



# PALADIN ENERGY LTD

ACN 061 681 098

Ref: 266407

14 May 2012

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

By Electronic Lodgement

Dear Sir/Madam

## **Kayelekera Industrial Action**

Paladin wishes to advise that on Friday 11 May the majority of the local work force at Kayelekera walked off the minesite in protest of the Company's refusal to accede to an unprecedented demand to grant an immediate 66% pay increase (pegged in US dollars) following the recent 50% devaluation of the national currency, the Kwacha, by the Government of Malawi.

The local employees, provoked by a small militant core, gave the Company 24 hours in which to respond to their unrealistic claims. Paladin is advised that they plan to return to the site on Tuesday, 15 May 2012 (Monday, 14 May 2012 is a public holiday in Malawi).

As a result of this illegal industrial action, production was shut down for some 22 hours, before recommencing midday on Saturday, 12 May. Unscheduled plant maintenance was performed during this period. The plant is expected to operate at about 65% capacity until striking national employees return to work. The expatriate workers, mining contract staff, security, essential services and some other local employees remained at or returned to work and will continue with their duties in the interim.

Paladin has informed the Government of Malawi of this illegal industrial action and the Ministry of Labour will despatch senior industrial relations officers to Kayelekera to address the situation with the work force on Tuesday when they are expected to return to work. Paladin remains confident of early resolution of this dispute, which essentially involves national rather than workplace-related issues.

The Managing Director/CEO, Mr John Borshoff, described the industrial action as "extremely unfortunate." He said: "Kayelekera Mine has been producing on target. It is indeed a great pity that this excellent performance will be marred by unnecessary and illegal industrial action. While it will have some impact on the Company's total annual production results, we do not believe this will be significant if our national employees heed the advice of Government officials and return to work on Tuesday, 15 May 2012."

Yours faithfully  
Paladin Energy Ltd

**John Borshoff**  
**Managing Director/CEO**