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Paladin Energy Ltd (ASX code: PDN) is constructing its second uranium project, Kayelekera, in Malawi. Can you outline your production growth profile including your first project, Langer Heinrich, in Namibia?

MD & CEO John Borshoff

At Langer Heinrich we expect to produce 2.6 million pounds in 2008 and another 1.1 million pounds per annum when the Stage II expansion is completed at the end of this year. We're anticipating a 12 month ramp up for stage II and expect to produce 3.1 million pounds in 2009 and 3.7 million pounds in 2010.

Kayelekera will produce 1.6 million pounds in 2009 and 3.3 million pounds per annum from 2010 onwards.

Therefore, total Company production is targeted at 4.7 million pounds for 2009 and 6.9 million pounds for 2010. We also expect to announce that our Stage III expansion at Langer Heinrich would be ready to kick in midway through 2010 and, post 2012; we anticipate that the Mt Isa region could add further production. We have also acquired the rights to the Angela and Pamela deposits in the Northern Territory which have quality databases and could be fast-tracked into production.

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Can you explain your growth strategy beyond the two current projects? What have been some of the challenges at Langer Heinrich?

MD & CEO John Borshoff

We secured Langer Heinrich in 2002 and Kayelekera in 1997. Langer Heinrich has reserves of 38 million pounds of U_3O_8 and resources of 106 million pounds of U_3O_8 and Kayelekera has reserves of 25 million pounds of U_3O_8 and resources of 35 million pounds of U_3O_8 . Our first aim was to get Langer Heinrich into production and then complete construction of Kayelekera to consolidate our position and use these achievements as a stepping stone for further global growth.

We're still optimising production at Langer Heinrich, but the ore body is fantastic and it has delivered grades at least to levels we predicted. The alkaline leach process hadn't been used in conventional mining since the early 1960s, but is proving successful. There were issues during ramp up that delayed full production from June 2007 to December 2007. Recoveries have since improved significantly and the plant reached nameplate capacity in December 2007.

With Langer Heinrich in production we now have mine production operating skills and the Company has now proven itself in exploration, project evaluation, environmental management, construction, operations, financial management and operating offshore. This has given us a framework to replicate projects in Australia and overseas.

At Kayelekera the construction is ongoing and the project is fully funded, the long lead items are in the country, we have a mining contractor with a full mining fleet and in the next few months we will begin erecting the plant, commence open pit mining and establishing the operations team.

It's remarkable that Paladin has built the first conventional uranium mine in the world outside Canada in 20 years and even more remarkable that Kayelekera will be the second. Beyond those two projects, we expect the Mt Isa area to provide significant production growth. We acquired several advanced uranium projects in the region through our acquisitions of Valhalla and Summit. Mt Isa is potentially the third largest uranium province in Australia with a long term production capability. Success there would make us the third largest uranium producer in Australia. We also have several advanced exploration projects in the Northern Territory and Western Australia, some of which have resources defined.

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How does Paladin differentiate itself from its peers? Can you give more detail on your background?

MD & CEO John Borshoff

Paladin differentiates itself from other Tier II producers through vertical integration growth plans and maintaining production forecasts. For example, we are the only Tier II producer with plans for a trading arm.

It's difficult to appreciate the Paladin strategy without a brief explanation on the background of the uranium industry because uranium is more complex than other mineral commodities. The industry was in the doldrums for 20 years or so, causing fundamental structural issues with uranium supply and leading to a lack of

skills in the industry. However, the industry is now in transformation because of the global energy crisis and uranium being the only viable fuel alternative to coal for base-load power generation.

On top of that is the problem of global climate change and the role that uranium can play in reducing carbon emissions compared with fossil fuels such as coal.

Paladin is now one of the very few companies worldwide with genuine expertise in the uranium industry because we made a very early commitment to the industry and persevered during the years when the industry struggled. I have over 30 years experience in uranium mining and marketing in Australia and Africa, working for International Nickel and Canadian Superior Mining and then Uranerz in Australia from 1976 to 1991 including the last few years as CEO.

We have other executives who are over 55 whose knowledge is now extremely valuable because a lot of the intellectual capital has been lost to the industry. While other companies have had to build their knowledge base practically from scratch, we were able to move quickly into production once the market strengthened. Further, we have built on the depth of our experience by establishing our 'management scaffolding' – a team of experienced industry executives across a broad range of disciplines that will enable us to realise our growth plans and strategies. Our shareholders are now being rewarded for our commitment to the nuclear industry and the fact that we recognised the changing supply dynamics. It took two years to raise money for our Bankable Feasibility Study (BFS) on Langer Heinrich and the banks were actually the first to provide capital. That was quite an achievement because banks are usually quite conservative. Strangely, it was a bank that firstly confirmed the quality of our projects and offered us funding for the Langer Heinrich Bankable Feasibility Study. Our market capitalisation has moved from about \$4 million then to over \$3 billion now.

We are now building an exciting pipeline of projects to grow our production base. Paladin has the right people and the desire to continue to be successful. Our vision is built on a prediction that demand for uranium will grow strongly on the back of increased global use in electricity generation.

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Paladin recently completed a US\$325 million Convertible Bond issue. How will Paladin use the capital?

MD & CEO John Borshoff

The US\$325 million we raised will be used to fund a number of growth opportunities, which include US\$50 million for the Langer Heinrich Stage II expansion.

We have also allocated approximately US\$100-120 million for mine development and expansions. This includes funds for Langer Heinrich to increase production beyond Stage II. In addition, we will investigate the potential to develop the Angela and Pamela deposits with Cameco.

We will allocate US\$65-75 million to enhance our uranium trading arrangements in the uranium industry. We intend to open marketing offices in Europe, Asia-Pacific and North America.

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Although Uranium (U₃O₈) prices have fallen 50% from the record highs in mid-2007 they remain at record levels. What do you see as the key drivers going forward?

MD & CEO John Borshoff

After the oil shock of 1971, uranium prices entered a period of extreme downturn and the uranium supply industry was decimated from the mid 1970s until the mid 1990s when the signing of the Kyoto Protocol gave a bit of a spark to the uranium price, but it again fell to extremely low levels earlier this decade. However, a couple of years ago we entered a period of supply shortage and prices moved from single digits to well over US\$100/lb mid last year.

We believe the supply shortage will last for many years and prices will be underpinned by strongly increasing demand for nuclear-powered electricity generation. There are around 439 nuclear reactors operating currently and these are expected to consume around 168 million pounds of U₃O₈ in 2008. There are around 34 reactors under construction and 315 planned or proposed by 2025. It is interesting to note that global uranium production was actually down 5% in 2006 before recovering slightly in 2007 to be up 5%.

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Can you describe the uranium production industry and where Paladin fits in?

MD & CEO John Borshoff

We divide uranium producers into four categories. Tier I producers include Cameco, Areva, RIO, BHP, Kazatomprom, Rosatom and Navoi and they accounted for 83% of 2006 mine production and operate in 9 countries. Tier II companies include Paladin, Uranium One, Denison, Heathgate plus a number of other smaller operators and they accounted for 17% of 2006 mine production and operate in an additional 9 countries. Tier III companies are non-producers and consist of a dozen or so speculative companies with >20 million pounds of U₃O₈ resources. Tier IV companies are non-producers and consist of 100's of highly speculative companies.

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In February 2008, the Angela Project Joint Venture between Paladin and Cameco Australia was selected to explore the Angela uranium deposit near Alice Springs in the Northern Territory. Why were you keen to get these projects? Can you comment on Paladin's joint venture with Cameco in the Northern Territory?

MD & CEO John Borshoff

Our bid was selected from a highly competitive field, but we had an advantage in assessing the Angela and Pamela deposits from my knowledge gathered while I was at Uranerz which discovered Angela and conducted extensive evaluation work between 1972 and 1983. Historic uranium mineralisation defined at the time

comprised approximately 12,000 tonnes to 13,000 tonnes of U₃O₈ and remains open at depth.

Paladin has advanced data bases for both deposits and this might enable us to start on a feasibility study earlier than normal. That would be in about 18 to 24 months, but we would still have to obtain native title clearances and do confirmatory drilling to define a JORC-compliant resource. If we meet that timetable we could get into production in 2011. The Angela Project Joint Venture has committed to spend at least A\$5 million on its initial confirmatory exploration work programme and a further A\$5-10 million on the BFS and an environmental impact assessment.

Paladin's joint venture agreement with Cameco came about because they are committed to the Northern Territory and have experience in working in an environmentally sensitive area and are the largest uranium producer in the world. We bring a strong engineering focus and prior knowledge to the joint venture with project familiarity to complement Cameco's strength.

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Paladin currently holds an 82% interest in Summit Resources. Is your intention to remain as a majority shareholder? Can you update us on the status of your uranium projects around Mt Isa? What work is planned?

MD & CEO John Borshoff

As you know, Paladin holds 82% of Summit, but also holds a 50% direct interest in the Isa Uranium Joint Venture, which holds the main Mt Isa deposits of Valhalla and Skal. Summit is moving forward in a manner consistent with our expectations at the time of the acquisition. The exploration team is undertaking significant further drilling aimed at both extending the existing resources and improving the current classification. We are confident that the current ban on uranium mining in Queensland will be lifted. The new Labor Federal Resources Minister, Martin Ferguson, has been recently quoted in the media as saying that "Queensland...at a point, will fall into line....The uranium industry will open up." This is a project with a great potential about which we remain very enthusiastic.

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You've mentioned plans to establish a trading arm, Paladin Nuclear. Can you provide more detail? What are the advantages?

MD & CEO John Borshoff

The nuclear industry is growing, and growth means change and opportunity in the fuel market. Paladin Nuclear will fill a gap in the market between the suppliers of fuel and the consumer using the resources of Paladin Energy and the deep market knowledge of our international marketing team to offer better uranium and other nuclear fuel supply packages than are available in the traditional market. Paladin Nuclear will also position the company to take advantage of any change in the way the uranium market evolves as the nuclear fleet grows and more entities participate in nuclear fuel trading.

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Can you summarise Paladin's longer term growth strategy?

MD & CEO John Borshoff

Paladin is a focussed uranium energy company founded on many years of industry experience. We want to grow Paladin into a major global uranium supplier using our large resource of nearly 270 million pounds in 6 deposits.

We are building our production base from Langer Heinrich and Kayelekera during a significant market upturn, we are well funded, we are unhedged and we will add value to our sales contracts by establishing our marketing and trading arm. We will continue to look for merger and acquisition opportunities using our proprietary uranium databases.

We are well positioned for strong production growth in an industry which will see high prices continue in the long term.

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Thank you John.

For further information on Paladin please call John Borshoff on (08) 9381 4366.

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