

PALADIN ENERGY LIMITED

EMPLOYEE PERFORMANCE SHARE RIGHTS PLAN

(Approved by the Board on 20 August 2015)

(Adopted by the Shareholders and the Board on 19 November 2015)

TABLE OF CONTENTS

1.	PURPOSE	1
2.	DEFINITIONS AND INTERPRETATION	1
	2.1 Definitions	1
	2.2 Interpretation	5
3.	OFFER TO PARTICIPATE	6
	3.1 Offers	6
	3.2 Application Form	7
	3.3 Participants	8
4.	GRANT OF PERFORMANCE RIGHTS	8
	4.1 Grant	8
	4.2 Restricted Transferability of Performance Rights	8
	4.3 Security Interest	9
	4.4 New issues	9
5.	VESTING AND EXERCISE OF PERFORMANCE RIGHTS	9
	5.1 Performance Conditions	9
	5.2 Determination of Satisfied Performance Conditions as of Measurement Dates	9
	5.3 Vesting and exercise of Performance Rights	10
	5.4 Exercise of Performance Rights	11
	5.5 Policy for Trading in Company Shares – Blackout Periods	11
6.	TIME OF LAPSE OF PERFORMANCE RIGHTS	11
7.	CESSATION OF EMPLOYMENT OR OFFICE	12
	7.1 Lapse of Performance Rights – Termination for Cause or Non-Specified Reason	12
	7.2 Lapse of Performance Rights – Termination for Specified Reason	12
	7.3 Secretary’s Certificate	13
	7.4 Death of an Eligible Person	13
8.	BREACH, FRAUD OR DISHONESTY	13
9.	CHANGE OF CONTROL	13
	9.1 Deemed Satisfaction of Certain Performance Conditions	13
	9.2 Exercise of Performance Rights	14

10.	ADMINISTRATION OF THE PLAN	14
10.1	General Administration	14
10.2	Rules	15
10.3	U.S. Sub-Plan	15
11.	CAPITAL EVENTS	15
11.1	Variation of Capital	15
11.2	Adjustments	16
11.3	Notice of Variation	16
12.	RIGHTS OF PARTICIPANTS	16
13.	AMENDMENT, TERMINATION AND SUSPENSION	16
14.	GENERAL	17
14.1	Law, Listing Rules and the Constitution	17
14.2	Issue limitations	17
14.3	Costs and Expenses	19
14.4	Withholding	19
14.5	Data protection	19
14.6	Error in Allocation	20
14.7	Disputes	20
14.8	Notices	20
14.9	Governing Law	20
14.10	Necessary Approvals, Etc.	21
14.11	Insiders	21
14.12	Failure to Obtain Approvals, Etc.	21
14.13	No Representation or Warranty	22
14.14	No Assignment	22
14.15	Time of Essence	22

PALADIN ENERGY LTD

EMPLOYEE PERFORMANCE SHARE RIGHTS PLAN

TERMS & CONDITIONS

1. PURPOSE

The Employee Performance Share Rights Plan is a long term incentive plan aimed at advancing the interests of the Company by creating a stronger link between employee performance and reward and increasing shareholder value by enabling Participants to have a greater involvement with, and share in the future growth and profitability of, the Company.

2. DEFINITIONS AND INTERPRETATION

2.1 Definitions

In this Plan the following terms have the following meanings:

“**Application Form**” means an application form by which an Eligible Person or a Permitted Nominee can accept an Offer in such form as the Board may approve from time to time;

“**ASIC**” means Australian Securities and Investments Commission;

“**ASIC Class Order**” means an instrument issued by ASIC to exempt a class of persons from certain provisions of the Corporations Act;

“**ASX**” means ASX Limited ACN 008 624 691 and, where the context permits, the Australian Securities Exchange operated by ASX Limited;

“**Board**” means the board of directors of the Company from time to time;

“**Blackout Period**” means an interval of time when:

- (a) the trading guidelines of the Company, as amended from time to time, restrict one or more Participants from trading in Shares because they may be in possession of confidential information;
- (b) the Company has determined that one or more Participants may not trade in Shares because they may be in possession of confidential information;
or
- (c) in accordance with the Listing Rules or the TSX Rules or applicable securities laws and regulations, dealings (including issuances or trades) in Shares are prohibited;

“Cash Equivalent Value” means, unless the Board determines otherwise, a cash amount equal to the Market Price of the Shares that would have been allocated or transferred to the Participant if the Board chose to settle the exercised Performance Rights in Shares under clause 5.3(g)(i);

“Cash Payment Performance Condition” means a Performance Condition that is satisfied solely by the payment of cash consideration for the issuance of Shares, provided that such cash consideration shall not be less than the Market Price;

“Cause” means, with reference to termination of employment of an Eligible Person, summary termination for serious misconduct or fraud, or in circumstances where the Group Company that is the employer of the Eligible Person otherwise has the right, under applicable law, to summarily terminate employment. Serious misconduct means conduct amounting to repudiation of the contract of employment by the Eligible Person;

“Change of Control Event” means a shareholder, or a group of associated shareholders:

- (a) becoming entitled to sufficient shares in the Company to give it or them the ability, and that ability is successfully exercised, in general meeting, to replace all or a majority of the Board; or
- (b) gaining the ability to control more than 50% of the voting power (as defined in the Corporations Act) in the Company;

“Company” means Paladin Energy Limited ACN 061 681 098 whose registered office is at Grand Central, 1st Floor, 26 Railway Road, Subiaco, Western Australia;

“Constitution” means the constitution of the Company;

“Corporations Act” means the Corporations Act 2001 (Cth);

“Eligible Person” means a full time or permanent part-time employee (including a director) of a Group Company to whom the Board determines in its absolute discretion to extend an Offer;

“Exercise Restriction” means restrictions on the ability of a Participant to exercise a vested Performance Right as specified for the purposes of clause 3.1(a);

“Expiry Time” means 5.00 pm Perth, Western Australia time on the date seven years after the date of grant of the Performance Right, or such other date as determined by the Board in its absolute discretion, and specified in the Offer;

“Group” means the Company and its Subsidiaries (if any) from time to time and a **“Group Company”** means any one of them;

“**Law**” means the laws of Australia;

“**Legal Personal Representative**” means the executor of the will or an administrator of the estate of a deceased person, the trustee of the estate of a person under a legal disability or a person who holds an enduring power of attorney granted by another person;

“**Listing Rules**” means the listing rules of the ASX as amended, re-enacted or replaced from time to time;

“**Market Price**” means:

- (a) subject to paragraphs (b), (c) and (d), the volume weighted average trading price of the Shares calculated by dividing the total value of Shares traded by the total volume of Shares traded for the five trading days immediately preceding the date of the Offer on the stock exchange upon which the majority of the trading volume and trading value of the Shares occurred for such period; or
- (b) subject to paragraph (c) and (d), if at least 75% of each of the trading volume and trading value of the Shares for the six months preceding the date of the Offer is on a stock exchange other than the TSX, the price per Share acceptable under the requirements of that stock exchange that, in the opinion of the Board, is reflective of the market price of the Shares on the TSX and such other stock exchange; or
- (c) subject to paragraph (d), if the Shares are not listed on any stock exchange, the price per Share on the over-the-counter market determined by dividing the aggregate sale price of the Shares sold by the total number of such Shares so sold on the applicable market on the last day prior to the date of the Offer; or
- (d) for the purposes of clause **Error! Reference source not found.**, such other price as reasonably determined by the Board.

“**Measurement Date**” in relation to a Performance Right means the date at which a Performance Condition (other than a Time-based Performance Condition or a Cash Payment Performance Condition, which Performance Conditions will not have Measurement Dates) attached to the Performance Right is to be measured pursuant to clause 5.2;

“**Nominee**” with reference to an Eligible Person means:

- (a) a trustee, custodian, or administrator acting on behalf of, or for the benefit of the Eligible Person,
- (b) a corporation or other entity that is controlled by the Eligible Person,

- (c) a registered retirement savings plan or a registered retirement income fund (as those terms are defined in the Income Tax Act (Canada)) of the Participant,
- (d) a spouse of the Eligible Person,
- (e) a trustee, custodian, or administrator acting on behalf of, or for the benefit of the spouse of, the Eligible Person,
- (f) a corporation or other entity that is controlled by the spouse of the Eligible Person,
- (g) a registered retirement savings plan or a registered retirement income fund (as those terms are defined in the Income Tax Act (Canada)) of the spouse of the Eligible Person, or
- (h) a superannuation fund, pension fund, retirement plan or similar retirement benefit fund (“**Fund**”) that permits income tax deferred or sheltered retirement savings established under the laws of the place of residence of a Eligible Person for the benefit of the Eligible Person or the spouse of the Eligible Person;

“**Offer**” means an offer to participate in the Plan made in accordance with clause 3.1;

“**Participant**” means an Eligible Person or their Permitted Nominee, as the case may be, who returns a duly completed Application Form and to whom Performance Rights are granted under the Plan;

“**Performance Conditions**” means the conditions set out in the Offer relating to the performance of the Eligible Person and/or any or all of the Group Companies which must be met for the Participant’s Performance Rights to vest (and become exercisable), and which may include any or all of:

- (a) individual performance metrics;
- (b) corporate performance metrics;
- (c) subject to clause 5.3(d), Cash Payment Performance Conditions; and/or
- (d) Time-based Performance Conditions;

“**Performance Right**” means a right granted under clause 4.1(a) to acquire a Share or a number of Shares on the terms set out in the Plan (or to receive a Cash Equivalent Value, at the discretion of the Board), subject to satisfaction of the Performance Conditions set forth in the Offer, which right is subject to vesting as set out in clause 5.3;

“**Permitted Nominee**” has the meaning given to it under clause 3.3(b);

“**Plan**” means the Employee Performance Share Rights Plan of the Company;

“**Redundancy**” means, in relation to an Eligible Person, a determination that the Group’s need, or the need of any Group Company that employs the Eligible Person, to employ the Eligible Person for the particular kind of work carried out by that Eligible Person has ceased (but, for the avoidance of any doubt, does not include the dismissal of an Eligible Person for personal, performance or disciplinary reasons or where the Eligible Person leaves the employ of any Group Company of his or her own accord);

“**Retirement**” means, in relation to an Eligible Person, retirement by that Eligible Person from the Group at age 60 or over, or at such earlier age as is considered appropriate by the Board;

“**Security Interest**” means a mortgage, charge, pledge, lien or other encumbrance of any nature;

“**Shares**” means fully paid ordinary shares in the capital of the Company;

“**Specified Reason**” means Retirement, Total and Permanent Disablement, Redundancy or death;

“**Subsidiary**” means a body corporate which is a subsidiary of the Company within the meaning of section 9 of the Corporations Act;

“**Time-based Performance Condition**” means a Performance Condition that is satisfied solely by the completion of a period of time;

“**Total and Permanent Disablement**” means, in relation to an Eligible Person, that the Eligible Person has, in the opinion of the Board and with effect on a date determined by the Board, after considering such medical and other evidence as it sees fit, become incapacitated to such an extent as to render the Eligible Person unlikely ever to engage in any occupation for which he is reasonably qualified by education, training or experience;

“**TSX**” means the Toronto Stock Exchange; and

“**TSX Rules**” means the TSX Company Manual and all policies, procedures staff notices, forms and other requirements of the TSX, as any or all of them may be amended, re-enacted or replaced from time to time.

2.2 **Interpretation**

Headings are for convenience only and do not affect interpretation. The following rules of interpretation apply unless the context requires otherwise.

- (a) The singular includes the plural and conversely.
- (b) A gender includes all genders.
- (c) Where a word or phrase is defined, its other grammatical forms have a corresponding meaning.
- (d) A reference to a person includes a body corporate, an unincorporated body or other entity and conversely.
- (e) A reference to a clause is to a clause of the Plan.
- (f) A reference to any agreement or document is to that agreement or document as amended, novated, supplemented, varied or replaced from time to time, except to the extent prohibited by the Plan.
- (g) A reference to any legislation or to any provision of any legislation includes any modification or re-enactment of it, any legislative provision substituted for it and all regulations and statutory instruments issued under it.
- (h) A reference to conduct includes any omission and any statement or undertaking, whether or not in writing.
- (i) A reference to writing includes a facsimile transmission and any means of reproducing words in a tangible and permanently visible form.
- (j) Mentioning anything after the word “include”, “includes” or “including” does not limit what else might be included.

3. OFFER TO PARTICIPATE

3.1 Offers

- (a) The Board may from time to time in its absolute discretion issue or cause to be issued Offers on behalf of the Company to Eligible Persons. An Offer will be in such form as the Board determines from time to time and will include the following information:
 - (i) the date of the Offer;
 - (ii) the name of the Eligible Person to whom the Offer is made;
 - (iii) the number or value of Performance Rights which are capable of becoming vested, or the formula for determining the number or value of Performance Rights which will vest, upon the Performance Condition or Performance Conditions set out in the Offer being met;

- (iv) the applicable Performance Condition(s), including, if applicable, the amount payable, if any, in respect of any of the Performance Rights and any relevant terms applicable to payment;
 - (v) the period or periods during which vested Performance Rights may be exercised and the manner of exercise of those Performance Rights (including whether Performance Rights may be automatically exercised at a specified time or event);
 - (vi) any applicable Exercise Restrictions;
 - (vii) a statement as to whether Performance Rights may be settled in cash pursuant to clause 5.3(g)(ii);
 - (viii) the approximate Measurement Date(s) in respect of the Performance Conditions;
 - (ix) the Expiry Time; and
 - (x) the time period in which to accept the Offer by returning a duly completed Application Form.
- (b) Offers may be made by the Board on a differential basis to Eligible Persons, different classes of Eligible Persons or to Eligible Persons within the same class, as the case may be.

3.2 **Application Form**

- (a) An Eligible Person who receives an Offer can only participate in the Plan by returning a duly completed Application Form within the time period and as otherwise specified in the Offer.
- (b) An Eligible Person may nominate a Nominee to whom the Eligible Person wishes to be granted some or all the Performance Rights as specified in the Offer by notice in writing to the Board and shall provide to the Board such information about such Nominee as the Board may reasonably require. The Board may, in its absolute discretion, determine not to allow the grant of the Performance Rights to the Nominee, without being required to give any reason for such decision.
- (c) If an Application Form is not returned within the time specified or otherwise in accordance with the requirements set out in the Offer, the Board may nevertheless in its sole discretion treat any Application Form received from an Eligible Person (or their Nominee) as being returned in accordance with clause 3.2(a).
- (d) For the avoidance of doubt, the Board in its sole discretion can refuse to allow an Eligible Person (or their Nominee) to participate in the Plan even

though a duly completed Application Form is received from the Eligible Person (or their Nominee) in accordance with clause 3.2(a).

3.3 **Participants**

Subject to clause 3.2(d), following:

- (a) receipt of a duly completed Application Form by an Eligible Person; or
- (b) the Board resolving to grant Performance Rights to an Eligible Person's Nominee ("**Permitted Nominee**") and the Permitted Nominee giving the Company a duly completed Application Form,

then the Eligible Person or the Permitted Nominee, as the case may be, will be taken to have agreed to be bound by the terms and conditions of this Plan and will be granted Performance Rights as set out in the Offer and subject to the Plan. Following receipt by the Company of an Application Form, acceptance by the Board of the Application Form and the grant of Performance Rights, an Eligible Person or the Permitted Nominee, as the case may be, becomes a Participant.

4. **GRANT OF PERFORMANCE RIGHTS**

4.1 **Grant**

- (a) Subject to clause 3.2(d), as soon as practicable after the receipt of a duly completed Application Form, the Company will grant to the Eligible Person or the Permitted Nominee, as the case may be, the number of Performance Rights as set out in the Offer.
- (b) A Participant will not pay anything for the grant of Performance Rights.
- (c) An Eligible Person has no entitlement to be granted any Performance Rights unless and until all the requirements of clause 3.3 have been met.
- (d) None of the Performance Rights will be listed for quotation on any stock exchange.

4.2 **Restricted Transferability of Performance Rights**

- (a) A Participant shall not transfer, assign, encumber or otherwise dispose of any Performance Rights without the prior approval of the Board, and any purported transfer of Performance Rights in contravention of this clause 4.2 shall be null and void and of no force or effect.
- (b) Any grant or transfer or assignment of a Performance Right to a Fund as contemplated in clause (h) of the definition of "Nominee" will be subject to receipt of any required regulatory approval or prospectus and registration exemption order.

4.3 **Security Interest**

Subject to clause 4.2, Participants will not grant any Security Interest in or over or otherwise dispose of or deal with any Performance Rights or any interest in them until the relevant Shares are allocated to that Participant (upon vesting and exercise of Performance Rights in accordance with these Rules), and any such Security Interest or disposal or dealing will not be recognised in any manner by the Company.

4.4 **New issues**

A Performance Right does not confer on a Participant the right to participate in new issues of Shares by the Company, including by way of bonus issue, rights issue or otherwise.

5. **VESTING AND EXERCISE OF PERFORMANCE RIGHTS**

5.1 **Performance Conditions**

The Performance Conditions and the Measurement Date applicable to any Performance Rights shall be determined by the Board in its absolute discretion in respect of each Offer and as set out in the relevant Offer.

5.2 **Determination of Satisfied Performance Conditions as of Measurement Dates**

As soon as reasonably practicable after each Measurement Date applicable to any Performance Right, the Board shall determine in respect of each affected Participant as at that Measurement Date:

- (a) whether, and to what extent, the Performance Conditions applicable up to the Measurement Date have been satisfied;
- (b) the number of Performance Rights (if any) in respect of which all Performance Conditions that are subject to a Measurement Date have been satisfied and vest and therefore, become exercisable, subject to any Exercise Restrictions;
- (c) the number of Performance Rights (if any) that have lapsed as a result of the non-satisfaction of Performance Conditions as at the Measurement Date; and
- (d) the number of Performance Rights (if any) that continue because the Measurement Date has not yet occurred,

and shall provide written notification to each Participant as to that determination.

5.3 Vesting and exercise of Performance Rights

- (a) Vesting and exercise of Performance Rights and the allocation of Shares upon exercise is subject to clause 5.5..
- (b) Unless and until Performance Rights are exercised and the relevant Shares are allocated to the Participant as a result of the exercise, a Participant has no interest in those Shares.
- (c) A Performance Right can only be exercised on or before the Expiry Time and if, at the time of exercise, it has not lapsed under clause 6.
- (d) Unless a Cash Payment Performance Condition is included in the Offer, no amount shall be payable by a Participant on the vesting or exercise of Performance Rights ; provided that any Offer to a Canadian-resident Eligible Person shall require either a Cash Payment Performance Condition or the payment of \$0.0001 per Share as a Performance Condition in respect of the Performance Rights to be granted under such Offer.
- (e) In the case of a Performance Right that has no unsatisfied Performance Condition attached other than a Time-based Performance Condition and/or a Cash Payment Performance Condition, upon satisfaction of such Time-based Performance Condition and/or Cash Payment Performance Condition, as applicable, the Performance Right shall automatically vest.
- (f) For Performance Rights other than Performance Rights described in clause 5.3(e), unless otherwise determined by the Board:
 - (i) in the case of a Performance Condition to which a Measurement Date applies, upon the Board making a determination in accordance with clause 5.2 that the Performance Condition has been satisfied on or before the Measurement Date; and
 - (ii) in the case of a Performance Condition that does not have a Measurement Date applicable to it, upon the Board making a determination that the Performance Condition has been satisfied,the Performance Right shall then automatically vest and.
- (g) Subject to clause 5.5, upon the valid exercise of Performance Rights in accordance with clause 5.4, the Company must, as soon as reasonably practicable, either:
 - (i) allocate or procure the transfer to, or for the benefit of, the Participant, the relevant number of Shares in respect of such exercised Performance Rights (as adjusted under clause 11.2, if relevant); or

- (ii) provided such discretion was stated in the Offer pursuant to clause 3.1, provide the Participant with the Cash Equivalent Value.
- (h) The vesting or exercise of some Performance Rights does not affect the Participant's right to the vesting or exercise of other Performance Rights at a later time in accordance with the Offer and this clause 5.3.
- (i) All Shares issued to a Participant under the Plan will, from the date of issue, rank equally with all other issued Shares. The Company will apply for official quotation or listing of these Shares on each stock exchange on which Shares are quoted or listed.

5.4 Exercise of Performance Rights

- (a) Subject to any Exercise Restrictions, a Performance Right is validly exercised if the Participant follows the process set out in the Offer or, where the terms of the Performance Rights provide for those Performance Rights to be automatically exercised at a specific time or event, if the conditions for that automatic exercise have been met; and
- (b) If a Participant purports to exercise a Performance Right in contravention of any applicable Exercise Restriction, the Performance Right will be deemed to have been exercised on the first date the Exercise Restriction ceases to apply.

5.5 Policy for Trading in Company Shares – Blackout Periods

The Company's "Policy for Trading in Company Securities" must be observed at all times with respect to the operation of the Plan. In particular, and without limiting the preceding sentence, no Performance Right may vest and be exercised, and no Share may be allocated under the Plan, during a Blackout Period and a Performance Right that would otherwise vest and become exercisable pursuant to clause 5.3 during a Blackout Period shall be deemed to vest and become exercisable in accordance with clause 5.3 immediately after the Blackout Period has ceased.

6. TIME OF LAPSE OF PERFORMANCE RIGHTS

A Performance Right lapses on the earlier to occur of:

- (a) in the case of a Performance Right the vesting of which depends only upon satisfaction of a Time-based Performance Condition, if the Time-based Performance Condition is not satisfied in accordance with its terms;

- (b) the date the Board makes a determination under clause 5.2(c) that Performance Conditions have not been satisfied on or before the applicable Measurement Date;
- (c) if an Eligible Person ceases to be an Eligible Person because of a Specified Reason and a Cash Payment Performance Condition is attached to any Performance Rights held by the Eligible Person, or if applicable, by their Permitted Nominee – the date of lapse under clause 7.2(d);
- (d) if an Eligible Person ceases to be an Eligible Person for any reason other than a Specified Reason – the date of lapse under clause 7.1;
- (e) the date the Board makes a determination under clause 8;
- (f) the date of lapse under clause 9.2; and
- (g) the Expiry Time.

7. CESSATION OF EMPLOYMENT OR OFFICE

7.1 Lapse of Performance Rights – Termination for Cause or Non-Specified Reason

If an Eligible Person ceases to be an Eligible Person due to termination of employment (including as a director) for Cause or for any reason other than a Specified Reason, all Performance Rights held by such Eligible Person, or if applicable, by their Permitted Nominee, will immediately and automatically lapse. Unless otherwise determined by the Board, an Eligible Person will cease to be an Eligible Person due to termination of employment, when the Eligible Person submits their notice to cease their employment or contract with the Company and that notice is accepted by their manager.

7.2 Lapse of Performance Rights – Termination for Specified Reason

- (a) If an Eligible Person ceases to be an Eligible Person for a Specified Reason:
 - (i) all Performance Conditions, except for any Cash Payment Performance Condition, attached to all Performance Rights held by such Eligible Person, or if applicable, by their Permitted Nominee, are waived or deemed to be satisfied and shall automatically and immediately vest as of the date the Eligible Person ceases to be an Eligible Person for a Specified Reason; and
 - (ii) any Exercise Restrictions in respect of the Performance Rights will cease to apply.

- (b) Performance Rights that vest pursuant to clause 7.2(a) must, unless the Board determines otherwise, be exercised by the earlier of 2 years the Expiry Time, or such other period determined by the Board.
- (c) Awards which are not exercised within the period specified in clause 7.2(b) will lapse.
- (d) If the Eligible Person, or if applicable, their Permitted Nominee, has any Performance Right to which any Cash Payment Performance Condition is attached, such Cash Payment Performance Condition must be satisfied by the earliest of:
 - (i) 6 months after the date the Eligible Person ceases to be an Eligible Person for a Specified Reason or such longer period as the Board determines; and
 - (ii) the Expiry Time,failing which, such Performance Rights will automatically lapse.

7.3 Secretary's Certificate

A certificate signed by the company secretary of the Company stating that a person ceased for any reason to be an Eligible Person shall (in the absence of manifest error) be conclusive for the purposes of the Plan, including as to the fact of such occurrence, the reason for such occurrence and the date of such occurrence.

7.4 Death of an Eligible Person

If an Eligible Person dies at any time prior to the Expiry Time of Performance Rights held by that Eligible Person, or if applicable, by their Permitted Nominee, the deceased Eligible Person's Legal Personal Representative or Permitted Nominee, as applicable, shall be entitled to receive the Performance Rights and exercise any rights in respect of the Performance Rights under clause 7.2, subject to clause 4.2.

8. BREACH, FRAUD OR DISHONESTY

If in the opinion of the Board an Eligible Person acts fraudulently or dishonestly or is in material breach of his or her obligations to any Group Company then the Board may in its absolute discretion determine that all the Performance Rights held by the Eligible Person, or if applicable, by their Permitted Nominee, will lapse and the Board's decision will be final and binding.

9. CHANGE OF CONTROL

9.1 Deemed Satisfaction of Certain Performance Conditions

Upon the occurrence of::

- (a) a takeover bid (as defined in the Corporations Act) to acquire any Shares becoming or being declared to be unconditional, irrespective of whether the takeover bid extends to Shares issued and allotted after the date of the takeover bid;
- (b) a Change of Control Event; or
- (c) the approval of a merger by way of scheme of arrangement under the Corporations Act by the Court under section 411(4)(b) of the Corporations Act,

(each, a “**Notification Event**”),

the Board may determine in its absolute discretion the treatment of the Participant’s unvested Performance Rights and the timing of such treatment, which may include determining that some or all of the unvested Performance Rights vest, lapse or become subject to substitute or varied conditions, having regard to any matter the Board considers relevant, including, without limitation:

- (d) the circumstances of the event (including the value being proposed to shareholders),
- (e) the extent to which the applicable Performance Conditions have been satisfied (or estimated to have been satisfied) at the time of the event; and/or
- (f) the proportion of time remaining until the Measurement Date.

Any Performance Rights that do not vest under this clause will lapse immediately.

9.2 **Exercise of Performance Rights**

- (a) Performance Rights that vest pursuant to clause 9.1 must, unless the Board determines otherwise, be exercised within the later of 6 months following vesting or the Expiry Time.
- (b) Performance Rights which are not exercised within the period specified in clause 9.2(b) will lapse.

10. **ADMINISTRATION OF THE PLAN**

10.1 **General Administration**

- (a) The Plan will be administered by the Board. The Board will have power to delegate the exercise of some or all of its powers and discretions arising under the Plan to any one or more persons (including, but not restricted to,

a committee or sub-committee of the Board) for such period and on such conditions as the Board may determine.

- (b) The Board may at any time appoint or engage specialist service providers for the operation and administration of the Plan.
- (c) The Board will ensure a complete register of Participants is maintained to facilitate efficient management and administration and to comply with regulatory reporting requirements.
- (d) Where the Board is required to make a determination or is entitled to exercise discretion in respect of the Plan, that determination or discretion shall be exercised reasonably and in good faith.
- (e) The Board has the sole and unfettered authority to interpret the Plan and to adopt, amend and rescind such administrative guidelines and other rules and regulations relating to the Plan as it may from time to time deem advisable and may make all other determinations and perform all such other actions as the Board deems necessary or advisable to implement and administer the Plan.
- (f) The interpretation and construction of any provision of the Plan by the Board shall be final and binding.

10.2 Rules

The Board may make and amend rules for the operation of the Plan (including sub-plans and Plan addenda) that are not inconsistent with these terms and conditions and any matter incidental to the Plan to accommodate the specific requirements of local laws and procedures of the jurisdiction in which the Plan is offered. Without limiting the generality of the foregoing, the Board is specifically authorized to adopt sub-plans and Plan addenda, as the Board deems desirable, to accommodate foreign laws, regulations and practice, without shareholder approval.

10.3 U.S. Sub-Plan

The U.S. Sub-Plan attached as Appendix A to the Plan is adopted.

11. CAPITAL EVENTS

11.1 Variation of Capital

If there is any variation of the share capital of the Company other than a grant of, or allocation of Shares upon the vesting or exercise of, Performance Rights under the Plan, but including a capitalisation or rights issue, sub-division, consolidation or reduction of share capital, a demerger (in whatever form) or other distribution in specie, the Board may, without being required to obtain shareholder approval, make such adjustments as it considers appropriate under clause 11.2 in accordance

with the provisions of the Listing Rules, the TSX Rules and applicable securities laws.

11.2 Adjustments

An adjustment made under this clause will be made to the number of Shares which may be allocated upon vesting and exercise of any Performance Rights

11.3 Notice of Variation

As soon as reasonably practicable after making any adjustment under clause 11.2, the Board will give notice in writing of the adjustment to any Participant affected by it.

12. RIGHTS OF PARTICIPANTS

Nothing in this Plan or participation in the Plan:

- (a) confers on any Eligible Person or Participant the right to continue as an employee (including as a director) or officer of any Group Company;
- (b) confers on any Eligible Person the right to become or remain an Eligible Person or Participant or to participate under the Plan;
- (c) will be taken into account in determining an Eligible Person's salary or remuneration for the purposes of superannuation or other pension arrangements;
- (d) affects the rights and obligations of any Eligible Person or Participant under the terms of their office or employment with any Group Company;
- (e) affects any rights which a Group Company may have to terminate the employment or office of an Eligible Person or Participant or will be taken into account in determining an Eligible Person or Participant's termination or severance pay;
- (f) may be used to increase damages in any action brought against any Group Company in respect of any such termination; or
- (g) confers any responsibility or liability on any Group Company or its directors, officers, employees, representatives or agents in respect of any taxation liabilities of the Eligible Person or Participant.

13. AMENDMENT, TERMINATION AND SUSPENSION

- (a) Grants of Performance Rights under this Plan may only be made for a period of 3 years commencing on the date on which the Plan is approved by the Company's shareholders, however, Performance Rights granted during such 3 year period shall continue in place in accordance with their

terms and the terms and conditions of the Plan in effect at the date of the Offer.

- (b) The Board may exercise its discretion:
 - (i) in accordance with the provisions of the Plan, which exercise shall not be taken to be an amendment that requires Shareholder approval; or
 - (ii) to correct any internal inconsistencies, grammar, spelling or punctuation, without shareholder approval.
- (c) A Performance Right shall be governed by the Plan in effect at the date of the Offer with respect to that Performance Right, and in the event of any ambiguities, the provisions of the Plan in effect at such time shall apply.
- (d) Any amendment to the Plan is subject to the requirements of any regulatory body having authority over the Company, the Plan or the shareholders of the Company, and in particular, any restrictions or procedural requirements relating to the amendment of the terms and conditions of an employee incentive scheme imposed by the Listing Rules or the amendment of a security based compensation arrangement imposed by the TSX Rules.
- (e) The Board may at any time, and at its complete discretion, suspend or terminate the Plan without notice to Participants. The suspension or termination of the Plan will not affect any existing grants of Performance Rights already made under the Plan and the terms of the Plan will continue to apply to such grants.

14. GENERAL

14.1 Law, Listing Rules and the Constitution

The Plan and all offers and issues of Performance Rights under the Plan are subject to the Law, the Listing Rules, the TSX Rules, applicable securities laws and the Constitution, each as in force from time to time. No making of any Offer, no grant of any Performance Rights and no issuance of Shares under the Plan shall occur if it would be contrary to or not in compliance with the Law, the Listing Rules, the TSX Rules, applicable securities laws and the Constitution, each as in force from time to time.

14.2 Issue limitations

- (a) The number of Shares to be received on vesting and exercise of the Performance Rights the subject of an Offer when aggregated with:

- (i) the number of Shares which would be allocated were each outstanding offer or Performance Right, being an offer made or Performance Rights granted pursuant to the Plan or any other incentive scheme extended to employees (including directors) of the Company, and including pursuant to options granted under any share option plan established by the Company (including the Paladin Energy Incentive Plan adopted 21 November 2006) vested, converted or exercised, but excluding the number of Shares issuable under the Contractor Performance Share Rights Plan adopted on the same date as this Plan; and
- (ii) the number of Shares issued during the previous 5 years pursuant to the Plan or any other incentive scheme extended to employees of the Company;

but disregarding any offer made, or Performance Rights acquired or Share issued by way of or as a result of:

- (iii) an offer to a person situated at the time of receipt of the offer outside Australia; or
- (iv) an offer that did not need disclosure to investors because of section 708 of the Corporations Act (which includes offers to directors); or
- (v) an offer made under a disclosure document,

must not exceed 5% (or such other maximum permitted under any ASIC Class Order providing relief from the disclosure regime of the Corporations Act) of the total number of issued Shares as at the time of the Offer.

- (b) Where a Performance Right lapses without vesting, the Shares concerned are ignored when calculating the limits in this clause.
- (c) For greater clarity, any Offer or Offers extended on the same date which, at the time made, would result in the grant of Performance Rights which, upon vesting and exercise, would result in the issuance of a number of Shares that is greater than that permitted by clause 14.2(a), shall be deemed to be an Offer in respect of Performance Rights which, upon vesting and exercise, would result in the issuance of the maximum number of Shares issuable in compliance with clause 14.2(a), and each such Offer shall be deemed to be an Offer in respect of Performance Rights which, upon vesting and exercise, would result in the issuance of a pro rata portion of the maximum number of Shares issuable in compliance with clause 14.2(a).

14.3 **Costs and Expenses**

The Company will pay all expenses, costs and charges in relation to the establishment, implementation and administration of the Plan, including all costs incurred in or associated with the allocation of Shares (except for taxes which are payable by Participants in respect of the Performance Rights and Shares allocated upon the vesting and exercise of Performance Rights) for the purposes of the Plan. Each Group Company will, if required by the Board, reimburse the Company for any such costs and charges to the extent that they relate to its employees (including directors) or officers or former employees (including former directors) or officers.

14.4 **Withholding**

- (a) If any person (other than a Participant) is obliged as a result of or in connection with the grant, vesting or exercise of any Performance Rights or, at the discretion of the Board, the allocation of Shares or, if applicable, payment of the Cash Equivalent Value upon the vesting and exercise of Performance Rights to account for income tax or employment taxes under any wage, withholding or other arrangements or for any other tax, social security contributions or levy or charge of a similar nature, then that person is entitled to be reimbursed by the Participant for the amounts so paid or payable.
- (b) Where clause 14.4(a) applies, the Company is not obliged to pay the relevant amount or allocate or transfer the relevant Shares to the Participant, unless the relevant person is satisfied that arrangements have been made for reimbursement. Those arrangements may include, without limitation, the sale, on behalf of the Participant, of Shares allocated or transferred or otherwise to be allocated or transferred to the Participant and, where this happens, the Participant will also reimburse the costs of any such sale (e.g. stamp duty, brokerage, etc.).
- (c) As a condition of and prior to participation in the Plan, any Participant shall on request authorize the Company in writing to withhold from any remuneration otherwise payable to him or her any amounts required by any taxing authority to be withheld for taxes of any kind as a consequence of his or her participation in the Plan.

14.5 **Data protection**

By returning an Application Form, each Participant consents to the holding and processing of personal data provided by the Participant to any Group Company for all purposes relating to the operation of the Plan. These include, but are not limited to:

- (a) administering and maintaining Participants' records;

- (b) providing information to trustees of any employee benefit trust, registrars, brokers or third party administrators of the Plan;
- (c) providing information to future purchasers of the Company or the business in which the Eligible Person works; and
- (d) transferring information about the Participant to a country or territory outside Australia.

14.6 **Error in Allocation**

If any Performance Right is provided under this Plan in error or by mistake to a person (“**Mistaken Recipient**”) who is not the intended recipient, the Mistaken Recipient shall have no right or interest, and shall be taken never to have had any right or interest in that Performance Right and that Performance Right will immediately lapse.

14.7 **Disputes**

Any disputes or differences of any nature arising under the Plan will be referred to the Board and its decision will be final and binding in all respects.

14.8 **Notices**

Any notice or other communication under or in connection with the Plan may be given by personal delivery or by sending it by post or fax or email, in the case of a company to its registered office (or any other address notified by that company from time to time (“**Notified Address**”)) or the fax number (if any) of that registered office (or Notified Address), and in the case of an individual to their last known address, fax number, email address or, if they are an employee (including a director) of a Group Company, either to their last known address, fax number or to the address of the place of business at which they carry out all or most of their duties, or to the fax number or email address relating to that address.

14.9 **Governing Law**

- (a) This Plan and the rights of Eligible Persons and Participants under the Plan are governed by the laws in force in the State of Western Australia, Australia.
- (b) Each Participant and the Company irrevocably and unconditionally submit to the non-exclusive jurisdiction of the Courts of Western Australia, the Commonwealth of Australia and Court entitled to hear appeals from those Courts.

14.10 **Necessary Approvals, Etc.**

The Plan becomes effective upon the approval of the shareholders of the Company. The obligation of the Company to allocate Shares or, if applicable, payment of the Cash Equivalent Value upon the vesting and exercise of Performance Rights is subject to:

- (a) the satisfaction of all requirements of applicable securities law and the approval of the TSX, the ASX and any other regulatory body having authority over the Company, the Plan or the shareholders of the Company;
- (b) the approval of listing or quotation of such Shares on any stock exchange on which such Shares may then be listed or traded; and
- (c) the receipt from the Participant to whom such Shares are allocated of such representations, agreements and undertakings as to future dealings in such Shares as the Company determines is necessary or advisable in order to safeguard against violation of the securities laws of any applicable jurisdiction.

The Company will take all reasonable steps to obtain such approvals and registrations as may be necessary for the issuance of such Shares in compliance with applicable securities laws, the Listing Rules and the TSX Rules and for the listing or quotation of such Shares on such stock exchanges on which such Shares may then be listed or traded.

14.11 **Insiders**

Insiders (within the meaning of the TSX Rules) of the Company who are entitled to receive a benefit under the Plan are not eligible to vote their securities in respect of the approvals required by clause 14.10 unless the aggregate of the Shares:

- (a) issued to such insiders within any one year period; and
- (b) issuable to such insiders at any time under the Plan,

when combined with all of the Company's other security based compensation arrangements, do not exceed 10% of the Company's total issued and outstanding securities.

14.12 **Failure to Obtain Approvals, Etc.**

If any Shares cannot be allocated to any Participant for any reason, including, without limitation, the failure to obtain approvals referred to in clause 14.10, then the obligation of the Company to allocate such Shares shall terminate.

14.13 No Representation or Warranty

The Company makes no representation or warranty as to the future market value of the Shares or with respect to any income tax matters affecting any Participant resulting from the issuance of any Offer, grant of any Performance Rights, issuance of any Shares or, if applicable, payment of the Cash Equivalent Value upon the vesting and exercise of any Performance Rights or transactions in the Shares. Neither the Company, nor any of its directors, officers or employees are liable for anything done or omitted to be done by such person or any other person with respect to price, time, quantity or other conditions and circumstances of the acquisition of Performance Rights, vesting or exercise of Performance Rights or issuance or acquisition of Shares or cash hereunder, with respect to any fluctuations in the market price of Shares, or in any other manner related to the Plan.

14.14 No Assignment

Except as set out in clause 7.4, no Performance Rights shall be assignable or transferable by the Participant and any purported assignment or transfer of a Performance Right shall be void and shall render the Performance Right void.

14.15 Time of Essence

Time is of the essence of this Plan.

APPENDIX A

U.S. SUB-PLAN

This sub-plan (the “**U.S. Sub-Plan**”), adopted under the Paladin Energy Ltd (the “Plan ”), is made as of the ___ day of _____, 2012, pursuant to resolutions adopted by the Board of Directors of Paladin Energy Ltd (the “**Company**”), and the provisions of sections 10.2 and 10.3 of the Plan.

1. **PURPOSE**

The purpose of this U.S. Sub-Plan is primarily to amend those provisions of the Plan which are required to be amended with respect solely to grants made to Participants who are residents of the United States. This U.S. Sub-Plan shall not apply to any other grants made under the Plan.

2. **PLAN MODIFICATIONS**

2.1 **Definitions**

When used in this U.S. Sub-Plan, the following term shall have the meaning as set forth below, and is in addition to the definitions set forth in the Plan.

- (a) “**Securities Act**” means the Securities Act of 1933, as amended.

2.2 **Modification of Certain Provisions of the Plan**

For the purposes of grants made pursuant to this U.S. Sub-Plan, clause 4 and clause 14.14 of the Plan shall be extended by the addition of the following sub-clauses:

“4.5 **Incentive Plan Share Restrictions**

In connection with the issuance and acquisition of Performance Rights under the Plan, Participants are bound by the following restrictions:

- (a) A Participant will acquire Performance Rights and any Shares issuable upon the vesting of Performance Rights for investment for his or her account only and not with a view to, or for resale in connection with, any “distribution” thereof within the meaning of the Securities Act.
- (b) Shares issued to a Participant upon the vesting of Performance Rights are not registered under the Securities Act by reason of a specific exemption therefrom. The Company is under no obligation to register the Shares with the United States Securities and Exchange Commission.

- (c) A Participant may not sell, transfer or otherwise dispose of Shares in violation of the Securities Act, the Securities Exchange Act of 1934, or the rules promulgated thereunder.

4.6 **Securities Law Restrictions**

Regardless of whether the offering of Performance Rights and the issuance of Shares upon the vesting of Performance Rights under the Plan have been registered under the Securities Act or have been registered or qualified under the securities laws of any state, the Company at its discretion may impose restrictions upon the sale, pledge or other transfer of such Shares (including the placement of appropriate legends on stock certificates or the imposition of stop transfer instructions) if, in the judgment of the Company, such restrictions are necessary or desirable in order to achieve compliance with the Securities Act, the securities laws of any state or any other law.

4.7 **Rights of Paladin Energy**

The Company shall not be required to (i) transfer on its books any Performance Rights that have been sold or transferred in contravention of the terms of the Plan and U.S. Sub-Plan; or (ii) treat as the owner of Performance Rights, or otherwise to accord any rights on the declaration by the Company of dividends or on the liquidation of the Company, any transferee to whom Performance Rights have been transferred in contravention of the Plan or U.S. Sub-Plan.

4.8 **Successors and Assigns**

Except as otherwise expressly provided to the contrary, the provisions of the Plan and the U.S. Sub-Plan shall be binding upon the Participant and the Participant's legal representatives, heirs, legatees, distributees, assigns and transferees by operation of law, whether or not any such person has become a party to the Plan or the U.S. Sub-Plan or has agreed in writing to join herein and to be bound by the terms, conditions and restrictions hereof."

3. **INCORPORATION OF REMAINING PLAN PROVISIONS**

The provisions of the Plan will apply or be available to all Offers made pursuant to this U.S. Sub-Plan.

PALADIN ENERGY LTD

By: _____
Title: Managing Director/CEO