



PALADIN ENERGY LTD

ACN 061 681 098

17 December 2010

The Company Announcements Officer
Australian Securities Exchange
Exchange Centre
20 Bridge Street
SYDNEY NSW 2000

Dear Sir/Madam

Paladin Establishes Canadian Presence – Acquisition of Aurora Uranium Assets

Paladin Energy Ltd (“Paladin”) is pleased to announce that it has initiated its uranium business in Canada and entered into a Definitive Agreement for the purchase of the uranium assets of Aurora Energy Resources Inc. (“Aurora”) a wholly owned subsidiary of Fronteer Gold (TSX-FRG, AMEX-FRG) (“Fronteer”). Aurora Energy holds title to significant uranium assets within the highly prospective Central Mineral Belt (“CMB”) of Newfoundland and Labrador in Eastern Canada, including the Michelin deposit (67.12Mlb Measured and Indicated and 36.08Mlb Inferred Resources of U₃O₈) as well as the Jacques Lake, Rainbow, Nash, Inda and Gear deposits and has secured the most prospective ground within the CMB.

NI 43-101 compliant U₃O₈ resources have been defined across all the deposits as follows:-

- 83.8Mlb U₃O₈ Measured and Indicated Mineral Resources (40.2Mt ore at 0.09%)
- 53.0Mlb U₃O₈ Inferred Mineral Resources (29.0Mt ore at 0.08%)

The consideration for 100% ownership amounts to C\$260.87M via the issuance of 52,097,937 shares in Paladin. This values the current resources at US\$1.90/lb.

Paladin considers the CMB to be one of the few remaining, underexplored uranium districts globally and this acquisition not only provides Paladin with a noteworthy mid-term development asset but also offers an excellent opportunity for both significant new discoveries and expansions of the existing deposits. This highly strategic transaction fulfils Paladin’s long held ambition to expand its footprint into Canada, a leading country in uranium mining, both in terms of resources and its stable political and business environment, providing the Company with an important new platform from which to plan its continued growth.

With this acquisition, Paladin’s global uranium portfolio increases appreciably and, with strong potential for additional uranium resource discovery to complement the existing resource base, provides a genuine development opportunity within the forthcoming decade.

Current economic models and development plans will be revised with emphasis placed on resource expansion and new target testing. Aurora, via Fronteer, has significantly advanced these resources and Paladin is confident it can apply its considerable international expertise in exploration and project development to move them towards production. Aurora has also developed “best in class” community and stakeholder relations and communication programmes and Paladin will maintain and continue this high quality of work as a matter of priority.

John Borshoff, Managing Director and CEO of Paladin comments: *“The acquisition of the Aurora assets provides Paladin with entry into a major global uranium district and gives us a solid basis to further the considerable achievements we have already attained in establishing new uranium mine supply. The resources at Michelin and Jacques Lake have grown substantially during periods of exploration. We intend to advance these assets and will commit to regional target identification and testing upon resolution of the current uranium mining moratorium, which was put in place by the Nunatsiavut Government to provide the necessary time to complete a Land Use Plan and Environmental Protection legislation, both on track for completion by March 2011. The goal will be to advance towards a definitive economic study and district development plan once a sufficient resource base has been defined thus*

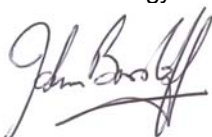
benefiting Paladin shareholders, our customers and the stakeholders of Nunatsiavut and Newfoundland and Labrador. The Board and I welcome our expansion into Canada, a major uranium producing region which any company genuinely aspiring to be a Tier 1 producer must have in its asset portfolio”.

Mark O’Dea, President and CEO of Fronteer Gold, today said: *“Paladin is an experienced and well-financed global uranium mine operator and developer, and is well positioned to advance Aurora’s uranium assets. With this world-class project added to their development pipeline, we believe Paladin will have one of steepest growth profiles in the uranium industry. This transaction gives us the option of maintaining exposure to the uranium price through a high quality, diversified uranium producer”.*

Completion of the transaction is subject to certain customary conditions, including the receipt of all necessary government and regulatory approvals, including the approval of the TSX and third party consents and is expected to close in February 2011. Cormark Securities Inc. of Toronto acted as Paladin’s financial advisor on this transaction. The shares to be issued to Fronteer will be subject to a four-month hold period under Canadian securities laws. In addition, Fronteer will enter into an agreement at closing that sets out procedures designed to ensure that any disposition of shares by Fronteer will occur in an orderly fashion to as wide a distribution as possible of institutional investors.

Additional information in relation to the assets acquired can be obtained from the website of Aurora at aurora-energy.ca.

Yours faithfully
Paladin Energy Ltd



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Managing Director/CEO

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NOTES:

Technical Information: Scientific or technical information referred to in this news release has been prepared under the supervision of John Borshoff, Managing Director of Paladin Energy Ltd, a Fellow of the Australasian Institute of Mining and Metallurgy and a qualified person under National Instrument 43-101. **Caution Regarding Forward Looking Statements:** Statements in this news release regarding the closing of the transaction to acquire the uranium assets of Aurora Energy Resources Inc., Paladin’s plans to develop these assets, the estimation of mineral reserves and the expected resolution of the current Nunatsiavut Land Use Plan and uranium development moratorium in the Province of Newfoundland and Labrador constitute forward-looking information within the meaning of applicable securities laws. Assumptions upon which such forward looking statements are based include that Aurora and Paladin will be able to satisfy the conditions in the Definitive Agreement, that all third party, regulatory and governmental approvals to the transaction will be obtained and all other conditions to completion of the transaction will be satisfied or waived. Many of these assumptions are based on factors and events that are not within the control of Fronteer, Aurora or Paladin and there is no assurance they will prove to be correct. In particular, there can be no assurance that the transaction will close as scheduled or that there will be a resolution of the current Nunatsiavut Land Use Plan and uranium development moratorium in the Province of Newfoundland and Labrador that is favourable to Paladin or that Paladin will be able to successfully develop the properties acquired. Forward-looking statements are subject to known and unknown risks, uncertainties and other factors that may cause the actual results, level of activity, performance or achievements of Paladin to be materially different from those expressed or implied by such forward-looking statements, including but not limited to: risks related to the integration of the business of Aurora, risks related to mining operations, including political risks and instability and risks related to international operations, actual results of current exploration activities, conclusions of economic evaluations, changes in project parameters as plans continue to be refined, as well as those factors discussed in the section entitled “Risk Factors” in Paladin’s Annual Information Form of the year ended June 30, 2010. Although Paladin has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking statements, there may be other factors that cause results not to be as anticipated, estimated or intended. There can be no assurance that such statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements. Paladin does not undertake to update any forward-looking statements herein, except in accordance with applicable securities laws.