

PALADIN ENERGY LTD

ACN 061 681 098

NOTICE OF ANNUAL GENERAL MEETING

PROXY FORM

AND

MANAGEMENT INFORMATION CIRCULAR

Date of Meeting

Thursday, 22 November 2012

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 22 November 2012 at 10:00am WST 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 2012, 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 2012."

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

Voting Exclusion

In accordance with Section 250R of the Corporations Act, a vote on this Resolution must not be cast by, or on behalf of, a member of the Key Management Personnel (KMP) whose remuneration details are included in the Remuneration Report, or a Closely Related Party of such member. However, a vote may be cast by such person if:

- (a) the person is acting as proxy and the proxy form specifies how the proxy is to vote, and the vote is not cast on behalf of a person who is otherwise excluded from voting on this Resolution as described above; or
- (b) the person is the Chair voting an undirected proxy which expressly authorises the Chair to vote the proxy on a resolution connected with the remuneration of a member of the KMP.

What this means for security holders: If you intend to appoint a member of the KMP (such as one of the directors) as your proxy, please ensure that you direct them how to vote on this resolution. If you intend to appoint the Chair of the meeting as your proxy, you can direct him how to vote by marking the boxes for Resolution 1, or you can choose not to mark any of the boxes and give the Chair your express authority to vote your undirected proxy (in which case the Chair will vote in favour of this item of business).

Resolution 2 – Re-election of Director

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

"That Mr Donald Shumka be re-elected as a Director".

Resolution 3 – Re-election of Director

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

"That Mr Peter Donkin be re-elected as a Director".

Resolution 4 – Employee Performance Share Rights Plan

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

"That, for the purposes of Listing Rule 7.2, Exception 9, as an exception to Listing Rule 7.1, and for the purposes of section 613 of the TSX Company Manual, and for all other purposes, the Shareholders approve the performance share rights plan for employees (including Directors) of the Company known as the "Paladin Energy Ltd Employee Performance Share Rights Plan" and the grant of Share Rights and the issue of Ordinary Shares under such Plan, which Plan is summarised in the Management Information Circular accompanying the notice of the 2012 annual general meeting of the Company, until 22 November 2015."

Voting Exclusions

The Company will, in accordance with Listing Rule 7.2 Exception 9 of the Listing Rules of the ASX and to comply with TSX requirements, disregard any votes cast on Resolution 4 by anybody, including insiders of the Company, who may participate in the Paladin Energy Ltd Employee Performance Share Rights Plan or any associate of anybody, including insiders of the Company, who may participate in such Plan. However, the Company need not disregard a vote if:

- (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (b) it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

Resolution 5 – Contractor Performance Share Rights Plan

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

"That, for the purposes of section 613 of the TSX Company Manual, and for all other purposes, the Shareholders approve the performance share rights plan for contractors of the Company known as the "Paladin Energy Ltd Contractor Performance Share Rights Plan" and the grant of Share Rights and the issue of Ordinary Shares under such Plan, which Plan is summarised in the Management Information Circular accompanying the notice of the 2012 annual general meeting of the Company, until 22 November 2015."

Voting Exclusions

The Company will, in accordance with Listing Rule 7.2 Exception 9 of the Listing Rules of the ASX and to comply with TSX requirements, disregard any votes cast on Resolution 5 by anybody, including insiders of the Company, who may participate in the Paladin Energy Ltd Contractor Performance Share Rights Plan or any associate of anybody, including insiders of the Company, who may participate in such Plan. However, the Company need not disregard a vote if:

- (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (b) it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

Resolution 6 – Ratification of Issue of Securities

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

"That, for the purposes of Listing Rule 7.4 of the Listing Rules of the ASX and for all other purposes, the Company ratifies the allotment and issue of US\$247,000,000 of Convertible Bonds by the Company to Australian and international institutional and professional investors, as more fully described in the Management Information Circular accompanying the Notice of General Meeting."

Voting Exclusion

The Company will disregard any votes cast on this Resolution 6 by any person who participated in the issue or any associate of that person. However, the Company need not disregard a vote if:

- (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (b) it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

Resolution 7 – Renewal of the Company's Proportional Takeover Approval Provisions

To consider and, if thought fit, to pass, with or without amendment, the following resolution as a **special resolution**:

"That, for the purposes of section 648G of the Corporations Act and all other purposes, the Company renews its proportional takeover approval provisions as set out in clause 32 of the constitution of the Company, for a period of three years commencing on the day this resolution is passed."

For the purpose of this Notice of Meeting, Management Information Circular and Resolutions 1 to 7:

"**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;

"**EST**" means Canadian Eastern Standard Time;

"**Group**" or "**Paladin Group**" means Paladin and its subsidiaries taken as a whole;

"**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

"**WST**" means Australian Western Standard 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 large, stylized flourish at the end.

Gillian Swaby

Company Secretary

Dated: 11 October 2012

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.

For Shareholders on the Australian register, proxies must be delivered prior to 10:00am WST on Tuesday, 20 November 2012 to:

Computershare Investor Services Pty Limited

GPO Box 242
Melbourne VICTORIA 3001
AUSTRALIA

Or Facsimile:
Australia: 1800 783 447
Overseas: +61 3 9473 2555

For Shareholders on the Canadian register, proxies must be delivered prior to 10:00am EST on Tuesday, 20 November 2012 to:

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

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 WST on Tuesday, 20 November 2012 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, 12 October 2012.

If you cannot attend the meeting in person, you are encouraged to date, sign and deliver the accompanying proxy and return it in accordance with the instructions set out above under the heading 'Proxies'. Information in relation to proxy voting is set out in the following documentation.

DATED at Perth, Western Australia, on 11 October 2012.

MANAGEMENT INFORMATION CIRCULAR

11 October 2012

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, 22 November 2012, and any adjournments thereof, at the time and place and for the purposes set forth in the accompanying Notice. Unless otherwise noted, information contained herein is provided as at 11 October 2012.

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.** For Shareholders on the Australian register, proxies must be delivered prior to 10:00am WST on Tuesday, 20 November 2012 to:

Computershare Investor Services Pty Limited

GPO Box 242
Melbourne VICTORIA 3001
AUSTRALIA

Or Facsimile:
Australia: 1 800 783 447
Overseas: +61 3 9473 2555

For Shareholders on the Canadian register, proxies must be delivered prior to 10:00am EST on Tuesday, 20 November 2012 to:

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 2012, the issued and outstanding capital of the Company consists of 836,825,651 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 5:00pm WST on Tuesday, 20 November 2012 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, 12 October 2012.

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.

TEN PERCENT SHAREHOLDERS

To the knowledge of the Company's Directors and executive officers, no person or company beneficially owns, or controls or directs, directly or indirectly, voting securities carrying 10 per cent or more of the voting rights attached to any class of voting securities of the Company.

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 Meeting.

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 2012.

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 2012 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.

Voting exclusions apply to this resolution as specified in the Notice of Meeting and the Proxy Form.

The Chairman of the Meeting intends to vote all available proxies in favour of adoption of the Remuneration Report, subject to any instructions of the Shareholder to the contrary included in the proxy.

Resolution 2 – Re-election of Director

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 Shumka, therefore, retires from office in accordance with this requirement and submits himself for re-election.

Mr Shumka is a Vancouver based Corporate Director with more than 40 years' experience in financial roles. From 2004 to 2011, he was President and Managing Director of Walden Management, a consulting firm specialising in natural resources. From 1989 to 2004, he was Managing Director, Investment Banking with CIBC World Markets and Raymond James Ltd. Prior to 1989, Mr Shumka was Vice President, Finance and Chief Financial Officer of West Fraser Timber Co. Ltd., one of Canada's largest forest products companies. He holds a Bachelor of Arts Degree in Economics from the University of British Columbia and a Master of Business Administration Degree from Harvard University. Mr Shumka is also a director of Eldorado Gold Corp. (since May 2005), Alterra Energy Corp. (since March 2008), Lumina Copper Corp. (since January 2009) and Anfield Nickel Corp. (since December 2010).

Mr Shumka was appointed to the Paladin Board on 9 July 2007.

Resolution 3 – Re-election of Director

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 Donkin, therefore, retires from office in accordance with this requirement and submits himself for re-election.

Mr Donkin has over 30 years' experience in finance, including 20 years arranging finance in the mining sector. Prior to leaving in early 2010 he was the Managing Director of the Mining Finance Division of Société Générale in Australia, having worked for that bank for 21 years in both their Sydney and London offices. Prior to that he was with the corporate and international banking division of the Royal Bank of Canada. His experience has involved arranging transactions for mining companies, both in Australia and internationally in a wide variety of financial products, including project finance, corporate finance, acquisition finance, export finance and early stage investment capital. Mr Donkin holds a Bachelor of Economics degree and a Bachelor of Law degree from the University of Sydney. He is a director of Allegiance Coal Ltd (since June 2010) and was previously a director of Sphere Minerals Ltd (from March 2010 to November 2010).

Mr Donkin was appointed to the Paladin Board on 1 July 2010.

Information in respect of Messrs Shumka and Donkin, who are seeking re- 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) and Percentage of outstanding Shares	Committee Membership
Rick Wayne Crabb Western Australia, Australia (will seek re-election November 2013)	Chairman (27 March 2003 to present – 9 years); Non-executive Director (8 February 1994 to present)	Chairman: Paladin Energy Ltd (uranium supply and production) (2003 to present)	4,881,528 (0.58%)	Remuneration Nomination Sustainability
Sean Reveille Llewelyn Queensland, Australia	Non-executive Director (12 April 2005 to present – 7 years)	Investor	100,000 (0.01%)	Audit Nomination (Chair) Remuneration (Chair)
Donald Myron Shumka British Columbia, Canada (will seek re-election November 2012)	Non-executive Director (9 July 2007 to present – 5 years)	Managing Director: Walden Management Ltd, (financial consulting firm) (2004 to 2011) Corporate Director (2011 to present)	100,000 (0.01%)	Audit (Chair) Nomination Remuneration
John Borshoff Western Australia, Australia (not required to seek re-election)	Managing Director/CEO (24 September 1993 to present – 19 years)	Managing Director/CEO: Paladin Energy Ltd (uranium supply and production) (24 September 1993 to present)	21,877,394 (2.62%)	Nomination Sustainability
Peter Mark Donkin New South Wales, Australia (will seek re-election November 2012)	Non-executive Director (1 July 2010 to present – 2 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)	15,000 (0.00%)	Audit
Philip Albert Baily New South Wales, Australia (will seek re-election November 2013)	Non-executive Director (1 October 2010 to present – 2 years)	Metallurgical Consultant (2005 to 2010) Corporate Director (2010 to present)	12,000 (0.00%)	Sustainability (Chair)

Cease Trade Orders, Bankruptcies, Penalties

No director proposed for election

- (a) is, as at the date hereof, or has been, within 10 years before the date hereof, a director, chief executive officer or chief financial officer of any company (including the Company) that,
 - (i) was subject to an order that was issued while the proposed director was acting in the capacity as director, chief executive officer or chief financial officer; or
 - (ii) was subject to an order that was issued after the proposed director ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer; or
- (b) is, as at the date hereof, or has been within 10 years before the date hereof, a director or executive officer of any company (including the Company) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets, state the fact; or
- (c) has, within the 10 years before the date hereof, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the proposed director.

In addition, no proposed director has been subject to

- (a) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or
- (b) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable securityholder in deciding whether to vote for a proposed director.

For the purposes of this section, "order" means (a) a cease trade order; (b) an order similar to a cease trade order; or (c) an order that denied the relevant company access to any exemption under securities legislation, in any case that was in effect for a period of more than 30 consecutive days.

Approval of Performance Share Rights Plans

Resolution 4 – Employee Performance Share Rights Plan

Resolution 5 – Contractor Performance Share Rights Plan

Further to the Listing Rules and the TSX Company Manual shareholder approval of the Performance Share Rights Plans is required to be renewed every 3 years.

On 20 August 2009, and following approval of the Shareholders on 25 November 2009 as required by the Listing Rules and the TSX Company Manual, the Board adopted a performance share rights plan for employees (including Directors) of the Company known as the "Paladin Energy Ltd Employee Performance Share Rights Plan" (the "Employee Plan") and a performance share rights plan for contractors of the Company known as the "Paladin Energy Ltd Contractor Performance Share Rights Plan" (the "Contractor Plan") (together, the Employee Plan and the Contractor Plan are called the "Plans"). The Plans provide for the issuance of performance share rights ("Share Rights") which, upon a determination by the Board that the performance conditions attached to the Share Rights have been met, are convertible into Ordinary Shares. The Employee Plan replaced the previous Employee Share Option Plan (adopted by the Shareholders at

the Annual General Meeting held on 21 November 2006) ("Option Plan") and was designed to increase the motivation of staff and create a stronger link between increasing Shareholder value and employee reward.

The Option Plan expired on 21 November 2009, 3 years after the date it was adopted by Shareholders, and all existing but unallocated entitlements under the Option Plan have been cancelled, although existing entitlements granted under the Option Plan will continue in place in accordance with their terms and the terms and conditions of the Option Plan.

Additionally, the Company wishes to exempt issues of securities under the Employee Plan from contributing towards the rolling annual limit of 15% of issued Ordinary Shares prescribed by Listing Rule 7.1. This limit otherwise applies to all new issues of equity securities made without Shareholder approval. Shareholder approval of the Employee Plan is therefore sought under Listing Rule 7.2, Exception 9, whereby the Shareholders may approve in advance the issue of securities made under the plan as an exception to the limit under Listing Rule 7.1. Shareholder approval of both Plans is also required pursuant to the TSX Company Manual.

3,561,782 securities have been issued under the Plans since they were approved by Shareholders on 25 November 2009.

Further information about the Plans is set out below. A copy of the full terms and conditions of the Plans can be obtained by contacting the Company (see Availability of Documents).

Participation

Carefully designed, performance linked, equity plans are widely considered to be very effective in providing long-term incentives to staff. As well, they are used to attract and retain staff by providing them with the opportunity to participate in the creation of a valuable personal asset – a financial stake in the Company.

As part of the Company's strategy, the Board wishes to be in a position to issue Share Rights under the Employee Plan to employees (including Directors) and under the Contractor Plan to eligible contractors, to achieve the objectives outlined above. A Share Right is a right to be issued an Ordinary Share upon satisfaction of certain performance conditions that are attached to the Share Right, as determined by the Board. In accordance with the requirements of the Listing Rules, prior Shareholder approval will be required before any Director or related party of the Company can participate in the Plans.

Performance Conditions

The Board is cognisant of general Shareholder concern that long-term equity based reward for staff should be linked to the achievement by the Company of a performance condition. Share Rights granted under the Plans to eligible participants will be subject to performance conditions as determined by the Board from time to time. These performance conditions must be satisfied in order for the Share Rights to vest. Upon Share Rights vesting, Ordinary Shares are immediately issuable.

The Employee Plan and the Contractor Plan differ only in respect of the class of individuals who are eligible for participation. The main features of the Plans are summarised as follows:

- **Eligible Participants:** The eligible participants under the Employee Plan are full time employees and permanent part-time employees (including Directors) of the Company and its subsidiaries. The eligible participants under the Contractor Plan are the contractors engaged by the Company and its subsidiaries.
- **Limits on Entitlements and Existing Entitlements:** The Plans have a fixed maximum percentage of Ordinary Shares that are issuable under the Plans. The maximum number of Ordinary Shares that are issuable under each Plan, when combined with (a) the number of Ordinary Shares that are issuable under any other employee incentive scheme of the Company (including the Paladin Energy Incentive

Plan adopted 21 November 2006) but excluding the Ordinary Shares that are issuable under the other Plan; and (b) the number of Ordinary Shares issued during the previous five years pursuant to the Plans or any other employee incentive scheme of the Company; but *disregarding* any offer made, or Share Rights acquired or Ordinary Shares issued by way of or as a result of: (i) an offer to a person situated at the time of receipt of the offer outside Australia; or (ii) an offer that did not need disclosure to investors because of section 708 of the Corporations Act; or (iii) an offer made under a disclosure document, must not exceed 5% of the total number of issued Ordinary Shares. As of the date of this Management Information Circular, 8,295,905 Ordinary Shares (being 0.99% of the Company's current issued and outstanding Ordinary Shares) are issuable pursuant to entitlements granted under the Option Plan and the Share Rights Plans. The Option Plan expired on 21 November 2009 and all existing but unallocated entitlements under the Option Plan were cancelled, although existing entitlements granted under the Option Plan will continue in place in accordance with their terms and the terms and conditions of the Option Plan. On that basis, given that there are currently 836,825,651 Ordinary Shares outstanding, the maximum number combined (or aggregate) of Ordinary Shares that may be issued under both Plans totals 81,431,236 Ordinary Shares.

- **No Limits:** The Plans do not set out a maximum number of Ordinary Shares that may be made issuable to any one person or company and do not specify a maximum percentage of Ordinary Shares available to insiders of the Company.
- **Consideration Payable:** No amount is payable in connection with the grant of a Share Right. Upon Share Rights vesting under the Plan, Ordinary Shares may be issued for no consideration, or the Board may, at the time of grant, in its discretion, specify an amount payable for the issuance of Ordinary Shares as a performance condition attached to a Share Right, which amount may not be below the market price of the Company's Ordinary Shares. The market price will be calculated pursuant to the TSX Company Manual, and will generally be the volume weighted average trading price of the Shares for the five days preceding the date of the Offer on the stock exchange upon which the majority of the trading volume and trading value of the Shares occurred for such period.
- **Vesting:** The Share Rights issued under each Plan and the performance conditions that must be satisfied in order for the Share Rights to vest, at which time the Company is then obliged to issue a specified number of Ordinary Shares to the participant, are established by the Board and expressed in a written offer (the "Offer") made by the Company to the eligible participant which, subject to acceptance by the eligible participant within a specified period, is then subject to re-affirmation by the Board. The performance conditions may include one or more of work performance of a minimum period of time, achievement of specific performance objectives by the participant and/or by the Company, payment of consideration for the issuance of Ordinary Shares, as described above or such other performance objectives as the Board may determine and set out in the Offer. Except for a performance condition that involves only the passage of a minimum period of time or the payment of money, the Board determines whether performance conditions have been met and Share Rights therefore have vested. Upon Share Rights becoming vested, the Company shall issue Ordinary Shares to the participant, without any further action being required on the part of the participant.
- **Term & Lapse:** Share Rights have a term of seven years, or such other term as the Board may determine in its absolute discretion and specify in the Offer, but not exceeding 10 years, and are subject to lapsing if performance conditions are not met by the relevant measurement date or expiry date (if no other measurement date is specified) or if employment is terminated for cause or in circumstances other than as described in the next paragraph. If a contractor is terminated for any reason, the contractor's Share Rights which have not vested will lapse.

- **Termination of Employment or Contractor Relationship: Retirement, Disability, Redundancy or Death:** Under the Employee Plan, upon the retirement, total and permanent disability, redundancy or death of a participant, as defined in the Employee Plan, performance conditions will be deemed to have been satisfied or waived and Ordinary Shares shall be issued, except a performance condition that requires the payment of money must be satisfied by the earliest to occur of 6 months from the date of retirement, disability, redundancy or death, such longer period as the Board may determine and the original expiry time of the Share Rights in order for the Share Rights to vest and Ordinary Shares to be issued. Under the Employee Plan, upon termination of employment of a participant for cause or for any reason other than retirement, disability, redundancy or death, all Share Rights held by the participant will immediately and automatically lapse. Under the Contractor Plan, if at any time prior to the expiry of Share Rights the contractor dies, the contractor's legal personal representative shall be entitled to receive the Share Rights and exercise any rights in respect of the Share Rights that may exist. In all other cases of termination of contractor relationship, the Contractor Plan provides that all Share Rights that have not vested will immediately lapse. Under either Plan, where termination of employment or contractor relationship is due to resignation by the participant, the effective date of termination is deemed to be when the participant gives notice of resignation and that notice is accepted.
- **Blackout Periods:** Share Rights do not vest, and Ordinary Shares may not be issued, under the Plans during a blackout period determined in accordance with the Company's policy for trading in Company securities. Any Share Rights that vest during a blackout period will be deemed to have vested immediately after termination of the blackout period.
- **Assignment:** Without approval of the Board, Share Rights may not be transferred, assigned or novated, except upon death, a participant's legal personal representative may elect to be registered as the new holder of such Share Rights and exercise any rights in respect of them.
- **Takeover Bid or Change of Control:** All Share Rights automatically vest in the event of (i) a takeover bid, (ii) a change of control of the Company, or (iii) approval by the court of a merger by way of scheme of arrangement, except that if Share Rights require the payment of an amount in order to vest and Ordinary Shares to be issued and the amount is not paid within a notice period provided by the Company, such Share Rights will lapse at 5.00 pm Perth, Western Australia, time on the last day of the notice period.
- **Alteration in Share Capital:** The Board is empowered to make, without being required to seek shareholder approval, appropriate adjustments to Share Rights in the event of a variation of the share capital of the Company.
- **Amendment:** Subject to the requirements of any regulatory body having authority over the Company, the Plan or the Shareholders, and in particular, any restrictions or procedural requirements relating to the amendment of the terms and conditions of an employee incentive scheme imposed by the ASX Listing Rules or the amendment of a security based compensation arrangement imposed by the TSX Company Manual, the Board may exercise its discretion (i) in accordance with the provisions of the Plans, which exercise shall not be taken to be an amendment that requires Shareholder approval, or (ii) to correct any internal inconsistencies, grammar, spelling or punctuation without Shareholder approval. The ASX Listing Rules and the TSX Company Manual generally require that all other amendments must be approved by the Shareholders and the votes of insiders who benefit from the Plan being amended, and any other person who benefits from the Plan being amended and such person's associates, must be excluded.
- **Suspension or Termination:** The Board may suspend or terminate either or both of the Plans at any time, without notice, but the suspension or termination will not affect any existing grants of Share Rights already made.

In accordance with the requirements of Listing Rule 7.2 Exception 9(b) and for the purposes of the TSX, the following information is provided:

- (a) the terms of the Plans have been summarised within this Management Information Circular;
- (b) 3,561,782 securities have been issued under the Plans since they were approved by Shareholders on 25 November 2009 representing 0.43% of the issued and outstanding Ordinary Shares; and
- (c) a voting exclusion statement has been included for the purposes of Resolution 4 and Resolution 5.

Resolution 6 – Ratification of Issue of Securities

ASX Listing Rule 7.4 permits the ratification of previous issues of securities made without prior Shareholder approval, provided the issue did not breach the 15% threshold set by Listing Rule 7.1. The effect of such ratification is to restore a company's maximum discretionary power to issue further securities constituting up to 15% of the issued capital of the Company without requiring shareholder approval.

On 30 May 2012 the Company issued US\$274,000,000 of Convertible Bonds due 30 April 2017 to Australian and international institutional and professional investors of the Joint Bookrunners and Joint Lead Managers, Barclays Bank PLC, Royal Bank of Canada and UBS AG, Australia Branch.

The proceeds from the issue were used in part to fund Paladin's concurrent tender offer to acquire up to US\$200M (or such higher amount as it determines in its absolute discretion) of its US\$325M issue of convertible bonds due in March 2013 (**2013 Bonds**), with any amount not applied to the Tender Offer being utilised to strengthen the Company's balance sheet and pursue future growth opportunities. The final amount applied to the tender offer totalled US\$191,000,000.

Terms of the Convertible Bonds

The Convertible Bonds carry a coupon of 6.00% per annum payable semi-annually in arrear and are convertible into Paladin shares at an initial conversion price of US\$2.190 per share, representing a conversion premium of approximately 25% above the reference price of Paladin shares at the time of pricing (C\$1.739 at close of trading on TSX on 20 April 2012 or US\$1.752/A\$1.690 based on exchange rates at the time of fixing the reference price).

Unless previously redeemed, purchased or cancelled, the Convertible Bonds will be redeemed at par on 30 April 2017. Paladin has the right to redeem all outstanding Convertible Bonds at their principal amount plus accrued interest in certain circumstances including, on or after 14 May 2015, if the Paladin share price, translated into US dollars at the prevailing exchange rate, exceeds for a specified period of time 130% of the conversion price.

Resolution 6 has been included so that Shareholders may approve and ratify pursuant to Listing Rule 7.4 the issue of a total of US\$274,000,000 Convertible Bonds. The Convertible Bonds are convertible into Shares at the Bondholder's election at an initial conversion price of US\$2.19 per Share (subject to certain adjustments). Based on this, the maximum number of Shares that may be issued on conversion is 125,114,155 (subject to any adjustments).

Resolution 7 – Renewal of the Company's Proportional Takeover Approval Provisions

The Company's constitution currently contains provisions dealing with proportional takeover bids for the Company's Shares in accordance with the *Corporations Act 2001*. The provisions are designed to assist Shareholders to receive proper value for their Shares if a proportional takeover bid is made for the Company. Under the *Corporations Act 2001*, the provisions must be renewed every three years or they will cease to have effect. The current provisions will automatically cease to have effect after 24 November 2012 unless renewed by the proposed special resolution. If renewed, the proposed proportional takeover provisions will be in exactly the same terms as the existing provisions and will have effect until 21 November

2015. The *Corporations Act 2001* requires that the following information be provided to Shareholders when they are considering the inclusion of proportional takeover provisions in a constitution.

Effect

A proportional takeover bid is one where the offer made to each Shareholder is only for a proportion of that Shareholder's Shares. If a proportional takeover bid is made, Directors must hold a meeting of the Shareholders of the class of Shares being bid for to consider whether or not to approve the bid. A resolution approving the bid must be voted on before the 14th day before the end of the bid period. The resolution will be passed if more than 50% of votes are cast in favour of the approval. The bidder and its associates are not allowed to vote on the resolution. If no such resolution is voted on by that deadline, a resolution approving the bid is taken to have been passed.

If a resolution to approve the bid is rejected, binding acceptances are required to be rescinded, and all unaccepted offers and offers failing to result in binding contracts are taken to have been withdrawn.

If the bid is approved or taken to have been approved, the transfers resulting from the bid may be registered provided they comply with other provisions of the *Corporations Act 2001* and the Company's constitution. The proportional takeover provisions do not apply to full takeover bids.

Reasons

Without the proportional takeover approval provisions, a proportional takeover bid may enable control of the Company to pass without members having the opportunity to sell all their Shares to the bidder. Shareholders may be exposed to the risk of being left as a minority in the Company and the risk of the bidder being able to acquire control of the Company without payment of an adequate control premium for their Shares.

The proposed proportional takeover provisions lessen this risk because they allow Shareholders to decide whether a proportional takeover bid is acceptable and should be permitted to proceed.

No knowledge of any acquisition proposals

At the date of this notice, no Director of the Company is aware of any proposal by any person to acquire, or to increase the extent of, a substantial interest in the Company.

Review of proportional takeover approval provisions

The *Corporations Act 2001* requires that members be given a statement which retrospectively examines the advantages and disadvantages, for Directors and members, of the proportional takeover provisions proposed to be renewed. Such a statement follows.

While the proportional takeover approval provisions have been in effect in clause 32 of the constitution of the Company, there have been no takeover bids for the Company, either proportional or otherwise. Accordingly, there are no actual examples against which to review the advantages or disadvantages of the existing proportional takeover provisions (that is, clause 32 of the existing constitution) for the Directors and members of the Company. The Directors are not aware of any potential takeover bid that was discouraged by clause 32.

Potential advantages and disadvantages

As well as a retrospective review of the provisions proposed to be renewed, the *Corporations Act 2001* requires that Shareholders be given a statement of the potential future advantages and disadvantages of the provisions. The Directors of the Company consider that the proposed renewal of the proportional

takeover approval provisions has no potential advantages or potential disadvantages for Directors because they remain free to make a recommendation on whether a proportional takeover bid should be approved.

The potential advantages of the proposed proportional takeover provisions for members are:

- (a) they give Shareholders their say in determining by majority vote whether a proportional takeover bid should proceed;
- (b) they may assist Shareholders in not being locked in as a relatively powerless minority;
- (c) they increase Shareholders' bargaining power and may assist in ensuring that any proportional bid is adequately priced; and
- (d) knowing the view of the majority of Shareholders assists each individual Shareholder in assessing the likely outcome of the proportional takeover bid and whether to approve or reject that offer.

Some potential disadvantages to members of the Company are:

- (a) it is a hurdle and may discourage the making of proportional takeover bids in respect of the Company;
- (b) this hurdle may depress the Share price or deny Shareholders an opportunity of selling their Shares at a premium; and
- (c) it may reduce the likelihood of a proportional takeover being successful.

However, the Directors do not perceive those or any other possible disadvantages as justification for not renewing the proportional takeover provisions for a further three years.

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 each of whose total compensation exceeds C\$150,000 per annum.

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.

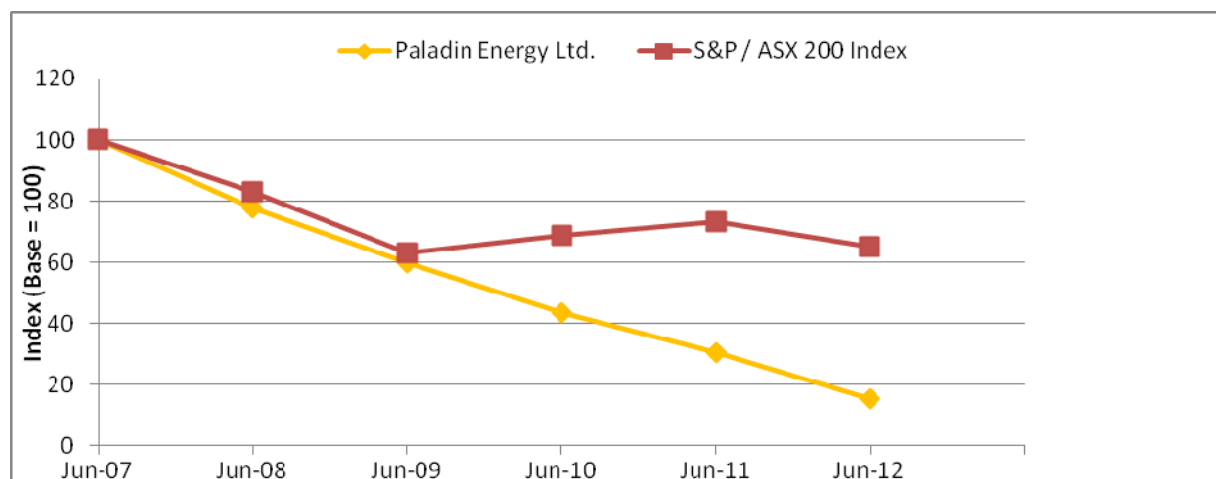
The overall level of compensation takes into account the Company's earnings and growth in shareholder wealth of the Company. Consideration of the Company's earnings will be more relevant as the Company matures and becomes profitable. The Performance Graph below compares, assuming an initial investment

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 overall level of compensation takes into account the Company's earnings and growth in shareholder wealth of the Company together with the achievement of strategic goals. Consideration of the Company's earnings will be more relevant as the Company matures from its development and consolidation phase to profitability.

The Board is cognisant of general shareholder concern that long-term equity-based remuneration be linked to Company performance and growth in shareholder value. The Share Rights plan addresses this with performance conditions including reference to Earnings per Share (EPS), Total Shareholder Return (TSR) and Market Price conditions. A review of the performance conditions is currently in process to determine the appropriateness to the business. This is considered in more detail further in this report.

The chart 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.



	30 June 2008	30 June 2009	30 June 2010	30 June 2011	30 June 2012
Paladin Energy Ltd	A\$78	A\$60	A\$43	A\$31	A\$15
S&P/ASX 200 Index	A\$83	A\$63	A\$69	A\$73	A\$65
EPS	US\$(0.06)	US\$(0.78)	US\$(0.08)	US\$(0.11)	US\$(0.21)

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 2012, significant advances were made in developing the asset base of the Company. 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.

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
Fixed Remuneration	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.
Variable Performance Linked Remuneration ("at risk" remuneration)	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.
	Retention programme	A limited number of individuals with specific skills, expertise and experience that the Company requires to achieve its aggressive goals over coming years participate in a retention bonus programme that provides for a cash award at the end of the three year retention period (see discussion, below, under "Retention Programme").

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 resource sector continues to grow, and given an even narrower sector of uranium expertise, a key to attracting and retaining talent is to maintain 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 and becoming an employer of choice. The Company did not engage remuneration consultants, however it subscribes to a number of remuneration surveys and reports including Boardroom Remuneration Review (Connect 4), GRG Resources KMP Remuneration Guide (Godfrey Remuneration Group Pty Ltd), The Resource Report (CRA Plan Managers Pty Ltd) and the AIM National Salary Survey (Australian Institute of Management). The Company also takes into consideration the annual Executive and Board Remuneration Report produced by Ernst & Young.

During the past year, salaries, as a general rule, were increased in accordance with the movements of the CPI only (as for the previous year), other than in cases where there was a role change or an anomalous situation relevant to labour market conditions. For Australian employees this amounted to 3.1%. For foreign operations, any CPI adjustment was relative to that country.

By way of comparison, salaries in the mining industry in Australia increased on average 5.75%. Whilst the level of increase was below the average, Paladin's long-term incentive scheme which operates through all levels provides an additional component of remuneration.

Variable Remuneration

Short-term Incentives

The Company provides short-term incentives comprising a cash bonus to Executives 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. Bonuses in 2011 were paid in only very limited circumstances across the Group rewarding only those personnel who demonstrated exceptional performance and contribution having regard to continuing poor uranium prices and delays in the ramp-up of KM. Bonuses totalled A\$404,421 (US\$417,054) for the year against a total of A\$1,009,000 (US\$1,040,517) for the prior year. All cash bonuses granted have been paid during the year.

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 Key Management Personnel and individual Executives 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 Incentives

The Company believes that encouraging its employees to become shareholders is the best way of aligning their interests with those of its shareholders.

In 2009, 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 Rights Plan).

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

As the approval is only valid for a 3 year period, shareholders will be asked to re-approve the adoption of the Rights Plans at the 2012 AGM.

As a consequence of adopting the Rights Plans, no further grants will be made under the previous Executive Share Option Plan with the last option grant made on 24 June 2009. It was determined that this plan had a number of limitations and did not provide an appropriate incentive.

The Rights Plans are long-term incentive plans 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. They are 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 Rights Plan are subject to certain vesting and performance conditions as determined by the Board from time to time. The Company does not offer any loan facilities to assist in the purchase of shares by employees.

The Executive Share Option Plan (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. The 5% limit includes incentive grants, under all plans, made in the previous 5 years (with certain exclusions under the Australian Corporate Legislation). As at the date of this Management Information Circular 8,295,905 Ordinary Shares are issuable pursuant to entitlements granted under the EXSOP and Share Rights Plans. As detailed above and in accordance with the rules of the incentive plans, the maximum number of Ordinary Shares that may be issued under future grants pursuant to the EXSOP and Share Rights Plans is 81,431,236 Ordinary Shares.

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

Vesting and Performance Conditions

The Share Rights issued in April 2012 and those from previous grants are subject to a range of vesting and performance conditions:

Proportion of Share Rights to which performance hurdle applies	Vesting and Performance Condition
10%	Time based – must remain in employ for 1 year from date of grant
15%	Time based – must remain in employ for 2 years from date of grant
25%	Time based – must remain in employ for 3 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

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. No Share Rights were granted to Mr J Borshoff during the year ended 30 June 2012.

The performance conditions of all share rights granted to Managing Director/CEO 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 vesting conditions 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. A review is currently underway to consider whether the various performance conditions, other than time based vesting, are the most appropriate for the Group. It is likely that, in future, performance measures related more to internal hurdles that support the Group's strategic objectives may be adopted.

Details of the various vesting and performance conditions follow:

<p>Time-based Vesting</p> <p>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. Such benefits also assist in recruitment of suitably qualified personnel in a market place where both mining, and more particularly uranium experience, are in particularly short supply. Paladin competes in the global recruitment market and must offer competitive benefits to be successful and attract quality candidates. The available talent pool with uranium expertise is both small and internationally focussed and competition is high for quality personnel. Costs for replacement of personnel and the hidden costs of disruption to the business can be substantial. This vesting criteria does not apply to the Managing Director/CEO.</p>
<p>Total Shareholder Return (TSR)</p> <p>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 steel companies and any companies that pay a dividend during any year of the performance period.</p> <p>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 the ASX and the majority of share trading takes place in that market, the peer group set out above is the most appropriate. This also reflects the Group's competitors for capital and talent.</p> <p>Relative TSR is independent of market conditions and is considered a more relevant measure of management performance in terms of value delivered to shareholders over the medium to long-term.</p>
<p>50% of the Share Rights granted to the Managing Director/CEO will vest based on the Company's Relative TSR.</p> <p>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).</p> <p>The base and stretch targets for the TSR performance condition are as follows:</p>

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 50th 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

Market Price Performance (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. As part of the mix of performance conditions this provides a market based performance measure. The base price for each grant is detailed in the table on the following page.

This does not apply to the Managing Director/CEO.

Earnings Per Share (EPS)

EPS is determined by dividing the operating profit or loss attributable to members of Paladin Group by the weighted average number of ordinary shares outstanding during the financial year. In the event that EPS is negative (representing a loss per share) a reduction of the loss per share is, for this purpose, treated as a growth in EPS. Growth in EPS will be measured by comparing the EPS in the base year (being the full financial year ending prior to the date of grant) and the measurement year. 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 Share Rights that may vest if the EPS hurdle is met
Less than 10% pa	0% of the Share Rights subject to the EPS condition
At 10% pa	50% of the Share Rights subject to the EPS condition
More than 10% pa but less than 20% pa	Pro rated vesting between 51% and 99% of the Share Rights subject to the EPS condition
At 20% pa or greater	100% of the Share Rights subject to the EPS condition

Shares Acquired Under the 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. The Remuneration Committee considers that this is appropriate given that shareholders (or a majority thereof) would have collectively elected to accept a change of control event. Moreover the number of Share Rights relative to total issued shares is not significant and thus are not considered a disincentive to a potential bidder.

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.

Balance of Share Rights at 30 June 2012

Date rights granted	Vesting date	Vesting performance conditions	Number
26 March 2010	26 March 2013	TSR	*150,000
26 March 2010	26 March 2013	EPS	*150,000
26 March 2010	1 September 2012	Time based	759,850
26 March 2010	1 September 2012	TSR	607,880
26 March 2010	1 September 2012	Market Price (base price A\$3.82)	911,820
5 November 2010	5 November 2013	TSR	*250,000
5 November 2010	5 November 2013	EPS	*250,000
5 November 2010	1 September 2012	Time based	250,132
5 November 2010	1 September 2013	Time based	416,888
5 November 2010	1 September 2013	TSR	333,510
5 November 2010	1 September 2013	Market price (base price A\$3.62)	500,265
15 February 2011	15 February 2013	Time based	154,633
15 February 2011	15 February 2014	Time based	185,504
2 April 2012	1 September 2012	Time based	189,540
2 April 2012	1 September 2013	Time based	284,310
2 April 2012	31 December 2013	Time based	20,000
2 April 2012	1 September 2014	Time based	523,850
2 April 2012	1 September 2014	TSR	379,080
2 April 2012	1 September 2014	Market price (base price A\$1.94)	568,620
Total			6,885,882

* Managing Director/CEO grant

In summary, this balance represents 0.82% of the issued capital whilst the proportion of time based Share Rights represents 0.33%.

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.

Executive Share Option Plan

Prior to the implementation of the Share Rights Plan, the EXSOP was the basis for the long-term incentive remuneration, approved by shareholders in November 2006. Grants under this plan ceased in June 2009.

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 is measured by comparing the Company's TSR (share price appreciation plus dividends reinvested) with a group of peer companies. The Company has chosen relative TSR, or how a company performs relative to its peers, as it believes that this is the most effective measure of the Company's performance and long-term shareholder value creation. 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 to allow for the effect of market factors beyond the individual's control.

In assessing whether the TSR hurdle for each grant has been met, the Group receives independent data from an external advisor, who provides both the Group's TSR growth from the commencement of each grant and that of the pre-selected peer group. The peer group chosen for comparison is the mining companies in the S&P/ASX200 Index at the date of grant. This peer group reflects the Group's competitors for capital and talent.

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; and
- when Paladin is ranked below the 50th percentile the share options will not vest.

When a participant ceases employment prior to the vesting of their share options, the share options are cancelled 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.

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 last options granted to any NEO were granted in January 2008. 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%.

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.

A summary of the options remaining on issue under the EXSOP at 30 June 2012 is set out below:

Number of Options	Exercise Price A\$	Expiry Date
3,013,849	4.50	29 January 2013
203,820	5.37	15 February 2013
249,660	4.59	18 April 2013
750,000	2.54	14 October 2013*
Total	4,217,329	

* Subject to retesting on 14 October 2012

3,041,746 options that could no longer vest were cancelled on 29 June 2012. These options were out of the money and had no intrinsic value at cancellation date.

Retention Programme

As a component of the strategy for retention of key personnel, certain executives and staff participate in a retention bonus programme. Participation extends to a limited number of selected individuals that have been identified as possessing the requisite skills, expertise and experience in the uranium sector and those with specialist corporate and commercial skills that the Company requires to achieve its aggressive goals over coming years. This initiative is driven by a desire to retain the intellectual property pool considered necessary to ensure the continued success of the Company. The programme entitles the participants to receive a cash award at the end of the three year retention period. In the event employment is terminated for any of retirement, disablement, redundancy or death, after the first anniversary one third will be payable and after the second anniversary two thirds will be payable. The cash award varies between 50 and 100% of the average annual salary over the 3 year period. The first grant under this programme was on 1 July 2010 (payment date 1 July 2013) with a second on 1 January 2012 (payment date 1 January 2015). No proportion of these bonuses vested or were paid in the financial year ended 30 June 2012 (30 June 2011: US\$Nil). Garry Korte resigned with effect from 24 May 2012 and forfeited 100% of his retention bonus.

In addition, from time to time, the Board will make specific grants of share rights subject only to time vesting as part of the Company's retention strategy for key individuals. This has proved to be an important tool when seeking to fill senior management roles.

Remuneration Committee

The Remuneration Committee is charged with assisting the Board by reviewing and making appropriate recommendations on remuneration packages for the Managing Director/CEO, Non-executive Directors and senior executives. In addition, it makes recommendations on long-term incentive plans and associated performance hurdles together with the quantum of grants made, taking into account both the individual's and the Company's performance.

The Remuneration Committee, chaired by Mr Sean Llewelyn, held three meetings during the year. Messrs Crabb and Shumka are also Committee members, all three members being independent Non-executive Directors. The Managing Director/CEO is invited to attend those meetings which consider the remuneration strategy of the Group and recommendations in relation to senior executives.

No Committee member had direct executive compensation experience however all members have extensive corporate and business experience. To assist in the determination of appropriate remuneration structures, Paladin participates in an annual industry salary survey which provides benchmarking for each

position in the Company and 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 and becoming an employer of choice. The Company did not engage remuneration consultants, however it subscribes to a number of remuneration surveys and reports including Boardroom Remuneration Review (Connect 4), GRG Resources KMP Remuneration Guide (Godfrey Remuneration Group Pty Ltd), The Resource Report (CRA Plan Managers Pty Ltd) and the AIM National Salary Survey (Australian Institute of Management). The Company also takes into consideration the annual Executive and Board Remuneration Report produced by Ernst & Young.

Summary Compensation Table

The following table sets out total compensation for the financial year ending 30 June 2012 for the NEOs:

Name and principal position (a)	Year (b)	Salary (US\$) (c)	Share-based awards ⁴ (US\$) (d)	Annual incentive plan ⁶ (US\$) (f1)	Retention Bonus (US\$) (f2)	Super-annuation (US\$) (g)	All other compensation (US\$) (h)	Total compensation (US\$) (i)
John Borshoff (Managing Director/CEO)	June 2012	\$1,830,000 ¹¹	Nil	Nil	Nil	\$15,268	Nil	\$1,846,268
	June 2011	\$1,987,000	\$1,879,000 ³	\$231,000 ¹⁰	Nil	\$14,973 ⁵	Nil	\$4,111,973
	June 2010	\$1,669,000	\$949,000 ³	Nil	Nil	\$12,724	Nil	\$3,140,724
Dustin Garrow (Executive General Manager – Marketing)	June 2012	\$714,000 ¹¹	\$88,000	Nil	\$281,000	Nil	Nil	\$1,083,000
	June 2011	\$651,000	\$294,000 ³	\$71,000 ¹⁰	\$146,000 ⁹	Nil	Nil	\$1,162,000
	June 2010	\$607,000	\$577,000 ³	\$58,000 ¹⁰	Nil	Nil	Nil	\$1,242,000
Gillian Swaby ¹ (Company Secretary/Acting Chief Financial Officer)	June 2012	\$571,000	\$83,000	Nil	\$239,000	Nil	Nil	\$893,000
	June 2011	\$512,000 ⁸	\$1,952,000 ³	\$49,000 ¹⁰	\$144,000 ⁹	Nil	Nil	\$2,657,000
Mark Chalmers (Executive General Manager – Production)	June 2012	\$520,000 ¹¹	\$205,000	\$31,000	\$81,000	\$16,268	\$63,000 ¹²	\$917,268
Garry Korte ² (Chief Financial Officer)	June 2012	\$496,000	Nil	\$31,000	N/A	\$16,268	N/A	\$543,268
	June 2011	\$438,000	\$184,000 ³	\$54,000 ¹⁰	\$95,000 ⁹	\$14,973 ⁵	\$95,000 ⁹	\$785,973
	June 2010	\$232,000	\$260,000 ³	Nil	N/A	\$9,679	N/A	\$501,679
Mark Barnaba ¹ (Strategic Advisor)	June 2012	\$291,000	Nil	\$242,000	N/A	\$11,831	N/A	\$544,831
	June 2011	\$478,000	\$2,192,000 ³	Nil	N/A	\$14,973 ⁵	\$296,000 ⁷	\$2,980,973

For the Australian dollar salaries of Messrs. Borshoff, Korte and Barnaba and Ms. Swaby and for all other figures in US\$ in the above table originally received in Australian dollars during the FY2011, these were converted on 30 June 2012 using the average exchange rate for 2012 financial year of US\$1 = A\$0.96971 sourced from the website oanda.com. Salaries are stated in US\$ because the Company's reporting and functional currency is US\$.

¹ Became NEO during financial year 2011. M Barnaba became a NEO 1 July 2010 and ceased employment on 31 December 2011.

² Appointed on 2 November 2009. Resigned 24 May 2012.

³ Subject to a range of vesting and performance conditions from 01/09/2011 to 15/02/2014 (see pages 15 to 18 for further details).

⁴ 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. These particular valuation models were chosen because they are industry standards and are therefore useful for comparative purposes. The following table lists the inputs to the model used for the years ended 30 June 2012 and 30 June 2011:

	2012	2011
Dividend yield (%)	Nil	Nil
Expected volatility (%)	53%	39%

Risk-free interest rate (%) **3.6%** 4.9%

The expected volatility was determined using an historical sample of 1 years historic data.

This represents the maximum contribution of A\$15,775.

See page 22 for details on short term incentives.

Commencement fee and deferred remuneration.

Represents fees paid for company secretarial services to a company of which Ms G Swaby is a director and shareholder.

The amount that is deemed to have accrued in this financial year and required to be recognised in the financial statements.

Annual cash bonus.

Includes accrued annual leave.

Living away from home allowance.

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\$16,470. 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 2012 for each NEO.

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)
John Borshoff	657,000	A\$4.50	29/01/2013	N/A	800,000	Nil
Dustin Garrow	139,915	A\$4.50	29/01/2013	N/A	282,000	Nil
Gillian Swaby	136,018	A\$4.50	29/01/2013	N/A	460,667	Nil
Mark Chalmers	Nil	N/A	N/A	N/A	125,000	Nil
Garry Korte	Nil	N/A	N/A	N/A	Nil	Nil
Mark Barnaba	Nil	N/A	N/A	N/A	Nil	N/A

Incentive Plan Awards – Value Vested or Earned During the Year

Name	Option-based awards – Value vested during the year (US\$)	Share-based awards – Value vested during the year (US\$)	Non-equity incentive plan compensation – Value earned during the year (\$)
(a)	(b)	(c)	(d)
John Borshoff	Nil	Nil	Nil
Dustin Garrow	Nil	79,550 ¹	281,000
Gillian Swaby	Nil	255,091 ^{1,2}	239,000

Name (a)	Option-based awards – Value vested during the year (US\$) (b)	Share-based awards – Value vested during the year (US\$) (c)	Non-equity incentive plan compensation – Value earned during the year (\$) (d)
Mark Chalmers	Nil	Nil	112,000
Garry Korte	Nil	38,728 ¹	31,000
Mark Barnaba	Nil	Nil	242,000

¹ Closing market price A\$2.03 as at vesting date (1 September 2011) used for valuation.

² Closing market price A\$1.665 as at vesting date (15 February 2012) used for valuation.

³ Exchange rate used is average for year US\$1 = A\$0.96971

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\$2,044,244. There was no increase with effect from 1 January 2012. Base salary was voluntarily reduced by 25% to A\$1,533,600 from 1 December 2011 to 30 November 2012 (which he later extended to 30 June 2013).
- 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.

Estimated incremental payments upon involuntary termination without cause at 30 June 2012

The following table sets forth the estimated incremental payments that would have been required to have been made to each NEO had such individual been terminated without just cause on 30 June 2012.

Name	Termination Benefit US\$ ¹	Value of Options US\$ ¹	Value of Share Rights US\$ ¹	Retention Bonus US\$ ¹	Total US\$ ¹
John Borshoff	4,216,155	Nil ²	1,031,236 ³	N/A	5,247,391
Dustin Garrow	Nil	Nil ²	363,511 ³	427,959 ⁵	791,470
Gillian Swaby	Nil	Nil ²	Nil ⁴	356,969 ⁵	356,969
Mark Chalmers	Nil	N/A	161,131	172,646	333,777
Garry Korte**	Nil	N/A	N/A	N/A	Nil

Name	Termination Benefit US\$ ¹	Value of Options US\$ ¹	Value of Share Rights US\$ ¹	Retention Bonus US\$ ¹	Total US\$ ¹
Mark Barnaba*	Nil	N/A	N/A	N/A	Nil

¹ Amounts would be payable in A\$, and have been translated into US\$ using an average exchange rate for year of US\$ = A\$0.96971.

² All unvested options automatically lapse upon termination. All vested options are exercisable for a 3 month period. The options outstanding have an exercise price of A\$4.50, as at 30 June 2012 the closing share price was A\$1.25.

³ Under the Employee Plan, upon the retirement, total and permanent disability, redundancy or death of a participant, as defined in the Employee Plan, performance conditions will be deemed to have been satisfied or waived and Ordinary Shares shall be issued. The value shown has been calculated using the closing share price as at 30 June 2012 of A\$1.25.

⁴ If a contractor is terminated for any reason, the contractor's Share Rights which have not vested will lapse.

⁵ The programme entitles the participants to receive a cash award at the end of the three year retention period ending on 1 July 2013. In the event employment is terminated for any of retirement, disablement, redundancy or death, after 1 July 2011 one third will be payable and after 1 July 2012, two thirds will be payable.

* Mark Barnaba ceased employment with effect from 31 December 2011.

** Garry Korte ceased employment with effect from 24 May 2012.

Estimated incremental payments upon change of control as at 30 June 2012

The following table sets forth the estimated incremental payments that would have been required to have been made to each NEO if such individual would have been entitled to terminate his employment in the event of a change of control on 30 June 2012.

Name	Termination Benefit US\$ ¹	Value of Options US\$ ¹	Value of Share Rights US\$ ¹	Retention Bonus US\$ ¹	Total US\$ ¹
John Borshoff	4,216,155	Nil ²	1,031,236 ³	N/A	5,247,391
Dustin Garrow	Nil	Nil ²	363,511 ³	427,959 ⁴	791,470
Gillian Swaby	Nil	Nil ²	593,821 ³	356,969 ⁴	950,790
Mark Chalmers	Nil	N/A	161,131	172,646	333,777
Garry Korte**	Nil	N/A	N/A	N/A	Nil
Mark Barnaba*	Nil	N/A	N/A	N/A	Nil

¹ Amounts would be payable in A\$, and have been translated into US\$ using an average exchange rate for year of US\$ = A\$0.96971.

² In the event that a takeover offer is made to the shareholders of the Company to acquire their Shares and the Board becomes aware that more than 50% of the issued Shares have or will become vested in the offeror and related and associated parties, then the Board shall notify each Participant in writing that all Options issued to the Participant may be exercised by the Participant with effect from the date of such notice and shall be exercisable by a date specified in the notice. Upon receipt of such notice, the Participant shall be entitled to exercise all or any of the Options. The options outstanding have an exercise price of A\$4.50, as at 30 June 2012 the closing share price was A\$1.25.

³ In the event of a change of control of the Company (i.e. where a third party unconditionally acquires more than 50% of the Company or upon a merger by scheme of arrangement), all performance conditions will be deemed to have been satisfied and the Share Rights will vest. The value shown has been calculated using the closing share price as at 30 June 2012 of A\$1.25.

⁴ The programme entitles the participants to receive a cash award at the end of the three year retention period ending on 1 July 2013. In the event employment is terminated for any of retirement, disablement, redundancy or death, after 1 July 2011 one third will be payable and after 1 July 2012, two thirds will be payable.

⁵ The programme entitles the participants to receive a cash award at the end of the three year retention period ending on 1 January 2015. In the event employment is terminated for any of retirement, disablement, redundancy or death, after 1 January 2013 one third will be payable and after 1 January 2014, two thirds will be payable.

^{*} Mark Barnaba ceased employment with effect from 31 December 2011.

^{**} Garry Korte ceased employment with effect from 24 May 2012.

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. For the calendar year 2011 no bonus was awarded. Matters to be considered as key outcomes for the calendar year 2012 when considering payment of a bonus to J Borshoff fall within the following parameters which the Board considers best capture the essential elements for increasing shareholder returns:

	Factor	Indicative Weighting
1	Production and financial performance meeting or exceeding expectations.	35%
2	Sustainability matters achieving expectations.	20%
3	Organic and inorganic growth progressing in accordance with strategy.	30%
4	Organisational factors meeting expectations.	5%
5	Other factors at the discretion of the Remuneration Committee	10%

The Remuneration Committee may, in its discretion, vary the fee weighting to account for unusual/unexpected events or outcomes during the year. Any bonus payable, relating to the 2012 financial year, would be paid out in CY2013.

Compensation of the NEOs

Named Executive Officer	Base Salary Increase (Decrease)	Base Salary at 1 January 2012	Percent Increase (Decrease)
John Borshoff	(A\$510,644)	A\$1,533,600	(25%)
Dustin Garrow	US\$19,260	US\$683,385	2.9%
Gillian Swaby	A\$27,000	A\$567,000 ¹	5%
Mark Chalmers	A\$24,500	A\$514,500	5%
Garry Korte	Nil	A\$503,500	0%
Mark Barnaba	N/A	N/A	-

¹ Represents fees paid for company secretarial services to a company of which Ms G Swaby is a director and shareholder.

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\$166,000 per annum each, effective 1 January 2012, inclusive of any superannuation obligations. Exceptions to this fee structure are the Chairman of the Audit Committee who receives an additional A\$21,000 per annum, and the Chairman of the Board who receives an additional A\$172,000 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 approve compensation for such Director in respect of 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 2012 comprised the following:-

Name and Principal Position (a)	Fees (A\$) (b)	Superannuation (A\$) (f)	Total (A\$) (h)
Rick Crabb (Non-Executive Chairman)	322,224	15,775	338,000
Sean Llewelyn (Non-Executive Director)	152,660	13,739	166,400
Donald Shumka (Non-Executive Director)	187,200	-	187,200
Peter Donkin (Non-Executive Director)	152,660	13,739	166,400
Philip Baily (Non-Executive Director)	152,660	13,739	166,400

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. Mr Borshoff does not receive any amounts solely in his capacity as a director of the Company.

SECURITIES AUTHORISED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

Equity Compensation Plan Information

The following table summarises relevant information as of 30 June 2012 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	Weighted average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a) (c))
	(a)	(b)	
Executive Share Option Plan approved by security holders	4,217,329	A\$4.36	81,431,236
Employee Performance Share Rights Plan approved by security holders	6,038,215	Nil	
Contractor Performance Share Rights Plan approved by security holders	847,667	Nil	
Equity compensation plans not approved by security holders	Nil	Nil	
Total	11,103,211	A\$4.36	

Indebtedness of Directors and Executive Officers

As at the date hereof, 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 the date hereof 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. For information regarding the Company's Audit Committee, please refer to the Company's Annual Information Form for the year ended June 30, 2012 under the heading "Audit Committee", available on SEDAR at www.sedar.com. The full text of the Audit Committee's charter is attached hereto as Schedule "B".

CORPORATE GOVERNANCE ADDENDUM

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

Board of Directors

Directors are expected to bring independent views and judgement to the Board's deliberations. A majority of the Board is considered to be independent as all of the Non-executive Directors, including the Chairman, are independent. John Borshoff is not independent as he is an executive officer of the Company. In considering whether a Director is independent, the Board has regard to the independence criteria set out in the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations, Canadian National Instrument 52-110 – Audit Committees, and other facts, information and circumstances that the Board considers relevant.

The Chairman of the Board is responsible for the management, development and effective functioning of the Board of Directors and provides leadership in every aspect of its work. The responsibilities of the Chairman include: (i) ensuring the board has the opportunity to meet separately without management present at all meetings; (ii) thinking, acting and voting independently from the Managing Director/CEO and other members of the Board; (iii) facilitating effective communication between Non-executive Directors and management, both inside and outside of Board meetings; (iv) retaining expert advisers on behalf of the Board when needed; and (v) in consultation with management, determining the dates and locations of meetings of the Board, Committees and shareholders.

Other Directorships

Name of Director	Other Directorships	Appointed
Mr Rick Crabb	Chairman of Ashburton Minerals Ltd Chairman of Golden Rim Resources Limited Chairman of Otto Energy Ltd	September 1999 August 2001 November 2004
Mr John Borshoff	Nil	
Mr Sean Llewelyn	Nil	
Mr Donald Shumka	Director of Eldorado Gold Corporation Director of Alterra Energy Corporation Director of Lumina Copper Corporation Director of Anfield Nickel Corporation	May 2005 March 2008 January 2009 December 2010
Mr Peter Donkin	Director of Allegiance Coal Ltd	June 2010
Mr Philip Baily	Nil	

Directors' Meetings

The number of Directors' meetings and meetings of committees held in the year ended 30 June 2012 and the number of meetings attended by each Director during that period were:

Name	Board of Directors		Audit Committee		Remuneration Committee		Sustainability 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	17	17	-	-	3	3	2	2
Mr John Borshoff	16	17	-	-	-	-	2	2
Mr Sean Llewelyn	17	17	4	4	3	3	-	-
Mr Donald Shumka	17	17	4	4	3	3	-	-
Mr Peter Donkin	16	17	4	4	-	-	-	-
Mr Philip Baily	17	17	-	-	-	-	2	2

Of the above Board meetings, only 4 were face to face with the remainder held via electronic means. The Board meeting schedule also includes a scheduled conference call mid quarter between the face to face meetings. Non-executive Directors meet together without the Managing Director/CEO and management being present, prior to each of the four principal Board meetings.

17 Board meetings were held. By way of reference, an independent survey by CRA Plan Manager Pty Ltd states the average number of board meetings is 11 for small companies and around 21 for larger companies.

Board Mandate

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

Position Descriptions

The Board has developed and adopted written position descriptions for the Non-executive Chairman of the Board, the Chairman of each Board Committee, the Managing Director/CEO and the Company Secretary.

These delineate the role and responsibility of each position and provide clarity on the expectations for those individuals occupying these key positions within the Company.

Orientation and Continuing Education

New Directors appointed to the Board are invited to participate in an induction programme which includes provision of comprehensive written material regarding the Company such as:

- information on the financial, strategic and operational position of the Company;
- a comprehensive letter of appointment which sets out the Company's expectations on acceptance of the position;
- a written statement which sets out the duties, rights and responsibilities they undertake on becoming a Director together with material detailing the operations, policies and practices of the Company; and
- access to previous Board papers together with recent Annual Reports and interim financial statements.

Furthermore, new Directors are invited to attend briefing sessions with the Managing Director/CEO and key members of the senior management team where they may ask questions and direct any queries they may have to the Chairman and/or the Managing Director/CEO or obtain any other briefings they feel necessary from the Chairman and/or the Managing Director/CEO. They are encouraged to attend site visits in liaison with the Managing Director/CEO, at appropriate times. Directors agree to participate in continuous improvement programmes from time to time, as considered appropriate.

Ethical Business Conduct

The Board has approved a Code of Conduct for Directors (incorporating underlying Guidelines for the Interpretation of Principles) together with a Code of Business Conduct and Ethics, which applies to all Directors, officers and employees including those employed by subsidiaries, in all countries where Paladin does business. A copy of the Code is available on the Company's website.

These Codes demonstrate and codify Paladin's commitment to appropriate and ethical corporate practices. Compliance with the Codes will also assist the Company to effectively manage its operating risks and meet its legal and compliance obligations, as well as enhancing Paladin's corporate reputation.

The principles outlined in this document are intended to:

- establish a minimum global standard of conduct by which all Paladin employees are expected to abide;
- protect the business interests of Paladin, its employees and customers;
- maintain Paladin's reputation for integrity; and
- facilitate compliance by Paladin employees with applicable legal and regulatory obligations.

The Code of Business Conduct and Ethics addresses honesty and integrity, following the law, conflicts of interest, confidentiality, protection of Company assets, dealing with public officials, responsibility for international operations, employment practices, record keeping and community relations.

The Board has appointed the Company Secretary as the Company's compliance officer in the case of employees, and the Chairman of the Audit Committee in the case of Directors and officers, as the person responsible for receiving reports of breaches of the Code and this is the mechanism by which compliance with the Code is monitored.

Nomination Committee

The Nomination Committee is composed of all of the members of the Board, which includes the Managing Director/CEO and is therefore not composed entirely of independent Directors. The Committee, however, comprises 6 members and therefore the inclusion of one non-independent director is not considered to be detrimental to an objective nomination process.

The responsibilities of the Nomination Committee include:

- reviewing the size and composition of the Board and making recommendations to the Board on any appropriate changes;
- developing and planning for identifying, assessing and enhancing Director competencies;
- making recommendations on the appointment and removal of Directors;
- evaluating Board performance so that individual and collective performance is regularly and fairly assessed; and
- providing new Directors with an induction into the Company and provide all Directors with access to ongoing education relevant to their position.

Sean Llewelyn chairs the Nomination Committee.

The Chairman of the Board includes an evaluation of the Nomination Committee's effectiveness and performance within his overall Board evaluation.

Sustainability Committee

The role of the Sustainability Committee is to provide the Board with an overview of Paladin's performance in the areas of health, safety, environment, social responsibility and sustainability and to provide the Board with advice and recommendations where relevant significant incidents occur.

The responsibilities of the Committee are to:

- periodically review Paladin's policies and guidelines in the area of radiation, health, safety, environment, social responsibility and sustainability to ensure they continue to reflect the latest international standards;
- monitor Paladin's performance and the effectiveness of the implementation of the relevant guidelines and policies;
- receive and consider reports on significant accidents, environmental incidents, community concerns and breaches of Policy or system failure;
- receive and consider any major relevant internal or consultant reports;
- receive and consider relevant internal audit reports;
- review relevant external audit reports and consider their independence and effectiveness;
- obtain assurances that Paladin's operations are in compliance with all relevant legislation;
- refer matters of concern to the Board as appropriate; and
- exercise such other powers and perform such other duties and responsibilities as are incidental to the purposes, duties and responsibilities of the Committee pursuant to the Charter and as may be delegated by the Board to the Committee from time to time.

The Sustainability Committee comprises three members, the majority of whom are independent Non-executive Directors.

The current members of the Sustainability Committee are:-

- Philip Baily – Committee Chairman
Non-executive, Independent Director
- Rick Crabb
Non-executive, Independent Director, Board Chairman
- John Borshoff
Managing Director/CEO

The Sustainability Committee meets at least twice a year, with further meetings as required. At the discretion of the Chairperson, having regard to the nature of the agenda, relevant members of management and external consultants may be invited to attend meetings.

The Chairman of the Board includes an evaluation of the Sustainability Committee's effectiveness and performance within his overall Board evaluation.

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 www.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.

Dated at Perth, Western Australia, this 11th day of October, 2012.

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

BOARD CHARTER

CONTENTS

1. Applicability
2. Role of the Board
3. Powers of the Board
4. Responsibility of the Board
5. Board Composition
6. Independence of Directors
7. Board Meetings
8. Board Committees
9. Board Performance
10. Outside Directorships
11. Independent Advice
12. Codes of Conduct
13. Review

1. APPLICABILITY

This Charter applies to all Directors of Paladin Energy Ltd (Paladin).

2. ROLE OF THE BOARD

The central roles of the Board are to set the strategic direction for Paladin, to select and appoint the Managing Director/CEO and to oversee Paladin's management and its business activities.

The Board should be mindful that:

- (a) while the primary objective of Paladin is to create, and to continue to build, sustainable value for shareholders, the legitimate interests of other parties who may have an interest in or be affected by the activities of Paladin, should be taken into account; and
- (b) shareholders and other parties who may have an interest in or be affected by the activities of Paladin expect that the Directors will undertake their responsibilities with honesty, integrity, care

and diligence, in accordance with law and in a manner which reflects the highest standards of governance.

3. POWERS OF THE BOARD

3.1 In addition to matters required by law to be approved by the Board, the following powers are reserved for the Board:

- (a) appointing and, where appropriate, removing the Managing Director/CEO;
- (b) authorising the issue of any shares, options, equity instruments or other securities;
- (c) authorising expenditure in excess of discretionary limits delegated at any time to the Managing Director/CEO;
- (d) to:
 - (i) approve the strategic plan and performance objectives;
 - (ii) approve the annual budget;
 - (iii) approve and monitor the progress of major capital expenditure, capital management, and acquisitions and divestitures;
 - (iv) ratify the appointment and, where appropriate, the removal of the Chief Financial Officer and the Company Secretary;
 - (v) approve the annual, half yearly and quarterly financial statements; and
 - (vi) approve policies of Company-wide or general application,
- (e) supervise Paladin's framework of control and accountability systems to enable risk to be assessed and managed; and
- (f) ensure Paladin is properly managed, for example by:
 - (i) 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 Paladin; and
 - (ii) liaising with Paladin's external auditors and Audit Committee.

3.2 Other than as detailed in Section 3.1, the Board has delegated responsibility for the management of Paladin's business and affairs to the Managing Director/CEO.

4. RESPONSIBILITY OF THE BOARD

4.1 The Chairperson

The responsibilities of the Chairperson include:

- (a) ensuring the effective performance of, and providing leadership to, the Board;
- (b) ensuring the efficient organisation and conduct of the Board's function;

- (c) setting the agenda for Board meetings, with the Company Secretary and Managing Director/CEO;
- (d) providing counsel to the Managing Director/CEO; and
- (e) arranging regular evaluation of the performance of the Board and its Committees and of individual Directors.

A position description for the non-executive Chairperson is available on Paladin's website.

4.2 Board Responsibilities

The Board's responsibilities include:

- (a) contributing to the development of corporate strategy and corporate objectives and monitoring performance;
- (b) evaluating the performance and succession planning for the Managing Director/CEO;
- (c) encouraging a culture of ethical and responsible decision making;
- (d) review and report on diversity within the Company to include the relative proportion of women and men in the workforce at all levels of the Paladin Group;
- (e) reviewing and ratifying systems of risk management, compliance and control;
- (f) adopting a Continuous Disclosure Policy and monitoring its operation;
- (g) reviewing policies, procedures and practices employed in relation to the environment, native title, cultural heritage and occupational health and safety;
- (h) monitoring the financial performance of Paladin;
- (i) satisfying itself that appropriate mechanisms are in place for the governance of subsidiary companies; and
- (j) convening and attending general meetings of Paladin's shareholders.

4.3 Delegation to Committees

The Board may delegate responsibility for discharge of its responsibilities to Committees of the Board.

4.4 Company Secretary

The Company Secretary is responsible for ensuring that Board procedures are complied with and that governance matters are addressed.

A position description for the Company Secretary is available on Paladin's website.

5. BOARD COMPOSITION

The Board shall comprise Directors with a range of backgrounds and experience with the majority being Non-executive Directors determined by the Board to be capable of bringing independent judgement to bear on decision making.

Board composition should be reviewed annually by the Board to ensure that the Non-executive Directors between them bring the range of skills, knowledge and experience necessary to direct Paladin.

6. INDEPENDENCE OF DIRECTORS

In considering whether a Director is independent, the Board will have regard to:

- (a) the definition of an independent Director published by the Australian Securities Exchange;
- (b) the corporate governance guidelines developed by the Ontario Securities Commission;
- (c) such materiality thresholds, standards or guidelines as the Board may adopt from time to time; and
- (d) any information, facts or circumstance that the Board considers relevant.

If a Director is, or becomes aware of, any information, facts or circumstance which will, or may, affect that Director's independence, the Director must immediately disclose all relevant details in writing to the Company Secretary and Chairperson.

7. BOARD MEETINGS

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

Board and Committee papers should be provided to Directors sufficiently far in advance of the scheduled meetings to permit adequate preparation.

Board agendas should be settled by the Chairperson with the Managing Director/CEO and Company Secretary.

8. BOARD COMMITTEES

The Board may establish standing and ad hoc committees to assist it in carrying out its responsibilities. For each Committee the Board should adopt a charter setting out its role, composition, powers, responsibilities, structure, resourcing and administration.

In particular, the Board will establish and maintain as standing Committees:

- (a) Audit Committee;
- (b) Nomination Committee;
- (c) Remuneration Committee; and
- (d) Sustainability Committee.

9. BOARD PERFORMANCE

The Board will undertake an annual performance evaluation that:

- (a) reviews the performance of the Board against the requirements of this Charter;
- (b) reviews the performance of the Board Committees against the requirements of their respective charters; and
- (c) reviews the individual performances of the Chairperson, Managing Director/CEO and the Directors.

The Board, through the Nomination Committee, will determine the scope of the performance evaluation and how it is carried out, in order to achieve its objectives.

10. OUTSIDE DIRECTORSHIPS

A Non-executive Director should continually evaluate the number of Boards on which they serve to ensure that each company can be given the time and attention to detail required to properly exercise their powers and discharge their duties.

A Non-executive Director must notify the Chairperson prior to accepting an invitation to become a Director of any company.

11. INDEPENDENT ADVICE

The Board and its committees may seek advice from independent experts whenever it is considered appropriate. With the consent of the Chairman, individual Directors may seek independent professional advice, at the expense of Paladin, on any matter connected with the discharge of their responsibilities.

12. CODES OF CONDUCT

The Code of Conduct for Directors sets out the procedure to be followed if there is, or if there may be, a conflict between the personal or other interests of a Director and the business of Paladin.

13. REVIEW

The Charter will be reviewed regularly to ensure it meets best practice standards, complies with all governance principles of those stock exchanges on which it is listed and meets the requirements of Paladin and the Board.

Date updated: 29 August 2011

SCHEDULE B



PALADIN ENERGY LTD

ACN 061 681 098

AUDIT COMMITTEE CHARTER

1. Composition of the Audit Committee

The committee is to include at least three members, all independent non-executive directors. At least one member is to have significant, recent and relevant financial experience.

2. Role of the Audit Committee

The role of the Audit Committee is to:

- (a) monitor the integrity of the financial statements of Paladin Energy Ltd ('Company)', reviewing significant financial reporting judgments;
- (b) review the effectiveness of the Company's internal financial control system and, unless expressly addressed by a separate risk committee or by the Board itself, risk management systems;
- (c) monitor and review the effectiveness of the Company's internal audit function;
- (d) monitor and review the external audit function including matters concerning appointment and remuneration, independence and non-audit services,
- (e) perform such other functions as assigned by law, the Company's constitution, or the Board, and
- (f) review compliance with legal and regulatory requirements.

3. Operations

The committee meets at least once every quarter, with further meetings on an as required basis.

Minutes of all meetings of the committee are to be kept and the minutes and a report of actions taken or recommended to be given at each subsequent meeting of the full Board.

Committee meetings will be governed by the same rules, as set out in the Company constitution as they apply to the meetings of the Board.

At the discretion of the Chair, having regard to the nature of the agenda, relevant members of management and the external auditor may be invited to attend meetings.

The committee shall meet with the external auditor without management present, as required.

4. Authority and Resources

The Company is to provide the committee with sufficient resources to undertake its duties, including provision of educational information on accounting policies and other financial topics relevant to the Company, and such other relevant materials requested by the committee.

The committee will have the power to conduct or authorize investigations into any matters within the committee's scope of responsibilities. The committee will have the authority, as it deems necessary or appropriate, to retain independent legal, accounting or other advisors.

5. Reporting to the Shareholders

The directors' reports are to contain a separate section that describes the role of the committee and what action it has taken.

The chairperson of the audit committee is to be present at the annual general meeting to answer questions, through the chairperson of the Board.

6. Responsibilities

Annual responsibilities of the committee are as set out in the Audit Committee Action Points (attached).

<End>

Date of Adoption: 12 April 2005
Date of Amendment: 10 August 2007

AUDIT COMMITTEE CHARTER – ANNUAL ACTION POINTS

Financial Reporting and Internal Controls

- Review quarter, half-year and annual financial statements
- Consider management's selection of accounting policies and principles and understand the material alternatives
- Consider the external audit of the financial statements and the external auditor's report thereon
- Consider internal controls including the Company's policies and procedures to assess, monitor and manage financial risks (and other business risks if authorised)
- Review complex and unusual transactions and their effect on the financial statements
- Review Related Party Transactions and the adequacy of their disclosure in the financial statements
- Make recommendations to the Board for the appointment or, if necessary, the dismissal of the head of internal audit (if any)

Annual meeting with External Auditor

- Discuss the Company's choice of accounting policies and methods, and any recommended changes
- Discuss the adequacy and effectiveness of the Company's internal controls
- Discuss any significant findings and recommendations of the external auditor and management's response thereto
- Discuss any difficulties or disputes with management encountered during the course of the audit including any restrictions or access to required information
- Discuss significant estimates and judgements used in the preparation of the financial statements

External Auditor Engagement

- Establish/review criteria for the selection, appointment and rotation of external auditor
- Recommend to the Board to appoint and replace the external auditor and approve the terms on which the external auditor is engaged
- Establish/review permissible services that the external auditor may perform for the company and pre-approve all audit/non-audit services
- Confirm the independence of the external auditor, including reviewing the external auditor's non-audit services and related fees
- Ensure that the external auditor is requested to attend the AGM of the Company and is available to answer questions from shareholders

Internal Communications and Reporting

- Provide copies of minutes of meetings to the full Board.
- Regularly update the Board about committee activities and make appropriate recommendations
- Ensure the Board is fully aware of matters which may significantly impact the financial conditions or affairs of the business

Other

- Verify the membership of the committee is in accordance with the Audit Committee Charter
- Review the independence of each committee member based on ASX Corporate Governance Guidelines
- Review and update the Audit Committee Charter and Action Points
- Develop and oversee procedures for treating complaints or employee concerns received by the Company regarding accounting, internal accounting controls and auditing matters

Revised Action Points Adopted: 18 August 2005

Revised Action Points Amended: 10 August 2007



Paladin Energy Ltd
ACN 061 681 098

Lodge your vote:



Online:
www.investorvote.com.au



By Mail:
Computershare Investor Services Pty Limited
GPO Box 242 Melbourne
Victoria 3001 Australia

Alternatively you can fax your form to
(within Australia) 1800 783 447
(outside Australia) +61 3 9473 2555

For Intermediary Online subscribers only
(custodians) www.intermediaryonline.com

For all enquiries call:

(within Australia) 1300 259 129
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Voting Form



Vote online or view the annual report, 24 hours a day, 7 days a week:

www.investorvote.com.au

- Cast your vote or appoint a proxy**
- Access the annual report**
- Review and update your securityholding**

Your secure access information is:



PLEASE NOTE: For security reasons it is important that you keep your SRN/HIN confidential.

For your vote to be effective it must be received by 10:00am (WST) Tuesday 20 November 2012

How to Vote on Items of Business

All your securities will be voted in accordance with your directions.

Vote Directly

Voting 100% of your holding: Mark either the For, Against or Abstain box opposite each item of business. Your vote will be invalid on an item if you do not mark any box OR you mark more than one box for that item.

Voting a portion of your holding: Indicate a portion of your voting rights by inserting the number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement.

Appoint a Proxy to Vote on Your Behalf

Voting 100% of your holding: Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box your proxy may vote as they choose. If you mark more than one box on an item your vote will be invalid on that item.

Voting a portion of your holding: Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

Appointing a second proxy: You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of securities for each in Step 1 overleaf.

A proxy need not be a securityholder of the Company.

Signing Instructions for Postal Forms

Individual: Where the holding is in one name, the securityholder must sign.

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

Power of Attorney: If you have not already lodged the Power of Attorney with the registry, 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 sign in the appropriate place to indicate the office held. Delete titles as applicable.

Attending the Meeting

Bring this form to assist registration. If a representative of a corporate securityholder or proxy is to attend the meeting you will need to provide the appropriate "Certificate of Appointment of Corporate Representative" prior to admission. A form of the certificate may be obtained from Computershare or online at www.investorcentre.com under the information tab, "Downloadable Forms".

Comments & Questions: If you have any comments or questions for the company, please write them on a separate sheet of paper and return with this form.

**GO ONLINE TO VOTE,
or turn over to complete the form →**

Change of address. If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with 'X') should advise your broker of any changes.

Proxy Form

Please mark to indicate your directions

STEP 1 Indicate how your vote will be cast *Select one option only*

At the Annual General Meeting of Paladin Energy Limited to be held at Perie Banou Room, Royal Perth Yacht Club, Australia II Drive, Crawley, Western Australia on Thursday, 22 November 2012 at 10:00am (WST) and at any adjournment or postponement of that Meeting. I/we being member/s of Paladin Energy Ltd direct the following:

1. Vote Directly

Record my/our votes strictly in accordance with directions in Step 2.

PLEASE NOTE: A Direct Vote will take priority over the appointment of a Proxy. For a valid Direct Vote to be recorded you must mark FOR, AGAINST, or ABSTAIN on each item.

2. Appoint a Proxy to Vote on Your Behalf: I/We hereby appoint

the Chairman **OR**

PLEASE NOTE: Leave this box blank if you have selected the Chairman of the Meeting. Do not insert your own name(s).

OR

or failing the individual or body corporate named, or if no individual or body corporate 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, and to the extent permitted by law, as the proxy sees fit)

Chairman authorised to exercise undirected proxies on remuneration related resolutions: Where I/we have appointed the Chairman of the Meeting as my/our proxy (or the Chairman becomes my/our proxy by default), I/we expressly authorise the Chairman to exercise my/our proxy on Items 1, 4 & 5 (except where I/we have indicated a different voting intention below) even though Items 1, 4 & 5 are connected directly or indirectly with the remuneration of a member of key management personnel, which includes the Chairman.

If the Chairman of the Meeting is (or becomes) your proxy you can direct the Chairman to vote for or against or abstain from voting on Items 1, 4 & 5 by marking the appropriate box in step 2 below.

STEP 2 Items of Business

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

		For	Against	Abstain
1	Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2	Re-election of Director - Mr Donald Shumka	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3	Re-election of Director - Mr Peter Donkin	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4	Employee Performance Share Rights Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5	Contractor Performance Share Rights Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6	Ratification of Issue of Securities	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7	Renewal of the Company's Proportional Takeover Approval Provisions	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

The Chairman of the Meeting intends to vote all available proxies in favour of each item of business.

SIGN Signature of Securityholder(s) *This section must be completed.*

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/Company Secretary

Contact Name _____

Contact Daytime Telephone _____

Date / / _____