



PALADIN ENERGY LTD

ACN 061 681 098

NOTICE OF ANNUAL GENERAL MEETING

PROXY FORM

AND

MANAGEMENT INFORMATION CIRCULAR

Date of Meeting

Thursday, 25 November 2010

Time of Meeting

10:00am Perth time

Place of Meeting

Perie Banou Room,
Royal Perth Yacht Club
Australia II Drive
Crawley, Western Australia, 6009

**PALADIN ENERGY LTD
ACN 061 681 098**

NOTICE OF ANNUAL GENERAL MEETING

TO THE HOLDERS OF ORDINARY SHARES OF PALADIN ENERGY LTD:

NOTICE IS HEREBY GIVEN that the Annual General Meeting of the members of Paladin Energy Ltd ("**Company**") will be held in the Perie Banou Room, at The Royal Perth Yacht Club, Crawley, Western Australia on 25 November 2010 at 10:00am WDT for the purpose of transacting the following business.

AGENDA

BUSINESS

A Management Information Circular containing information in relation to each of the following resolutions accompanies this Notice of Meeting.

1.1 FINANCIAL REPORT

To receive the financial report for the year ended 30 June 2010, and the Directors' and Auditors' Reports thereon.

Resolution 1 – Remuneration Report

To consider and, if thought fit, pass the following resolution as an **ordinary resolution**:

"To adopt the Remuneration Report for the year ended 30 June 2010."

Note: The vote on this resolution is advisory only and does not bind the Directors or the Company.

Resolution 2 – Re-election of Director

To consider and, if thought fit, pass the following resolution as an **ordinary resolution**:

"That Mr Rick Wayne Crabb be re-elected as a Director".

Resolution 3 – Election of Director

To consider and, if thought fit, pass the following resolution as an **ordinary resolution**:

"That Mr Peter Mark Donkin be elected as a Director".

Resolution 4 – Election of Director

To consider and, if thought fit, pass the following resolution as an **ordinary resolution**:

"That Mr Philip Albert Baily be elected as a Director".

For the purpose of this Notice of Meeting, Management Information Circular and Resolutions 1 to 4:

"**ASX**" means ASX Limited ABN 98 008 624 691 and, where the context permits, the Australian Securities Exchange operated by ASX Limited;

"**Board**" means the board of Directors;

"**Company**" or "**Paladin**" means Paladin Energy Ltd ACN 061 681 098;

"**Corporations Act**" means Corporations Act 2001 (Cth);

"**Director**" means a director of the Company;

"**Listing Rules**" means the listing rules of the ASX;

"**Notice**" means the Notice of Annual General Meeting accompanying this Management Information Circular;

"**Shares**" or "**Ordinary Shares**" means fully paid ordinary shares in the Company;

"**Shareholder**" means the holder of Shares;

"**TSX**" means the Toronto Stock Exchange; and

"**WDT**" means Australian Western Daylight Time.

Other business

To deal with any other business which may be brought forward in accordance with the Company's Constitution and the Corporations Act.

By order of the Board

A handwritten signature in black ink, appearing to read 'G. Swaby', with a stylized flourish at the end.

Gillian Swaby

Company Secretary

Dated: 11 October 2010

PROXIES

A Shareholder entitled to attend and vote at the above Annual General Meeting of Shareholders may appoint not more than two proxies. Where more than one proxy is appointed, each proxy may be appointed to represent a specified proportion of the Shareholder's voting rights. If such appointment is not made then each proxy may exercise half of the Shareholder's voting rights. A proxy may, but need not be, a Shareholder. Proxy forms must reach the Registered Office of the Company at least 48 hours prior to the Annual General Meeting, that is, by 10:00am WDT on Tuesday, 23 November 2010.

ENTITLEMENT TO VOTE AND RECORD DATE

For the purposes of regulation 7.11.37 of the Corporations Regulations, the Company determines that members holding Shares at 5:00pm WDT on Tuesday, 23 November 2010 will be entitled to attend and vote at the Annual General Meeting.

For the purposes of section 2.1 of Canadian National Instrument 54-101 the Directors have fixed the record date for notice of the Annual General Meeting as Friday, 24 September 2010.

If you cannot attend the meeting in person, you are encouraged to date, sign and deliver the accompanying proxy and return it prior to 10:00am WDT on Tuesday, 23 November 2010. Information in relation to proxy voting is set out in the following documentation.

DATED at Perth, Western Australia, on 11 October 2010.

MANAGEMENT INFORMATION CIRCULAR

11 OCTOBER 2010

SOLICITATION OF PROXIES

This Information Circular is furnished in connection with the solicitation of proxies by the management of **PALADIN** for use at the Annual General Meeting of the Company (the "Meeting") to be held on Thursday, 25 November 2010, and any adjournments thereof, at the time and place and for the purposes set forth in the accompanying Notice.

VOTING BY PROXIES

This section headed "Voting by Proxies" only applies to registered holders (each a "Shareholder") of Ordinary Shares.

The form of proxy accompanying this Information Circular confers discretionary authority upon the proxy nominee with respect to any amendments or variations to the matters identified in the Notice and any other matters that may properly come before the Meeting. On any ballot, the Ordinary Shares represented by the proxy will be voted or withheld from voting in accordance with the instructions of the Shareholder as specified in the proxy with respect to any matter to be acted on. If the Shareholder specifies a choice with respect to any matter to be acted upon, the Ordinary Shares will be voted accordingly. **If a choice is not specified with respect to any matter, the Ordinary Shares represented by a proxy given to management are intended to be voted in favour of the resolutions contemplated herein. A Shareholder has the right to appoint a person (who need not be a Shareholder) to attend and act for the Shareholder and on the Shareholder's behalf at the Meeting other than the persons designated in the form of proxy and may exercise such right by inserting the name in full of the desired person in the blank space provided in the form of proxy.** Proxies must be delivered prior to 10:00 am WDT on Tuesday, 23 November 2010 to either of the following:

Computershare Investor Services Pty Limited

GPO Box 242 Melbourne
VICTORIA 3001 AUSTRALIA

Or Facsimile:
Australia: 1800 783 447
Overseas: +61 3 9415 4823

Computershare Investor Services Inc

Attention: Proxy Dept.
100 University Avenue
9th Floor
TORONTO, ON M5J 2Y1 CANADA
Telephone: 1-800-564-6253/514-982-7555

Or Facsimile: 1 866 249 7775

ADVICE TO BENEFICIAL HOLDERS OF SHARES

The information set forth in this section is of significant importance to persons who beneficially own Ordinary Shares, as a substantial number of such persons do not hold Ordinary Shares in their own name. Persons who hold Ordinary Shares through their brokers, intermediaries, trustees or other persons, or who otherwise do not hold such securities in their own name (referred to in this section as "Beneficial Holders") should note that only proxies deposited by persons whose names appear on the records of the Company may be recognised and acted upon at the Meeting. If Ordinary Shares are listed in an account statement provided to a Beneficial Holder by a broker, then in almost all cases those Ordinary Shares will not be registered in the Beneficial Holder's name on the records of the Company. Such Ordinary Shares will more likely be registered under the names of the broker or an agent of that broker. In Canada, the vast majority of shares are registered under the name of CDS & Co. (the registration name for The Canadian Depository for Securities Limited, which acts as nominee for many Canadian brokerage firms). Ordinary Shares held by brokers, agents or nominees can only be voted (for or against resolutions) upon the written instructions of the Beneficial Holder.

Without specific instructions, brokers, agents and nominees are prohibited from voting securities for their clients. **Therefore, Beneficial Holders should ensure that instructions respecting the voting of their Ordinary Shares are communicated to the appropriate person by the appropriate time.**

Applicable regulatory policy requires intermediaries/brokers to seek voting instructions from Beneficial Holders in advance of shareholders' meetings. Each intermediary/broker has its own mailing procedures and provides its own return instructions to clients, which should be carefully followed by Beneficial Holders to ensure that their Ordinary Shares are voted at the Meeting. The purpose of the form of proxy or voting instruction form supplied to a Beneficial Holder by its broker, agent or nominee is limited to instructing the registered Shareholder (the broker or agent of the broker) how to vote on behalf of the Beneficial Holder. The majority of brokers now delegate responsibility for obtaining instructions from clients to Independent Investor Communications Company ("IICC"). IICC typically supplies a voting instruction form, mails those forms to the Beneficial Holders and asks Beneficial Holders to return the forms to IICC or follow specified telephone voting procedures. IICC then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of Ordinary Shares to be represented at the appropriate Meeting. **A Beneficial Holder receiving a voting instruction form from IICC cannot use that form to vote Ordinary Shares directly at the Meeting - the voting instruction forms must be returned to IICC or the telephone procedures completed well in advance of the Meeting in order to have such Shares voted.**

Although Beneficial Holders may not be recognised directly at the Meeting for the purpose of voting Shares registered in the name of their broker, agent or nominee, a Beneficial Holder may attend at the Meeting as proxy holder for the Shareholder and vote the Ordinary Shares, as the case may be, in that capacity. Beneficial Holders who wish to attend at the Meeting and indirectly vote their Ordinary Shares, as the case may be, as proxy holder for the registered Shareholder, should enter their own names in the blank space on the form of proxy or voting instruction form provided to them and return the same to their broker (or the broker's agent) in accordance with the instructions provided by such broker (or agent), well in advance of the Meeting.

REVOCATION OF PROXIES

A Shareholder executing and delivering a proxy has the power to revoke it in accordance with the provisions of the *Corporations Act*, which provides that every proxy may be revoked by an instrument in writing executed by the Shareholder or by his or her attorney authorised in writing and delivered either to the registered office of the Company at any time up to and including the last business day preceding the day of the Meeting, or any adjournment thereof at which the proxy is to be used, or to the chairman of the Meeting on the day of the Meeting or any adjournment thereof, or in any other manner permitted by law.

A proxy is valid only in respect of the Meeting.

PERSONS MAKING THE SOLICITATION

This solicitation of proxies is made by management of the Company. The cost of the solicitation has been and will be borne by the Company.

DIRECT VOTES (Australian Share Register only)

A direct vote will enable Shareholders to vote on resolutions considered at the Meeting by lodging their votes with the Company prior to the meeting. Direct voting will enable Shareholders to exercise their voting rights without the need to attend the meeting or appoint a proxy.

A Shareholder may lodge a direct vote by using the voting form provided with this Notice.

A Shareholder may lodge a direct vote by indicating on the voting form that the Shareholder is casting the Shareholder's vote directly and then placing a mark in one of the boxes opposite each item of business on the voting form. All of the Shareholder's Ordinary Shares will be voted in accordance with such direction, unless the Shareholder indicates that the Shareholder's direction is:

- (a) to vote only a portion of the Shareholder's votes on any item; or
- (b) to cast the Shareholder's votes in different ways on any item,

by inserting the number of Shares in the appropriate box or boxes.

If a Shareholder indicates that the Shareholder is lodging the Shareholder's votes directly and then does not mark any of the boxes on a given item, no votes will be voted on that item.

If a Shareholder indicates that the Shareholder is lodging the Shareholder's votes directly and then marks more than one box on an item, the Shareholder's vote on that item will be invalid. If a Shareholder inserts a number of Shares in boxes on any item that in total exceed the number of Ordinary Shares the Shareholder holds as at the voting entitlement time, the Shareholder's vote on that item will be invalid, unless the Shareholder inserted a number of Shares in one box only on an item which exceeds the number of Ordinary Shares that the Shareholder holds at that time, in which case the Shareholder's vote will be taken to be valid for the number of Ordinary Shares actually held by that Shareholder at that time.

Please note, a Shareholder who has cast a direct vote may attend the Meeting, however, the Shareholder's attendance cancels the direct vote unless the Shareholder instructs the Company or the Share Registry otherwise.

VOTING SHARES AND PRINCIPAL HOLDERS THEREOF

As of 11 October 2010, the issued and outstanding capital of the Company consists of 718,423,382 Ordinary Shares. Subject to certain exclusions of votes contemplated below, each Ordinary Share is entitled to be voted at the Meeting. On a ballot, each Ordinary Share is entitled to one vote.

For the purposes of regulation 7.11.37 of the Corporations Regulations, the Company determines that members holding Ordinary Shares at 10:00am WDT on Tuesday, 23 November 2010 will be entitled to attend and vote at the Annual General Meeting.

For the purposes of section 2.1 of Canadian National Instrument 54-101, the Directors have fixed the record date for notice of the Annual General Meeting as Friday, 24 September 2010.

A simple majority of votes cast are required to approve all **ordinary resolutions** to be submitted to a vote of Shareholders at the Meeting.

Special resolutions require the approval of at least 75% of votes of those members of the Company at the meeting in person or by proxy.

PARTICULARS OF MATTERS TO BE ACTED ON

The following information is intended to provide Shareholders with sufficient information to assess the merits of the Resolutions contained in the accompanying Notice of the Company.

The Directors recommend Shareholders read this in full before making any decision in relation to the resolutions, in accordance with Section 250R of the Corporations Act.

Annual Accounts

Appropriate time will be devoted to the consideration of the Financial Statements and Reports of the Company for the year ended 30 June 2010.

ORDINARY RESOLUTIONS

Resolution 1 – Remuneration Report

The Board is voluntarily submitting its Remuneration Report to Shareholders for consideration and adoption by way of a non-binding resolution as required under the Corporations Act.

The Remuneration Report forms part of and is clearly identified in the Directors' Report included in the 2010 Annual Report. The Report:

- Explains the Board's policy for determining the nature and amount of remuneration of executive Directors and senior executives of the Company;
- Explains the relationship between the Board's remuneration policy and the Company's performance;
- Sets out remuneration details for each Director and Key Management Personnel of the Company; and
- Details and explains any performance conditions applicable to the remuneration of executive Directors and Key Management Personnel of the Company.

A reasonable opportunity will be provided for discussion of the Remuneration Report at the meeting.

The vote on the adoption of the Remuneration Report resolution is advisory only and does not bind the Directors or the Company. However, the Board will take the outcome of the vote into consideration when reviewing the remuneration practices and policies of the Company.

Resolutions 2, 3 and 4 – Re-election and Election of Directors

The Company's Constitution provides that at each Annual General Meeting one-third of the Directors or, if their number is not a multiple of three, then such number as is appropriate shall retire from office to ensure that no Director holds office for a period in excess of three years or later than the third Annual General Meeting following the Director's appointment. Mr Crabb, therefore, retires from office in accordance with this requirement and submits himself for re-election.

Subject to the provision in section 201H of the Corporations Act, any person appointed by the Board to fill a casual vacancy must submit themselves for election at the next Annual General Meeting of the Company. Accordingly, Messrs Donkin and Baily submit themselves for election.

Information in respect of Mr Crabb, who is seeking re-election and Messrs Donkin and Baily, who are seeking election, and each other person whose term of office as a Director will continue after the meeting, including John Borshoff, an existing Director, who is not required by the Company's Constitution to retire at this Annual General Meeting, is set out below:

Name and Residence	Position with Paladin & Length of Time as Director	Current Principal Occupations & Principal Occupations during preceding 5 years	Shareholding (direct and indirect)	Committee Membership
Rick Wayne Crabb Western Australia, Australia (will seek re-election 25 November 2010)	Chairman (27 March 2003 to present – 7 years); Non-executive Director (8 February 1994 to present)	Chairman: Paladin Energy Ltd (uranium supply and production) (2003 to present)	4,881,528	Remuneration Nomination
Sean Reveille Llewelyn Queensland, Australia (will seek re-election November 2011)	Non-executive Director (12 April 2005 to present – 5 years)	Investor	100,000	Audit Nomination (Chair) Remuneration (Chair)
Ian Urquhart Noble NSW, Australia (due to retire November 2010 and will not seek re-election)	Non-executive Director (29 June 2005 to present – 5 years)	Metallurgical Engineering Consultant (1991 to 2005) Retired (2006 to present)	21,000	Audit Nomination
Donald Myron Shumka BC, Canada (will seek re-election November 2012)	Non-executive Director (9 July 2007 to present – 3 years)	Managing Director: Walden Management Ltd, (financial consulting firm) (2004 to present)	50,000	Audit (Chair) Nomination Remuneration
John Borshoff Western Australia, Australia (not required to seek re-election)	Managing Director/CEO (24 September 1993 to present – 17 years)	Managing Director/CEO: Paladin Energy Ltd (uranium supply and production) (24 September 1993 to present)	21,877,394	Nomination

Name and Residence	Position with Paladin & Length of Time as Director	Current Principal Occupations & Principal Occupations during preceding 5 years	Shareholding (direct and indirect)	Committee Membership
Peter Mark Donkin NSW, Australia (to be elected 25 November 2010)	Non-executive Director (1 July 2010 to present – 0 years)	Director: Mining Finance division of Société Générale in Australia (1996 to 2006) Managing Director: Managing Finance division of Société Générale in Australia (2006 to 2010) Financial consultant (2010 to present)	Nil	None
Philip Albert Baily NSW, Australia (to be elected 25 November 2010)	Non-executive Director (1 October 2010 to present – 0 years)	Metallurgical Consultant (2005 to 2010)	3,000	None

STATEMENT OF EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

The Remuneration Committee, on behalf of the Board, monitors compensation of Directors and Executives of the Company. For the purpose of the Statement of Executive Compensation, the term Named Executive Officers (NEOs) will be used which incorporates the Managing Director/CEO, the Chief Financial Officer and the three other most highly compensated executive officers of the Company.

Generally, compensation is provided by the Company to its NEOs (including the Managing Director/CEO), by way of base salary, superannuation, short-term bonus and granting of employee options or share rights. The overall objective is to ensure that remuneration is fair and reasonable and sufficient to attract and retain qualified and experienced Directors and NEOs.

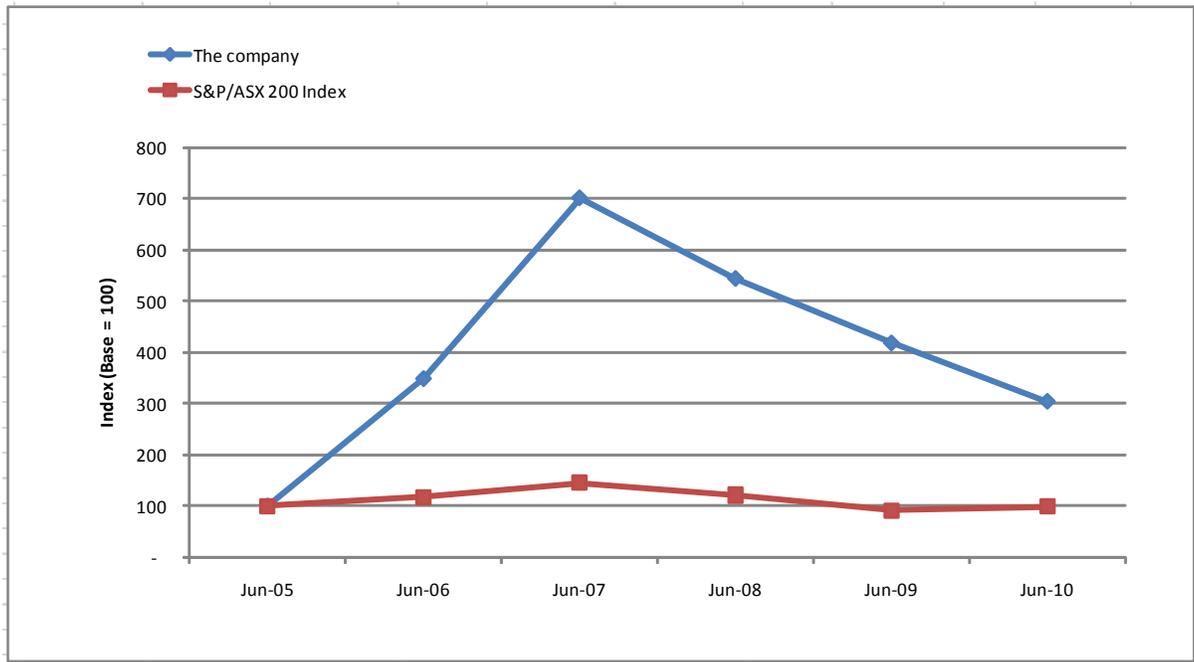
The overall focus of Paladin's remuneration strategy is to:

- Attract and retain talented, qualified and effective Executives.
- Motivate short and long-term performance and reward past performance.
- Provide competitive and fair reward.
- Be flexible and responsive in line with market expectations.
- Align Executive interests with those of the Company's shareholders; and
- Comply with applicable legal requirements and appropriate standards of governance.

It is important to note that this strategy applies across the Group, not only for Executives but all employees.

The overall level of compensation takes into account the Company's earnings and growth in shareholder wealth of the Company. Consideration of the Company's earnings will be more relevant as the Company matures and becomes profitable. The Performance Graph below compares, assuming an initial investment of A\$100, the yearly percentage change in the cumulative total shareholder return on the Company's Ordinary Shares against the cumulative total shareholder return of the S&P/ASX 200 Index for the Company's five most recently completed financial years.

The Board is cognisant of general shareholder concern that long-term equity-based remuneration be linked to Company performance and growth in shareholder value. Both the previous option plan and the more recent Share Rights plan address this with performance conditions including reference to Earnings per Share (EPS), Total Shareholder Return (TSR) and Market Price conditions. These are considered in more detail further in this report.



	30 June 2006	30 June 2007	30 June 2008	30 June 2009	30 June 2010
The Company	A\$349	A\$702	A\$545	A\$419	A\$305
S&P/ASX 200 Index	A\$118	A\$146	A\$121	A\$91	A\$100
EPS	US\$(0.01)	US\$(0.07)	US\$(0.06)	US\$(0.78)	US\$(0.08)

Over the same period, compensation paid to NEOs on an individual basis increased each year based on performance and goals achieved. Bonuses were introduced in the 2007 financial year as the Company achieved producer status.

Individual efforts towards the success of the Company are not necessarily reflected in the Company's share price and therefore whilst the share price decreased from June 2007 to June 2010, significant advances were made in developing the asset base of the Company with ramp-up production at LHM to design capacity and the commissioning and ramp-up of the Company's second mine in Malawi. Remuneration increases do not therefore track the share price movements as the Board does not consider this an appropriate measure at this stage of the Company's development.

As for 2009, bonuses in 2010 were paid to modest levels averaging 10% having regard to the slower than expected ramp-up of the Kayelekera Mine.

The remuneration structure for the NEOs has three elements:

- fixed remuneration;
- short-term variable remuneration; and
- long-term incentives.

These are detailed as follows:

Remuneration Component	Elements	Details
<u>Fixed Remuneration</u>	Annual base salary determined as at 1 January each year	The 'not at risk' cash component which may include certain salary sacrifice packaging.
	Statutory superannuation contributions	Statutory % of base salary.
	Expatriate benefits	Executives who fulfill their roles as an expatriate may receive benefits including relocation costs, health insurance, housing and car allowances, educational fees and tax advisory services.
	Foreign assignment allowance	An additional % of base salary is payable in relation to foreign assignments being 15% for Malawi and 10% for Namibia.
<u>Variable Performance Linked Remuneration</u>	Short-term incentive, paid as a cash bonus	Rewards Executives for performance over a short period, being the year ending 31 December. Bonuses are awarded at the same time as the salary reviews. Assessment is based on the individual's performance and contribution to team and Company performance.
	Long-term incentive, granted under the Rights Plan	Award determined in the September quarter of each year, based on individual performance and contribution to team and Company performance. Vesting dependent on creation of shareholder value over a three year period, together with a retention element.

Fixed Remuneration

This is reviewed annually with consideration given to both the Company and the individual's performance and effectiveness. As competition in the global uranium mining industry continues to grow, a key to maintaining talent is to create relevant and globally competitive remuneration packages. Market data focused on the mining industry is analysed with a focus on maintaining parity or above with companies of similar complexity and size operating in the resources sector.

During the past year, salaries, as a general rule, were increased in accordance with the movements of the CPI only, other than in cases where there was a role change or an anomalous situation. For Australian employees this amounted to 4%. For foreign operations, the CPI adjustment was relative to that country.

Variable Remuneration

Short-term Incentives

The Company provides short-term incentives comprising a cash bonus to NEOs of up to 30% of base salary. The bonus is entirely discretionary with the goal of focusing attention on short-term strategic and financial objectives. The amount is dependent on the Company's performance in its stated objectives and the individual's performance, together with the individual's position and level of responsibility. As was the case in 2009, bonuses in 2010 were paid to modest levels averaging 10% having regard to the slower than expected ramp-up of the Kayelekera Mine.

The Managing Director/CEO and key technical general managers did not receive cash bonuses in 2010 due to poor performance in the ramp-up of the Kayelekera Mine and poor safety record at that site. This highlighted the discretionary nature of this short-term incentive and its link to performance.

This component is an "at risk" component of overall remuneration designed to encourage exceptional performance whilst adhering to the Company values. Specific targets for individuals have not been set due to the philosophy of achieving a common goal for the Company, however, the following measures are taken into account where these are applicable to the NEOs and have been selected to align their interests to those of shareholders:

- (a) health, safety and environmental performance;
- (b) production performance;
- (c) project development performance;
- (d) additional uranium resources delineated;
- (e) performance of the Company in meeting its various other objectives;
- (f) financial performance of the Company; and
- (g) such other matters determined by the Remuneration Committee in its discretion.

Long-term Incentive Plans

As described in last year's Statement of Executive Compensation, the Directors determined that a share rights plan was the most appropriate form of long-term incentive plan for the Group and at the 2009 AGM, shareholders approved the adoption of the Employee Performance Share Rights Plan (the Employee Share Rights Plan).

Approval was also given to implement a share rights plan on substantially the same terms as the Employee Share Rights Plan, to reward a small number of key individual contractors who provide similar services to employees, (the Contractor Share Rights Plan). These plans are referred to jointly as the Share Rights Plans.

The Company believes that encouraging its employees to become shareholders is the best way of aligning their interests with those of its shareholders. Equity participation has been accomplished in the past through the Company's Executive Share Option Plan (the EXSOP) which was approved by shareholders in November 2006.

A review of the EXSOP, however, identified a number of limitations which compromised the Plan's intent. That is:

- the Plan did not provide certainty as to any benefits being derived by the employee, irrespective of their individual contribution to the Company and or achievement of the hurdles put in place for the options to vest; and
- the capacity of staff to fund the exercise of options, even when those options are "in the money", is often limited and therefore, the benefits earned cannot be crystallised.

The above limitations were exacerbated by the Australian taxation implications.

As a consequence of adopting the Share Rights Plans, no further grants will be made under the previous EXSOP with the last option grant made on 24 June 2009.

The EXSOP was available, and the Employee Share Rights Plan is available to full-time employees of Paladin, and the Contractor Share Rights Plan is available to contractors of Paladin, and any Related Body Corporate, as such term was defined in the Corporations Act on 21 November 2006. The number of Ordinary Shares that may potentially be issued pursuant to the exercise of all unexercised options under the EXSOP and potentially issued due to the vesting of share rights under the Share Rights Plan, which as of the date of the Management Information Circular, are the only incentive plans of the Company, must not exceed 5% of the issued capital of the Company at the time when any grant of options or share rights is made. As at the date of this Management Information Circular 17,350,014 Ordinary Shares (being 2.42% of the Company's current issued and outstanding Ordinary Shares) are issuable pursuant to entitlements granted under the EXSOP and Share Rights Plans. On that basis, given that there are currently 718,423,382 Ordinary Shares outstanding, the maximum number of Ordinary Shares that may be issued under the EXSOP and Share Rights Plans is 18,571,155 Ordinary Shares (being 2.58% of the Company's current issued and outstanding Ordinary Shares).

The Remuneration Committee takes into account previous grants under share-based payment plans when considering new grants.

Paladin Employee Performance Share Rights Plan (Employee Share Rights Plan)

The Employee 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. It is an important tool to assist in attracting and retaining talented people.

Share Rights are granted under the plan for no consideration. Share Rights are rights to receive fully paid ordinary shares in the capital of the Company (Shares) in the future if certain individual and/or corporate performance metrics (Performance Conditions) are met in the measurement period.

The Board is cognisant of general shareholder concern that long-term equity based rewards should be linked to the achievement by the Company of a performance condition. Share Rights granted under the Employee Share Rights Plan are subject to certain vesting and performance conditions as determined by the Board from time to time.

Vesting and Performance Conditions

The Share Rights issued in March 2010 are subject to a range of vesting and performance conditions:

Proportion of Share Rights to which performance hurdle applies	Performance measure
10%	Time based – must remain in employ for 6 months from date of grant
15%	Time based – must remain in employ for 18 months from date of grant
25%	Time based – must remain in employ for 2½ years from date of grant

20%	Total Shareholder Return (TSR) relative to mining companies in ASX S&P 200 Index
30%	Market Price Performance (MPP) measuring the increase in share price over the period

For the Share Rights granted in the 2010 year, the performance period ends on 1 September 2012. In future this period will cover three years. The reason for the shorter period this year is that, due to the state of flux in determining the most appropriate long-term incentive plan due to the changes in the taxation regime for such incentives in Australia, employees did not receive an annual grant in the 2009 calendar year. The grant in March 2010, therefore, was calculated to effectively allocate 2 years' entitlement and the decision was made to also reduce the vesting period to 2½ years in that instance.

Managing Director/CEO

The Share Rights issued to the Managing Director/CEO have different vesting hurdles to reflect the “at risk” nature of 100% of this component of his remuneration and provide a direct link between Managing Director/CEO reward and shareholder return, and provide a clear line of sight between Managing Director/CEO performance and Company performance. In March 2010, 300,000 Share Rights were granted to Mr J Borshoff, as approved by shareholders at the 2009 AGM.

The performance conditions are:

Proportion of Share Rights to which performance hurdle applies	Performance measure
50%	Total Shareholder Return (TSR) relative to mining companies in ASX S&P 200 Index*
50%	Earnings Per Share (EPS) Measuring the increase in earnings over the period

*The initial measurement date of the Share Rights subject to the relative TSR condition is at the end of year three, calculated from the date of grant. At the end of year three, Mr John Borshoff can either:

- accept the vesting outcome achieved; or
- elect to have his Share Rights retested at the end of year four (in which case the same vesting schedule applies but the retest period covers the entire four year period from the date the Share Rights were granted).

He is not permitted to “double dip”, so by electing to have his Share Rights retested at the end of year four he forfeits any entitlement to Share Rights which otherwise would have vested at the end of year three. All Share Rights subject to the relative TSR condition will expire at the end of year four.

The Remuneration Committee allows one retest to reflect the volatile nature of the industry. The way in which the retest is applied maintains alignment with shareholder interests.

Why were these targets selected?

The Board considered the measures reflected an appropriate balance in terms of alignment between comparative shareholder return and individual reward, a market based performance measure and the encouragement of long-term retention.

Time-based Vesting	
50% of the Share Rights will vest based on the participant continuing to be employed with the Group. These are staggered over time and this condition is designed to assist in long-term retention of staff.	
This does not apply to the Managing Director/CEO.	
TSR	
20% of the Share Rights will vest based on the Company's TSR relative to the TSRs of a peer group of companies. This measure represents the change in the Company's share price over the measurement period, plus dividends (if any) notionally reinvested in the Company's shares, expressed as a percentage of the opening value. The peer group will comprise of mining companies in the S&P/ASX 200 Index as at the date of the offer, excluding any companies that pay a dividend during any year of the performance period.	
50% of the Share Rights granted to the Managing Director/CEO will vest based on the Company's Relative TSR.	
Mining companies are companies under the Global Industry Classification Standard (GICS) sub-industries: Oil & Gas – Coal & Consumable Fuels (10102050), Metals & Mining – Aluminium (15104010), Metals & Mining – Diversified Metals & Mining (15104020), Metals & Mining – Gold (15104030), Metals & Mining – Precious Metals & Minerals (15104040) and Metals & Mining – Steel (15104050).	
For the Share Rights granted on 26 March 2010, its peer group comprised of mining companies in the S&P/ASX 200 Index as at the date of the offer (ie. 24 February 2010) excluding companies paying or declaring dividends since 1 July 2009.	
The limited number of uranium development and production companies globally presents difficulties in determining a suitable peer group. It was therefore decided that, as the primary listing is on ASX and the majority of share trading takes place in that market, the peer group set out above is the most appropriate.	
For the Share Rights granted in 2010, the base and stretch targets for the TSR performance condition are as follows:	
Relative TSR percentile ranking	Percentage of Share Rights that may vest if the relative TSR performance condition is met
Less than 50 th percentile	0% of the Share Rights subject to the TSR condition
at 50 th percentile	50% of the Share Rights subject to the TSR condition
Greater than the 50 th percentile but less than the 75 th percentile	Pro-rated vesting between 51% and 99% of the Share Rights subject to the TSR condition
At 75 th percentile or greater	100% of the Share Rights subject to the TSR condition
MPP	
30% of the Share Rights are subject to MPP vesting condition which measures the increase in share price of the Company. Share Rights will vest if, at the end of the measurement period, the share price of the Company is 25% above the market price at the date of the offer. For	

those Share Rights granted in March 2010, the base price was A\$3.82.

This does not apply to the Managing Director/CEO.

EPS

Basic Earnings Per Share (“EPS”) is determined by dividing the operating profit attributable to members of Paladin Group by the weighted average number of ordinary shares outstanding during the financial year. Growth in EPS will be measured by comparing the EPS in the base year and the measurement year. For those Share Rights issued in 2010, growth will be measured by comparing the base year, being the financial year ended 30 June 2009, to the measurement year, being the financial year ending 30 June 2012. EPS has been chosen as a performance condition because it provides a clear line of sight between Managing Director/CEO performance and Company performance. It is also a generally recognised and understood measure of performance.

50% of the Share Rights granted to the Managing Director/CEO will vest based on the Company’s EPS.

The base and stretch targets for the Share Rights subject to the EPS conditions are as follows:

Average compound growth EPS over the performance period	Percentage of performance rights that may be exercised if the EPS hurdle is met
Less than 10% pa	0% of the Performance Rights subject to the EPS condition
At 10% pa	50% of the Performance Rights subject to the EPS condition
More than 10% pa but less than 20% pa	Pro rated vesting between 51% and 99% of the Performance Rights subject to the EPS condition
At 20% pa or greater	100% of the Performance Rights subject to the EPS condition

Shares acquired under the Employee Share Rights Plan

Shares to be allocated to participants on vesting are currently issued from equity. No consideration is paid on the vesting of the Share Rights and resultant shares carry full dividend and voting rights.

Change of Control

All Share Rights will vest on a change of control event.

Cessation of Employment

Under the Rights Plan, employees’ Share Rights will be cancelled on cessation of employment, unless special circumstances exist such as retirement, total and permanent disability, redundancy or death. Contractors will have their Share Rights cancelled, other than on death at which point the contractor’s legal representative will be entitled to receive them.

Contractor Performance Share Rights Plan

The Company has also implemented a plan to reward a small number of key individual contractors, who provide similar services to employees. This plan and the Employee Share Rights Plan applicable to

employees, as detailed above, differ only in respect of the class of individuals who are eligible for participation. This Plan was approved by shareholders on 25 November 2009.

Paladin Executive Share Option Plan (EXSOP)

Prior to the implementation of the Share Rights Plan, the EXSOP was the basis for the long-term incentive remuneration. On 21 November 2006, the EXSOP was approved by shareholders at the Company's Annual General Meeting.

Share options were granted to employees under the EXSOP which was designed to create a stronger link between increasing shareholder value and employee reward. Under the EXSOP, the exercise price of the options was set at the market price of the shares on the date of grant and performance measured by comparing the Company's Total Shareholder Return ('TSR') (share price appreciation plus dividends reinvested) with a group of peer companies. The Company's performance will be measured over three years from the date of grant. To the extent that maximum performance is not achieved under the performance condition, performance will be retested every six months following the first three years until the end of the fourth year.

The Group's performance against the hurdle is determined according to Paladin's ranking against the peer group TSR growth over the performance period.

- when Paladin is ranked over the 75th percentile, 100% of the share options will vest;
- for rankings above the 50th and below the 75th percentile, the percentage of options to vest will be pro-rata between 50% and 100%;
- when Paladin is ranked at the 50th percentile, 50% of the share options will vest;
- when Paladin is ranked below the 50th percentile the share options will not vest.

The EXSOP expired on 21 November 2009, three years after the date it was adopted by Shareholders, and all existing but unallocated entitlements under the EXSOP were cancelled, although existing entitlements granted under the EXSOP continue in place in accordance with their terms and the terms and conditions of the EXSOP. The following information in respect of the EXSOP is provided to give an understanding of the basis and terms upon which options were issued in the past. The Board determined the number of options offered to an employee by reference to their base package and the option value, based on the binomial tree method with reference to the following formula:

$$\text{Number of Options} = \frac{\text{Base Package} \times \text{Stretch LTI}\%}{\text{Option value (based on the binomial tree model)}}$$

The resultant number of options could be adjusted, at the Board's discretion, to deal with any special circumstances or other factors.

"Stretch LTI" refers to the long-term incentive percentage of the Base Package that allows the maximum number of options to vest (i.e. become able to be exercised) if the performance condition is satisfied to the maximum.

The "binomial tree model" for determining the option value is the mathematical model used in accordance with the International Financial Reporting Standards.

By way of example, the stretch LTI were, in the case of the Managing Director/CEO, 180%; and NEOs 100%.

When a participant ceases employment prior to the vesting of their share options, the share options are forfeited unless cessation of employment is due to termination initiated by the Group other than for misconduct or death. In the event of a change of control all the awards will vest and may be exercised by the participant.

Options may be transferred to a specified broker once vested, or by operation of law on death or legal incapacity.

Subject to the provisions of the EXSOP the Listing Rules of the ASX and the TSX Company Manual, the rules of the EXSOP may only be amended if such amendment is first approved by resolution of the Shareholders in a general meeting. However, the rules of the Option Plan may not be amended if, broadly, in the Board's opinion the amendment would materially reduce the rights of a participant in respect of options already granted.

The Company's policy prohibits hedging of equity compensation grants. Prohibited hedging practices include put/call arrangements over "in money" options to hedge against a future drop in share price. The Board considers such hedging to be against the spirit of such remuneration and inconsistent with Shareholder objectives.

The contractual life of each option granted is five years. There are no cash settlement alternatives.

The outstanding balance of options granted under the EXSOP as at 30 June 2010 is represented by:

Date options granted	Exercisable	Expiry date	Exercise price of options A\$	Number under option
1 February 2007	1 February 2010	1 February 2012	8.77	2,694,270
29 January 2008	29 January 2011	29 January 2013	4.50	7,149,485
15 February 2008	15 February 2011	15 February 2013	5.37	300,000
18 April 2008	18 April 2011	18 April 2013	4.59	1,075,000
14 October 2008	14 October 2011	14 October 2013	2.54	750,000
11 December 2008	11 December 2011	11 December 2013	2.07	300,000
24 June 2009	24 June 2012	24 June 2014	4.48	500,000
Total				12,768,755

Summary Compensation Table

The following table sets out total compensation for the financial year ending 30 June 2010 for the NEOs:

Name and principal position	Year	Salary (US\$)	Share-based awards ⁸ (US\$)	Annual incentive plan ¹⁰ (US\$)	Superannuation (US\$)	All other compensation (US\$)	Total compensation (US\$)
(a)	(b)	(c)	(e)	(f)	(g)	(h)	(i)
John Borshoff (Managing Director/CEO)	June 2010	\$1,669,000	\$949,000 ⁵	Nil	\$12,724 ⁹	See footnote ¹	\$3,140,724
	June 2009	\$1,333,000	Nil	Nil	\$10,107		\$1,343,107
Mark Bolton ² (Acting Chief Financial Officer)	June 2010	\$132,000	Nil	\$22,000	\$6,159		\$160,159
	June 2009	\$177,000	Nil	Nil	\$6,616		\$183,616
Dustin Garrow (Executive General Manager – Marketing)	June 2010	\$607,000	\$577,000 ⁶	\$58,000	Nil		\$1,242,000
	June 2009	\$594,000	Nil	\$120,000	Nil		\$714,000
Simon Solomons ³ (Executive General Manager - Technical Services)	June 2010	\$392,000	\$346,000 ⁶	Nil	\$12,724 ⁹		\$750,724

Name and principal position (a)	Year (b)	Salary (US\$) (c)	Share-based awards ⁸ (US\$) (e)	Annual incentive plan ¹⁰ (US\$) (f)	Superannuation (US\$) (g)	All other compensation (US\$) (h)	Total compensation (US\$) (i)
Justin Reid ³ (General Manager - Corporate Development)	June 2010	\$388,000	\$341,000 ⁶	\$20,000	\$12,724 ⁹	\$115,000 ⁷	\$876,724
Garry Korte ⁴ (Chief Financial Officer)	June 2010	\$232,000	\$260,000 ⁶	Nil	\$9,679		\$501,679

For the Australian dollar salaries of Messrs. Borshoff, Korte, Reid and Solomons and for all other figures in US\$ in the above table originally received in Australian dollars, these were converted on 30 June 2010 using the average exchange rate for 2010 financial year of US\$1 = A\$1.13652 sourced from the website oanda.com.

¹ Payment of a benefit on retirement or early termination by the Company, other than for gross misconduct, equal to 2 times base salary for the two years immediately preceding the termination date. This benefit was approved by the Company Shareholders on 9 November 2005.

² Employed from 17 November 2008 to 13 November 2009.

³ Became NEO during financial year 2010.

⁴ Appointed on 2 November 2009.

⁵ Subject to a range of vesting and performance conditions to be tested on 01/03/2013 (see pages 14 to 17 for further details)

⁶ Subject to a range of vesting and performance conditions from 01/09/2010 to 01/09/2012 (see pages 14 to 17 for further details)

⁷ Payment of relocation expenses.

⁸ The Share Rights with a non-market based performance condition (time based and EPS) were valued using a Black-Scholes model. The Share Rights that contained a Relative TSR performance condition were modelled using a Monte-Carlo simulation model. The Share Rights subject to the Market Price condition were valued using an Asset or Nothing Digital Option valuation model.

⁹ This represents the maximum contribution of A\$14,461.

¹⁰ See page 13 for details on short term incentives.

Pension Plan Benefits

As required by applicable law in Australia, the Company is required to make a minimal annual contribution to employees' nominated superannuation funds of 9% of gross annual salary up to a maximum contribution of A\$14,461. The Company does not provide defined benefit plans for any of its employees.

Incentive plan awards

The following table discloses all options and share rights outstanding as at 30 June 2010 for each NEO.

Name (a)	Option-based Awards				Share-based Awards	
	Number of securities underlying unexercised options (#) (b)	Option exercise price (\$) (c)	Option expiration date (d)	Value of unexercised in-the-money options (\$) (e)	Number of shares or units of shares that have not vested (f)	Market or payout value of share-based awards that have not vested (\$) (g)
John Borshoff	1,500,000 1,250,000	A\$8.77 A\$4.50	01/02/2012 29/01/2013	N/A N/A	300,000	Nil
Mark Bolton	Nil	N/A	N/A	N/A	N/A	N/A
Dustin Garrow	78,570 266,199	A\$8.77 A\$4.50	01/02/2012 29/01/2013	N/A N/A	200,000	Nil

Name	Option-based Awards				Share-based Awards	
	Number of securities underlying unexercised options (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options (\$)	Number of shares or units of shares that have not vested	Market or payout value of share-based awards that have not vested (\$)
(a)	(b)	(c)	(d)	(e)	(f)	(g)
Simon Solomons	600,000	A\$4.50	29/01/2013	N/A	120,000	Nil
Justin Reid	500,000	A\$4.48	24/06/2014	N/A	80,000	Nil
Garry Korte	Nil	N/A	N/A	N/A	90,000	Nil

Termination and Change of Control Benefits

The Company has entered into an employment contract which provides for termination benefits with the following NEO:

Mr John Borshoff, *Managing Director/CEO*

- Base salary, inclusive of superannuation, A\$1,800,000 increased to A\$1,872,640 effective 1 January 2009.
- Payment of a benefit on retirement or early termination by the Company, other than for gross misconduct, equal to 2 times base salary for the two years immediately preceding the termination date. This benefit was approved by Shareholders on 9 November 2005.

Compensation of the Managing Director/CEO

Mr John Borshoff is referred to as both Managing Director/CEO to clarify the understanding of his position in both North America and Australia, given Paladin's stock exchange listings in each jurisdiction.

The compensation of the Managing Director/CEO is approved annually by the Board. Base cash compensation levels are based on market survey data. Compensation also includes participation in the Company's equity compensation plans. Compensation paid to the Managing Director/CEO is set out in the Summary Compensation Table.

A bonus of up to 100% of base salary can be achieved, having consideration to outcomes achieved during the year, to be determined by the Remuneration Committee. As detailed earlier, no bonus was awarded during the year. For the calendar year 2010, outcomes to be considered include:

Outcomes to be considered include:

- production at LHM materially in line with, or better than, guidance;
- completion of Stage 3 construction at LHM and production ramp-up proceeding on schedule;
- KM production achieving design status;
- financial performance meeting or exceeding budget expectations;
- impact on Total Shareholder Return;
- continued high environmental achievements at all sites;
- substantially improved safety achievements at KM and continued high standard at LHM (NOSA system fully operational);
- continued effective social programmes in operational regions in Namibia and Malawi;
- development of U₃O₈ term contracts to targeted sales levels;
- successful M&A activity consistent with growth strategy;
- exploration and pre-development work on projects meeting or exceeding expectations; and
- enhancement to talent management and career path programmes for Group personnel.

The above measures have been selected to align the interests of the Managing Director/CEO with Shareholders. The Remuneration Committee is responsible for assessing whether the measures are met.

Compensation of the NEOs

Named Executive Officer	Base Salary Increase	Base Salary at 1 January 2010	Percent Increase
John Borshoff	A\$74,240	A\$1,946,880	4%
Mark Bolton	N/A	N/A	-
Dustin Garrow	US\$57,500	US\$632,500	10%
Garry Korte ¹	A\$16,000	A\$416,000	4%
Justin Reid ²	A\$9,000	A\$459,000	2%
Simon Solomons	A\$22,160	A\$470,000	5%

¹ *Appointed on 2 November 2009.*

² *Appointed on 13 June 2009.*

Compensation of Directors

Directors' Fees

At the 2008 Annual General Meeting, Shareholders approved an increase in the aggregate amount of fees available to be paid to non-executive Directors to A\$1,200,000. Given the growth of the Company such an increase was considered necessary to attract and retain Directors of a calibre required to effectively guide and monitor the business of the Company and to remunerate them appropriately for the expectations placed upon them both by the Company and the regulatory environment in which it operates.

Fees payable to non-executive Directors are set at A\$160,000 per annum each, effective 1 January 2008, inclusive of any superannuation obligations. Exceptions to this fee structure are the Chairman of the Audit Committee who receives an additional A\$20,000 per annum, and the Chairman of the Board who receives an additional A\$165,000 per annum. The increased fees were arrived at on the basis of a review by external independent remuneration consultants looking at companies with similar market capitalisation.

In addition, the Company's Constitution provides for additional compensation to be paid if any of the Directors are called upon to perform extra services or make any special exertions on behalf of the Company or the business of the Company. The Directors may compensate such Director in accordance with such services or exertions, and such compensation may be either in addition to or in substitution for the Directors' fees referred to above.

Remuneration paid to non-executive Directors during the year ended 30 June 2010 comprised the following:-

Name and Principal Position (a)	Fees (A\$) (b)	Superannuation (A\$) (f)	Total (A\$) (h)
Rick Crabb (Non-Executive Chairman)	312,000	14,461	326,461
Sean Llewelyn (Non-Executive Director)	147,000	13,000	160,000
Ian Noble (Non-Executive Director)	147,000	13,000	160,000
Donald Shumka (Non-Executive Director)	180,000	-	180,000

Note: there were no additional fees paid during the year to any Director for consulting services.

Remuneration paid to the Managing Director/CEO is shown in the Summary Compensation Table.

SECURITIES AUTHORISED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

Equity Compensation Plan Information

The following table summarises relevant information as of 30 June 2010 with respect to compensation plans under which equity securities are authorised for issuance.

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted average exercise price of outstanding options, warrants and rights (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a) (c))
Executive Share Option Plan approved by security holders	12,768,755	A\$5.26	18,073,885
Employee Performance Share Rights Plan approved by security holders	4,494,500	Nil	
Contractor Performance Share Rights Plan approved by security holder	520,000	Nil	
Total	17,783,255	A\$5.26	

Indebtedness of Directors and Executive Officers

As at 11 October 2010, no executive officer, director, employee or former executive officer, director or employee of the Company or any subsidiary is indebted to the Company or any of its subsidiaries in connection with a purchase of securities or otherwise. In addition, as at 11 October 2010 no executive officer, director, employee or former executive officer, director or employee of the Company is indebted to another entity where the indebtedness is the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Company or a subsidiary.

No person who is a director or executive officer of the Company, or who was a director or executive officer of the Company at any time during the most recently completed financial year, any proposed nominee for election as a director or any associate of any such director, executive officer, or proposed nominee is, or at any time since the beginning of the most recently completed financial year of the Company has been indebted to the Company or any of its subsidiaries or to another entity if such indebtedness is or has been the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Company or a subsidiary.

APPOINTMENT OF AUDITOR

The Company's auditors are Ernst & Young, and were first appointed on 21 June 2005. A resolution confirming the appointment was passed by Shareholders at the Annual General Meeting held on 9 November 2005.

INCORPORATING INFORMATION BY REFERENCE

The Company has previously made disclosure in its 2010 Annual Report of its corporate governance practices. The Corporate Governance Statement contained in the 2010 Annual Report is incorporated by reference into this Management Information Circular. The 2010 Annual Report has been filed under the Company's profile on the ASX website at asx.com.au and under the Company's profile on the SEDAR website at sedar.com. It is also available on the Company's website in an interactive form at www.paladinenergy.com.au. Copies of the 2010 Annual Report will be provided free of charge to Shareholders upon written request to the Company.

The following information is given in addition to the Corporate Governance Statement in order to satisfy the requirements of Canadian National Instrument 58-101F1:

Other Directorships

Name of Director	Other Directorships	Appointed
Mr Rick Crabb	Chairman of Ashburton Minerals Ltd Chairman and Non-executive Director of Golden Rim Resources Limited Chairman and Non-executive Director of Otto Energy Ltd	1 September 1999 21 August 2001 19 November 2004
Mr John Borshoff	Nil	
Mr Sean Llewelyn	Nil	
Mr Donald Shumka	President and Managing Director of Walden Management Ltd	from 2004
Mr Ian Noble	Nil	
Mr Peter Donkin	Non-executive Director of Sphere Minerals Ltd	9 March 2010
Mr Philip Baily	Nil	

Roles and Responsibilities of Chairman

A copy of the Position Description for the Non-executive Chairman of the Board can be found at Schedule A to this Management Information Circular.

Directors' Meetings

The number of Directors' meetings and meetings of committees held in the year ended 30 June 2010 and the number of meetings attended by each Director during that period were:

Name	Board of Directors		Audit Committee		Remuneration Committee		Nomination Committee	
	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend
Mr Rick Crabb	12	12	-	-	3	3	2	2
Mr John Borshoff	12	12	-	-	-	-	2	2
Mr Sean Llewelyn	12	12	4	4	3	3	2	2
Mr Donald Shumka	12	12	4	4	3	3	2	2
Mr Ian Noble	12	12	4	4	-	-	2	2

Board Mandate

A copy of the Board Charter can be found at Schedule B to this Management Information Circular.

Assessments

Improvement in Board processes and effectiveness is a continuing objective and the primary purpose of Board evaluation is to identify ways to improve performance. The Chairman is responsible for conducting an annual review of the Board performance.

An evaluation of the performance of the Board has been carried out. This process involved completion of individual questionnaires focused on process, structure, effectiveness and contributions and addresses the performance of each director individually. Responses to the questionnaire were collated and discussed by the Board in an open forum and recommendations for improvement considered.

AVAILABILITY OF DOCUMENTS

Financial information is provided in the Company's comparative financial statements and Management's Discussion & Analysis for its most recently completed financial year.

In addition to copies of documents as otherwise contemplated herein, the Company will provide to any person, upon request to the Company Secretary, one copy of the following documents (i) the comparative financial statements of the Company filed with the applicable securities regulatory authorities for the Company's most recently completed year in respect of which such financial statements have been issued, together with the report of the auditors thereon and Management's Discussion and Analysis and any interim financial statements of the Company filed with the applicable securities regulatory authorities subsequent to the filing of the annual financial statements and (ii) the Notice and Management Information Circular filed with the applicable securities regulatory authorities in respect of the most recent annual meeting of Shareholders which involved the election of Directors.

Copies of the above documents will be provided free of charge to security holders of the Company. The Company may require the payment of a reasonable charge by any person or company who is not a security holder of the Company, and who requests a copy of such document. Additionally, copies of publicly filed information concerning the Company can be found under the Company's profile at the ASX website at asx.com.au or under the Company's profile on SEDAR at sedar.com.

Copies of documents may be obtained as provided above by contacting the Company Secretary by mail at Paladin Energy Ltd, Level 4, 502 Hay Street, Subiaco, Western Australia, 6008, by facsimile at +61 8 9381 4978, or by email at paladin@paladinenergy.com.au

APPROVAL OF THIS INFORMATION CIRCULAR

The contents and the sending of this Information Circular have been approved by the Directors.

By order of the Board

A handwritten signature in black ink, appearing to read 'G. Swaby', with a stylized flourish at the end.

Gillian Swaby
Company Secretary

SCHEDULE A



PALADIN ENERGY LTD

ACN 061 681 098

Position Description Non-Executive Chairman of the Board

Appointment

The Chairman of the meetings of the Board (the "Chairman") is appointed by the Board and holds office until removal, resignation or retirement.

Responsibilities

The Chairman shall:

- a. In consultation with the Managing Director and the Company Secretary, determines the dates and locations of meetings of the Board, Committees and shareholders.
- b. Require the Board to meet at least six times annually and as many additional times as necessary for the Board to carry out its duties and responsibilities effectively.
- c. Ensure that all business that is required to be brought before a meeting of shareholders is brought before a meeting of shareholders.
- d. In consultation with the Managing Director and the Company Secretary, review the meeting agendas to ensure all required business is brought before the Board to enable to Board to carry out is duties and responsibilities.
- e. Except as otherwise authorised by the Constitution, attend all meetings of the Board and shareholders.
- f. Ensure the Board has the opportunity to meet separately without Management present at all meetings.
- g. Provide leadership to enable the Board to act as an effective team in carrying out its duties and responsibilities.
- h. Provide advice, counsel and mentorship to the Managing Director and fellow members of the Board.
- i. Think, act and vote independently from the Managing Director and other members of the Board.
- j. Ensure the Board discharges its principal areas of responsibilities as articulated in the Board Charter.

- k. Oversee the Board Charter, structure, operations, membership and composition of Committees and the work delegated to such Committees.
- l. Set the agenda for and chair the Directors' annual strategic planning session.
- m. Facilitate effective communication between Non-executive Directors and Management, both inside and outside of Board meetings.
- n. Have an effective working relationship with the Managing Director.
- o. Retain expert advisers on behalf of the Board when needed.
- p. Respond to potential conflict of interest situations.

Date of Adoption: 18 August 2005

SCHEDULE B



PALADIN ENERGY LTD

ACN 061 681 098

BOARD CHARTER

1. Role of the Board

The Board's key objectives are to:

- (a) increase shareholder value within an appropriate framework which safeguards the rights and interests of Paladin Energy Ltd's (the Company's) shareholders; and
- (b) ensure the Company is properly managed.

2. Responsibility of the Board

The Board is collectively responsible for promoting the success of the Company by:

- (a) supervising the Company's framework of control and accountability systems to enable risk to be assessed and managed, which includes but is not limited to (a) to (j);
- (b) ensuring the Company is properly managed, for example by:
 - (i) appointing and, where appropriate, removing the Managing Director of the Company;
 - (ii) ratifying the appointment and, where appropriate, the removal of the chief financial officer and the company secretary;
 - (iii) input into and final approval of management's development of corporate strategy and performance objectives;
 - (iv) reviewing and ratifying systems of risk management and internal compliance and control, codes of conduct, and legal compliance; and
 - (v) monitoring senior management's performance and implementation of strategy, and ensuring appropriate resources are available;
- (c) approving and monitoring the progress of major capital expenditure, capital management, and acquisitions and divestitures;
- (d) approving the annual budget;

- (e) monitoring the financial performance of the Company;
- (f) approving and monitoring financial and other reporting;
- (g) providing overall corporate governance of the Company, including conducting regular reviews of the balance of responsibilities within the Company to ensure division of functions remain appropriate to the needs of the Company;
- (h) appointing the external auditor (where applicable, based on recommendations of the Audit Committee) and the appointment of a new external auditor when any vacancy arises, provided that any appointment made by the Board must be ratified by shareholders at the next annual general meeting of the Company;
- (i) liaising with the Company's external auditors and Audit Committee (where there is a separate Audit Committee); and
- (j) monitoring and ensuring compliance with all of the Company's legal obligations, in particular those obligations relating to the environment, native title, cultural heritage and occupational health and safety.

The Board must convene regular meetings with such frequency as is sufficient to appropriately discharge its responsibilities.

The Board may not delegate its overall responsibility for the matters listed above however, it may delegate related day-to-day activities provided those matters do not exceed the Materiality Threshold as defined below.

3. **Materiality Threshold**

The Board has agreed on the following guidelines for assessing the materiality of matters:

Materiality – Quantitative

Balance sheet items

Balance sheet items are material if they have a value of more than 10% of pro-forma net asset.

Profit and loss items

Profit and loss items are material if they will have an impact on the current year operating result of 10% or more.

Materiality – Qualitative

Items are also material if:

- (a) they impact on the reputation of the Company;
- (b) they involve a breach of legislation;
- (c) they are outside the ordinary course of business;
- (d) they could affect the Company's rights to its assets;
- (e) if accumulated they would trigger the quantitative tests;

- (f) they involve a contingent liability that would have a probable effect of 10% or more on balance sheet or profit and loss items; or
- (g) they will have an effect on operations which is likely to result in an increase or decrease in net income or dividend distribution of more than 10%.

Material Contracts

Contracts will be considered material if:

- (a) they are outside the ordinary course of business;
- (b) they contain exceptionally onerous provisions in the opinion of the Board;
- (c) they impact on income or distribution in excess of the quantitative tests;
- (d) there is a likelihood that either party will default, and the default may trigger any of the quantitative tests;
- (e) they are essential to the activities of the Company and cannot be replaced, or cannot be replaced without an increase in cost of such a quantum, triggering any of the quantitative tests;
- (f) they contain or trigger change of control provisions;
- (g) they are between or for the benefit of related parties; or
- (h) they otherwise trigger the quantitative tests.

Any matter which falls within the above guidelines is a matter which triggers the materiality threshold ("**Materiality Threshold**").

4. The Chairperson

The chairperson is responsible for leadership of the Board, for the efficient organisation and conduct of the Board's function and for the briefing of all directors in relation to issues arising at Board meetings. The chairperson is also responsible for shareholder communication and arranging Board performance evaluation.

A position description for the non-executive Chairman has been formulated and is available on the Company's website.

5. Independent Directors

It is a priority of the Board to achieve an appropriate balance between independent and non-independent representation on the Board. In making this determination, the Board takes into account the required skills and experience required, in the context of the Company's operations and activities from time to time. In determining whether or not the directors are independent, the Board applies the criteria as set out in the ASX Principles of Good Corporate Governance and Best Practice Recommendations.

The independent directors, along with all directors, are responsible for the reviewing and challenging executive performance. They are also responsible for contributing to the development of strategy.

Independent directors may hold meetings at which non-independent directors and management are not in attendance and are encouraged to do so at least annually and otherwise as required.

Position descriptions for independent directors and the committee chairman have been formulated and are available on the Company's website.

6. The Managing Director

The Managing Director is responsible for running the affairs of the Company under delegated authority from the Board and to implement the policies and strategy set by the Board. In carrying out his/her responsibilities the Managing Director must report to the Board in a timely manner and ensure all reports to the Board present a true and fair view of the Company's financial condition and operational results.

A position description for the Managing Director has been formulated and is available on the Company's website.

7. Role and Responsibility of Management

The role of management is to support the Managing Director and implement the running of the general operations and financial business of the Company, in accordance with the delegated authority of the Board.

Management is responsible for reporting all matters which fall within the Materiality Threshold at first instance to the Managing Director or, if the matter concerns the Managing Director, then directly to the chairperson or the lead independent director, as appropriate.

A position description for the Company Secretary has been formulated and is available on the Company's website.

Date of Adoption: 18 August 2005, replacing Board Charter adopted on 16 June 2004.



PALADIN ENERGY LTD

ACN 061 681 098

IMPORTANT INFORMATION FOR SHAREHOLDERS

15 October 2010

Dear Shareholder

Members' Statement Greenhouse Gas Emissions Reporting

By letter dated 13 September 2010, a group of Paladin Energy Ltd shareholders, calling themselves the "Climate Advocacy Paladin Energy shareholders group" ("the Group"), gave notice that the Group proposed to move a resolution at the Annual General Meeting in the form set out in the **enclosed** "s249P Member Statement" ("Members' Statement"), ("Proposed Resolution").

The Group comprises 109 shareholders in total, holding 135 shares each. The assumption made by your Directors is that the Group has acquired shares in your Company predominantly for the purpose the subject of their 13 September 2010 letter, rather than for investment purposes. In my view, this is an entirely improper purported use of their rights as shareholders of your Company.

The Board considers that the Proposed Resolution is not a matter properly to be raised at a general meeting of members, because it impinges on the Board's exclusive authority to manage the business of the Company.

Accordingly, the Proposed Resolution has not been included in the Notice of Annual General Meeting and will not be put to shareholders at the Annual General Meeting. However, your Directors have decided to circulate the Members' Statement and I will allow a reasonable opportunity for shareholders to ask questions or make comments about it at the Annual General Meeting.

Your Directors would like to address some of the comments made by the Group in the Members' Statement:

1. Australian legislation, namely the National Greenhouse Emissions Reporting Act 2007 ("NGER"), is already in place to deal with reporting of greenhouse gas emissions for the Company's Australian operations. Emissions from Paladin's Australian activities are well below the threshold levels currently requiring the Company to report under NGER.
2. In respect of the Company's African operations, no reporting legislation currently exists.
3. As described in our recent Annual Report, Paladin is in the process of assessing monitoring, measurement and reporting methodologies to determine how CO₂ emissions would best be reported. It should be noted that Paladin's first mine only commenced production in 2007. Both Paladin mines are still being developed and expanded, and that adequate time is needed to ensure an accurate and useful reporting regime is identified and implemented.
4. The Members' Statement refers to an estimate by Trucost Plc based on 2008 data that Paladin's emissions per A\$ million of revenue, are over 6 times the average for ASX 200 companies. We are not aware of how Trucost Plc derived the estimate of emissions, given as mentioned above Paladin's operations remain at an early stage and the Company has not completed gathering data. Moreover, due to Paladin's start-up production status for the 2008 period, revenue was low relative to the level of on-ground activity. The very basis therefore upon which the Group targeted Paladin as "the 3rd most carbon intensive ASX 200 company using 2008 data" is misconceived.

5. Given that NGER applies, it is in your Directors' view not appropriate, in the absence of specific requirements in the Corporations Act, for shareholders to dictate such matters to the Board.
6. Your Directors consider that the Proposed Resolution seeks to impose a reporting obligation on your Company in an inappropriate format, in an inappropriate manner and at a premature time. We do not consider that it is in the interests of the Company and all shareholders for such a resolution to be put.
7. Finally, as shareholders will be aware, Paladin produces uranium oxide, being the fuel source for nuclear power plants. The life cycle greenhouse gas emissions of nuclear energy are significantly lower than for coal and gas energy technologies and compare favourably to renewable energy technologies (source: University of Sydney cited in UMPNER Task Force, 2006). Although it is the aim of the Company to minimise its greenhouse gas emissions in line with the mining industry generally, shareholders will appreciate that Paladin is already substantially contributing to the reduction of the world's reliance on high greenhouse gas emitting electricity generating sources.

Yours faithfully

A handwritten signature in black ink, appearing to read 'Rick Crabb', written in a cursive style.

RICK CRABB B Juris (Hons), LLB, MBA, FAICD
Chairman

**Climate Advocacy Paladin shareholder groups
s 249P Member Statement**

13 September 2010

"The Earth's climate has changed. The global average surface temperature has increased over the last century and many other associated changes have been observed. The available evidence implies that greenhouse gas emissions from human activities are the main cause. It is expected that, if greenhouse gas emissions continue at business-as-usual rates, global temperatures will further increase significantly over the coming century and beyond."¹

There is growing international consensus regarding the need to regulate and price greenhouse gas emissions and there is a risk that significant costs will be imposed on emissions-intensive business operations.

A number of countries including the European Union countries have introduced emission trading schemes. It appears probable over the next decade, that many more countries will introduce some form of carbon emissions regulation or pricing.

The International Energy Agency has estimated that to stabilise the concentration of greenhouse gas emissions in the atmosphere at 450 parts per million the price of carbon emissions in industrialised countries will reach US\$50 per tonne in 2020 rising to US\$110 by 2030 (and US\$65 per tonne in other major economies).² This level of concentration is consistent with limiting the increase in global temperatures to 2°C - a goal recognised under the Copenhagen Accord.³

Putting a price on carbon emissions will bring significant economic and financial benefit to most countries, industries and companies. However, some carbon intensive industries and companies may suffer significant losses.⁴

Trucost Plc is a UK based provider of information about the carbon footprint of organisations. Paladin Energy (our Company) was estimated by Trucost to be the 3rd most carbon intensive ASX 200 company using 2008 data, with estimated emissions exceeding 2,500 tonnes of carbon dioxide equivalent (CO₂-e) per \$A million of revenue (over six times the ASX 200 average).⁵ If this estimate is correct it means our Company may be highly exposed to carbon costs that are anticipated to be introduced both domestically and globally as governments seek to implement regulations to limit and reduce greenhouse gas emissions.

As far as we are aware, our Company does not currently disclose its carbon footprint or provide details on how it is managing climate change risks in its annual Director's Report or elsewhere. In our view it should. Disclosure of such information is becoming a pre-requisite for many investors in emissions-intensive industries as potential carbon liabilities have an increasing influence on company valuations. Institutional investors in particular are increasingly interested in integrating environmental, social and governance (ESG) research into their investment decisions with approximately half of the funds under management of Australian asset managers now falling under the United Nations' Principles for Responsible Investment (PRI, the Principles) commitments to ESG integration.⁶ These investors are committed to seeking appropriate disclosure of ESG issues (such as the impact of carbon regulation and pricing) into company annual reports.

¹ *The Science of Climate Change: Questions and Answers* (Australian Academy of Science, August 2010)

² *World Energy Outlook 2009* (International Energy Agency, 2009)

³ Copenhagen Accord, 18 December 2009

⁴ Climate Change Justice, Posner, E. A. & Weisbach, D, (Princeton University Press, 2010) page 20 and Chapter 8

⁵ *VicSuper Carbon Count 2009* (VicSuper/Trucost, 2009)

⁶ *Responsible Investment 2009* (Responsible Investment Association of Australasia, 2009)

In our view our Company should disclose, at reasonable cost, its carbon footprint and provide details on how it is managing climate change related risks. The resolution does not require any proprietary information to be disclosed. We recommend use of a standardised reporting protocol such as that used worldwide by the Carbon Disclosure Project.

The Carbon Disclosure Project is an annual survey on behalf of 534 institutional investors holding US\$64 trillion in assets under management - the largest coalition of institutional investors in the world. Our Company has previously been invited to participate in the Carbon Disclosure Project. Its response to the 2008 survey indicated that it intended to respond in due course. However, the Carbon Disclosure Project website lists our Company as declining to participate in the 2009 survey.

We are keen to ensure that our Company is positioned to prosper in the transition to a low-carbon economy. We invite other shareholders to vote in support of the following resolution we propose to move at the forthcoming AGM.

This resolution has been lodged with the PRI Clearinghouse and the Interfaith Center on Corporate Responsibility.

Resolution

Therefore, be it resolved:

“That, shareholders consider that the annual director's report should include:

- a) a description of the level and composition of, and recent trends in, our company's greenhouse gas emissions; and
- b) a description of our company wide policies and management systems utilised to manage the risks posed by both climate change and the actions of governments to regulate or price greenhouse gas emissions,

so that the members can make a better informed assessment of the operations of our company and our company's business strategies and its prospects for future financial years, these descriptions to be prepared at reasonable cost, to omit proprietary information and to use a standardised reporting protocol such as that used worldwide by the Carbon Disclosure Project - CDP.”



PALADIN ENERGY LIMITED
ACN 061 681 098

All correspondence to:
Paladin Energy Ltd
PO Box 201
Subiaco 6904 Western Australia
Telephone +618 9381 4366
Facsimile +618 9381 4978
www.paladinenergy.com.au



Mark this box with an 'X' if you have made any changes to your address details (see reverse)

Name: _____

Address: _____

Appointment of Proxy

I/We being a member/s of Paladin Energy Ltd and entitled to attend and vote hereby appoint



the Chairman
of the Meeting
(mark with an 'X')

OR

Write here the name of the person you are appointing if this person **is someone other than** the Chairman of the Meeting

or failing the person named, or if no person is named, the Chairman of the Meeting, as my/our proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, as the proxy sees fit) at the General Meeting of Paladin Energy Ltd to be held at the Royal Perth Yacht Club, Australia II Drive, Crawley, Western Australia 6009, on Thursday, 25 November 2010 at 10:00am WDT (Western Daylight Time) and at any adjournment of that meeting.

Voting directions to your proxy - please mark



to indicate your directions

	For	Abstain*	Against
Item 1 Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 2 Re-election of Director – R Crabb	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 3 Election of Director – P Donkin	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 4 Election of Director – P Baily	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

* If you mark the Abstain box for a particular item, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

PLEASE SIGN HERE This section *must* be signed in accordance with the instructions overleaf to enable your directions to be implemented.

Individual or Securityholder 1

**Sole Director and
Sole Company Secretary**

Securityholder 2

Director

Securityholder 3

Director/Company Secretary

Contact Name

Contact Daytime Telephone

____ / ____ / ____
Date

HOW TO COMPLETE THE PROXY FORM

1 Your Name and Address

This is your name and address as it appears on the Company's share register. If this information is incorrect, please mark the box and make the correction on the form. Securityholders sponsored by a broker should advise their broker of any changes. **Please note, you cannot change ownership of your securities using this form.**

2 Appointment of a Proxy

If you wish to appoint the Chairman of the Meeting as your proxy, mark the box. If the person you wish to appoint as your proxy is someone other than the Chairman of the Meeting please write the name of that person. If you leave this section blank, or your named proxy does not attend the meeting, the Chairman of the Meeting will be your proxy. A proxy need not be a securityholder of the company. The Chairman intends to vote in favour of resolutions for which no voting indication has been given.

3 Votes on Items of Business

You may direct your proxy how to vote by placing a mark in one of the boxes opposite each item of business. All your securities will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of securities you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on a given item, your proxy may vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid.

4 Appointment of a Second Proxy

You are entitled to appoint up to two persons as proxies to attend the meeting and vote on a poll. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by telephoning the Company's share registry or you may copy this form.

To appoint a second proxy you must:

- (a) on each of the first Proxy Form and the second Proxy Form state the percentage of your voting rights or number of securities applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded.
- (b) return both forms together in the same envelope.

5 Signing Instructions

You must sign this form as follows in the spaces provided:

Individual: where the holding is in one name, the holder must sign.

Joint Holding: where the holding is in more than one name, all of the securityholders should sign.

Power of Attorney: to sign under Power of Attorney, you must have already lodged this document with the registry. If you have not previously lodged this document for notation, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please indicate the office held by signing in the appropriate place.

If a representative of the corporation is to attend the meeting the appropriate "Certificate of Appointment of Corporate Representative" should be produced prior to admission. A form of the certificate may be obtained from the Company's share registry.

6 Lodgement of a Proxy and Deadline for Receipt of Proxy

This Proxy Form (and any Power of Attorney under which it is signed) must be received at an address given below not later than 23 November 2010 at 10:00am WDT. Any Proxy Form received after that time will not be valid for the scheduled meeting.

Documents may be lodged by post, delivery or facsimile to:

The Registered Office of Paladin Energy Ltd

or

Computershare Investor Services Pty Ltd

Level 4
502 Hay Street
Subiaco Western Australia 6008
or PO Box 201
Subiaco WA 6904
or by facsimile to fax number +61 8 9381 4978

GPO Box 242 Melbourne
Victoria 3001 Australia
or by facsimile to fax number:
(Within Australia) 1800 783 447
(Outside Australia) +61 3 9415 4823