



PALADIN ENERGY LTD

ACN 061 681 098

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Company Announcements Office
Australian Stock Exchange Limited
20 Bridge Street
SYDNEY NSW 2000

By Electronic Lodgement

Dear Sir/Madam

Paladin Energy Ltd to issue up to US\$325M of Convertible Bonds to fund further growth

Paladin Energy Ltd ("Paladin" or the "Company") (ASX: PDN and TSX: PDN) announces that it has launched an offering to raise up to US\$275M of senior, unsecured convertible bonds due 2013 ("Convertible Bonds"), with the Joint Bookrunners and Joint Lead Managers retaining the option to increase the issue by up to a further US\$50M. The proceeds of the issue will be used to fund Paladin's further growth through expansion of existing activities and potential acquisitions.

Following the issue of the Convertible Bonds, Paladin will have issued a total of up to US\$575M of convertible bonds, assuming that the option to increase the issue is exercised and taking into account the US\$250M issue successfully completed in December 2006. The funds from the initial convertible bond have been used primarily to:

- progress the Kayelekera Uranium Project in Malawi to the fully funded stage, including previously announced project financing facilities;
- finance Paladin's equity requirements to take Kayelekera into production by 2009; and
- advance uranium assets obtained through M&A activity including the Isa Uranium Joint Venture which Paladin secured control of through its successful scrip offers for Valhalla Uranium Limited in 2006 and Summit Resources Limited in 2007.

Paladin is one of the few pure-play independent uranium companies delivering production to satisfy the increased global demand for uranium. Paladin's key projects in Africa are on schedule, with Langer Heinrich operations producing at design capacity, the Kayelekera Uranium Project on target for construction completion and commencement of commissioning by the end of 2008, with production ramp up occurring commencement of 2009. Both of these projects are expected to generate strong cash flows by late 2009. The planned Langer Heinrich Stage II expansion will increase combined mine production to approximately 7Mlb per annum. The Company will evaluate the potential to increase mine production from both of these assets to up to 9Mlb per annum by 2010.

Twenty years of depressed conditions in the nuclear industry have caused a vacuum in uranium supply, which represents a significant opportunity for Paladin. Paladin is establishing a dynamic uranium mining house with a global operating presence. The Company will have a strong marketing function able to deal with a developing global uranium market and a growing customer base in both emerging and established nuclear economies.

For Paladin to deliver on these objectives, the proceeds from the Convertible Bonds will be utilised to fund further growth as follows:

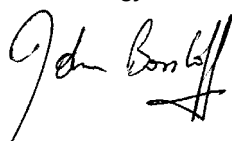
- approximately US\$50M to further advance the Langer Heinrich expansion project (Stage II);
- approximately US\$100–120M to fund mining development, expansions and to support ongoing M&A activities as they arise in the next 12 to 18 months. This will include committing funds to Langer Heinrich to further increase production beyond the proposed Stage II expansion and, in conjunction with Cameco Corporation, to evaluating the recently awarded Angela and Pamela uranium deposits in Australia's Northern Territory;
- approximately US\$50–70M for ongoing exploration and business development;
- approximately US\$65–75M on Paladin's marketing arm. Paladin will develop innovative commercial arrangements to take advantage of the dynamic changes in the global uranium industry which are consistent with the trend in other commodities where customers are increasingly looking for flexible and variable contractual and sales proposals extending beyond the traditional long-term contracts and spot sales transactions. Paladin intends to open marketing offices to better access key customers in Europe and Asia-Pacific, and will add further contract administration and sales personnel both in its head office and in North America; and
- approximately US\$10M to fund costs associated with the issue.

The bookbuilding period will begin upon issue of this statement and is currently expected to end on 20 February 2008. The Joint Bookrunners and Joint Lead Managers reserve the right to close subscription at an earlier time. The Convertible Bonds are being offered to institutional, professional and sophisticated investors only. The offering will occur outside the United States to non-U.S. persons in accordance with Regulation S under the U.S. Securities Act of 1933, as amended. The offering will be made in certain Provinces in Canada to "accredited investors" only.

The payment and settlement date is expected to be on or around 11 March 2008, subject to the receipt of customary approvals, including TSX approval. Paladin intends to apply for listing of the Convertible Bonds on the Singapore Stock Exchange.

The Joint Bookrunners and Joint Lead Managers are Citigroup Global Markets Limited ("Citi") and UBS AG, Australia Branch ("UBS"), with UBS also acting as Sole Global Co-ordinator. Azure Capital is acting as corporate adviser to the Company.

Yours faithfully
Paladin Energy Ltd



JOHN BORSHOFF
Managing Director

In connection with this issue Citi and/or UBS may effect transactions with a view to supporting the market price of the Convertible Bonds at a level higher than that which might otherwise prevail for a limited period after the issue date. However, there may be no obligation on Citi and/or UBS or any agent thereof to do this. Such stabilising, if commenced, may be discontinued at any time and must be brought to an end after a limited period.

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NOTHING IN THIS DOCUMENT CONSTITUTES AN OFFER OF SECURITIES FOR SALE IN ANY JURISDICTION WHERE IT IS UNLAWFUL TO DO SO. THE CONVERTIBLE BONDS OF PALADIN ENERGY LIMITED HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE US SECURITIES ACT, OR THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES. THE CONVERTIBLE BONDS MAY NOT BE OFFERED, SOLD OR OTHERWISE TRANSFERRED EXCEPT IN COMPLIANCE WITH THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND ANY OTHER APPLICABLE SECURITIES LAWS OR PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND ANY OTHER APPLICABLE SECURITIES LAWS.

Caution Regarding Forward Looking Statements: Statements in this news release, including regarding expansion and progression of the Company's projects, expectations regarding cash flows and the Company's plans to establish a uranium marketing arm, are forward-looking statements. Forward-looking statements are subject to risks and uncertainties that may cause actual results to differ from those expressed or implied by such statements. There can be no guarantee such statements will be realised. In particular, there can be no assurance that Paladin will be able to successfully build, develop and operate its uranium mines or successfully operate a uranium marketing arm or that it will be able to raise the funds necessary to complete such tasks. Furthermore, there can be no assurance that if completed, any mine will be profitably operated. Reference should be had to Paladin's public disclosure documents, including its most recent Annual Information Form, which are available under Paladin's profile at www.sedar.com, for a discussion of risk factors affecting the Company.