



## PALADIN ENERGY LTD

ACN 061 681 098

# CORPORATE GOVERNANCE STATEMENT

---

## CORPORATE GOVERNANCE FRAMEWORK

The Board of Directors of Paladin Energy Ltd is responsible for the corporate governance of the Group.

Paladin has adopted systems of control and accountability as the basis for the administration of corporate governance.

This Corporate Governance Statement, dated 30 June 2015 and approved by Board on 20 August 2015, outlines the key principles and practices of the Company which, taken as a whole, represents the system of governance.

Shareholders are reminded that Paladin operates with a dual-listing in Australia on the ASX and in Canada on the Toronto Stock Exchange (TSX). In formulating the governance framework, the regulatory requirements in both Australia and Canada have been taken into account.

The ASX Listing Rules require the Company to report on the extent to which it has followed the Corporate Governance Recommendations contained in the ASX Corporate Governance Council's (ASX CGC) 3<sup>rd</sup> Edition of its Corporate Governance Principles and Recommendations. For FY2015, Paladin has complied with all the recommendations and has referenced these throughout this Corporate Governance Statement. Further, the Company also complies with the Ontario Securities Commission's corporate governance requirements as set out in National Instrument 58-101.

Paladin's Corporate Governance Statement can be found in the Corporate Governance section of the Investor Centre on its website at [www.paladinenergy.com.au](http://www.paladinenergy.com.au), along with the ASX Appendix 4G, a checklist cross-referencing the ASX Principles and Recommendations to disclosures in this statement, the current Annual Report and the Company website. The Corporate Governance Statement, together with the 4G, have been lodged with the ASX on 27 August 2015.

The Company reviews and amends its corporate governance policies as appropriate to reflect the growth of the Company, current legislation and good practice. Copies or summaries of key corporate governance policy documents can be found on the Company's website ([www.paladinenergy.com.au](http://www.paladinenergy.com.au)).

## BOARD OF DIRECTORS

### Role of the Board and Management

*ASX CGC Recommendation (3<sup>rd</sup> Edition) 1.1, 1.4, 1.7*

The Board guides and monitors the business of Paladin on behalf of shareholders, by whom they are elected and to whom they are accountable. The Board is responsible for setting corporate direction, defining policies and monitoring the business of the Company, to ensure it is conducted appropriately and in the best interests of shareholders. It is also responsible for CEO succession planning. The Company Secretary is accountable to the Board, through the Chairman, on all matters to do with the proper functioning of the Board.

The role of the Board is to oversee and guide the management of the Company with the aim of protecting and enhancing the interests of its shareholders, taking into account the interests of other stakeholders, including employees, customers, suppliers and the wider community.

The Board operates under a Charter and has a written Code of Conduct (Code), which establishes guidelines for its conduct. The purpose of the Code is to ensure that Directors act honestly, responsibly, legally and ethically and in the best interests of the Company.

The Board is responsible for setting the strategic direction and establishing goals for management and the monitoring of the achievements against these goals. The Managing Director/CEO conducted evaluation interviews with all Senior Management during the reporting period with the Non-Executive Directors reviewing the performance of the CEO. Open discussion on management performance takes place at Board level. A review of the performance appraisal process is underway.

Other than the powers expressly reserved to the Board in the Board Charter, the Board has delegated responsibility for the management of the Company's business and affairs to the Managing Director/CEO. The Managing Director/CEO is supported in this function by the Company's senior leadership team, which comprises the direct reports to the Managing Director/CEO and the Group Company Secretary. The Board maintains ultimate responsibility for strategy and control of the Group.

### **Composition of the Board and Director Independence**

*ASX CGC Recommendations (3<sup>rd</sup> Edition) 2.3, 2.4, 2.5*

The Board comprises six Non-executive Directors, including the Chairman and one Executive Director, being the Managing Director/CEO. The names of the Directors, both in office at the date of this report and those who held the position during the past year, are set out in the Directors' Report. This information includes their status as Non-executive, executive or independent, their qualifications and experience and length of service.

Directors are expected to bring independent views and judgement to the Board's deliberations. Five of the six Non-executive Directors, including the Chairman, are considered by the Board to be independent. 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 and the Corporate Governance Guidelines developed by the Ontario Securities Commission pursuant to National Policy 58-201 and other facts, information and circumstances that the Board considers relevant.

The Board assesses the independence of new Directors prior to appointment and reviews the independence of all Directors as appropriate.

The Board does not believe that any Director has served on the Board for a period which could, or be perceived to, materially interfere with his ability to act in the best interests of the Company.

In reaching this conclusion, the Board has noted that Mr R Crabb (the Chairman) has served on the Board for 22 years. Notwithstanding his period of service, the Board concluded that Mr Crabb retains independence of character and judgement and continues to make outstanding contributions at Board level. He brings unique skills to the Board and participates in robust constructive debate. The Board considers that Mr Crabb's international resource law experience remains valuable at Board level.

The structure of the Board has evolved over time to reflect the changing needs of the Company to ensure an appropriate mix of skills and experience is available to oversee the growth of Paladin to its full potential.

### **Knowledge, Skills and Experience**

*ASX CGC Recommendations (3<sup>rd</sup> Edition) 2.2, 2.6*

Skill sets represented at Board level include managerial, technical, financial, corporate, legal and commercial. Particularly, members have a broad range of experience and expertise in the uranium business.

During 2014, the Board developed a skills matrix and undertook a formal assessment via the Nomination Committee. This was reviewed in 2015 to include the new Board member and to ensure there continued to be no gaps in the collective skills of the Board. This review confirmed that all key

skills considered to be most relevant to the business were currently well represented across the Board. The range of skills includes, amongst other more general business and corporate related matters, the following key areas:

- uranium industry knowledge;
- mining and exploration;
- strategic planning;
- mergers and acquisitions;
- legal;
- accounting/auditing and corporate finance;
- risk management;
- environmental; and
- health and safety.

To assist Directors in maintaining an appropriate level of knowledge, skill and experience in the operations of the Company, Directors have the opportunity to undertake site visits to familiarise themselves with the Company's operations.

Directors are encouraged to undertake continuing education relevant to the discharge of their obligations as Directors of the Company. Subject to prior approval by the Company Secretary, the reasonable cost of such education is met by the Company. Directors are also regularly briefed on any changes to legislation and practices relevant to the business.

### **Retirement and Re-election**

*ASX CGC Recommendations (3<sup>rd</sup> Edition) 1.2*

The Constitution of the Company requires one third of the Directors, other than the Managing Director, to retire from office at each AGM. Directors who have been appointed by the Board are required to retire from office at the next AGM and are not taken into account in determining the number of Directors to retire by rotation at that AGM. Directors cannot hold office for a period in excess of three years or later than the third AGM following their appointment without submitting themselves for re-election. All material information in the possession of the Company relevant to a decision on whether or not to elect or re-elect a Director is included in the Notice of Meeting. Retiring Directors are eligible for re-election by shareholders. Donald Shumka and Peter Donkin will seek re-election at the 2015 AGM, following their retirement by rotation. Mr Wendong Zhang was appointed as a Non-executive Director by the Board effective 25 November 2014. Mr Zhang will seek election by shareholders at the 2015 AGM.

### **Nomination and Appointment of New Directors**

*ASX CGC Recommendations (3<sup>rd</sup> Edition) 1.2, 1.3, 2.6*

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, if required, external consultants are engaged to assist in the selection process. 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. In addition to considerable reference checking, appropriate checks are also made regarding any criminal record or bankruptcy history. 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. New Directors appointed to the Board must 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;
- information on the nuclear industry and market generally;
- 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.

### **Meetings of the Board**

The Board meets formally face to face at least four times a year (each over a two to three day period). Conferencing facilities provide greater ease of communications and meetings via this medium are held at six week intervals between face to face meetings. Additional ad-hoc meetings are held as required. Members of senior management attend and make presentations to the Board covering all aspects of the Company's operations. This provides an excellent opportunity for dialogue and networking, with management from all operations present. Non-executive Directors meet together without the Managing Director/CEO and management being present, prior to each of the four principal Board meetings. The number of meetings of the Board during the reporting period and the names on the attendance record are set out in the Directors' Report.

Directors are provided with papers, presentations and briefings on the Company's operations and on matters which may affect the Company. These are provided in addition to Board papers and are designed to assist the Directors in gaining relevant and timely information to assist in their decision making process. The Company has implemented a secure electronic information repository to facilitate access to past and present Board documentation and other relevant reference material.

The entire Board is required (as stated in their Letters of Appointment) to attend the AGM of the Company and all attended the 2014 AGM.

The Board holds an annual strategic planning session with management at which the Company's strategic plans for each operating activity and the Group as a whole are presented. This is held as part of the budget review process. The Managing Director/CEO encourages full access to executive managers by the Board to ensure transparency at a senior management level. Access to all Perth-based staff is available in a casual setting at each face to face meeting.

### **Evaluation of Board Performance**

*ASX CGC Recommendations (3<sup>rd</sup> Edition) 1.6*

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.

Evaluations of the performance of the Board, individual Directors, the Chairman of the Board and the Board Committees have been carried out during the reporting period. This process involved completion of individual questionnaires focused on process, structure, effectiveness and contributions. Responses to the questionnaires were collated and discussed by the Board and Committees in an open forum and recommendations for improvement considered. These discussions were also enhanced by using an Efficiency, Effectiveness and Ethics performance review model to promote frank and meaningful discussion.

## 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.

## Conflicts of Interest

The Code of Conduct for Directors, a copy of which is available on the Company's website, sets out the procedure to be followed if there is, or may be, a conflict between the personal or other interests of a Director and the business of the Company. A Director with an actual or potential conflict of interest in relation to a matter before the Board does not receive the Board papers relating to that matter and, when the matter comes before the Board for discussion, the Director withdraws from the meeting for the period the matter is considered and takes no part in the discussions or decision-making process.

Minutes reporting on matters in which a Director is considered to have a conflict of interest are not provided to that Director; however, the Director is given notice of the nature of the matter for discussions and, as much as practicable, of the general nature of the discussion or decision reached.

## Remuneration

*ASX CGC Recommendation (3<sup>rd</sup> Edition) 8.3*

Details of the remuneration policies and practices of the Company and the remuneration paid to the Directors (Executive and Non-executive) and senior executives are set out in the Remuneration Report included in the Directors' Report. Shareholders will be invited to consider and to approve the Remuneration Report at the AGM in November 2015.

In relation to the Non-executive Directors, there are no termination or retirement benefits other than those contained in statutory superannuation plans.

## 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 the Company, on any matter connected with the discharge of their responsibilities. No Director availed himself of this right during the course of the year.

## BOARD COMMITTEES

The Board has established Audit, Nomination, Remuneration, and Sustainability Committees which assist in the discharge of the Board's responsibilities. In addition to a review by the Board, each committee reviews its performance by way of individual questionnaires and Charter on an annual basis. This review took place in May 2015 and, as a result, the Board is satisfied that the Committees have performed effectively with reference to their Charters.

Board approved charters set out the terms of reference and rules governing these Committees. These committee charters are available in the Corporate Governance section of Paladin's website.

## Audit Committee

*ASX CGC Recommendations (3<sup>rd</sup> Edition) 4.1, 4.3, 7.3*

The Audit Committee assists the Board in discharging its responsibilities to ensure that the Company complies with appropriate and effective accounting, auditing, internal control and compliance and

reporting practices in accordance with the Audit Committee Charter. The Audit Committee Charter is reviewed annually by the Board and minor changes were made to the charter during the financial year.

The role of the Audit Committee is to:

- monitor the integrity of the financial statements of the Company, reviewing significant financial reporting judgments;
- review the Company's internal financial control system and, unless expressly addressed by a separate risk committee or by the Board itself, risk management systems;
- monitor and review the effectiveness of the Company's internal audit function;
- monitor and review the external audit function, including matters concerning appointment and remuneration, independence and non-audit services; and
- perform such other functions as assigned by law, the Company's constitution, or the Board.

The Audit Committee comprises three members, all of whom are independent Non-executive Directors. The current members of the Audit Committee are:

- Donald Shumka – Committee Chairman  
Non-executive, Independent Director
- Sean Llewelyn  
Non-executive, Independent Director
- Peter Donkin  
Non-executive, Independent Director

The relevant qualifications and experience of the members of the Committee can be found in their biographical information, which is included in the Directors' Report.

The Audit Committee meets at least once a quarter and at any other time requested by a Board member, Company Secretary or external auditor. The external auditors attend each quarterly meeting and on other occasions where circumstances warrant. At the discretion of the Chairman, having regard to the nature of the agenda, relevant members of management may be invited to attend meetings. The number of meetings of the Audit Committee during the reporting period and the names on the attendance record is set out in the Directors' Report.

The external auditors meet with the Audit Committee without management present at each meeting.

The external auditors are required to attend the AGM and be available to answer any shareholder questions relevant to the audit.

The internal audit function is carried out by Deloitte Touche Tohmatsu. A plan is developed on an annual basis to determine the scope of work across the Group, which is then reviewed and endorsed by the Audit Committee. Following execution, the findings and management responses are reported to the Audit Committee and remedial actions taken are tracked and reviewed on a quarterly basis at each committee meeting. The Deloitte representative is present at those meetings to report and advise accordingly.

### **Nomination Committee**

*ASX CGC Recommendations (3<sup>rd</sup> Edition) 2.1*

The responsibilities of the Nomination Committee include:

- reviewing the size and composition of the Board, taking into account director independence, outside directorships and time commitments, and making recommendations to the Board on any appropriate changes;

- developing a board skills matrix to assist in identifying any gaps in the collective skills of the Board for professional development, and succession planning purposes;
- making recommendations on the appointment and removal of Directors;
- establishing evaluation methods for rating the performance of the Board on an annual basis; and,
- providing new Directors with an induction into the Company and providing all Directors with access to ongoing education relevant to their position.

Sean Llewelyn chairs the Nomination Committee. The Board considers that, given the importance of Board composition, it is appropriate that all members of the Board are members of the Nomination Committee.

The number of meetings of the Nomination Committee during the reporting period and the names on the attendance record is set out in the Directors' Report.

### **Remuneration Committee**

*ASX CGC Recommendations (3<sup>rd</sup> Edition) 8.1, 8.2*

The role of the Committee, in accordance with the Remuneration Committee Charter, is to assist the Board with respect to remuneration by reviewing and making appropriate recommendations on:

- remuneration packages of executive Directors, Non-executive Directors and senior executives; and,
- employee incentive and equity based plans including the appropriateness of performance hurdles and total payments proposed.

The ASX Listing Rules and the Constitution require that the maximum aggregate amount of remuneration to be allocated among the Non-executive Directors be approved by the shareholders in a general meeting. In proposing the maximum amount for consideration by shareholders, and in determining the allocation, the Remuneration Committee will take into account the time demands made on Directors given the increasing complexity of the Paladin Group and such factors as fees paid to Non-executive Directors in comparable Australian companies.

The policies and practices regarding remuneration and the remuneration paid to Directors and senior executives are shown in the Remuneration Report, forming part of the Directors' Report.

The Remuneration Committee comprises three members, all of whom are independent Directors. Sean Llewelyn is the Chairman of the Remuneration Committee.

The current members of the Remuneration Committee are:

- Sean Llewelyn – Committee Chairman  
Non-executive, Independent Director
- Rick Crabb  
Non-executive, Independent Director, Board Chairman
- Donald Shumka  
Non-executive, Independent Director

The number of meetings of the Remuneration Committee during the reporting period and the names on the attendance record are set out in the Directors' Report.

## 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 Sustainability Committee's Charter, which sets out further details on the role and duties of the Committee, is available in the corporate governance section of Paladin's website.

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 number of meetings of the Sustainability Committee during the reporting period and the names on the attendance record are set out in the Directors' Report.

## DIVERSITY POLICY

*ASX CGC Recommendations (3<sup>d</sup> Edition) 1.5*

The Board has approved a Diversity Policy, which documents the Company's commitment to workplace diversity and recognises the benefits arising from the recruitment, development and retention of a talented, diverse and motivated workforce.

Diversity within the Company means all the things that make individuals different to one another, including, but not limited to, gender, ethnicity, religion, culture, language, disability and age. It involves a commitment to equality and treating one another with respect.

Responsibility for review of all matters contained within the Diversity Policy rests with the Board as a whole and is reflected accordingly in its Charter.

The ASX Corporate Governance Council's Principles and Recommendations requires the Company to set 'measurable objectives' for achieving gender diversity and to report against them on an annual basis. During May this year, the Board met and reviewed the measurable objectives set for FY2015 and looking forward to FY2016. Due to the continuing record low uranium price and group wide cost cutting initiatives, which, sadly, have resulted in positions being made redundant and the placing of KM on care and maintenance, the Board agreed that it would be unrealistic to set any further significant measurable objectives for FY2016, given the focus on preserving cash and limiting further redundancies. As such, the measurable objectives for FY2016 remain unchanged from the previous year, other than the continued rollout of diversity training to all employees and key suppliers.

In respect to gender diversity specifically, 16.57% (a slight decrease from 17% the previous period) of the total workforce globally are female. This statistic is somewhat skewed due to the cultural and educational challenges faced with increasing the female component of the workforce at the African operations. The percentage of Australian based female employees has reduced slightly to 41.3% from 46% the previous year due to 6 female leavers from within roles that were either made redundant or deemed not critical and therefore not replaced. Details across the Group are included in the table set



out in the “Our People” section in the Annual Report. There are currently no female directors at the Paladin Energy Ltd level; however, females are represented at Board level on 26 of the 31 subsidiary companies.

Across the Group, the workforce is split into five levels – senior management, management, professional, skilled and unskilled roles. The percentage of females represented in the top three levels is shown in the table below:

	Perth	LHM	KM		Aurora	Group wide
			Nationals	Expats		
<b>Senior Management</b>	18.18%	20%	0%	20%	0%	20.68%
<b>Management</b>	25%	16.66%	20%	0%	0%	16.66%
<b>Professional</b>	33.33%	29.72%	16.66%	50%	28.57%	28.76%

#### Measurable Objectives

Objective for FY2015	Outcome
Review Diversity Policy annually.	Reviewed and remained unchanged.
Undertake an annual gender pay audit to ensure equity in remuneration practices.	This was undertaken as part of the annual salary review process.
Report annual data across the Group on diversity in the workforce.	Commenced in 2012 and ongoing.
Encourage training and development to assist in furthering career goals.	107 females participated in educational initiatives during the year.
Develop and implement flexible working arrangements to support employees’ personal or family commitments whilst continuing in employment.	The Company provides employees with flexible working arrangements and paid parental leave together with a financial incentive paid on return to work. Females participated in flexible work arrangements group wide.
When the Board next recruits for an independent non-executive director, at least one woman must be included in the list of potential candidates.	Ongoing.
Initiate diversity training and awareness across the Group.	All managers completed this training during FY2015 with the aim being for all employees group wide and key suppliers to have been trained by end of FY2016.

Further information on diversity within the Company can be found in the Our People section of this annual report.

## **FINANCIAL REPORTING**

ASX CGC Recommendations (3<sup>rd</sup> Edition) 4.2

### **CEO and CFO Certification**

In accordance with the Corporations Act 2001, ASX Corporate Governance Principle 4.2 and Canadian Securities Law, relevant declarations, statements and certifications are provided by the Managing Director/CEO and the Chief Financial Officer in relation to the Company’s financial statements for a financial period.

## **RELATIONSHIP WITH SHAREHOLDERS**

ASX CGC Recommendations (3<sup>rd</sup> Edition) 5.1, 6.1, 6.2, 6.3, 6.4

The Company places a high priority on communications with, and accountability to, shareholders. The Board recognises that shareholders, as the ultimate owners of the Company, are entitled to receive timely and relevant high quality information about their investment. Similarly, prospective investors should be able to make an informed decision when considering the purchase of shares in Paladin.

To safeguard the effective dissemination of information, a Continuous Disclosure & Communication Policy is in place. This reinforces the Company's commitment to its continuous disclosure obligations imposed by law.

Information will be communicated to shareholders by:

- ensuring that published financial and other statutory reports are prepared in accordance with applicable laws and industry best practice;
- ensuring the disclosure of full and timely information about the Company's activities in accordance with the general and continuous disclosure principles in the ASX Listing Rules, the Corporations Act in Australia and all relevant legislation in Canada;
- providing detailed reports from the Chairman, the Managing Director/CEO and other senior executives at the Annual General Meeting (AGM);
- placing all material information released to the market (including notices of meeting and explanatory materials) on the Company's website as soon as practical following release;
- placing the Company's market announcements and financial data for the preceding seven years on its website;
- providing the Annual Report in a "user friendly" electronic format on its website;
- providing quarterly conference calls incorporating Q&A together with investor updates; and,
- providing an archived webcast of the AGM on the Company's website for those shareholders unable to attend the meeting.

In addition, the website includes a facility to allow interested parties to subscribe to receive, electronically, public releases and other relevant material concerning the Company. There are also contact details if shareholders wish to contact the Company or its security registry with any queries.

Shareholders are encouraged to attend AGMs and ask questions of Directors, senior management and the Company's external auditors, who are required to be in attendance. In the event that shareholders are unable to attend meetings, they are encouraged to lodge proxies signifying their approval or otherwise of the business to be considered. Shareholders are able to directly lodge their votes online via the Company's website and the Computershare (the Company's share registry) voting platform.

## **DISCLOSURE CONTROLS**

*ASX CGC Recommendations (3<sup>rd</sup> Edition) 5.1*

Paladin is committed to ensuring that shareholders and the market are provided with full and timely information and that all stakeholders have equal and timely access to material information concerning the Company.

The Company understands and respects that timely disclosure of price sensitive information is central to the efficient operation of the ASX's and Toronto Stock Exchange's securities market and has adopted a Continuous Disclosure & Communication Policy with underlying procedures covering public announcements, the prevention of selective or inadvertent disclosure, conduct of investor and analysts briefings, and media communications. This Policy reflects the commitment of the Directors and management to promoting consistent disclosure practices aimed at accurate, timely and broadly disseminated disclosure of material information to the market. The Company has formed a Disclosure Control Committee which has responsibility for overseeing and co-ordinating disclosure of all public information. Members of this Committee are the Managing Director/CEO, Company Secretary and Chief Financial Officer.

## **RISK MANAGEMENT**

*ASX CGC Recommendations (3<sup>rd</sup> Edition) 7.1, 7.2, 7.4*

The Company does not have a risk committee or separate committees to oversee risk. Risk is managed at the Board level with all Board members involved in the process whilst taking into account the individual Sustainability, Audit and Compliance Committees' inputs in relation to those matters overseen by those committees.

The Company has established policies on risk oversight and management and has a risk management and internal control system to manage the Company's material business risks. The Company has developed its risk management policy in line with the implementation of the risk management system and a risk management framework.

The Company's Risk Management Policy is to identify, assess, evaluate, monitor and mitigate risks which are considered unacceptable to the Company. Operational business controls have been identified and are in place to ensure unwanted threats to the business are managed. Paladin has also developed the business environment for managers and senior personnel to assess risks and make sound business decisions. Whilst all personnel have a responsibility to identify and report to management risks which may materially affect the Company, the Managing Director/CEO has the overall responsibility for the management of risk in the Company. The Managing Director/CEO is assisted by the heads of operational business units who "champion" risks within the business unit. Paladin has adopted the Australian and New Zealand Standard ISO 31000:2009 - "Risk Management" in managing the risk management process.

The risk management system is designed and implemented by the Managing Director/CEO, with assistance from senior executives, and is subject to review on a quarterly basis by the Board of Directors. The latest review took place at the May 2015 board meeting. A report is provided annually to the Board of Directors detailing the management process in relation to the Group's material business risks.

The Company maintains a risk register, which sets out all of the enterprise risks that have been identified and includes an assessment of the risk (risks analysed and evaluated), and treatment plans to mitigate risks. The risk register has been compiled and is reviewed quarterly by the Managing Director/CEO and senior management to ensure adequate risk control measures have been identified. An operational risk assessment system is in place at the Langer Heinrich operation, which is continuously reviewed and updated.

Paladin is committed to continual improvement of the risk management process and procedures to ensure the highest return to shareholders and stakeholders.

The Company has developed a Crisis and Emergency Management System with individual site plans for LHM and KM. The Company also conducts scenario-based exercises to practise crisis and emergency response.

The Company's risk management processes were the subject of an internal audit programme during FY2015 and recommendations from the review were considered and, where appropriate, implemented.

The Company also commenced formal sustainability reporting in FY2012 and now publishes its Sustainability Report on an annual basis.

The Company has exposure to economic, environmental and social sustainability risks. Details of Paladin's sustainability aspects and how they are managed are contained within the Company's published Sustainability Reports. The most recent report (2014) is available on the Paladin website at [www.paladinenergy.com.au](http://www.paladinenergy.com.au) The Company is currently in the process of completing the 2015 Sustainability Report, which is expected to be published on the Paladin website by the end of the 2015 calendar year.

## **ENVIRONMENT**

Paladin is committed to ensuring that effective environmental management is planned and undertaken for all aspects of its operations. The approach to environmental management is guided by Paladin's Environmental Policy, which promotes a standard of excellence for environmental performance across its operations.

## **HEALTH AND SAFETY**

The safety, health and wellbeing of employees, contractors and the community are of core value to Paladin's operations. A healthy workforce contributes to business success and the Company's aim is for zero injuries. The Company encourages safe behaviour by employees and contractors, establishes a mindset that injuries are preventable, provides safety education and training, and conducts safety risk assessments. The safety and health performance of Paladin is measured through internal and external internationally recognised auditing and reporting processes.

During the year, external health and safety audits were carried out at LHM and KM.

## **SECURITIES OWNERSHIP AND DEALINGS**

*ASX CGC Recommendation (3<sup>rd</sup> Edition) 8.3*

The Company has a Policy for Trading in Company Securities, which is binding on all Directors and employees. As well as the overriding prohibition, which relates to all Directors and employees, against dealing in the Company's securities, when a person is in possession of inside information, the Policy also details additional restrictions for a group of Restricted Employees. This group consists of all Directors and officers and other key personnel as nominated by the Chairman and Company Secretary and is reviewed on a regular basis to take into account changes in personnel. Prescribed 'blackout' periods are included in the Policy during which Restricted Employees will be prohibited from dealing in the Company's securities. Additionally, Restricted Employees are at all times (irrespective of 'blackout' periods) required to complete an application form to gain the written acknowledgement of either the Chairman, Managing Director/CEO or the Company Secretary before they deal in the Company's securities.

The Company's Policy also prohibits hedging of options granted under share options plans. This relates to both vested and unvested options. 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 a share option plan and inconsistent with shareholder objectives.

This Policy is included in the annual refresher training on all corporate policies. Training is also extended to all external directors on subsidiary boards with new employees completing the training as part of the induction process.

## **ACTING ETHICALLY AND RESPONSIBLY**

Paladin exists to create value for its shareholders. In pursuit of this goal, the Company recognises that measurement of corporate success encompasses economic, environmental and social values. Paladin stakeholders expect their Company to be a good corporate citizen with fair and beneficial business practices, operating to the highest ethical standards, contributing to the growth and prosperity of host countries, and responding positively to community needs.

Paladin has adopted various policies to assist in this commitment, a summary of which can be found below. These policies are also available on the Company's website.

## **Codes of Conduct**

*ASX CGC Recommendations (3<sup>rd</sup> Edition) 3.1*

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 in effectively managing its operating risks and meeting 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. This is the mechanism by which compliance with the Code is monitored.

## **Community Relations Policy**

Paladin believes that mining and mineral processing activity can play a central role in sustainable community development by acting as a catalyst for positive economic and social change.

When operating in overseas jurisdictions, Paladin acknowledges the importance of understanding that it is operating in a "visitor" capacity in the country of interest and that it must engage with due respect in all interactions.

Paladin aims to achieve a balance between the economic, environmental and social needs in all phases of its projects and has adopted a Community Relations Policy, which is available on the Company's website.

## **Human Rights Policy**

Paladin is committed to respecting human rights and fundamental freedoms. The aim of the Human Rights Policy is to provide the overarching framework for the business in respecting human rights.

Paladin commits to respecting human rights throughout its business and to upholding the laws and regulations of the countries in which it operates. Human rights are fundamental principles of personal dignity and universal equality. Respect for human rights fosters social progress, better standards of life and greater freedom for individuals.

Paladin supports and respects the following international guiding documentation and seeks to conduct its business in accordance with the spirit and intent of them, UN International Bill of Human Rights, UN Universal Declaration of Human Rights, UN Guiding Principles on Business and Human Rights, UN Global Compact, International Labour Organisation (ILO) Declaration on Fundamental Principles and

Rights at Work, The Voluntary Principles on Security and Human Rights, OECD Guidelines for Multinational Enterprises and Equator Principles.

### **Whistleblower Policy**

The Board has also approved a Whistleblower Policy, which documents commitment to maintaining an open working environment in which employees and contractors are able to report instances of unethical, unlawful or undesirable conduct without fear of intimidation or reprisal.

The purpose of the Whistleblower Policy is to:

- help detect and address unacceptable conduct;
- help provide employees and contractors with a supportive working environment in which they feel able to raise issues of legitimate concern to them and to the Company; and,
- help protect people who report unacceptable conduct in good faith.

To assist in the understanding of this Policy by the local Malawian workforce due to language and cultural differences, a storybook has been written and translated into the local language dealing with the issues of fraud, corruption and whistleblowing. This has been distributed to all local employees. In addition, the local acting troupe has been employed in presenting small plays to the workforce on these subjects. Both mediums have been extremely well received and proved effective in presenting the message.

### **Anti-Bribery and Corruption Compliance**

Paladin does not operate in any country rated an extreme risk for corruption in the latest Transparency International Global Corruption Index – Australia and Canada are in the top quartile and rank 11<sup>th</sup> and 10<sup>th</sup> respectively (out of 175 countries surveyed); Namibia is in the second quartile and ranks 55<sup>th</sup> and Malawi and Niger are in the third quartile, ranked 110<sup>th</sup> and 103<sup>rd</sup> respectively.

Paladin opposes corruption and honours the *OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions* (OECD Convention). Paladin is committed to conducting its business in accordance with applicable laws, rules and regulations, and the highest standards of business ethics, and to full and accurate disclosure in compliance with applicable laws, rules and regulations. The Company operates under a Code of Business Conduct and Ethics and a Code of Conduct for its Directors. An Anti-Bribery and Corruption (ABC) Compliance Guide provides practical advice on ethical business conduct for Paladin Directors, employees and third parties. A Whistleblower Policy and procedure are also in place to facilitate disclosure of any alleged corrupt practices.

The Company has established a Compliance Committee which has been trained by external legal counsel, expert in the field. The Committee operates under a Charter, its role being to oversee Paladin's anti-bribery and corruption compliance (as documented in Paladin's Anti-Bribery and Corruption Compliance Guide) and address employee or representative's concerns.

The roll-out of unified anti-bribery and corruption training across the Group began during 2012, with substantially all employees across the Group trained by the end of FY2014. During FY2015 all employees received refresher training on the subject. All employees also received a personal copy of the localised guide to the ABC regime. Given educational and cultural challenges, local mine site workers at KM operating below the supervisor level received training through a number of media – story books (each worker received a personal copy) and posters on the subject written in their local language, together with performances by the local drama group. The story book was produced in four local languages in addition to English and was distributed not only to all local staff but to various government departments and the community both in the surrounding area and in Lilongwe, the capital. Paladin also engages with significant suppliers and contractors in regard to its stance on anti-bribery and corruption and ensures the matter is specifically addressed with contracting parties.

A total of three employees at KM have been terminated over the past financial year due to bribery and corruption related offences. At their respective disciplinary hearings, all three were found guilty of fraudulently falsifying entries in official records (fraudulent invoicing) and gross dishonesty.

### **Privacy Policy**

The Company has a firm commitment to protecting the privacy of any personal information that it collects and holds and recognises its obligations under the existing privacy legislation. It has adopted a Privacy Policy which provides details on the collection and use of personal information, circumstances under which it can be disclosed, management and security of personal information and how it can be accessed.

Any changes to the above Codes and Policies are considered by the Board for approval.

## Appendix 4G

### Key to Disclosures Corporate Governance Council Principles and Recommendations

Name of entity

Paladin Energy Limited

ABN/ARBN

061 681 098

Financial year ended

30 June 2015

Our corporate governance statement<sup>2</sup> for the above period above can be found at:<sup>3</sup>

these pages of our annual report:

this URL on our website: <http://www.paladinenergy.com.au/default.aspx?MenuID=12>

The Corporate Governance Statement is accurate and up to date as at 30 June 2015 and has been approved by the board.

The annexure includes a key to where our corporate governance disclosures can be located.

Date here: 27 August 2015



Sign here:

\_\_\_\_\_  
Company Secretary

Print name: Ranko Matic

<sup>1</sup> Under Listing Rule 4.7.3, an entity must lodge with ASX a completed Appendix 4G at the same time as it lodges its annual report with ASX.

Listing Rule 4.10.3 requires an entity that is included in the official list as an ASX Listing to include in its annual report either a corporate governance statement that meets the requirements of that rule or the URL of the page on its website where such a statement is located. The corporate governance statement must disclose the extent to which the entity has followed the recommendations set by the ASX Corporate Governance Council during the reporting period. If the entity has not followed a recommendation for any part of the reporting period, its corporate governance statement must separately identify that recommendation and the period during which it was not followed and state its reasons for not following the recommendation and what (if any) alternative governance practices it adopted in lieu of the recommendation during that period.

Under Listing Rule 4.7.4, if an entity chooses to include its corporate governance statement on its website rather than in its annual report, it must lodge a copy of the corporate governance statement with ASX at the same time as it lodges its annual report with ASX. The corporate governance statement must be current as at the effective date specified in that statement for the purposes of rule 4.10.3.

<sup>2</sup> "Corporate governance statement" is defined in Listing Rule 19.12 to mean the statement referred to in Listing Rule 4.10.3 which discloses the extent to which an entity has followed the recommendations set by the ASX Corporate Governance Council during a particular reporting period.

<sup>3</sup> Mark whichever option is correct and then complete the page number(s) of the annual report, or the URL of the web page, where the entity's corporate governance statement can be found.



## ANNEXURE – KEY TO CORPORATE GOVERNANCE DISCLOSURES

Corporate Governance Council recommendation	We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have <b>NOT</b> followed the recommendation in full for the whole of the period above. We have disclosed ...	
<b>PRINCIPLE 1 – LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT</b>			
1.1	<p>A listed entity should disclose:</p> <p>(a) the respective roles and responsibilities of its board and management; and</p> <p>(b) those matters expressly reserved to the board and those delegated to management.</p>	<p>... the fact that we follow this recommendation:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at this location:</p> <p>_____</p> <p><i>Insert location here</i></p> <p>... and information about the respective roles and responsibilities of our board and management (including those matters expressly reserved to the board and those delegated to management):</p> <p><input checked="" type="checkbox"/> at this location:</p> <p><a href="http://www.paladinenergy.com.au/default.aspx?MenuID=12">http://www.paladinenergy.com.au/default.aspx?MenuID=12</a></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>
1.2	<p>A listed entity should:</p> <p>(a) undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director; and</p> <p>(b) provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.</p>	<p>... the fact that we follow this recommendation:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at this location:</p> <p>_____</p> <p><i>Insert location here</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>
1.3	<p>A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.</p>	<p>... the fact that we follow this recommendation:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at this location:</p> <p>_____</p> <p><i>Insert location here</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>

Corporate Governance Council recommendation	We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have <b>NOT</b> followed the recommendation in full for the whole of the period above. We have disclosed ...
<p>1.4 The company secretary of a listed entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board.</p>	<p>... the fact that we follow this recommendation:  <input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b>  <input type="checkbox"/> at this location:  <hr/> <i>Insert location here</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b>  <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>
<p>1.5 A listed entity should:</p> <p>(a) have a diversity policy which includes requirements for the board or a relevant committee of the board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the entity's progress in achieving them;</p> <p>(b) disclose that policy or a summary of it; and</p> <p>(c) disclose as at the end of each reporting period the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with the entity's diversity policy and its progress towards achieving them and either:</p> <p>(1) the respective proportions of men and women on the board, in senior executive positions and across the whole organisation (including how the entity has defined "senior executive" for these purposes); or</p> <p>(2) if the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators", as defined in and published under that Act.</p>	<p>... the fact that we have a diversity policy that complies with paragraph (a):  <input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b>  <input type="checkbox"/> at this location:  <hr/> <i>Insert location here</i></p> <p>... and a copy of our diversity policy or a summary of it:  <input checked="" type="checkbox"/> at this location:  <a href="http://www.paladinenergy.com.au/default.aspx?MenuID=12">http://www.paladinenergy.com.au/default.aspx?MenuID=12</a></p> <p>... the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with our diversity policy and our progress towards achieving them:  <input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b>  <input type="checkbox"/> at this location:  <hr/> <i>Insert location here</i></p> <p>... and the information referred to in paragraphs (c)(1) or (2):  <input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b>  <input type="checkbox"/> at this location:  <hr/> <i>Insert location here</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b>  <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>

Corporate Governance Council recommendation	We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have <b>NOT</b> followed the recommendation in full for the whole of the period above. We have disclosed ...
<p>1.6 A listed entity should:</p> <p>(a) have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and</p> <p>(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</p>	<p>... the evaluation process referred to in paragraph (a):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at this location:</p> <p>_____</p> <p><i>Insert location here</i></p> <p>... and the information referred to in paragraph (b):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at this location:</p> <p>_____</p> <p><i>Insert location here</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>
<p>1.7 A listed entity should:</p> <p>(a) have and disclose a process for periodically evaluating the performance of its senior executives; and</p> <p>(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</p>	<p>... the evaluation process referred to in paragraph (a):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at this location:</p> <p>_____</p> <p><i>Insert location here</i></p> <p>... and the information referred to in paragraph (b):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at this location:</p> <p>_____</p> <p><i>Insert location here</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>

Corporate Governance Council recommendation	We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have <b>NOT</b> followed the recommendation in full for the whole of the period above. We have disclosed ...	
<b>PRINCIPLE 2 - STRUCTURE THE BOARD TO ADD VALUE</b>			
2.1	<p>The board of a listed entity should:</p> <p>(a) have a nomination committee which:</p> <p>(1) has at least three members, a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the members of the committee; and</p> <p>(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; <b>OR</b></p> <p>(b) if it does not have a nomination committee, disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.</p>	<p>[If the entity complies with paragraph (a):]</p> <p>... the fact that we have a nomination committee that complies with paragraphs (1) and (2):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at this location:</p> <p>_____</p> <p><i>Insert location here</i></p> <p>... and a copy of the charter of the committee:</p> <p><input checked="" type="checkbox"/> at this location:</p> <p><a href="http://www.paladinenergy.com.au/default.aspx?MenuID=12">http://www.paladinenergy.com.au/default.aspx?MenuID=12</a></p> <p>... and the information referred to in paragraphs (4) and (5):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at this location:</p> <p>_____</p> <p><i>Insert location here</i></p> <p>[If the entity complies with paragraph (b):]</p> <p>... the fact that we do not have a nomination committee and the processes we employ to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively:</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at this location:</p> <p>_____</p> <p><i>Insert location here</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>

Corporate Governance Council recommendation	We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have <b>NOT</b> followed the recommendation in full for the whole of the period above. We have disclosed ...
<p>2.2 A listed entity should have and disclose a board skills matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership.</p>	<p>... our board skills matrix:  <input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b>  <input type="checkbox"/> at this location:  <hr/> <i>Insert location here</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b>  <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>
<p>2.3 A listed entity should disclose:  (a) the names of the directors considered by the board to be independent directors;  (b) if a director has an interest, position, association or relationship of the type described in Box 2.3 but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position, association or relationship in question and an explanation of why the board is of that opinion; and  (c) the length of service of each director.</p>	<p>... the names of the directors considered by the board to be independent directors:  <input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b>  <input type="checkbox"/> at this location:  <hr/> <i>Insert location here</i></p> <p>... where applicable, the information referred to in paragraph (b):  <input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b>  <input type="checkbox"/> at this location:  <hr/> <i>Insert location here</i></p> <p>... the length of service of each director:  <input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b>  <input type="checkbox"/> at this location:  <hr/> <i>Insert location here</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>
<p>2.4 A majority of the board of a listed entity should be independent directors.</p>	<p>... the fact that we follow this recommendation:  <input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b>  <input type="checkbox"/> at this location:  <hr/> <i>Insert location here</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b>  <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have <b>NOT</b> followed the recommendation in full for the whole of the period above. We have disclosed ...
2.5	The chair of the board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.	<p>... the fact that we follow this recommendation:</p> <input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> at this location: <hr/> <i>Insert location here</i>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable
2.6	A listed entity should have a program for inducting new directors and provide appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively.	<p>... the fact that we follow this recommendation:</p> <input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> at this location: <hr/> <i>Insert location here</i>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable
<b>PRINCIPLE 3 – ACT ETHICALLY AND RESPONSIBLY</b>			
3.1	A listed entity should: (a) have a code of conduct for its directors, senior executives and employees; and (b) disclose that code or a summary of it.	<p>... our code of conduct or a summary of it:</p> <input type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input checked="" type="checkbox"/> at this location: <a href="http://www.paladinenergy.com.au/default.aspx?MenuID=12">http://www.paladinenergy.com.au/default.aspx?MenuID=12</a>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement
<b>PRINCIPLE 4 – SAFEGUARD INTEGRITY IN CORPORATE REPORTING</b>			
4.1	The board of a listed entity should: (a) have an audit committee which: (1) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and (2) is chaired by an independent director, who is not the chair of the board, and disclose: (3) the charter of the committee; (4) the relevant qualifications and experience of the members of the committee; and (5) in relation to each reporting period, the number of times the committee met	<p>[If the entity complies with paragraph (a):]  ... the fact that we have an audit committee that complies with paragraphs (1) and (2):</p> <input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> at this location: <hr/> <i>Insert location here</i>  ... and a copy of the charter of the committee: <input checked="" type="checkbox"/> at this location: <a href="http://www.paladinenergy.com.au/default.aspx?MenuID=12">http://www.paladinenergy.com.au/default.aspx?MenuID=12</a>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement

Corporate Governance Council recommendation	We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have <b>NOT</b> followed the recommendation in full for the whole of the period above. We have disclosed ...
<p>throughout the period and the individual attendances of the members at those meetings; <b>OR</b></p> <p>(b) if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.</p>	<p>... and the information referred to in paragraphs (4) and (5):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at this location:</p> <p>_____</p> <p><i>Insert location here</i></p> <p>[If the entity complies with paragraph (b):]</p> <p>... the fact that we do not have an audit committee and the processes we employ that independently verify and safeguard the integrity of our corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner:</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at this location:</p> <p>_____</p> <p><i>Insert location here</i></p>	
<p>4.2 The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.</p>	<p>... the fact that we follow this recommendation:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at this location:</p> <p>_____</p> <p><i>Insert location here</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>
<p>4.3 A listed entity that has an AGM should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.</p>	<p>... the fact that we follow this recommendation:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at this location:</p> <p>_____</p> <p><i>Insert location here</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> we are an externally managed entity that does not hold an annual general meeting and this recommendation is therefore not applicable</p>

Corporate Governance Council recommendation	We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have <b>NOT</b> followed the recommendation in full for the whole of the period above. We have disclosed ...	
<b>PRINCIPLE 5 – MAKE TIMELY AND BALANCED DISCLOSURE</b>			
5.1	<p>A listed entity should:</p> <p>(a) have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and</p> <p>(b) disclose that policy or a summary of it.</p>	<p>... our continuous disclosure compliance policy or a summary of it:</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input checked="" type="checkbox"/> at this location:</p> <p><a href="http://www.paladinenergy.com.au/default.aspx?MenuID=12">http://www.paladinenergy.com.au/default.aspx?MenuID=12</a></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>
<b>PRINCIPLE 6 – RESPECT THE RIGHTS OF SECURITY HOLDERS</b>			
6.1	<p>A listed entity should provide information about itself and its governance to investors via its website.</p>	<p>... information about us and our governance on our website:</p> <p><input checked="" type="checkbox"/> at this location:</p> <p><a href="http://www.paladinenergy.com.au/default.aspx?MenuID=12">http://www.paladinenergy.com.au/default.aspx?MenuID=12</a></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>
6.2	<p>A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.</p>	<p>... the fact that we follow this recommendation:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at this location:</p> <p>_____</p> <p><i>Insert location here</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>
6.3	<p>A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.</p>	<p>... our policies and processes for facilitating and encouraging participation at meetings of security holders:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at this location:</p> <p>_____</p> <p><i>Insert location here</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> we are an externally managed entity that does not hold periodic meetings of security holders and this recommendation is therefore not applicable</p>
6.4	<p>A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.</p>	<p>... the fact that we follow this recommendation:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at this location:</p> <p>_____</p> <p><i>Insert location here</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>



Corporate Governance Council recommendation	We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have <b>NOT</b> followed the recommendation in full for the whole of the period above. We have disclosed ...	
<b>PRINCIPLE 7 – RECOGNISE AND MANAGE RISK</b>			
7.1	<p>The board of a listed entity should:</p> <p>(a) have a committee or committees to oversee risk, each of which:</p> <p>(1) has at least three members, a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the members of the committee; and</p> <p>(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; <b>OR</b></p> <p>(b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity’s risk management framework.</p>	<p>[If the entity complies with paragraph (a):]</p> <p>... the fact that we have a committee or committees to oversee risk that comply with paragraphs (1) and (2):</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at this location:</p> <p>_____</p> <p><i>Insert location here</i></p> <p>... and a copy of the charter of the committee:</p> <p><input type="checkbox"/> at this location:</p> <p>_____</p> <p>... and the information referred to in paragraphs (4) and (5):</p> <p>in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at this location:</p> <p>_____</p> <p><i>Insert location here</i></p> <p>[If the entity complies with paragraph (b):]</p> <p>... the fact that we do not have a risk committee or committees that satisfy (a) and the processes we employ for overseeing our risk management framework:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at this location:</p> <p>_____</p> <p><i>Insert location here</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>
7.2	<p>The board or a committee of the board should:</p> <p>(a) review the entity’s risk management framework at least annually to satisfy itself that it continues to be sound; and</p> <p>(b) disclose, in relation to each reporting period, whether such a review has taken place.</p>	<p>... the fact that we follow this recommendation:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at this location:</p> <p>_____</p> <p><i>Insert location here</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>
7.3	A listed entity should disclose:	[If the entity complies with paragraph (a):]	<input type="checkbox"/> an explanation why that is so in our Corporate

Corporate Governance Council recommendation	We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have <b>NOT</b> followed the recommendation in full for the whole of the period above. We have disclosed ...
<p>(a) if it has an internal audit function, how the function is structured and what role it performs; <b>OR</b></p> <p>(b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.</p>	<p>... how our internal audit function is structured and what role it performs:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at this location:</p> <p>_____</p> <p><i>Insert location here</i></p> <p>[If the entity complies with paragraph (b):]</p> <p>... the fact that we do not have an internal audit function and the processes we employ for evaluating and continually improving the effectiveness of our risk management and internal control processes:</p> <p>in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at this location:</p> <p>_____</p> <p><i>Insert location here</i></p>	<p>Governance Statement</p>
<p>7.4 A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.</p>	<p>... whether we have any material exposure to economic, environmental and social sustainability risks and, if we do, how we manage or intend to manage those risks:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at this location:</p> <p>_____</p> <p><i>Insert location here</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>
<b>PRINCIPLE 8 – REMUNERATE FAIRLY AND RESPONSIBLY</b>		
<p>8.1 The board of a listed entity should:</p> <p>(a) have a remuneration committee which:</p> <p>(1) has at least three members, a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the members of the committee; and</p> <p>(5) as at the end of each reporting period, the</p>	<p>[If the entity complies with paragraph (a):]</p> <p>... the fact that we have a remuneration committee that complies with paragraphs (1) and (2):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at this location:</p> <p>_____</p> <p><i>Insert location here</i></p> <p>... and a copy of the charter of the committee:</p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>

Corporate Governance Council recommendation	We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have <b>NOT</b> followed the recommendation in full for the whole of the period above. We have disclosed ...
<p>number of times the committee met throughout the period and the individual attendances of the members at those meetings; <b>OR</b></p> <p>(b) if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.</p>	<p><input checked="" type="checkbox"/> at this location:  <a href="http://www.paladinenergy.com.au/default.aspx?MenuID=12">http://www.paladinenergy.com.au/default.aspx?MenuID=12</a></p> <p>... and the information referred to in paragraphs (4) and (5):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at this location:  _____  <i>Insert location here</i></p> <p>[If the entity complies with paragraph (b):]  ... the fact that we do not have a remuneration committee and the processes we employ for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive:</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at this location:  _____  <i>Insert location here</i></p>	
<p>8.2 A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.</p>	<p>... separately our remuneration policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at this location:  _____  <i>Insert location here</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>

Corporate Governance Council recommendation	We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have <b>NOT</b> followed the recommendation in full for the whole of the period above. We have disclosed ...
<p>8.3 A listed entity which has an equity-based remuneration scheme should:</p> <p>(a) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and</p> <p>(b) disclose that policy or a summary of it.</p>	<p>... our policy on this issue or a summary of it:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at this location:</p> <p>_____</p> <p><i>Insert location here</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> we do not have an equity-based remuneration scheme and this recommendation is therefore not applicable <b>OR</b></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>
<b>ADDITIONAL DISCLOSURES APPLICABLE TO EXTERNALLY MANAGED LISTED ENTITIES</b>		
<p>- <i>Alternative to Recommendation 1.1 for externally managed listed entities:</i></p> <p>The responsible entity of an externally managed listed entity should disclose:</p> <p>(a) the arrangements between the responsible entity and the listed entity for managing the affairs of the listed entity;</p> <p>(b) the role and responsibility of the board of the responsible entity for overseeing those arrangements.</p>	<p>... the information referred to in paragraphs (a) and (b):</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at this location:</p> <p>_____</p> <p><i>Insert location here</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>
<p>- <i>Alternative to Recommendations 8.1, 8.2 and 8.3 for externally managed listed entities:</i></p> <p>An externally managed listed entity should clearly disclose the terms governing the remuneration of the manager.</p>	<p>... the terms governing our remuneration as manager of the entity:</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at this location:</p> <p>_____</p> <p><i>Insert location here</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>