



PALADIN ENERGY LTD

ACN 061 681 098

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

By Electronic Lodgement

Dear Sir/Madam

Long Term Off-take Contract with a US\$200M Prepayment

Paladin is pleased to advise that it has entered into an important, long-term off-take contract (LTC) which underscores the operational capability the Company has attained in the uranium supply sector.

Paladin has signed a milestone 6 year off-take agreement with a major utility to deliver a total of 13.73Mlb U₃O₈ in the period from 2019 to 2024 incorporating a prepayment of US\$200M as its key feature. Delivery will be from its current African mining operations or a project yet to be developed from the Company's significant existing project pipeline or a combination of these options. Uranium delivered under the LTC will be sold at market prices prevailing at the time of delivery bounded by escalating floor and ceiling prices.

The prepayment of US\$200M will be made to Paladin, in respect of part of the future product deliveries. To secure Paladin's obligation to deliver product representing the prepayment amount, the utility will hold security over 60.1% of Paladin's Michelin project in Canada. The percentage of Michelin secured will be reduced by joint agreement as the value of that project is enhanced by Paladin's ongoing work. The Michelin security can also be replaced by other appropriate security if required.

Subject to formalities to be put in place between Paladin and the utility, expected to occur in September, such as required registration of the security documentation (which formal documentation is in agreed form) the US\$200M prepayment will be made in tranches to be completed by no later than 31 January 2013.

The prepayment will be applied to repayment of the balance of the March 2013 convertible notes (US\$134M) with the remainder retained for balance sheet strength as working capital.

The specific nature of the LTC, leveraging off forward production, is in itself a strong indication of the uranium industry's future supply challenges and fully endorses Paladin's development vision to date.

The Company will now re-evaluate its strategic options in the light of this major achievement.

Yours faithfully
Paladin Energy Ltd

JOHN BORSHOFF
Managing Director/CEO