



PALADIN ENERGY LTD

ACN 061 681 098

Ref: 244354

24 November 2011

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

By Electronic Lodgement

Dear Sir/Madam

Chairman's Address to 2011 Annual General Meeting 24 November 2011

Dear Fellow Shareholders

It is fair to say that the last financial year will be remembered forever within the uranium industry. The tragic earthquake and tsunami event in Japan in March stimulated considerable misinformation and led many to what, I believe, is inaccurate speculation about the future of nuclear power, much of which has largely since been rectified.

Whilst we are convinced that there is a solid future for continued growth in nuclear power and uranium demand, investors remain cautious. Other global economic uncertainties, particularly concerning the US and Europe, have depressed global stock markets. Accordingly, the market for uranium shares has suffered multiple blows.

I encourage you to study the commentary in the Annual Report on Paladin's view of the current and future uranium market, to understand how this shapes the Company's strategic plans. Nevertheless, it has been recognised by the Paladin Board and management that, for the time being, we are operating in a different paradigm in terms of how the investment market perceives the uranium industry. On the other hand, both the emerging nuclear economies and most of the existing nuclear power markets have affirmed their commitment to nuclear power.

At Paladin's operations, we are very pleased with the improved safety results, achieved during a time of much activity including construction at both mine sites and on our exploration projects. Safety of our workforce and achievement of the highest environmental practices remain top priorities of the Board and management.

We are also proud of our Company's social development programmes in Namibia and Malawi, which have made valuable contributions to those communities. I would also like to acknowledge the personal efforts of the Paladin employees and friends who, from their own initiatives, have raised almost \$600,000 to date of which 100% is applied to worthy projects in Malawi.

Due to various factors explained in the Company's releases, the annual production target was downgraded during the year and the final result missed guidance by some 250,000 lbs. Understandably, this result drew criticism from market analysts. However, year to year production increased by some 33% overall. Every effort is being made at all levels of operations to increase throughput and efficiency, whilst maintaining required sustainability practices. As you will hear today, good progress has been made in that regard.

The Company's short term strategies therefore include reducing corporate costs by at least 10%, reducing production costs and applying technical innovation for efficiency increase and cost savings. Medium to long term, we are still focused on developing a Tier 1 uranium production company which has, as cornerstones, a pipeline of quality projects and strategic partnerships.

In late September, the Board took the view that a modest fundraising was required in quick order for a few reasons. Firstly to counter persistent, but incorrect, market rumours that Paladin's reduced market capitalisation triggered covenants in the Company's debt facilities. Coupled with a severely deteriorating general share market due to the European debt crisis, this appeared to be the principal cause for the downward pressure on Paladin's share price. Secondly, in light of the uncertain times, it was prudent to improve the balance sheet. Thirdly, rumours persisted about potential hostile takeover bids and a stronger cash position was considered to be important. The placement, although at a low price, was positively received and I have no doubt that it was the appropriate course of action in the circumstances.

The Company's strategies for organic and inorganic growth are constantly under review and are considered in the context of the current market dynamics and Paladin's primary focus on production and earnings per share growth. My Board is conscious of the critical stage the Company is now in, both in terms of building investor confidence and entrenching its position in the global uranium industry.

Once again, on behalf of my Board and fellow shareholders, I thank John Borshoff and the Paladin team around the world for their dedicated work during what has been a challenging period for them. I also extend a sincere thank you to shareholders for your support and, with you, share the expectation of an improved outlook for 2012.

Yours faithfully
Paladin Energy Ltd



RICK CRABB
Chairman