



PALADIN ENERGY LTD

ACN 061 681 098

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

By Electronic Lodgement

Dear Sir/Madam

Kayelekera Mine, Malawi Drying and Packaging Plant Temporarily Off-Line

Paladin Energy Ltd ("Paladin") advises that in the course of the upgrade work currently being carried out during the planned maintenance shutdown at Kayelekera (as advised in the June quarter report), the drying and packaging plant (D&P plant) has been closely inspected for damage caused by localised movement related to previously advised land slippage. As a result Paladin determined that in the interests of safety it would be prudent to bring forward its existing plans to relocate the D&P plant and this programme is now underway.

In the interim, Kayelekera will be producing yellowcake with higher moisture content than standard specification. Plans are in place to divert Kayelekera concentrates via its sister mine at Langer Heinrich in Namibia for final drying and packing en route to export from Walvis Bay in the normal manner. All Kayelekera concentrate is currently exported from Walvis Bay in Namibia and passes within 50km of Langer Heinrich and so can easily be diverted.

Paladin's risk mitigation plan has allowed for this contingency. The Langer Heinrich operation has sufficient reserve capacity in its D&P plant (in excess of the new Stage 3 design) to process the Kayelekera higher moisture concentrate until the D&P plant at Kayelekera in Malawi is re-commissioned.

The short-term changes to final drying and packaging of Kayelekera concentrate are not expected to impact Paladin's production guidance for FY2012 of 7.4Mlb to 7.9Mlb U₃O₈.

The project financiers and their technical advisors have been informed of the latest developments and the regulatory authorities are finalising procedures for these temporary arrangements, which will take place within the applicable regulatory framework for both mines.

We expect the Kayelekera operations to recommence production after the current scheduled shutdown, on Monday 29 August. In principle agreement has been reached with the lenders that regardless of the closure of the D&P plant, the Lenders Test can commence 1 September 2011.

Yours faithfully
Paladin Energy Ltd

JOHN BORSHOFF
Managing Director/CEO