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11 February 2013

ASX Market Announcements Australian Securities Exchange 20 Bridge Street SYDNEY NSW 2000

By Electronic Lodgement

Dear Sir/Madam

Kayelekera Mine Intrusion by ex- Employees

Paladin Energy Limited (**Paladin**) wishes to comment on an online media report originating from Malawi suggesting that a group of recently retrenched employees forcibly entered the Kayelekera Mine on Thursday, 07 February, allegedly posing a threat to Company personnel and property. A group of 32 former employees did enter the Site last Thursday, seeking to complain principally over the decision by commercial banks in Malawi to withhold severance payments in respect of outstanding loans owed to the banks by some ex-employees.

Kayelekera management elected to meet the group, heard their grievances and provided individuals with letters addressed to relevant banks requesting sympathetic consideration of their situation. The group was then escorted from the Site. The situation remained peaceful throughout and the ex-employees presented no risk to personnel or property. They did not attempt to gain access to any secure area on the premises, which nevertheless went into lock-down mode as a precaution. Police reinforcements were called to the Site, but were not required. There was no adverse impact on the Kayelekera operations and production continued as scheduled.

In late January, a total of 110 national employees were retrenched from Kayelekera Mine as part of the cost reduction initiative across the whole Paladin Group announced by the Company in November 2012. Retrenchments were carried out in compliance with Malawi law and International Labor Organization (ILO) conventions. Affected employees received all due entitlements and termination packages exceeded minimum requirements.

Yours faithfully Paladin Energy Ltd

JOHN BORSHOFF Managing Director/CEO