnes per annum
tph	tonnes per hour
U	uranium
U_3O_8	uranium oxide
US$	US dollars
w:o	waste to ore ratio

ADDITIONAL INFORMATION
(continued)

SHAREHOLDER REPORTING TIMETABLE

Please note the lodgement dates are proposed, with applicable due dates provided, as appropriate.

Important Dates

2018

28 February 2018	Half Yearly Financial Statements for the six months ended 31 December 2017 and MD&A (Appendix 4D)
1 March 2018	Conference Call and Investor Update (proposed date)
19 April 2018	March ASX Quarterly Activities Report (due 30 April 2018)
18 July 2018	June ASX Quarterly Activities Report (due 31 July 2018)
22 August 2018	Audited Annual Financial Statements for the year ended 30 June 2018 including MD&A (Appendix 4E)
23 August 2018	Conference Call and Investor Update (proposed date)
18 October 2018	September ASX Quarterly Activities Report (due 31 October 2018)
16 November 2018	Annual General Meeting to be held in Perth, Western Australia

CORPORATE DIRECTORY

Directors

Non-executive Chairman
Mr Rick Crabb

CEO
Mr Alexander Molyneux

Company Secretary
Mr Ranko Matic

Registered Office

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Telephone: 1300 850 505 (within Australia)
or (+61 3) 9415 4000 (outside Australia)
Facsimile: (+61 3) 9473 2500

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Paladin Energy Ltd (subject to deed of company arrangement) is a company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Paladin Energy Ltd (subject to deed of company arrangement)
Level 4, 502 Hay Street
SUBIACO WA 6008

Through the use of the internet, we have ensured that our corporate reporting is timely, complete, and available globally at minimum cost to the Company. All press releases, financial statements and other information are available on our website www.paladinenergy.com.au.

Investor Relations

Australia – Corporate Office

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Auditors

PricewaterhouseCoopers
125 St Georges Terrace
Perth Western Australia 6000

Stock Exchange Listings

Australian Securities Exchange
and Toronto Stock Exchange

Code: PDN

Munich, Berlin, Stuttgart
and Frankfurt Stock Exchanges

Code: PUR

Namibian Stock Exchange

Code: NM-PDN