



PALADIN ENERGY LTD

ACN 061 681 098

1 June 2015

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

Dear Sir/Madam

AGREEMENT FOR STRATEGIC ACQUISITION TO ENHANCE MANYINGEE PROJECT

HIGHLIGHTS

- **Acquisition of the Carley Bore uranium deposit in Western Australia consolidates control of an emerging uranium province around Paladin's Manyingee Uranium Project in the Carnarvon Basin where preparation work for an In Situ Recovery (ISR) field leach trial (FLT) is being advanced.**
- **Logical and strategic acquisition expected to deliver operational synergies and lower capital costs for combined future development.**
- **Immediate focus for the new tenement areas will be on resource expansion work at Carley Bore and targeted regional exploration for new deposits.**

Paladin is pleased to announce the acquisition of strategically important tenements containing the Carley Bore uranium deposit from Energia Minerals Limited (EMX) for consideration of Paladin shares and A\$1.6 million in cash.

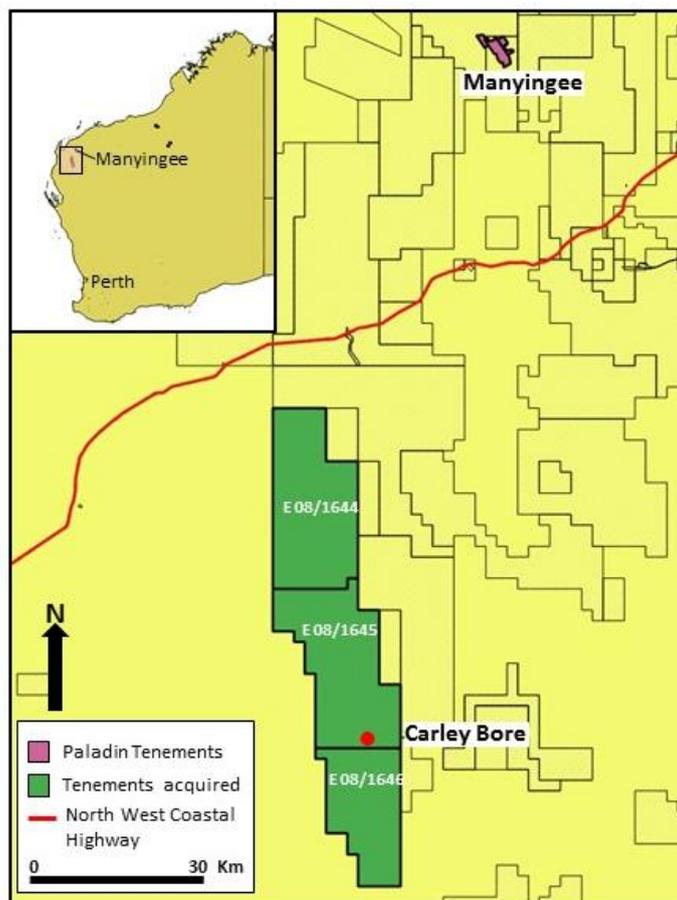
Paladin will issue EMX 40 million Paladin fully paid shares and make a cash payment of A\$1.6 million for the purchase of EMX's EL 08/1645 and EL 08/1646, a 685km² land package covering a rich sedimentary basin which hosts the Carley Bore uranium deposit (Carley Bore), in the north west region of Western Australia.

Paladin will then issue EMX a further 5 million Paladin fully paid shares for the purchase of the adjacent northern EMX tenement, EL 08/1644, should EMX's application for expenditure exemption on EL 08/1644 be approved. This share payment is capped at a ceiling value of A\$0.45/share and, should the Paladin share price be above this level at the time of settlement, the number of shares will be reduced accordingly. The acquisition also provides Paladin with a right of first refusal over the disposal of any interest in any future tenements granted to Energia that share a boundary with the existing Carley Bore tenements and certain specific tenements in the vicinity.

Voluntary escrow restrictions will apply to 16 million shares for 12 months from the date of issue. Further, control mechanisms have been agreed to ensure an orderly sale of Paladin shares if and when EMX decides to do so.

This acquisition is subject to Australian Foreign Investment Review Board approval as Paladin is deemed to be a foreign corporation under Australia's foreign investment laws. In addition, EMX shareholder approval may be required and in the event this is the case, must be obtained within 45 business days of the date of this announcement.

Consisting of three contiguous exploration licences, this new project area is located 100km south of Paladin's Manyingee Uranium Project (Manyingee) as shown in the location map. The Carley Bore deposit, as estimated by EMX, contains an Indicated Mineral Resource of 5.0Mlb U₃O₈ grading 420ppm and an Inferred Mineral Resource of 10.6Mlb U₃O₈ grading 280ppm (JORC (2012)) at a cut-off grade of 150ppm U₃O₈.



Carley Bore Tenement Package Location

This acquisition will increase the Company's JORC (2012) Indicated Mineral Resources within the area by more than 30% to 20.7Mlb U₃O₈ at a grade of 680ppm, and the Inferred Mineral Resources by more than 100% to 20.9Mlb at a grade of 415ppm. Carley Bore remains open to the north and south and Paladin believes there is excellent potential within this land package to increase this resource base by at least a further 15Mlb to 25Mlb.

This tenement package is a highly strategic acquisition for Paladin, which substantially increases the Company's foothold in a new and emerging uranium province along the southern margin of the Carnarvon Basin. This acquisition provides the opportunity to generate enhanced development economics and project life of the potential ISR operation currently under consideration at nearby Manyingee.

Paladin believes Carley Bore has the potential to become a complementary “satellite” operation with Manyingee as the main processing hub. The ability of ISR projects to operate with a central plant supported by numerous satellite deposits typically results in a lower capital cost and highly cost effective development approach. For decades, a similar satellite and central processing hub and spoke strategy has been successful at a number of operations in the United States and is currently used at Heathgate Resources’ Beverley ISR uranium project in South Australia with the Four Mile, Panniken and Pepegoona deposits.

Paladin’s Managing Director/CEO John Borshoff said: *“The current low uranium price and sustained sector weakness have created an opportunity to consolidate our portfolio in strategically important regions for the Company. We remain focussed on recapitalising our balance sheet, but can now pursue opportunities to enhance our development pipeline in a balanced and cost effective manner. This acquisition is certainly a game changer for us in terms of our Australian projects. With this land package, we have cornered a significant portion of the emerging Carnarvon Basin uranium province. This acquisition has the clear potential to improve the economics of a key development project by delivering valuable synergies in regional infrastructure.”*

The large tenement package contains geology similar to that which hosts the Carley Bore and Manyingee deposits as well as numerous identified regional drill anomalies which offer additional targets warranting follow-up investigation. The established resource inventory and potential upside of the combined tenement portfolio will ensure that a single ISR facility in the region is able to operate with a long processing life.

Studies are currently underway at Manyingee in order to obtain approval for a FLT as a precursor to mining. Scoping studies indicate an ISR operation producing 2Mlb U₃O₈ pa over a 10-year period is technically and financially viable at current uranium term prices. However, Paladin maintains its stated position that it will not develop any new projects before it is confident of a sustainable uranium price of at least US\$70/lb.

The potential to develop a significant mining operation with a long mine life extending well beyond 20 years within a new uranium district is compelling. In-house studies indicate the acquisition of Carley Bore will be value accretive independent of the significant resource upside Paladin considers exploration may deliver.

Exploration work in FY16 will focus on resource extensions to Carley Bore and regional exploration to test potential for additional uranium deposits.

Yours sincerely
Paladin Energy Ltd



JOHN BORSHOFF
Managing Director/CEO

In the above announcement, for information that is reported as conforming to the Joint Ore Reserves Committee (JORC) 2012 code guidelines (“JORC (2012)”), the terms Inferred Mineral Resources, Indicated Mineral Resources, Measured Mineral Resources, Ore Reserves, Proved Reserves, Probable Reserves are equivalent to the terms used in Canadian National Instrument 43-101 – Standards of Disclosure for Mineral Projects (“NI 43-101”) Inferred Mineral Resource, Indicated Mineral Resource, Measured Mineral Resource, Mineral Reserves, Proven Mineral Reserve and Probable Mineral Reserve, respectively.

Declaration

The information in this announcement that relates to exploration results and mineral resources is based on information compiled by David Princep B.Sc., FAusIMM(CP). Mr Princep has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity that he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves", and as a Qualified Person as defined in NI 43-101. Mr Princep is a full-time employee of Paladin Energy Ltd and approves of and consents to the inclusion of the information in this announcement in the form and context in which it appears.

Caution regarding forward-looking information

Except for historical information contained in this news release, this news release contains "forward-looking information" within the meaning of securities laws of applicable jurisdictions. The forward-looking information includes, but is not limited to, statements with respect to the acquisition by Paladin of three exploration licences from EMX, the number of Paladin ordinary shares that may be issued to EMX for EL 08/1644, Australian Foreign Investment Review ("FIRB") approval of the transaction with EMX, EMX shareholder approval of the transaction, the estimated Mineral Resources of Carley Bore and the Manyingee Project, the potential to increase the resource base at Carley Bore, potential ISR operation at Manyingee, including development economics, project life and production, the potential for Carley Bore to become a complementary "satellite" operation with the ISR operation at Manyingee, with potential lower capital cost and improved economics at Manyingee, exploration potential at Carley Bore and Manyingee and exploration plans at Manyingee, and Paladin's requirements for new project development. Assumptions upon which such forward-looking information is based include that the Department of Mines and Petroleum will approve EMX's application for expenditure exemption on EL 08/1644, FIRB will approve the transaction, if approval by EMX's shareholders is required, that approval will be obtained within the required timeframe of 45 business days from the date of this announcement, that exploration programs will proceed as planned, that the operation of the ISR as a central hub with Carley Bore as a satellite deposit will proceed as planned and will result in a lower capital cost and cost effective development approach, that the Company will continue to have the ability to carry on its exploration activities, will have or will be able to obtain sufficient funding, will receive required approvals on a timely basis, will not be affected by adverse political events, will continue to operate in a safe, efficient and effective manner and will be able to obtain further financing as and when required and on reasonable terms and that there will be a sufficient increase in the uranium price to incentives project development. Management believes these assumptions are reasonable. However, forward-looking information involves known and unknown risks, uncertainties and other factors, many of which are outside the control of Paladin, and its officers, employees, agents or associates. Such risks, uncertainties and other factors include, but are not limited to, that necessary approvals to the transaction with EMX may not be obtained, the business of exploration for uranium involves a high degree of risk and is highly speculative in nature, mineral resources are not mineral reserves, they do not have demonstrated economic viability at this time and there is no certainty that they can be upgraded to mineral reserves through continued exploration; few properties that are explored are ultimately developed into producing mines; geological factors; the actual results of current and future exploration; changes in project parameters as plans continue to be evaluated, and those factors discussed in the section entitled "Risk Factors" in Paladin's most recent Annual Information Form available under Paladin's profile on SEDAR at www.sedar.com. Although Paladin has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking information, there may be other factors that cause results not to be as anticipated, estimated or intended. Actual results, performance or achievements may vary materially from those suggested by such forward-looking information. Readers are cautioned not to place undue reliance on forward-looking information and Paladin assumes no obligation to update such information, except as required by applicable law.