



PALADIN ENERGY LTD

ACN 061 681 098

Ref: 201011

2 February 2011

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

By Electronic Lodgement

Dear Sir/Madam

Notice of Initial Substantial Holder Following Completion of Aurora Transaction

Paladin Energy Ltd (**Paladin**) gives this notice of initial substantial holder in respect of its own shares. Paladin is taken to have a relevant interest in 6.699% of its own shares because it is able to influence how those shares are disposed of, pursuant to the agreement annexed to this notice. Paladin considers this to be a "relevant interest" in a technical sense only. Paladin has no actual interest in these shares, beyond the disposal restrictions set out in the annexed agreement.

Yours faithfully
Paladin Energy Ltd

GILLIAN SWABY
Company Secretary

Enc.

Form 603
Corporations Act 2001
Section 671B

Notice of initial substantial holder

To Company Name/Scheme Paladin Energy Ltd (Paladin)

ACN/ARSN 061 681 098

1. Details of substantial holder (1)

Name Paladin and each of the entities listed in Annexure "A" to this notice (Paladin Group Entities)

ACN/ARSN (if applicable) See Annexure "A".

The holder became a substantial holder on 01/02/2011

2. Details of voting power

The total number of votes attached to all the voting shares in the company or voting interests in the scheme that the substantial holder or an associate (2) had a relevant interest (3) in on the date the substantial holder became a substantial holder are as follows:

Class of securities (4)	Number of securities	Person's votes (5)	Voting power (6)
Ordinary shares	52,097,937	52,097,937	6.699% (based on 777,678,217 fully paid ordinary shares on issue)

3. Details of relevant interests

The nature of the relevant interest the substantial holder or an associate had in the following voting securities on the date the substantial holder became a substantial holder are as follows:

Holder of relevant interest	Nature of relevant interest (7)	Class and number of securities
Paladin	Power to control disposal pursuant to the Ancillary Rights Agreement entered into with the registered holder of the securities, dated 2 February 2011, a copy of which is annexed to this notice as Annexure "B".	52,097,937 ordinary shares

4. Details of present registered holders

The persons registered as holders of the securities referred to in paragraph 3 above are as follows:

Holder of relevant interest	Registered holder of securities	Person entitled to be registered as holder (8)	Class and number of securities
Paladin	Aurora Energy Resources Inc.	Aurora Energy Resources Inc.	52,097,937 ordinary shares

5. Consideration

The consideration paid for each relevant interest referred to in paragraph 3 above, and acquired in the four months prior to the day that the substantial holder became a substantial holder is as follows:

Holder of relevant interest	Date of acquisition	Consideration (9)		Class and number of securities
		Cash	Non-cash	
Paladin	02/02/2011	Not applicable		52,097,937 ordinary shares

6. Associates

The reasons the persons named in paragraph 3 above are associates of the substantial holder are as follows:

Name and ACN/ARSN (if applicable)	Nature of association
Not applicable	Not applicable

7. Addresses

The addresses of persons named in this form are as follows:

Name	Address
Paladin	Level 4, 502 Hay Street, Subiaco, WA 6008
Each Paladin Group Entity	Care of: Level 4, 502 Hay Street, Subiaco, WA 6008

Signature

print name Gillian Swaby

capacity Company Secretary

sign here



date 02/02/2011

DIRECTIONS

- (1) If there are a number of substantial holders with similar or related relevant interests (eg. a corporation and its related corporations, or the manager and trustee of an equity trust), the names could be included in an annexure to the form. If the relevant interests of a group of persons are essentially similar, they may be referred to throughout the form as a specifically named group if the membership of each group, with the names and addresses of members is clearly set out in paragraph 7 of the form.
- (2) See the definition of "associate" in section 9 of the Corporations Act 2001.
- (3) See the definition of "relevant interest" in sections 608 and 671B(7) of the Corporations Act 2001.
- (4) The voting shares of a company constitute one class unless divided into separate classes.
- (5) The total number of votes attached to all the voting shares in the company or voting interests in the scheme (if any) that the person or an associate has a relevant interest in.
- (6) The person's votes divided by the total votes in the body corporate or scheme multiplied by 100.
- (7) Include details of:
 - (a) any relevant agreement or other circumstances by which the relevant interest was acquired. If subsection 671B(4) applies, a copy of any document setting out the terms of any relevant agreement, and a statement by the person giving full and accurate details of any contract, scheme or arrangement, must accompany this form, together with a written statement certifying this contract, scheme or arrangement; and
 - (b) any qualification of the power of a person to exercise, control the exercise of, or influence the exercise of, the voting powers or disposal of the securities to which the relevant interest relates (indicating clearly the particular securities to which the qualification applies).

See the definition of "relevant agreement" in section 9 of the Corporations Act 2001.
- (8) If the substantial holder is unable to determine the identity of the person (eg. if the relevant interest arises because of an option) write "unknown."
- (9) Details of the consideration must include any and all benefits, moneys and other, that any person from whom a relevant interest was acquired has, or may, become entitled to receive in relation to that acquisition. Details must be included even if the benefit is conditional on the happening or not of a contingency. Details must be included of any benefit paid on behalf of the substantial holder or its associate in relation to the acquisitions, even if they are not paid directly to the person from whom the relevant interest was acquired.

ANNEXURE "A"
Paladin Energy Ltd ACN 061 681 098

Paladin Group Entities

This is Annexure "A" of 2 pages, referred to in the Form 603 (Notice of initial substantial holder) signed by me and dated 2 February 2011.



Gillian Swaby
Company Secretary
Date: 2 February 2011

Paladin Group Entities

ENTITY	ACN (if applicable)
Eden Creek Pty Ltd	ACN 008 958 610
Paladin Employee Plan Pty Ltd	ACN 144 956 070
Paladin Energy Minerals NL	ACN 073 700 939
Paladin Finance Pty Ltd	ACN 117 234 278
Paladin Nuclear Pty Ltd	ACN 125 124 156
Paladin Asset Management Pty Ltd	ACN 130 079 604
PEM Malawi Pty Ltd	ACN 128 358 225
Paladin N.T. Pty Ltd	ACN 131 890 134
Valhalla Uranium Pty Ltd	ACN 116 370 720
Mt Isa Uranium Pty Ltd	ACN 064 536 483
Northern Territory Uranium Pty Ltd	ACN 009 245 345
Summit Resources Limited	ACN 009 474 775
Summit Resources (Aust) Pty Ltd	ACN 009 188 078
Pacific Mines Pty Ltd	ACN 101 437 085
Fusion Resources Pty Ltd	ACN 100 287 385
Fusion Minerals Pty Ltd	ACN 114 895 993
Fusion Exploration Pty Ltd	ACN 114 339 614
NGM Resources Limited	ACN 107 131 653
Malagasy Exploration and Mining Limited	ACN 142 193 146
North Gasgoyne Mining Pty Ltd	ACN 085 636 853
Indo Energy Ltd	n/a
Paladin Canada Investments (NL) Ltd	n/a
Paladin Canada Holdings (NL) Ltd	n/a
Michelin Uranium Ltd	n/a
Paladin Netherlands Co-operative U.A.	n/a
Paladin Energy Canada Ltd	n/a
0897974 B.C. Ltd	n/a
NGM Universal Ltd	n/a
Universal Exploration Madagascar SARL	n/a
Paladin (Africa) Ltd	n/a

Kayelekera Holdings SA	n/a
Langer Heinrich Mauritius Holdings Limited	n/a
Langer Heinrich Uranium (Pty) Ltd	n/a
Kayelekera Netherlands Finance BV	n/a

ANNEXURE "B"
Paladin Energy Ltd ACN 061 681 098

Ancillary Rights Agreement

This is Annexure "B" of 11 pages, referred to in the Form 603 (Notice of initial substantial holder) signed by me and dated 2 February 2011.



Gillian Swaby
Company Secretary
Date: 2 February 2011

FRONTEER GOLD INC.

AURORA ENERGY RESOURCES INC.

PALADIN ENERGY LTD.

ANCILLARY RIGHTS AGREEMENT

February 1, 2011



ANCILLARY RIGHTS AGREEMENT

THIS ANCILLARY RIGHTS AGREEMENT is dated February ____, 2011,

BETWEEN:

FRONTEER GOLD INC., a corporation existing
under the laws of Ontario

(“**Fronteer**”)

AND:

AURORA ENERGY RESOURCES INC., a
corporation existing under the laws of Newfoundland
and Labrador

(“**Aurora**”)

AND:

PALADIN ENERGY LTD. (ABN 47 061 681 098), a
corporation existing under the laws of Australia

(“**Paladin**”)

WHEREAS:

- A. Pursuant to an asset purchase agreement dated December 17, 2010 (the “**Asset Purchase Agreement**”) between Fronteer, Aurora, Paladin and 0897974 B.C. Ltd. (the “**Buyer**”), the Buyer agreed to purchase the assets related to the business of Aurora, in consideration for the issuance to Aurora of 52,097,937 ordinary shares in the capital of Paladin.
- B. Aurora is a wholly owned subsidiary of Fronteer.
- C. It was a condition of the Asset Purchase Agreement that the parties enter into this Agreement to set out the respective rights and obligations of Fronteer, Aurora and Paladin with respect to the resale by Aurora of ordinary shares in the capital of Paladin held by them and certain standstill obligations.

AGREEMENT:

In consideration of the premises and the covenants and agreements between Fronteer, Aurora and Paladin contained in this Agreement and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Fronteer, Aurora and Paladin agree as follows:

ARTICLE 1. INTERPRETATION

1.1. Definitions

In this Agreement, the following terms have the following meanings:

“**Affiliate**” has the meaning specified in the *Securities Act* (British Columbia);

“**Agreement**” means this ancillary rights agreement, as the same may be supplemented, amended, restated or replaced from time to time in accordance with its terms;

“**Asset Purchase Agreement**” has the meaning specified in the Preamble to this Agreement;

“**Block**” means more than 2,000,000 Shares;

“**Business Day**” means any day other than a Saturday or Sunday upon which banks are open for normal business in the relevant jurisdiction.

“**Designated Brokers**” has the meaning specified in Section 2.1(a) of this Agreement;

“**Disposition**” means any direct or indirect sale, transfer, assignment or other disposition, including a disposition by operation of law, whether in a single transaction or a series of related transactions, and “**Dispose**” has a corresponding meaning;

“**Non-Designated Broker**” means an investment dealer that is not a Designated Broker;

“**Person**” means a natural person, partnership, corporation, joint stock company, trust, unincorporated association, joint venture or other entity, and pronouns have a similarly extended meaning; and

“**Shares**” means ordinary shares in the capital of Paladin.

1.2. Interpretation

The division of this Agreement into articles and sections and the insertion of headings are for convenience of reference only and shall not affect the interpretation of this Agreement. Unless otherwise indicated, any reference in this Agreement to an article or section refers to the specified article or section. Wherever the term “including” is used, it shall be deemed to mean “including without limitation,” and whenever the phrase “which shall include” is used, it shall mean “which shall include, without limitation.”

1.3. Number and Gender

In this Agreement, words importing number or gender shall be read with all changes required by the context.

1.4. Entire Agreement

This Agreement constitutes the entire agreement between the parties to this Agreement with respect to the subject matter hereof and supersedes all prior agreements, understandings, negotiations and discussions, whether written or oral. There are no conditions, covenants, agreements, representations, warranties or other provisions, express or implied, collateral, statutory or otherwise, relating to the subject matter hereof except as provided in this Agreement.

1.5. Severability

If any provision of this Agreement is determined by a court of competent jurisdiction to be invalid, illegal or unenforceable in any respect, such determination shall not impair or affect the validity, legality or enforceability of the remaining provisions hereof, and each provision is hereby declared to be separate, severable and distinct, unless to do so would cause this Agreement to fail in its essential purpose.

ARTICLE 2. DISTRIBUTION OBLIGATIONS

2.1. Paladin's Obligations

During the term of this Agreement, Paladin will:

- (a) from time to time designate at least two investment dealers of international standing and with global placement capability which are acceptable to Fronteer and Aurora, acting reasonably (the "**Designated Brokers**");
- (b) upon:
 - (i) written request from Fronteer or Aurora, acting reasonably; or
 - (ii) its own motion,

replace one or more Designated Brokers with alternative investment dealers of international standing and global placement capability which are acceptable to Fronteer and Aurora, acting reasonably, following which designation such replacement investment dealers shall become Designated Brokers for all purposes under this Agreement; and

- (c) keep the Designated Brokers generally apprised of developments at Paladin, including, in particular, the composition of its share register and the location and extent of perceived demand for the Shares from time to time, so as to enable the Designated Brokers to efficiently place Shares.

2.2. Obligations Regarding Dispositions

During the term of this Agreement, subject to Section 2.5, Aurora will not, and Fronteer shall ensure that Aurora does not, without the prior express written consent of Paladin, Dispose of any

Shares in any single transaction or series of related transactions except in accordance with the following procedures:

- (a) If Aurora wishes to make a Disposition of a Block, it shall give prior written notice to Paladin and use at least one of the Designated Brokers to place the Shares in connection with the Disposition, it being the intention that such Disposition be made to a wide distribution of buyers or to institutions acceptable to Paladin, acting reasonably.
 - (b) If Aurora receives an unsolicited proposal from a Non-Designated Broker to undertake a Disposition of a Block, it shall give Paladin at least two Business Days notice (in Perth, Australia) of the material terms of such proposed Disposition, including the number of Shares that are proposed to be Disposed of, the per share price of the proposed Disposition, and any other terms or information known to Aurora with respect to such proposed Disposition as Paladin may request, acting reasonably; and
 - (c) In the case of a proposed Disposition under Section 2.2(b), during the two Business Day period referred to therein Paladin shall be entitled to match or better the per share price offered by the Non-Designated Broker and:
 - (i) if, by the expiry of the said two Business Day period, Paladin notifies Aurora that it can arrange buyers for the Shares that are the subject of the Disposition at a price that is at least as good as that offered by the Non-Designated Broker, and who are located in such jurisdictions as permit Aurora to legally sell such shares to such buyers without the need for any regulatory approvals or consents, then Aurora shall complete the Disposition to the buyers arranged by Paladin forthwith;
 - (ii) if:
 - A. by the expiry of the said two Business Day period, Paladin:
 - I. does not give notice to Aurora under Section 2.2(c)(i), or
 - II. notifies Aurora that it will not match or better the price offered by the Non-Designated Broker, or
 - B. the Disposition is not completed within four Business Days (in the jurisdiction where the buyer arranged for by Paladin is located) of the expiry of the said two Business Day period;
- then Aurora shall be entitled to complete the Disposition at the price offered by the Non-Designated Broker within 10 Business Days of the last of the events to occur in Sections 2.2(c)(ii)A and 2.2(c)(ii)B.

2.3. Restrictions on Dispositions

Without the prior express written consent of Paladin:

- (a) In no circumstances will Aurora knowingly undertake a Disposition:
 - (i) of more than 1% of the Shares to any Person or group of Persons acting jointly or in concert, other than one or more Designated Brokers or Non-Designated Brokers; or
 - (ii) of any Shares to any Person who would, following completion of such Disposition, own or have direction or control over greater than 9.9% of the Shares (on an undiluted basis); or
 - (iii) of any Shares using a Non-Designated Broker unless it is to as wide a distribution of institutional investors as is reasonable in the circumstances.
- (b) Aurora shall not complete a proposed Disposition with a Designated Broker or Non-Designated Broker under Section 2.2(a) or Section 2.2(b) without first obtaining an undertaking in favour of Paladin from such Designated Broker or Non-Designated Broker, as the case may be, that it will not arrange the Disposition:
 - (i) of more than 1% of the Shares to any Person or group of Persons acting jointly or in concert; or
 - (ii) of any Shares to any Person who would, following completion of such Disposition, own or have direction or control over greater than 9.9% of the Shares (on an undiluted basis).

2.4. Broker Costs

For the avoidance of doubt, Aurora shall be responsible for all costs and expenses of a Designated Broker or a Non-Designated Broker in connection with a Disposition, including commissions.

2.5. Permitted Dispositions

Notwithstanding any other provision hereof:

- (1) Aurora may Dispose of Shares where:
 - (a) the aggregate number of shares Disposed of in any three-month period is less than a Block; and
 - (b) the Disposition is not knowingly made to a strategic buyer.
- (2) Aurora may Dispose of Shares to Fronteer at any time.
- (3) Aurora (and if Aurora Disposes of Shares to Fronteer, Fronteer) may:
 - (a) at any time tender or deliver its Shares to an arms length *bona fide* third party in connection with a proposed business combination or take-over bid for all of the

Shares initiated by such third party and that has not been sought, encouraged, supported, participated in or agreed to contrary to Section 3.1; and

- (b) Dispose of its Shares to an Affiliate upon providing prior notice to Paladin and provided that the Affiliate first enters into a written agreement with Paladin, substantially in the form of this Agreement whereby it assumes all of Aurora's obligations under this Agreement.
- (4) Aurora and Fronteer may, at any time after June 2, 2011, dispose of any number of Shares by way of a dividend *in specie* to Fronteer's shareholders.

ARTICLE 3. STANDSTILL

3.1. Standstill

From the date of this Agreement until the second anniversary thereof, none of Fronteer, Aurora or any Affiliate of Fronteer or Aurora shall, directly or indirectly or jointly or in concert with any other Person, without the prior express written consent of Paladin:

- (a) in any manner acquire, offer, agree or propose to acquire (with or without conditions):
 - (i) any equity securities, or
 - (ii) securities convertible into equity securities,of Paladin or its Affiliates;
- (b) make or in any way participate in any solicitation of proxies to vote, or seek to advise or influence any person with respect to the voting of, any voting securities of Paladin;
- (c) make any proposal for, or offer of (with or without conditions), an extraordinary transaction involving Paladin, any of the Affiliates of Paladin or its or their securities or assets (including without limitation, any take-over bid, amalgamation, merger or other business combination or recapitalization);
- (d) initiate any discussions, or enter into any agreement, commitment or understanding, with any person related to a transaction involving Paladin or its Affiliates, or any of the matters listed in paragraphs (a) to (c), above, inclusive;
- (e) make any public announcement with respect to any of the matters listed in paragraphs (a) to (d), above, inclusive, or any intention, plan or arrangement with respect to the same; or
- (f) assist, advise or encourage any person in doing any of the matters listed in paragraphs (a) to (e), above, inclusive, or take any action inconsistent with any of the covenants in this Section 3.1.

3.2. Permitted Acquisition Proposal by Fronteer

In the event that either a take-over bid for Paladin or a business combination proposal involving Paladin (that has not been sought, encouraged, supported, participated in or agreed to contrary to Section 3.1) is publicly announced by a *bona fide* arm's length third party, Fronteer shall not be prohibited from making an acquisition proposal, directly or through an Affiliate, for all, or a portion of, the Shares.

ARTICLE 4. MISCELLANEOUS

4.1. Covenant of Fronteer

In addition to observing and performing all of its express covenants and obligations under this Agreement, Fronteer shall observe and perform, and shall cause Aurora and any other Affiliate that becomes a party to this Agreement to observe and perform, all of the covenants and obligations in this Agreement required to be performed by Aurora under this Agreement, and shall co-operate with Paladin in connection therewith.

4.2. Assignment

This Agreement and the rights and obligations hereunder will not be assignable, in whole or in part without the prior written consent of the other parties hereto.

4.3. Term of Agreement

This Agreement terminates on the date on which Fronteer and its Affiliates cease to hold at least 2% of the Shares, calculated on an undiluted basis.

4.4. Notices

- (a) **Method of Delivery.** Any notice, demand or other communication (in this Section 4.4, a “**notice**”) required or permitted to be given or made hereunder shall be in writing and shall be sufficiently given or made if delivered in person (including by courier) during normal business hours on a day which is a Business Day at the place of delivery and left with a receptionist or other responsible employee of the relevant party at the applicable address set forth below or sent by fax transmission which produces a paper record to:

- (i) in the case of a notice to Aurora or Fronteer, addressed to it at:

Suite 1650 – 1055 west Hastings Street
Vancouver, B.C. Canada
V6E 2E9

Attention: Mark O’Dea, President & Chief Executive Officer
Fax No.: +1 (604) 632-4678

with a copy, which shall not constitute notice, to:

Davies Ward Phillips & Vineberg
1 First Canadian Place Suite 4400 P.O. Box 63
Toronto, ON M5X 1B1
Canada

Attention: Kevin Thomson
Fax No.: +1 (416) 863-0871

- (ii) in the case of a notice to Paladin, addressed to it at:

Level 2, 402 Hay Street
Subiaco, Western Australia
6008
(PO Box 201, Subiaco, 6904)

Attention: Company Secretary
Fax No.: +61 (8) 9381-4978

with a copy, which shall not constitute notice, to:

Lawson Lundell LLP
1600-925 West Georgia Street
Vancouver, British Columbia
V6C 3L2

Attention: Gordon R. Chambers
Fax No.: +1 (604) 641-2815

- (b) **Deemed Delivery.** Each notice sent in accordance with this Section 4.4 shall be deemed to have been received:

- (i) in the case of personal delivery, if delivered before 5:00 p.m. on the day it was delivered, if that day was a Business Day in the place of delivery, otherwise, on the first day thereafter that is a Business Day at the place of delivery; or
- (ii) in the case of fax transmission, on the same day that it was sent if the machine from which it was sent receives the answer back code of the party to whom it was

sent before 5:00 p.m. (recipient's time) on such day, if such day was a Business Day in the place of receipt, otherwise on the first day thereafter that is a Business Day at the place of receipt.

- (c) **Change of Address.** Any party to this Agreement may change its address for notice by giving notice to the other parties to this Agreement in the manner set out in this Section 4.4.

4.5. Governing Law and Submission to Jurisdiction

This Agreement shall be construed, interpreted and enforced in accordance with, and the respective rights and obligations of the parties hereto shall be governed by, the laws of British Columbia and the laws of Canada applicable therein. Each party hereto irrevocably and unconditionally submits to the exclusive jurisdiction of the courts of British Columbia and all courts competent to hear appeals therefrom in respect of all disputes, controversies and claims hereunder.

4.6. Enurement

This Agreement will be binding upon and will enure to the benefit of the parties to this Agreement and their respective successors and permitted assigns.

4.7. Amendment, Waivers and Remedies

- (a) No amendment or waiver of any provision of this Agreement shall be binding on either party to this Agreement unless consented to in writing by such party.
- (b) No failure or delay to exercise, or other relaxation or indulgence granted in relation to, any power, right or remedy under this Agreement of either party hereto shall operate as a waiver of it or impair or prejudice it nor shall any single or partial exercise or waiver of any power, right or remedy preclude its further exercise or the exercise of any other power, right or remedy.
- (c) All rights of each party contained in this Agreement are in addition to all rights vested or to be vested in it pursuant to common law or statute.

4.8. Time is of the Essence

Except as otherwise specifically provided in this Agreement, time is of the essence of each and every provision of this Agreement.


4.9. Counterparts.

This Agreement may be executed in any number of counterparts (including by facsimile transmission) and by the parties to this Agreement in separate counterparts, each of which when so executed will be deemed to be an original and all of which taken together will constitute one and the same instrument.

THIS AGREEMENT has been executed and delivered effective the date first above written.

FRONTEER GOLD INC.

Per:




Print Name:

Title:

AURORA ENERGY RESOURCES INC.

Per:



Print Name:

Title:

PALADIN ENERGY LTD.

(ABN 47 061 681 098)

Per:

Print Name:

Title:

THIS AGREEMENT has been executed and delivered effective the date first above written.

FRONTEER GOLD INC.

Per:

Print Name:

Title:

AURORA ENERGY RESOURCES INC.

Per:

Print Name:

Title:

PALADIN ENERGY LTD.

(ABN 47 061 681 098)

Per:



Print Name:

Title: