

# Notice of Annual General Meeting and Management Information Circular

*Date of Meeting*

Thursday, 21 November 2013

*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 21 November 2013 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 2013, 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 2013."*

**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 Rick Wayne Crabb 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 Philip Albert Baily be re-elected as a Director".*

#### Resolution 4 - Ratification of Share Issue

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 125,578,171 Ordinary Shares."*

For the purposes of Resolution 4:

- (1) The shares issued are Ordinary Shares which rank *pari passu* with existing shares.
- (2) The Company will disregard any votes cast on this Resolution 4 by any person who participated in the issue or any associate of that person. However, the Company need not disregard a vote if:
  - 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
  - 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.

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

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

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

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

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

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

**"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



**Gillian Swaby**

Company Secretary

Dated: 20 September 2013

## 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, 19 November 2013 to:

### Computershare Investor Services Pty Limited

GPO Box 242  
Melbourne VICTORIA 3001  
AUSTRALIA

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

### The Registered Office of Paladin Energy Ltd

Level 4, 502 Hay Street  
Subiaco WA 6008  
or PO Box 201  
Subiaco WA 6904

**Or** Facsimile:  
Australia: 08 9381 4978  
Overseas: +61 8 9381 4978

### Electronically

Submit proxy voting instructions online at [investorvote.com.au](http://investorvote.com.au)

Please refer to the enclosed Voting Form for more information about submitting proxy voting instructions online.

For intermediary online subscribers only (custodians) at [intermediaryonline.com](http://intermediaryonline.com)

### For all enquiries call:

(within Australia) 1300 850 505  
(outside Australia) +61 (03) 9415 4000

For Shareholders on the Canadian register, proxies must be delivered prior to 9pm Toronto time on Monday, 18 November 2013 to:

### Computershare Investor Services Inc.

Attention: Proxy Dept.  
100 University Avenue  
8th Floor  
TORONTO, ON M5J 2Y1  
CANADA

**Or** Facsimile: 1 866 249 7775

Telephone: 1-800-564 6253/  
514-982-7555

## 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, 19 November 2013 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 Tuesday, 1 October 2013.

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 20 September 2013.

## MANAGEMENT INFORMATION CIRCULAR

20 September 2013

### 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, 21 November 2013, 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 20 September 2013.

### *Notice-and-Access*

In November 2012, the Canadian Securities Administrators announced the adoption of regulatory amendments to securities laws governing the delivery of proxy-related materials by public companies. As a result, public companies are now permitted to advise their Shareholders of the availability of all proxy-related materials on an easily-accessible website, rather than mailing physical copies of the materials.

The Company has decided to deliver the Meeting Materials to Beneficial Shareholders on the Canadian Register by posting the Meeting Materials on its website at [www.paladinenergy.com.au](http://www.paladinenergy.com.au). The Meeting Materials will be available on the Company's website as of 17 October 2013, and will remain on the website for one full year. The Meeting Materials will also be available on the SEDAR website at [sedar.com](http://sedar.com) as of 17 October 2013.

Beneficial Shareholders on the Canadian Register who wish to receive paper copies of the Meeting Materials may request copies on-line at [proxyvote.com](http://proxyvote.com) or by calling toll-free at 1-877-907-7643 and entering the 12-digit control number located on the voting instruction form and following the instructions provided. If you do not have a 12-digit control number, please call toll-free at 1-855-887-2243. Meeting Materials will be sent to such Shareholders at no cost to them within three business days of their request, if such requests are made before the Meeting, and if the request is made after the meeting, within 10 days of their request if made up to one year from the date the Information Circular was filed on SEDAR. If Beneficial Shareholders have any questions regarding Notice-and-Access please call the toll-free assistance line at 1-855-887-2244.

### 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.**

## 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.*

## REVOCAION 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 20 September 2013, the issued and outstanding capital of the Company consists of 963,332,074 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, 19 November 2013 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 Tuesday, 1 October 2013.

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 2013.

## 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 2013 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 - Rick Crabb

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

Mr Crabb holds degrees of Bachelor of Jurisprudence (Honours), Bachelor of Laws and Master of Business Administration from the University of Western Australia. He practised as a solicitor from 1980 to 2004 specialising in mining, corporate and commercial law and advised in relation to numerous project developments in Australia and Africa. Mr Crabb now focuses on his public company directorships and investments. He has been involved as a director and strategic shareholder in a number of successful public companies. He is also the non-executive chairman of Ashburton Minerals Ltd (since 1999), Golden Rim Resources Ltd (since 2001) and Otto Energy Ltd (since 2004). Mr Crabb is a councillor on the Western Australian Division of the Australian Institute of Company Directors.

Mr Crabb was appointed to the Paladin Board on 8 February 1994 and as Chairman on 27 March 2003.

### Resolution 3 - Re-election of Director - Philip Baily

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

Mr Baily is a metallurgist with more than 40 years' experience in the mining industry, including some 11 years in the uranium sector. Throughout his career, he has been involved in the design, construction, commissioning and operation of mineral processing plants including two uranium plants. Project locations have varied from the deserts of Australia to the tropics of Papua New Guinea and the high altitudes of Argentina. He has extensive experience, at senior management level, in the evaluation of projects from grass roots development to the acquisition of advanced projects and operating companies. These projects have been located throughout the world, many in developing countries and environmentally sensitive areas. Mr Baily holds a Bachelor of Science and a Master of Science degree in Metallurgy from the University of NSW.

Mr Baily was appointed to the Paladin Board on 1 October 2010.

Information in respect of Messrs Crabb and Baily, 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 on the next page:

| NAME AND RESIDENCE <sup>1</sup>   | 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<br>Western Australia, Australia<br>(will seek re-election<br>November 2013)  | Chairman<br>(27 March 2003 to present – 10 years);<br>Non-executive Director<br>(8 February 1994 to present) | Chairman: Paladin Energy Ltd<br>(uranium supply and production)<br>(2003 to present)   | 5,181,528<br>(0.58%)  | Remuneration<br>Nomination<br>Sustainability              |
| Sean Reveille Llewelyn<br>Queensland, Australia<br>(will seek re-election<br>November 2014)   | Non-executive Director<br>(12 April 2005 to present – 8 years)   | Investor   | 100,000<br>(0.01%)  | Audit<br>Nomination<br>(Chair)<br>Remuneration<br>(Chair) |
| Donald Myron Shumka<br>British Columbia, Canada<br>(will seek re-election<br>November 2015)   | Non-executive Director<br>(9 July 2007 to present – 6 years)   | Managing Director:<br>Walden Management Ltd,<br>(financial consulting firm)<br>(2004 to 2011)<br>Corporate Director<br>(2011 to present)   | 200,000<br>(0.02%)  | Audit (Chair)<br>Nomination<br>Remuneration               |
| John Borshoff<br>Western Australia, Australia<br>(not required to seek<br>re-election)        | Managing Director/CEO<br>(24 September 1993 to present – 20 years)   | Managing Director/CEO:<br>Paladin Energy Ltd<br>(uranium supply and production)<br>(24 September 1993 to present)  | 16,027,394<br>(1.66%)   | Nomination<br>Sustainability                              |
| Peter Mark Donkin<br>New South Wales, Australia<br>(will seek re-election<br>November 2015)   | Non-executive Director<br>(1 July 2010 to present – 3 years)   | Director:<br>Mining Finance division of<br>Société Générale in Australia<br>(1996 to 2006)<br>Managing Director:<br>Managing Finance division of<br>Société Générale in Australia<br>(2006 to 2010)<br>Financial consultant<br>(2010 to present) | 15,000<br>(0.00%)   | Audit   |
| Philip Albert Baily<br>New South Wales, Australia<br>(will seek re-election<br>November 2013) | Non-executive Director<br>(1 October 2010 to present – 3 years)  | Metallurgical Consultant<br>(2005 to 2010)<br>Corporate Director<br>(2010 to present)  | 12,000<br>(0.00%)   | Sustainability<br>(Chair)                                 |

<sup>1</sup> The Company has received a waiver from the director election requirements of the TSX. The Company applied for the waiver which allows it to continue staggered director elections in accordance with current Australian corporate governance practices.

### 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; 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, that was in effect for a period of more than 30 consecutive days.

#### **Resolution 4 - Ratification of Share Issue**

The Shares referred to in Resolution 4 were issued on 13 August 2013 as part of a private placement to institutional clients and sophisticated investors of UBS AG, Australia Branch acting as Global Lead Placing Agent for the private placement.

#### **Listing Rule 7.4**

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 Shares constituting up to 15% of the issued capital of the Company without requiring shareholder approval.

#### **Information for Shareholders**

Listing Rule 7.5 requires the following information to be provided to Shareholders for the purpose of seeking approval under Listing Rule 7.4:

- (a) Resolution 4 has been included so that Shareholders may approve and ratify pursuant to Listing Rule 7.4 the issue of a total of 125,578,171 Ordinary Shares to those parties referred to above.
- (b) The Ordinary Shares were issued at A\$0.70 per Ordinary Share.
- (c) The Ordinary Shares issued rank *pari passu* with, and on the same terms as, the existing Ordinary Shares on issue.
- (d) The funds raised by reason of the allotment will be used to provide the Company with enhanced funding flexibility and has allowed Paladin to defer consideration of a potential divestment of equity in its Langer Heinrich Mine until such a time when a price reflective of the asset's fundamental value can be achieved.

The Company wishes to ratify the issue pursuant to Listing Rule 7.4 in order to allow the Company to have the right to place up to a further 15% of its issued capital at any time during the next 12 months should circumstances require.

**Please note the following information is required under Canadian regulations. The Audited Remuneration Report can be found on pages 84 to 100 in the 2013 Annual Report which can be viewed on the Company's website.**

## **STATEMENT OF EXECUTIVE COMPENSATION**

### **Compensation Discussion and Analysis**

The Remuneration Committee, on behalf of the Board, monitors compensation of Directors and executive officers 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, short-term bonus, granting of share rights and payment of pension contributions. The overall objective is to ensure that remuneration is fair and reasonable given the size and complexity of the Company and sufficient to attract and retain qualified individuals.

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

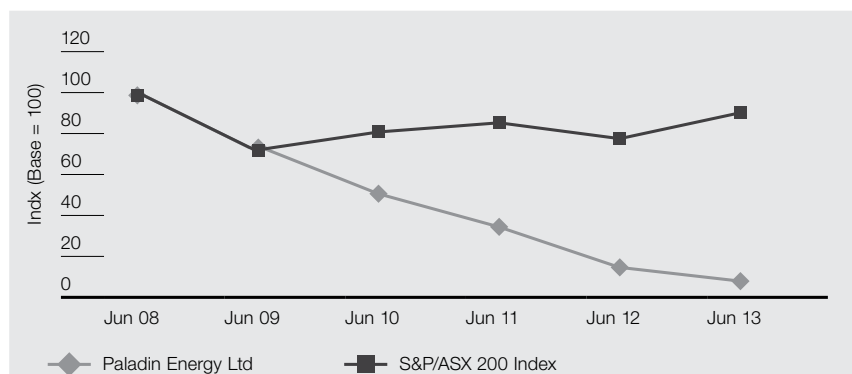
- attract and retain talented, qualified and effective individuals;
- motivate short and long-term performance and reward past performance;
- provide competitive and fair reward;
- be flexible and responsive in line with market expectations;
- align individual interests with those of the Company's shareholders; 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 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. These conditions apply to share rights currently on issue and these performance conditions will be reviewed to determine the appropriateness to the business prior to any further issues.

The chart below compares, assuming an initial investment of A\$100, the yearly 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 2009 | 30 JUNE 2010 | 30 JUNE 2011 | 30 JUNE 2012 | 30 JUNE 2013 |
|--------------------|--------------|--------------|--------------|--------------|--------------|
| Paladin Energy Ltd | A\$77        | A\$56        | A\$39        | A\$20        | A\$14        |
| S&P/ASX 200 Index  | A\$76        | A\$82        | A\$88        | A\$79        | A\$92        |

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 2008 to June 2013, significant advances were made in developing the asset base of the Company. Changes in remuneration do not precisely track the movements of the Company's Ordinary Shares 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.    |



## 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. While the Company does not benchmark executive compensation against specific competitors it does review compensation data focused on the mining industry with a focus on maintaining parity or above with companies of similar complexity and size. The Company subscribes to a number of remuneration surveys and reports including Boardroom Remuneration Review (Connect 4), The Resource Report and the Top 500 Report (CRA Plan Managers Pty Ltd) and the AIM National Salary Survey (Australian Institute of Management). The Company also takes into consideration the annual publication, Executive and Board Remuneration Report produced by Ernst & Young.

There were no salary increases across the Group given the continuing poor uranium prices, with the exception of local employees at the Kayelekera Mine and Langer Heinrich Mine. Given the economic state of Malawi and the significant devaluation of the kwacha, increases of 18% and 11% were given in October 2012 and June 2013 respectively, reflecting CPI adjustments. Local workers in Namibia were given a 10% increase with effect from 1 January 2013, reflecting local CPI adjustments.

## Variable Remuneration

### Short-term Incentives

The Company provides short-term incentives comprising a cash bonus to Executives which includes NEOs of up to 30% of base salary. The bonus is entirely discretionary with the goal of focusing attention on short-term strategic and financial objectives. The amount is dependent on the Company's performance in its stated objectives and the individual's performance, with reference to the individual's position and level of responsibility. In respect of the 2012 calendar year, no bonuses were paid having regard to continuing poor uranium prices and the priority of cost reduction and cash conservation with the uranium industry continuing to experience difficult times. This compared to the 2011 calendar year, where a total of A\$404,421 (US\$417,054), ((2010 : A\$1,009,000 (US\$1,040,517)), was paid across the Group, rewarding only those personnel who had demonstrated exceptional performance and contribution given the poor uranium prices and delays in the ramp-up of KM at that time.

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 which includes NEOs and have been selected to align their interests to those of shareholders:

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

### 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.

A bonus of up to 100% of base salary can be achieved under the terms of his contract, having consideration to outcomes achieved during the year, to be determined by the Remuneration Committee. For the calendar year 2012 no bonus was awarded in line with the philosophy applying to all staff referred to earlier. No bonus was paid the previous year given the similar economic circumstances at that time. Matters to be considered as key outcomes for the CY2013 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.                           | 10%                  |
| 3 Successful outcome of strategic initiatives in accordance with strategy. | 40%                  |
| 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 weighting to account for unusual/unexpected events or outcomes during the year. Any bonus payable, relating to the 2013 calendar year, would be paid out in calendar year 2014.

### 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 Company implemented an Employee Performance Share Rights Plan (the Rights Plan) together with a Contractor Performance Share Rights Plan (the Contractor Rights Plan). These plans are referred to jointly as the Rights Plans and were reaffirmed by shareholders at the 2012 Annual General Meeting.

As a consequence of adopting the Rights Plans, no further grants have been made under the previous Executive Share Option Plan (EXSOP) 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.

All of the outstanding options (4,217,329) under the EXSOP were cancelled during the year due to failing to meet the vesting conditions.

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 number of share rights able to be issued under the Plans is limited to 5% of the issued capital. The 5% limit includes incentive grants under all plans made in the previous 5 years (with certain exclusions under the Australian corporate legislation). Share rights representing 0.076% of the Company's issued capital are currently outstanding.

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.

### Vesting and Performance Conditions

The share rights on issue from prior year grants are subject to a range of vesting and performance conditions:

| PROPORTION OF SHARE RIGHTS TO WHICH PERFORMANCE HURDLE APPLIES | VESTING AND PERFORMANCE CONDITIONS   |
|--|--|
| 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 years ended 30 June 2012 and 2013. During the year ended 30 June 2013 150,000 share rights vested in accordance with their vesting conditions (the EPS measure, as detailed later in this report). The initial measurement of the TSR performance condition attached to the remaining 150,000 share rights due to vest during the year was calculated. Mr Borshoff elected to have these share rights retested at the end of year four in accordance with the terms of the Rights Plan.

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:

#### TIME-BASED VESTING

50% of the share rights will vest based on the participant continuing to be employed with the Group. These are staggered over time and this condition is designed to assist in long-term retention of staff. 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.

#### TOTAL SHAREHOLDER RETURN (TSR)

Except for the MD/CEO, 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. 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).

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.

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.

50% of the share rights granted to the Managing Director/CEO will vest based on the Company’s Relative TSR to the TSRs of a peer group of companies as described above.

The base and stretch targets for the TSR performance condition are as follows:

| RELATIVE TSR PERCENTILE RANKING  | PERCENTAGE OF SHARE RIGHTS THAT MAY VEST IF THE RELATIVE TSR PERFORMANCE CONDITION IS MET |
|--|---|
| Less than 50 <sup>th</sup> percentile  | 0% of the share rights subject to the TSR condition                                       |
| at 50 <sup>th</sup> percentile   | 50% of the share rights subject to the TSR condition                                      |
| Greater than the 50 <sup>th</sup> percentile but less than the 75 <sup>th</sup> percentile | Pro-rated vesting between 51% and 99% of the share rights subject to the TSR condition    |
| At 75 <sup>th</sup> 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. Prior to 1 July 2013, 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. This was due to the development phase the Company was in and the importance of the CEO leading the Company into positive earnings growth. However in respect of any share rights issued after 1 July 2013, only EPS growth measured to a positive number will be applicable. 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:

| COMPOUND GROWTH IN 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.

The Company does not offer any loan facilities or other financial assistance to assist in the purchase of shares by employees.

#### 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 very insignificant (share rights granted represent 0.076% of the Company's issued capital and a maximum of 5% can be granted) 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.

Other than on death the share rights are not assignable once granted.

#### Balance of Share Rights at 30 June 2013

| DATE RIGHTS GRANTED | VESTING DATE     | VESTING PERFORMANCE CONDITIONS    | NUMBER                 |
|---------------------|------------------|-----------------------------------|------------------------|
| 26 March 2010       | 26 March 2014    | TSR                               | 150,000 <sup>(1)</sup> |
| 5 November 2010     | 5 November 2013  | TSR                               | 250,000 <sup>(1)</sup> |
| 5 November 2010     | 5 November 2013  | EPS                               | 250,000 <sup>(1)</sup> |
| 5 November 2010     | 1 September 2013 | Time based                        | 366,947                |
| 5 November 2010     | 1 September 2013 | TSR                               | 293,560                |
| 5 November 2010     | 1 September 2013 | Market price (base price A\$3.62) | 440,340                |
| 15 February 2011    | 15 February 2014 | Time based                        | 125,650 <sup>(2)</sup> |
| 2 April 2012        | 1 September 2013 | Time based                        | 235,410                |
| 2 April 2012        | 31 December 2013 | Time based                        | 20,000                 |
| 2 April 2012        | 1 September 2014 | Time based                        | 442,350                |
| 2 April 2012        | 1 September 2014 | TSR                               | 313,880                |
| 2 April 2012        | 1 September 2014 | Market price (base price A\$1.94) | 470,820                |
| <b>Total</b>        |                  |                                   | <b>3,358,957</b>       |

(1) Managing Director/CEO grant

(2) Issued pursuant to retention programme, vesting time based only in order to retain quality personnel.

In summary, this balance represents 0.40% of the issued capital whilst the proportion of time based share rights represents 0.14%.

### **Hedging of Incentive Grants Prohibited**

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.

#### 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 22 November 2012.

### **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 2013 (30 June 2012: US\$Nil).

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 two meetings during the year. Messrs Crabb and Shumka are also Committee members. 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.

Having regard to the recommendations made by the Managing Director/CEO, the Committee approves the quantum of the short-term incentive bonus pool and the total number of the long-term incentive grants to be made and recommends the same for approval by the Board. Individual awards are then determined by the Managing Director/CEO in conjunction with senior management, as appropriate. The remuneration for the Managing Director/CEO is determined by the Remuneration Committee.

Any salary reviews and bonus payments are effective from 1 January in the year.

The Remuneration Committee does not consider the implications of the risks associated with the Company's compensation policies and practices.

## Summary Compensation Table

The following table sets out total compensation for the financial year ending 30 June 2013 for the NEOs:

| NAME AND PRINCIPAL POSITION   | YEAR      | SALARY<br>(US\$)       | SHARE-BASED AWARDS <sup>1,2,4</sup><br>(US\$) | ANNUAL INCENTIVE PLAN <sup>7</sup><br>(US\$) | RETENTION BONUS <sup>5</sup><br>(US\$) | SUPER-ANNUATION <sup>3</sup><br>(US\$) | ALL OTHER COMPENSATION<br>(US\$) | TOTAL COMPENSATION<br>(US\$) |
|---|-----------|------------------------|---|--|--|--|----------------------------------|------------------------------|
| (A)   | (B)       | (C)                    | (D)   | (F1)   | (F2)                                   | (G)                                    | (H)                              | (I)                          |
| John Borshoff<br>(Managing Director/<br>CEO)  | June 2013 | \$1,556,000            | Nil   | Nil  | Nil                                    | \$16,897                               | Nil                              | \$1,572,897                  |
|   | June 2012 | \$1,785,000            | Nil   | Nil  | Nil                                    | \$16,268                               | \$1,771,000 <sup>9</sup>         | \$3,572,268                  |
|   | June 2011 | \$1,987,000            | \$1,879,000                                   | \$231,000                                    | Nil                                    | \$14,973                               | Nil                              | \$4,111,973                  |
| Dustin Garrow<br>(Executive General<br>Manager – Marketing)                               | June 2013 | \$683,000              | Nil   | Nil  | \$242,000                              | Nil                                    | Nil                              | \$925,000                    |
|   | June 2012 | \$674,000              | \$88,000                                      | Nil  | \$281,000                              | Nil                                    | Nil                              | \$1,043,000                  |
|   | June 2011 | \$651,000              | \$294,000                                     | \$71,000                                     | \$146,000                              | Nil                                    | Nil                              | \$1,162,000                  |
| Gillian Swaby <sup>10</sup><br>(Group Company<br>Secretary and EGM<br>Corporate Services) | June 2013 | \$582,000 <sup>5</sup> | Nil   | Nil  | \$204,000                              | Nil                                    | Nil                              | \$786,000                    |
|   | June 2012 | \$571,000 <sup>5</sup> | \$83,000                                      | Nil  | \$239,000                              | Nil                                    | Nil                              | \$893,000                    |
|   | June 2011 | \$512,000 <sup>5</sup> | \$1,952,000                                   | \$49,000                                     | \$114,000                              | Nil                                    | Nil                              | \$2,627,000                  |
| Mark Chalmers<br>(Executive General<br>Manager –<br>Production)                           | June 2013 | \$513,000              | Nil   | Nil  | \$139,000                              | \$16,897                               | \$56,000 <sup>8</sup>            | \$724,897                    |
|   | June 2012 | \$499,000              | \$205,000                                     | \$31,000                                     | \$81,000                               | \$16,268                               | \$63,000 <sup>8</sup>            | \$895,268                    |
| Alan Rule<br>(Chief Financial<br>Officer)   | June 2013 | \$467,000              | Nil   | Nil  | \$214,000                              | \$16,897                               | Nil                              | \$697,897                    |

Certain of the amounts in the table above were paid in Australian dollars. These amounts have been converted into United States dollars, the Company's reporting currency on 30 June 2013 using the average exchange rate for 2013 financial year of US\$1 = A\$0.97471 sourced from the website oanda.com. Salaries are stated in US\$ because the Company's reporting and functional currency is US\$.

- Subject to a range of vesting and performance conditions from 01/09/2011 to 01/09/2014 (see pages 10 to 11 for further details).
- 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 and Market Price performance condition were modelled using a Monte-Carlo simulation 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 2013, 30 June 2012 and 30 June 2011:

|                             | 2013 | 2012 | 2011 |
|-----------------------------|------|------|------|
| Dividend yield (%)          | N/A  | Nil  | Nil  |
| Expected volatility (%)     | N/A  | 53%  | 39%  |
| Risk-free interest rate (%) | N/A  | 3.6% | 4.9% |

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

- This represents the maximum contribution – 2013: A\$16,470, 2012: A\$15,775 and 2011: A\$15,199.
- See page 9 for details on short term incentives.
- Represents fees paid for 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.
- Living away from home allowance.
- Accrued annual leave (140 days) and accrued long service leave (80 days) paid out.
- Also held the role of Acting Chief Financial Officer from 24 May 2012 to 23 July 2012.

### Pension Plan Benefits

As required by applicable law in Australia, the Company is required to make a minimal annual contribution to employees' nominated pension funds of 9.25% of gross annual salary up to a maximum contribution of A\$17,774.80 (for FY2013 the contribution was 9%: 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 2013 for each NEO.

| NAME<br>(A)   | SHARE-BASED AWARDS   |  |
|---------------|--|--|
|               | NUMBER OF SHARES OR<br>UNITS OF SHARES THAT<br>HAVE NOT VESTED<br>(#)<br>(F) | MARKET OR PAYOUT VALUE<br>OF SHARE-BASED AWARDS<br>THAT HAVE NOT VESTED<br>(\$)<br>(G) |
| John Borshoff | 650,000  | Nil  |
| Dustin Garrow | 114,000  | Nil  |
| Gillian Swaby | 202,833  | Nil  |
| Mark Chalmers | 117,500  | Nil  |
| Alan Rule     | N/A  | N/A  |

### Incentive Plan Awards - Value Vested or Earned During the Year

| NAME<br>(A)   | OPTION-BASED AWARDS -<br>VALUE VESTED DURING THE<br>YEAR<br>(US\$)<br>(B) | SHARE-BASED AWARDS -<br>VALUE VESTED DURING THE<br>YEAR<br>(US\$)<br>(C) | NON-EQUITY INCENTIVE PLAN<br>COMPENSATION - VALUE<br>EARNED DURING THE YEAR<br>(\$)<br>(D) |
|---------------|---|--|--|
| John Borshoff | Nil   | 151,584 <sup>1</sup>   | Nil  |
| Dustin Garrow | Nil   | 90,345 <sup>2</sup>  | Nil  |
| Gillian Swaby | Nil   | 213,536 <sup>2,3</sup>   | Nil  |
| Mark Chalmers | Nil   | 9,965 <sup>2</sup>   | Nil  |
| Alan Rule     | Nil   | Nil  | Nil  |

<sup>1</sup> Closing market price A\$0.985 as at vesting date (26 March 2013) used for valuation.

<sup>2</sup> Closing market price A\$1.295 as at vesting date (1 September 2012) used for valuation.

<sup>3</sup> Closing market price A\$1.21 as at vesting date (15 February 2013) used for valuation.

<sup>4</sup> Exchange rate used is average for year US\$1 = A\$0.97471.

### 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*

Term of agreement – 4 years commencing 27 November 2009.

Base salary, inclusive of superannuation, A\$2,044,244. Base salary was voluntarily reduced by 25% to A\$1,533,600 from 1 December 2011 to 30 June 2013, and further extended by him to the end of his current contract, 26 November 2013.

3 months long service leave after 5 years continual service.

Payment of a benefit on retirement or early termination by the Company, other than for gross misconduct, equal to one year's average base salary for the 2 years immediately preceding the termination date.

A new contract is currently being negotiated.

#### Estimated incremental payments upon involuntary termination without cause at 30 June 2013

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 2013.

| NAME          | TERMINATION<br>BENEFIT<br>US\$ <sup>1</sup> | VALUE OF SHARE<br>RIGHTS<br>US\$ <sup>1</sup> | RETENTION BONUS<br>US\$ <sup>1</sup> | TOTAL<br>US\$ <sup>1</sup> |
|---------------|---|---|--------------------------------------|----------------------------|
| John Borshoff | 2,097,284                                   | 586,841 <sup>2</sup>                          | N/A                                  | 2,684,125                  |
| Dustin Garrow | Nil   | 102,923 <sup>2</sup>                          | 445,656 <sup>4</sup>                 | 548,579                    |
| Gillian Swaby | Nil   | Nil <sup>3</sup>                              | 374,015 <sup>4</sup>                 | 374,015                    |
| Mark Chalmers | Nil   | 106,083 <sup>2</sup>                          | 175,950 <sup>5</sup>                 | 282,033                    |
| Alan Rule     | Nil   | Nil   | 170,991 <sup>5</sup>                 | 170,991                    |

1 Amounts would be payable in A\$, and have been translated into US\$ using an average exchange rate for year of US\$ = A\$0.97471.

2 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 2013 of A\$0.88.

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

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.

#### Estimated incremental payments upon change of control as at 30 June 2013

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 2013.

| NAME          | TERMINATION<br>BENEFIT<br>US\$ <sup>1</sup> | VALUE OF SHARE<br>RIGHTS<br>US\$ <sup>1</sup> | RETENTION BONUS<br>US\$ <sup>1</sup> | TOTAL<br>US\$ <sup>1</sup> |
|---------------|---|---|--------------------------------------|----------------------------|
| John Borshoff | 2,097,284                                   | 586,841 <sup>2</sup>                          | N/A                                  | 2,684,125                  |
| Dustin Garrow | Nil   | 102,923 <sup>2</sup>                          | 445,656 <sup>3</sup>                 | 548,579                    |
| Gillian Swaby | Nil   | 183,125 <sup>2</sup>                          | 374,015 <sup>3</sup>                 | 557,140                    |
| Mark Chalmers | Nil   | 106,083 <sup>2</sup>                          | 175,950 <sup>4</sup>                 | 282,033                    |
| Alan Rule     | Nil   | Nil   | 170,991 <sup>4</sup>                 | 170,991                    |

1 Amounts would be payable in A\$, and have been translated into US\$ using an average exchange rate for year of US\$ = A\$0.97471.

2 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 2013 of A\$0.88.

3 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.

4 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.

#### 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\$166,400 per annum each, effective 1 January 2013, 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\$171,600 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 2013 comprised the following:-

| NAME AND PRINCIPAL POSITION<br>(A)        | FEES<br>(US\$)<br>(B) | SUPERANNUATION<br>(US\$)<br>(F) | TOTAL<br>(US\$)<br>(H) |
|---|-----------------------|---------------------------------|------------------------|
| Rick Crabb<br>(Non-Executive Chairman)    | 329,873               | 16,897                          | 346,770                |
| Sean Llewelyn<br>(Non-Executive Director) | 156,621               | 14,096                          | 170,717                |
| Donald Shumka<br>(Non-Executive Director) | 192,057               | -                               | 192,057                |
| Peter Donkin<br>(Non-Executive Director)  | 156,621               | 14,096                          | 170,717                |
| Philip Baily<br>(Non-Executive Director)  | 156,621               | 14,096                          | 170,717                |

FX Rate US\$1 = A\$0.97471

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 2013 with respect to compensation plans under which equity securities are authorised for issuance.

| PLAN CATEGORY  | NUMBER OF SECURITIES<br>TO BE ISSUED<br>UPON EXERCISE OF<br>OUTSTANDING OPTIONS,<br>WARRANTS AND RIGHTS<br>(A) | WEIGHTED AVERAGE<br>EXERCISE PRICE OF<br>OUTSTANDING OPTIONS,<br>WARRANTS AND RIGHTS<br>(B) | NUMBER OF SECURITIES<br>REMAINING AVAILABLE<br>FOR FUTURE ISSUANCE<br>UNDER EQUITY<br>COMPENSATION PLANS<br>(EXCLUDING SECURITIES<br>REFLECTED IN COLUMN<br>(A))<br>(C) |
|--|--|---|---|
| Employee Performance Share Rights Plan approved<br>by security holders   | 2,995,807  | n/a   | 38,500,433  |
| Contractor Performance Share Rights Plan<br>approved by security holders | 363,150  | n/a   |   |
| Equity compensation plans not approved by security<br>holders            | n/a  | n/a   |   |
| Total  | 3,358,957  |   |   |

### 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, 2013 under the heading "Audit Committee", available on the SEDAR website at [sedar.com](http://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 National Instrument 58-101 - Disclosure of Corporate Governance Practices.



## 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, 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.

Non-executive Directors meet together without the Managing Director/CEO and management being present, prior to each four principal Board meetings.

## Other Directorships

| Name of Director | Other Directorships                      | Appointed      |
|------------------|--|----------------|
| Mr Rick Crabb    | Chairman of Ashburton Minerals Ltd       | September 1999 |
|                  | Chairman of Golden Rim Resources Limited | August 2001    |
|                  | Chairman of Otto Energy Ltd              | November 2004  |
| Mr John Borshoff | Nil                                      |                |
| Mr Sean Llewelyn | Nil                                      |                |
| Mr Donald Shumka | Director of Eldorado Gold Corporation    | May 2005       |
|                  | Director of Alterra Energy Corporation   | March 2008     |
|                  | Director of Lumina Copper Corporation    | January 2009   |
|                  | Director of Anfield Nickel Corporation   | 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 2013 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    | 12                 | 12                        | -               | -                         | 2                      | 2                         | 3                        | 3                         |
| Mr John Borshoff | 12                 | 12                        | -               | -                         | -                      | -                         | 3                        | 3                         |
| Mr Sean Llewelyn | 12                 | 12                        | 4               | 4                         | 2                      | 2                         | -                        | -                         |
| Mr Donald Shumka | 11                 | 12                        | 4               | 4                         | 2                      | 2                         | -                        | -                         |
| Mr Peter Donkin  | 12                 | 12                        | 4               | 4                         | -                      | -                         | -                        | -                         |
| Mr Philip Baily  | 12                 | 12                        | -               | -                         | -                      | -                         | 3                        | 3                         |

Of the above Board meetings, 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.

12 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 12 for small companies and around 20 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.

## Remuneration Committee

Please see prior discussion of the Board's Remuneration Committee on page 12 above.

## 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.

If it is necessary to appoint a new Director to fill a vacancy on the Board or to complement the existing Board, a wide and diverse potential base of possible candidates is considered and external consultants are engaged to assist in the selection process, if required. The Board assesses the qualifications of the proposed new Director against a range of criteria including background, experience, professional skills, personal qualities, the potential for the candidate's skills to augment the existing Board and the candidate's availability to commit to the Board's activities. If these criteria are met and the Board appoints the candidate as a Director, that Director must retire at the next AGM and will be eligible for re-election by shareholders at that AGM.

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, ended 30 June 2013.

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](http://asx.com.au) or under the Company's profile on the SEDAR website at [sedar.com](http://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](mailto: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 20th day of September, 2013.

By order of the Board



**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 and behaviour;
- (d) reviewing and reporting 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 group-wide policies;
- (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;
- (d) Sustainability Committee; and
- (e) Anti Bribery and Compliance 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 and in the case of the Chairperson, the Chair of the Audit Committee.

## 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 adopted:   | 18 August 2005 |
| Last amendment: | 21 May 2013    |
| Last review:    | 21 May 2013    |

## SCHEDULE B



**PALADIN ENERGY LTD**  
**ACN 061 681 098**

## AUDIT COMMITTEE CHARTER

### CONTENTS

1. Applicability
2. Role
3. Responsibilities
4. Composition
5. Meetings
6. Authority
7. Reporting to the Shareholders
8. Review

### 1. APPLICABILITY

This Charter applies to all members of the Audit Committee.

### 2. ROLE

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. RESPONSIBILITIES

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

### 4. COMPOSITION

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.

## 5. MEETINGS

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.

## 6. AUTHORITY

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 authorise 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.

## 7. 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.

## 8. 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 adopted:   | 12 April 2005  |
| Last amendment: | 10 August 2007 |
| Last review:    | 21 May 2013    |

## 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

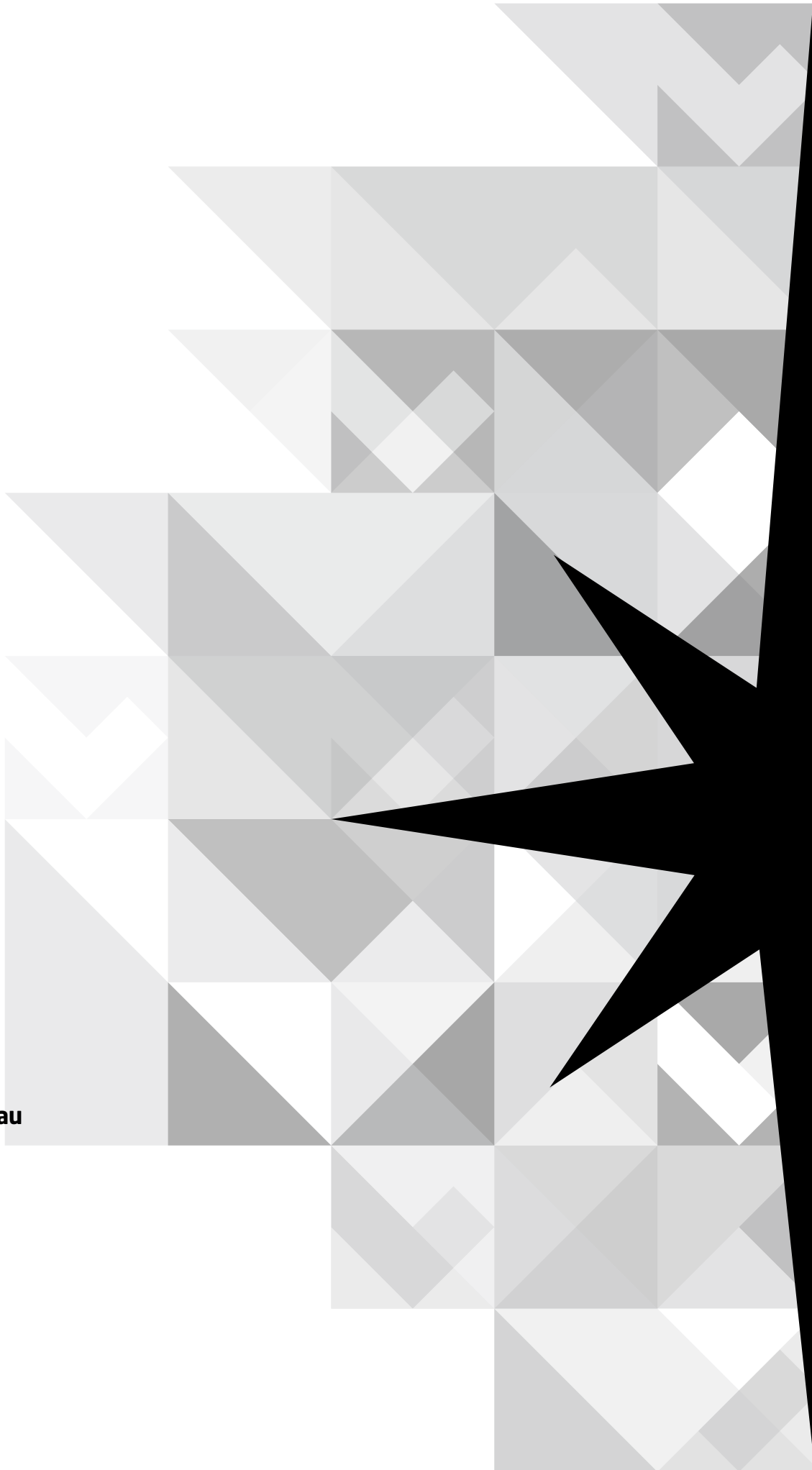
### Other

- 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

Follow Paladin at  
[www.paladinenergy.com.au](http://www.paladinenergy.com.au)







**Paladin Energy Ltd**  
ACN 061 681 098

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## Voting Form



### Vote and view the annual report online

Go to [www.investorvote.com.au](http://www.investorvote.com.au) or scan the QR Code with your mobile device.  
Follow the instructions on the secure website to vote.



### Your access information that you will need to vote:

**Control Number:**

**SRN/HIN:**

**PIN:**

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 (Perth Time) Tuesday 19 November 2013**

### 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 "Appointment of Corporate Representative" prior to admission. A form may be obtained from Computershare or online at [www.investorcentre.com](http://www.investorcentre.com) under the information tab, "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 their broker of any changes.

# Voting Form

Please mark  to indicate your directions


## STEP 1 Indicate How your Vote will be Cast *Select one option only*

XX

At the Annual General Meeting of Paladin Energy Ltd to be held at Perie Banou Room, Royal Perth Yacht Club, Australia II Drive, Crawley, Western Australia 6009 on Thursday, 21 November 2013 at 10:00am (Perth Time) 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 of the Meeting **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).

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

**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 Resolution 1 (except where I/we have indicated a different voting intention below) even though Resolution 1 is connected directly or indirectly with the remuneration of a member of the 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 Resolution 1 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                  |
|--------------|-----------------------------------|--------------------------|--------------------------|--------------------------|
| Resolution 1 | Remuneration Report               | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Resolution 2 | Re-election of Director - R Crabb | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Resolution 3 | Re-election of Director - P Baily | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Resolution 4 | Ratification of Share Issue       | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

The Chairman of the Meeting intends to vote undirected 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 / /