



PALADIN ENERGY LTD

ACN 061 681 098

17 December 2010

Company Announcements Office
Australian Securities Exchange Limited
20 Bridge Street
SYDNEY NSW 2000

By Electronic Lodgement

Dear Sir/Madam

Exercise of Optional Redemption Right in relation to Outstanding Convertible Bonds due 2011

Paladin Energy Ltd has announced the exercise of its optional redemption right regarding its outstanding 4.50% convertible bonds due 2011 (ISIN XS0277770151). For further information, please see the attached announcement made to the Singapore Exchange Securities Trading Limited.

Yours faithfully
Paladin Energy Ltd

John Borshoff
Managing Director/CEO

NOTHING IN THIS DOCUMENT CONSTITUTES AN OFFER OF SECURITIES FOR SALE OR AN OFFER TO PURCHASE ANY SECURITIES, OR AN INVITATION TO ANY PERSON TO MAKE SUCH AN OFFER, IN ANY JURISDICTION.

THE TENDER OFFER WILL NOT BE MADE AVAILABLE TO PERSONS IN THE REPUBLIC OF ITALY. THE TENDER OFFER WILL BE MADE AVAILABLE TO PERSONS IN OTHER JURISDICTIONS ONLY AS PERMITTED BY APPLICABLE LAWS. THE TENDER OFFER WILL NOT COMPLY WITH DIVISION 5A OF PART 7.9 OF THE CORPORATIONS ACT 2001 AND ACCORDINGLY WILL ONLY BE MADE AVAILABLE IN AUSTRALIA IN CIRCUMSTANCES PERMITTED BY REGULATION 7.9.97 OF THE CORPORATIONS ACT 2001.

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PALADIN ENERGY LTD

PALADIN ENERGY LTD
(formerly Paladin Resources Ltd)
(ACN 061 681 098)

**EXERCISE OF OPTIONAL REDEMPTION RIGHT IN RELATION TO THE OUTSTANDING
U.S.\$250,000,000 4.50 PER CENT. CONVERTIBLE BONDS DUE 2011 (ISIN XS0277770151)
CONVERTIBLE INTO ORDINARY SHARES OF PALADIN ENERGY LTD ISSUED ON 15
DECEMBER 2006 (THE BONDS)**

Paladin Energy Ltd (formerly Paladin Resources Ltd) (**Paladin**) refers to the Bonds, which are listed on Singapore Exchange Securities Trading Limited. Paladin wishes to inform holders of the Remaining Bonds (as defined below) of the exercise of its optional redemption right pursuant to Condition 7(b)(ii) of the Bonds (**Optional Redemption Right**).

Background

Paladin previously announced on 27 October 2010, its intention to repurchase outstanding Bonds and invited certain holders of the Bonds (the **Bondholders**) to tender any or all of their Bonds for repurchase by Paladin for cash (the **Offer**) upon the terms and subject to the conditions set forth in the tender offer memorandum previously made available to Bondholders and dated 27 October 2010. On 30 November 2010, Paladin announced that, pursuant to the Offer, Paladin had repurchased and cancelled an aggregate nominal amount of U.S.\$229,600,000 Bonds (the **Repurchased Bonds**). Following such repurchase and cancellation, the aggregate nominal amount of Bonds remaining outstanding is U.S.\$20,400,000 (the **Remaining Bonds**). Terms defined in the terms and conditions of the Bonds (**Conditions**) shall have the same meaning when used in this announcement.

The Repurchased Bonds constitute more than 85 per cent. of the principal amount of Bonds originally issued. Accordingly, Paladin has today provided holders of the Remaining Bonds with notice of the exercise of its Optional Redemption Right in respect of all Remaining Bonds.

Optional Redemption Right

Paladin wishes to inform holders of the Remaining Bonds that:

- (a) the Remaining Bonds will be redeemed on 18 January 2011 (the **Optional Redemption Date**);
- (b) on the Optional Redemption Date Paladin will redeem all of the Remaining Bonds at their principal amount (together with accrued but unpaid interest of U.S.\$825 per U.S.\$200,000 in principal amount of Remaining Bonds);
- (c) as at 16 December 2010, the conversion price of the Remaining Bonds was U.S.\$7.685;
- (d) as at 15 December 2010 the closing price of one Ordinary Share in the capital of Paladin on the Australian Stock Exchange was A\$4.93 (U.S.\$4.87¹); and
- (e) the last day on which holders of the Remaining Bonds may exercise their conversion rights in respect of the Remaining Bonds is 7 January 2011.

¹ Converted to U.S.\$ at the A\$:U.S.\$ exchange rate of A\$1.00 : U.S.\$0.987 on 15 December 2010

Following redemption of the Remaining Bonds on the Optional Redemption Date all Remaining Bonds will be cancelled in accordance with Condition 7(g) of the Bonds.

This announcement does not constitute an offer to buy, or a solicitation of an offer to sell, any Bonds and no such offer, solicitation, purchase or sale shall be made in any jurisdiction in which such offer, solicitation, purchase or sale would be unlawful.

The Bonds have not been registered under the Securities Act or the securities laws of any state of the United States or other jurisdiction.

For and on behalf of
Paladin Energy Ltd

A handwritten signature in black ink, appearing to read "John Borshoff". The signature is written in a cursive, flowing style with a long horizontal stroke at the end.

John Borshoff
Managing Director/CEO
16 December 2010