



PALADIN ENERGY LTD

ACN 061 681 098

Ref: 267213

16 May 2012

Company Announcements Office
Australian Securities Exchange Limited
20 Bridge Street
SYDNEY NSW 2000
Dear Sir/Madam

By Electronic Lodgement

Kayelekera Illegal Strike - Recommendation for Return to Work

Paladin is pleased to advise that after a meeting with the Local Staff Association (LSA) and government officials on Tuesday evening an agreement in principle was successfully achieved for a return to work by the striking Malawi employees.

The LSA will present the agreed proposal to the striking workers in Karonga with a recommendation to return to work forthwith. It is expected this recommendation of the LSA to return to work will be accepted and this will be confirmed by midday local time Wednesday 16 May (6.00pm Perth time). Paladin will provide transport for the night shift to start work and full production is expected to resume from the commencement of the night shift at 5pm local time on Wednesday, 16 May (11.00pm Perth time).

Under the terms of the agreement, employees will drop demands for an immediate 66% salary increase to compensate for the 50% devaluation of the Kwacha and setting of local salaries pegged to USD. Paladin has undertaken that there will be no job losses in respect of the current industrial action and has agreed to review local salaries in six months' time in light of CPI post the devaluation of the Kwacha.

Yours faithfully
Paladin Energy Ltd

John Borshoff
Managing Director/CEO