



PALADIN ENERGY LTD

ACN 061 681 098

23 October 2009

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

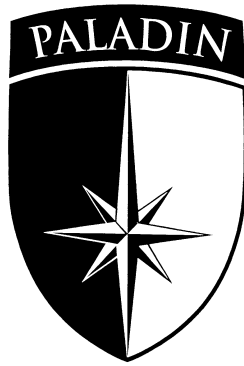
Dear Sir/Madam

Notice of Annual General Meeting to Shareholders

Attached, please find Notice of Annual General Meeting and Proxy Form in respect of the meeting to be held on 25 November 2009 at 10:00am.

Yours faithfully
Paladin Energy Ltd

GILLIAN SWABY
Company Secretary



PALADIN ENERGY LTD

ACN 061 681 098

NOTICE OF ANNUAL GENERAL MEETING

PROXY FORM

AND

MANAGEMENT INFORMATION CIRCULAR

Date of Meeting

Wednesday, 25 November 2009

Time of Meeting

10:00am Perth time

Place of Meeting

Perie Banou Room,
Royal Perth Yacht Club
Australia II Drive
Crawley, Western Australia, 6009

**PALADIN ENERGY LTD
ACN 061 681 098**

NOTICE OF ANNUAL GENERAL MEETING

TO THE HOLDERS OF ORDINARY SHARES OF PALADIN ENERGY LTD:

NOTICE IS HEREBY GIVEN that the Annual General Meeting of the members of Paladin Energy Ltd ("**Company**") will be held in the Perie Banou Room, at The Royal Perth Yacht Club, Crawley, Western Australia on 25 November 2009 at 10:00am WDT for the purpose of transacting the following business.

AGENDA

BUSINESS

A Management Information Circular containing information in relation to each of the following resolutions accompanies this Notice of Meeting.

1.1 FINANCIAL REPORT

To receive the financial report for the year ended 30 June 2009, and the Directors' and Auditors' Reports thereon.

Resolution 1 – Remuneration Report

To consider and, if thought fit, pass the following resolution as an **ordinary resolution**:

"To adopt the Remuneration Report for the year ended 30 June 2009."

Note: The vote on this resolution is advisory only and does not bind the Directors or the Company.

Resolution 2 – Election of Director

To consider and, if thought fit, pass the following resolution as an **ordinary resolution**:

"That Mr Donald Myron Shumka be re-elected as a Director".

Resolution 3 – Employee Performance Share Rights Plan

To consider and, if thought fit, pass the following as an **ordinary resolution**:

"That, for the purposes of Listing Rule 7.2, Exception 9, as an exception to Listing Rule 7.1, and for the purposes of section 613 of the TSX Company Manual, and for all other purposes, the Shareholders approve the performance share rights plan for employees (including Directors) of the Company known as the "Paladin Energy Ltd Employee Performance Share Rights Plan" and the grant of Performance Rights and the issue of Ordinary Shares under such Plan, which Plan is summarised in the Management Information Circular accompanying the notice of the 2009 annual general meeting of the Company, until 25 November 2012."

Voting Exclusions

The Company will, in accordance with Listing Rule 7.2 Exception 9 of the Listing Rules of the ASX and to comply with TSX requirements, disregard any votes cast on resolution 3 by anybody, including insiders of the Company, who may participate in the Paladin Energy Ltd Employee Performance Share Rights Plan or any associate of anybody, including insiders of the Company, who may participate in such Plan. However, the Company need not disregard a vote if:

- it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

To comply with TSX requirements, we advise that as of the date of this Notice of Meeting, 26,343,922 votes are excluded from being voted on Resolution 3, which number is subject to change between the date of this Notice of Meeting and the date of the Meeting.

Resolution 4 – Contractor Performance Share Rights Plan

To consider and, if thought fit, pass the following as an **ordinary resolution**:

"That, for the purposes of section 613 of the TSX Company Manual, and for all other purposes, the Shareholders approve the performance share rights plan for contractors of the Company known as the "Paladin Energy Ltd Contractor Performance Share Rights Plan" and the grant of Performance Rights and the issue of Ordinary Shares under such Plan, which Plan is summarised in the Management Information Circular accompanying the notice of the 2009 annual general meeting of the Company, until 25 November 2012."

Voting Exclusions

The Company will, to comply with TSX requirements, disregard any votes cast on resolution 4 by anybody, including insiders of the Company, who may participate in the Paladin Energy Ltd Contractor Performance Share Rights Plan or any associate of anybody, including insiders of the Company, who may participate in such Plan. However, the Company need not disregard a vote if:

- it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

To comply with TSX requirements, we advise that as of the date of this Notice of Meeting, 5,026,140 votes are excluded from being voted on Resolution 4, which number is subject to change between the date of this Notice of Meeting and the date of the Meeting.

Resolution 5 – Grant of Performance Share Rights to John Borshoff, Managing Director/CEO

Subject to Resolution 3 being approved, to consider and, if thought fit, pass the following as an **ordinary resolution**:

"That, under and for the purposes of ASX Listing Rule 10.14 and for all other purposes, the Shareholders approve the grant of up to 1,000,000 Performance Rights under the Paladin Energy Ltd Employee Performance Share Rights Plan over the next three years to John Borshoff. The terms of grant of the Performance Rights are set out in the Information Circular and the number of Performance Rights to be granted will be 300,000 in 2009 and the maximum number to be granted in subsequent years is to be calculated in accordance with the following formula, the actual number to be issued being determined at the discretion of the Board:

Number of Performance Rights = $\frac{\text{base salary package} \times 100\%}{\text{market value of a Share at the date of grant of the Performance Right.}}$

Voting Exclusions

The Company will, in accordance with Listing Rule 10.15A.6 of the Listing Rules of the ASX, disregard any votes cast on resolution 5 by John Borshoff or any associate of John Borshoff. However, the Company need not disregard a vote if:

- it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

To comply with TSX requirements, we advise that as of the date of this Notice of Meeting, 21,591,394 votes are excluded from being voted on Resolution 5, which number is subject to change between the date of this Notice of Meeting and the date of the Meeting.

Resolution 6 – Ratification of Share Issue

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

"That, for the purposes of Listing Rule 7.4 of the Listing Rules of the ASX and for all other purposes, the Company ratifies the allotment and issue of 93,450,000 Ordinary Shares."

For the purposes of Resolution 6:

- (1) The shares issued are Ordinary Shares which rank *pari passu* with existing shares.
- (2) The Company will disregard any votes cast on this Resolution 6 by any person who participated in the issue or any associate of that person. However, the Company need not disregard a vote if:
 - it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
 - it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

Resolution 7 – Renewal of the Company's Proportional Takeover Approval Provisions

To consider and, if thought fit, to pass, with or without amendment, the following resolution as a **special resolution**:

"That, for the purposes of section 648G of the Corporations Act and all other purposes, the Company renews its proportional takeover approval provisions as set out in clause 32 of the of the constitution of the Company, for a period of three years commencing on the day this resolution is passed."

For the purpose of this Notice of Meeting, Management Information Circular and Resolutions 1 to 7:

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

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

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

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

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

"**Listing Rules**" means the listing rules of the ASX;

"**Notice**" means the Notice of Annual General Meeting accompanying this Management Information Circular;

"**Shares**" or "**Ordinary Shares**" means fully paid ordinary shares in the Company;

"**Shareholder**" means the holder of Shares;

"**TSX**" means the Toronto Stock Exchange; and

"**WDT**" means Australian Western Daylight Time.

Other business

To deal with any other business which may be brought forward in accordance with the Company's Constitution and the Corporations Act.

By order of the Board



Gillian Swaby

Company Secretary

Dated: 16 October 2009

PROXIES

A Shareholder entitled to attend and vote at the above Annual General Meeting of Shareholders may appoint not more than two proxies. Where more than one proxy is appointed, each proxy may be appointed to represent a specified proportion of the Shareholder's voting rights. If such appointment is not made then each proxy may exercise half of the Shareholder's voting rights. A proxy may, but need not be, a Shareholder. Proxy forms must reach the Registered Office of the Company at least 48 hours prior to the Annual General Meeting, that is, by 10:00am WDT on Monday, 23 November 2009.

ENTITLEMENT TO VOTE AND RECORD DATE

For the purposes of regulation 7.11.37 of the Corporations Regulations, the Company determines that members holding Shares at 5:00pm WDT on Monday, 23 November 2009 will be entitled to attend and vote at the Annual General Meeting.

For the purposes of section 2.1 of Canadian National Instrument 54-101 the Directors have fixed the record date for notice of the Annual General Meeting as Tuesday, 13 October 2009.

If you cannot attend the meeting in person, you are encouraged to date, sign and deliver the accompanying proxy and return it prior to 10:00am WDT on Monday, 23 November 2009. Information in relation to proxy voting is set out in the following documentation.

DATED at Perth, Western Australia, on 16 October 2009.

MANAGEMENT INFORMATION CIRCULAR

16 October 2009

SOLICITATION OF PROXIES

This Information Circular is furnished in connection with the solicitation of proxies by the management of **PALADIN** for use at the Annual General Meeting of the Company (the "Meeting") to be held on Wednesday, 25 November 2009, and any adjournments thereof, at the time and place and for the purposes set forth in the accompanying Notice.

VOTING BY PROXIES

This section headed "Voting by Proxies" only applies to registered holders (each a "Shareholder") of Ordinary Shares.

The form of proxy accompanying this Information Circular confers discretionary authority upon the proxy nominee with respect to any amendments or variations to the matters identified in the Notice and any other matters that may properly come before the Meeting. On any ballot, the Ordinary Shares represented by the proxy will be voted or withheld from voting in accordance with the instructions of the Shareholder as specified in the proxy with respect to any matter to be acted on. If the Shareholder specifies a choice with respect to any matter to be acted upon, the Ordinary Shares will be voted accordingly. **If a choice is not specified with respect to any matter, the Ordinary Shares represented by a proxy given to management are intended to be voted in favour of the resolutions contemplated herein. A Shareholder has the right to appoint a person (who need not be a Shareholder) to attend and act for the Shareholder and on the Shareholder's behalf at the Meeting other than the persons designated in the form of proxy and may exercise such right by inserting the name in full of the desired person in the blank space provided in the form of proxy.** Proxies must be delivered prior to 10:00am WDT on Monday, 23 November 2009 to either of the following:

Computershare Investor Services Pty Limited

GPO Box 242 Melbourne
VICTORIA 3001 AUSTRALIA

Or Facsimile:
Australia: 1800 783 447
Overseas: +61 3 9415 4823

Computershare Investor Services Inc

Attention: Proxy Dept.
100 University Avenue
9th Floor
TORONTO, ON M5J 2Y1 CANADA
Telephone: 1-800-564-6253/514-982-7555

Or Facsimile: 1 866 249 7775

ADVICE TO BENEFICIAL HOLDERS OF SHARES

The information set forth in this section is of significant importance to persons who beneficially own Ordinary Shares, as a substantial number of such persons do not hold Ordinary Shares in their own name. Persons who hold Ordinary Shares through their brokers, intermediaries, trustees or other persons, or who otherwise do not hold such securities in their own name (referred to in this section as "Beneficial Holders") should note that only proxies deposited by persons whose names appear on the records of the Company may be recognized and acted upon at the Meeting. If Ordinary Shares are listed in an account statement provided to a Beneficial Holder by a broker, then in almost all cases those Ordinary Shares will not be registered in the Beneficial Holder's name on the records of the Company. Such Ordinary Shares will more likely be registered under the names of the broker or an agent of that broker. In Canada, the vast majority of shares are registered under the name of CDS & Co. (the registration name for The Canadian Depository for Securities Limited, which acts as nominee for many Canadian brokerage firms). Ordinary Shares held by brokers, agents or nominees can only be voted (for or against resolutions) upon the written instructions of the Beneficial Holder.

Without specific instructions, brokers, agents and nominees are prohibited from voting securities for their clients. **Therefore, Beneficial Holders should ensure that instructions respecting the voting of their Ordinary Shares are communicated to the appropriate person by the appropriate time.**

Applicable regulatory policy requires intermediaries/brokers to seek voting instructions from Beneficial Holders in advance of shareholders' meetings. Each intermediary/broker has its own mailing procedures and provides its own return instructions to clients, which should be carefully followed by Beneficial Holders to ensure that their Ordinary Shares are voted at the Meeting. The purpose of the form of proxy or voting instruction form supplied to a Beneficial Holder by its broker, agent or nominee is limited to instructing the registered Shareholder (the broker or agent of the broker) how to vote on behalf of the Beneficial Holder. The majority of brokers now delegate responsibility for obtaining instructions from clients to Independent Investor Communications Company ("IICC"). IICC typically supplies a voting instruction form, mails those forms to the Beneficial Holders and asks Beneficial Holders to return the forms to IICC or follow specified telephone voting procedures. IICC then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of Ordinary Shares to be represented at the appropriate Meeting. **A Beneficial Holder receiving a voting instruction form from IICC cannot use that form to vote Ordinary Shares directly at the Meeting - the voting instruction forms must be returned to IICC or the telephone procedures completed well in advance of the Meeting in order to have such Shares voted.**

Although Beneficial Holders may not be recognised directly at the Meeting for the purpose of voting Shares registered in the name of their broker, agent or nominee, a Beneficial Holder may attend at the Meeting as proxy holder for the Shareholder and vote the Ordinary Shares, as the case may be, in that capacity. Beneficial Holders who wish to attend at the Meeting and indirectly vote their Ordinary Shares, as the case may be, as proxy holder for the registered Shareholder, should enter their own names in the blank space on the form of proxy or voting instruction form provided to them and return the same to their broker (or the broker's agent) in accordance with the instructions provided by such broker (or agent), well in advance of the Meeting.

REVOCATION OF PROXIES

A Shareholder executing and delivering a proxy has the power to revoke it in accordance with the provisions of the *Corporations Act*, which provides that every proxy may be revoked by an instrument in writing executed by the Shareholder or by his or her attorney authorised in writing and delivered either to the registered office of the Company at any time up to and including the last business day preceding the day of the Meeting, or any adjournment thereof at which the proxy is to be used, or to the chairman of the Meeting on the day of the Meeting or any adjournment thereof, or in any other manner permitted by law.

A proxy is valid only in respect of the Meeting.

PERSONS MAKING THE SOLICITATION

This solicitation of proxies is made by management of the Company. The cost of the solicitation has been and will be borne by the Company.

DIRECT VOTES (Australian Share Register only)

A direct vote will enable Shareholders to vote on resolutions considered at the Meeting by lodging their votes with the Company prior to the meeting. Direct voting will enable Shareholders to exercise their voting rights without the need to attend the meeting or appoint a proxy.

A Shareholder may lodge a direct vote by using the voting form provided with this Notice.

A Shareholder may lodge a direct vote by indicating on the voting form that the Shareholder is casting the Shareholder's vote directly and then placing a mark in one of the boxes opposite each item of business on the voting form. All of the Shareholder's Ordinary Shares will be voted in accordance with such direction, unless the Shareholder indicates that the Shareholder's direction is:

- (a) to vote only a portion of the Shareholder's votes on any item; or
- (b) to cast the Shareholder's votes in different ways on any item,

by inserting the number of Shares in the appropriate box or boxes.

If a Shareholder indicates that the Shareholder is lodging the Shareholder's votes directly and then does not mark any of the boxes on a given item, no votes will be voted on that item.

If a Shareholder indicates that the Shareholder is lodging the Shareholder's votes directly and then marks more than one box on an item, the Shareholder's vote on that item will be invalid. If a Shareholder inserts a number of Shares in boxes on any item that in total exceed the number of Ordinary Shares the Shareholder holds as at the voting entitlement time, the Shareholder's vote on that item will be invalid, unless the Shareholder inserted a number of Shares in one box only on an item which exceeds the number of Ordinary Shares that the Shareholder holds at that time, in which case the Shareholder's vote will be taken to be valid for the number of Ordinary Shares actually held by that Shareholder at that time.

Please note, a Shareholder who has cast a direct vote may attend the Meeting, however, the Shareholder's attendance cancels the direct vote unless the Shareholder instructs the Company or the Share Registry otherwise.

VOTING SHARES AND PRINCIPAL HOLDERS THEREOF

As of 16 October 2009, the issued and outstanding capital of the Company consists of 717,142,802 Ordinary Shares. Subject to certain exclusions of votes contemplated below, each Ordinary Share is entitled to be voted at the Meeting. On a ballot, each Ordinary Share is entitled to one vote.

For the purposes of regulation 7.11.37 of the Corporations Regulations, the Company determines that members holding Ordinary Shares at 10:00am WDT on Monday, 23 November 2009 will be entitled to attend and vote at the Annual General Meeting.

For the purposes of section 2.1 of Canadian National Instrument 54-101, the Directors have fixed the record date for notice of the Annual General Meeting as Tuesday, 13 October 2009.

A simple majority of votes cast are required to approve all **ordinary resolutions** to be submitted to a vote of Shareholders at the Meeting.

Special resolutions require the approval of at least 75% of votes of those members of the Company at the meeting in person or by proxy.

PARTICULARS OF MATTERS TO BE ACTED ON

The following information is intended to provide Shareholders with sufficient information to assess the merits of the Resolutions contained in the accompanying Notice of the Company.

The Directors recommend Shareholders read this in full before making any decision in relation to the resolutions, in accordance with Section 250R of the Corporations Act.

Annual Accounts

Appropriate time will be devoted to the consideration of the Financial Statements and Reports of the Company for the year ended 30 June 2009.

ORDINARY RESOLUTIONS

Resolution 1 – Remuneration Report

The Board is voluntarily submitting its Remuneration Report to Shareholders for consideration and adoption by way of a non-binding resolution as required under the Corporations Act.

The Remuneration Report forms part of and is clearly identified in the Directors' Report included in the 2009 Annual Report. The Report:

- Explains the Board's policy for determining the nature and amount of remuneration of executive Directors and senior executives of the Company;
- Explains the relationship between the Board's remuneration policy and the Company's performance;
- Sets out remuneration details for each Director and Key Management Personnel of the Company; and
- Details and explains any performance conditions applicable to the remuneration of executive Directors and Key Management Personnel of the Company.

A reasonable opportunity will be provided for discussion of the Remuneration Report at the meeting.

The vote on the adoption of the Remuneration Report resolution is advisory only and does not bind the Directors or the Company. However, the Board will take the outcome of the vote into consideration when reviewing the remuneration practices and policies of the Company.

Resolution 2 – Election of Director

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

Information in respect of Mr Shumka, who is seeking re-election, and each other person whose term of office as a Director will continue after the meeting, including John Borshoff, an existing Director, who is not required by the Company's Constitution to retire at this Annual General Meeting, is set out below:

Name and Residence	Position with Paladin & Length of Time as Director	Current Principal Occupations & Principal Occupations during preceding 5 years	Shareholding (direct and indirect)	Committee Membership
Rick Wayne Crabb Western Australia, Australia (due for re-election November 2010)	Chairman (27 March 2003 to present – 6 years); Non-Executive Director (8 February 1994 to present)	Chairman: Paladin Energy Ltd (uranium supply and production) (2003 to present)	4,581,528*	Remuneration Nomination
Sean Reveille Llewelyn Queensland, Australia (due for re-election November 2011)	Non-Executive Director (12 April 2005 to present – 4 years)	Investor	100,000	Audit Nomination (Chair) Remuneration (Chair)
Ian Urquhart Noble NSW, Australia (due for re-election November 2010)	Non-Executive Director (29 June 2005 to present – 4 years)	Metallurgical Engineering Consultant (1991 to 2005) Retired (2006 to present)	21,000	Audit Nomination
Donald Myron Shumka BC, Canada (due for re-election November 2009)	Non-Executive Director (9 July 2007 to present – 2 years)	Managing Director: Walden Management Ltd, (financial consulting firm) (2004 to present)	50,000	Audit (Chair) Nomination Remuneration
John Borshoff Western Australia, Australia (not required to seek re-election)	Managing Director/CEO (24 September 1993 to present – 16 years)	Managing Director/CEO: Paladin Energy Ltd (uranium supply and production) (24 September 1993 to present)	21,591,394	Nomination

* Between 11 and 14 April 2008, a secured creditor of Lift Capital Pty Limited in the exercise of purported rights, sold 6,383,218 Ordinary Shares on behalf of Rick Crabb and his associates. No consideration was received by Rick Crabb or his associates from this involuntary sale. Legal action for the recovery of these Shares which were sold without their consent or authority is being pursued.

Approval of Performance Share Rights Plans

Resolution 3 – Employee Performance Share Rights Plan

Resolution 4 – Contractor Performance Share Rights Plan

On 20 August 2009, subject to approval of the Shareholders as required by the Listing Rules and the TSX Company Manual, the Board adopted a performance share rights plan for employees (including Directors) of the Company known as the "Paladin Energy Ltd Employee Performance Share Rights Plan" (the "Employee Plan") and a performance share rights plan for contractors of the Company known as the "Paladin Energy Ltd Contractor Performance Share Rights Plan" (the "Contractor Plan") (together, the Employee Plan and the Contractor Plan are called the "Plans"). The Plans provide for the issuance of performance share rights ("Performance Rights") which, upon a determination by the Board that the performance conditions attached to the Performance Rights have been met, are convertible into Ordinary Shares. The Employee Plan will replace the previous Employee Share Option Plan (adopted by the Shareholders at the Annual General Meeting held on 21 November 2006) ("Option Plan") and is designed to increase the motivation of staff and create a stronger link between increasing Shareholder value and employee reward. A review of the existing Option Plan has identified a number of limitations which compromises the Option Plan's intent. That is:

- the Option Plan does not provide certainty as to any benefits being derived by the employee, irrespective of their individual contribution to the Company and or achievement of the hurdles put in place for the options to vest; and
- the capacity of staff to fund the exercise of options, even when those options are in the money is often limited, and therefore, the benefit earned cannot be crystallised.

The Option Plan will expire on 21 November 2009, three years after the date it was adopted by Shareholders, and all existing but unallocated entitlements under the Option Plan will be cancelled, although existing entitlements granted under the Option Plan will continue in place in accordance with their terms and the terms and conditions of the Option Plan. The main features of the Option Plan are summarised below under "Paladin Share Incentive Option Plan and Proposed Performance Share Rights Plans".

Additionally, the Company wishes to exempt issues of securities under the Employee Plan from contributing towards the rolling annual limit of 15% of issued Ordinary Shares prescribed by Listing Rule 7.1. This limit otherwise applies to all new issues of equity securities made without Shareholder approval. Shareholder approval of the Employee Plan is therefore sought under Listing Rule 7.2, Exception 9, whereby the Shareholders may approve in advance the issue of securities made under the plan as an exception to the limit under Listing Rule 7.1. Shareholder approval of both Plans is also required pursuant to the TSX Company Manual.

No securities have been issued under the Plans and the Plans have not previously been approved by Shareholders. Pursuant to Resolution 5, approval is sought for the grant of up to 1,000,000 Performance Rights over the next three years to John Borshoff, the Managing Director of the Company, pursuant to the Employee Plan as described below.

Further information about the Plans is set out below. A copy of the full terms and conditions of the Plans can be obtained by contacting the Company (see Availability of Documents).

Reasons for the new Plans

To achieve the corporate objectives, the Company needs to attract and retain its key staff, whether employees or contractors. The Board believes that grants made to eligible participants under the Plans will provide a powerful tool to underpin the Company's employment strategy, and that the implementation of the Plans will:

- enable the Company to recruit and retain the talented people needed to achieve the Company's business objectives;
- link the reward of key staff with the achievements of strategic goals and the long term performance of the Company;
- align the financial interest of participants of the Plans with those of Shareholders; and
- provide incentives to participants of the Plans to focus on superior performance that creates Shareholder value.

Outline of the Plans

This section gives a brief outline of how the Board intends to implement initial participation under the rules of the proposed Plans.

Participation

Carefully designed, performance linked, equity plans are widely considered to be very effective in providing long term incentives to staff. As well, they are used to attract and retain staff by providing them with the opportunity to participate in the creation of a valuable personal asset – a financial stake in the Company.

As part of the Company's strategy, the Board wishes to be in a position to issue Performance Rights under the Employee Plan to employees (including Directors) and under the Contractor Plan to eligible contractors, to achieve the objectives outlined above. A Performance Right is a right to be issued an Ordinary Share upon satisfaction of certain performance conditions that are attached to the Performance Right, as determined by the Board. In accordance with the requirements of the Listing Rules, prior Shareholder approval will be required before any Director or related party of the Company can participate in the Plans.

Performance Conditions

The Board is cognisant of general Shareholder concern that long-term equity based reward for staff should be linked to the achievement by the Company of a performance condition. Performance Rights granted under the Plans to eligible participants will be subject to performance conditions as determined by the Board from time to time. These performance conditions must be satisfied in order for the Performance Rights to vest. Upon Performance Rights vesting, Ordinary Shares are immediately issuable.

The Employee Plan and the Contractor Plan differ only in respect of the class of individuals who are eligible for participation. The main features of the Plans are summarised as follows:

- **Eligible Participants:** The eligible participants under the Employee Plan are full time employees and permanent part-time employees (including Directors) of the Company and its subsidiaries. The eligible participants under the Contractor Plan are the contractors engaged by the Company and its subsidiaries.

- Limits on Entitlements and Existing Entitlements:** The Plans have a fixed maximum percentage of Ordinary Shares that are issuable under the Plans. The maximum number of Ordinary Shares that is issuable under each Plan, when combined with (a) the number of Ordinary Shares that are issuable under any other employee incentive scheme of the Company (including the Paladin Energy Incentive Plan adopted 21 November 2006) but excluding the Ordinary Shares that are issuable under the other Plan; and (b) the number of Ordinary Shares issued during the previous five years pursuant to the Plans or any other employee incentive scheme of the Company; but *disregarding* any offer made, or Performance Rights acquired or Ordinary Shares issued by way of or as a result of: (i) an offer to a person situated at the time of receipt of the offer outside Australia; or (ii) an offer that did not need disclosure to investors because of section 708 of the Corporations Act; or (iii) an offer made under a disclosure document, must not exceed 5% of the total number of issued Ordinary Shares. The Option Plan is the only other employee incentive scheme of the Company that is currently in place. As of the date of this Management Information Circular, 14,050,455 Ordinary Shares (being 1.96% of the Company's current issued and outstanding Ordinary Shares) are issuable pursuant to entitlements granted under the Option Plan. The Option Plan will expire on 21 November 2009 and all existing but unallocated entitlements under the Option Plan will be cancelled, although existing entitlements granted under the Option Plan will continue in place in accordance with their terms and the terms and conditions of the Option Plan. On that basis, given that there are currently 717,142,802 Ordinary Shares outstanding, the maximum number of Ordinary Shares that may be issued under each Plan is 31,736,489 Ordinary Shares.
- No Limits:** The Plans do not set out a maximum number of Ordinary Shares that may be made issuable to any one person or company and do not specify a maximum percentage of Ordinary Shares available to insiders of the Company.
- Consideration Payable:** No amount is payable in connection with the grant of a Performance Right. Upon Performance Rights vesting under the Plan, Ordinary Shares may be issued for no consideration, or the Board may, at the time of grant, in its discretion, specify an amount payable for the issuance of Ordinary Shares as a performance condition attached to a Performance Right, which amount may not be below the market price of the Company's Ordinary Shares. The market price will be calculated pursuant to the TSX Company Manual, and will generally be the volume weighted trading price of the Shares for the five days preceding the date of the Offer on the stock exchange upon which the majority of the trading volume and trading value of the Shares occurred for such period.
- Vesting:** The Performance Rights issued under each Plan and the performance conditions that must be satisfied in order for the Performance Rights to vest, at which time the Company is then obliged to issue a specified number of Ordinary Shares to the participant, are established by the Board and expressed in a written offer (the "Offer") made by the Company to the eligible participant which, subject to acceptance by the eligible participant within a specified period, is then subject to re-affirmation by the Board. The performance conditions may include one or more of work performance of a minimum period of time, achievement of specific performance objectives by the participant and/or by the Company, payment of consideration for the issuance of Ordinary Shares, as described above or such other performance objectives as the Board may determine and set out in the Offer. Except for a performance condition that involves only the passage of a minimum period of time or the payment of money, the Board determines whether performance conditions have been met and Performance Rights therefore have vested. Upon Performance Rights becoming vested, the Company shall issue Ordinary Shares to the participant, without any further action being required on the part of the participant.

- **Term & Lapse:** Performance Rights have a term of seven years, or such other term as the Board may determine in its absolute discretion and specify in the Offer, but not exceeding 10 years, and are subject to lapsing if performance conditions are not met by the relevant measurement date or expiry date (if no other measurement date is specified) or if employment is terminated for cause or in circumstances other than as described in the next paragraph. If a contractor is terminated for any reason, the contractor's Performance Rights which have not vested will lapse.
- **Retirement, Disability, Redundancy or Death:** Under the Employee Plan, upon the retirement, total and permanent disability, redundancy or death of a participant, as defined in the Employee Plan, performance conditions will be deemed to have been satisfied or waived and Ordinary Shares shall be issued, except a performance condition that requires the payment of money must be satisfied by the earliest to occur of 6 months from the date of retirement, disability, redundancy or death, such longer period as the Board may determine and the original expiry time of the Performance Rights in order for the Performance Rights to vest and Ordinary Shares to be issued. Under the Contractor Plan, if at any time prior to the expiry of Performance Rights the contractor dies, the contractor's legal personal representative shall be entitled to receive the Performance Rights and exercise any rights in respect of the Performance Rights that may exist.
- **Blackout Periods:** Performance Rights do not vest, and Ordinary Shares may not be issued, under the Plans during a blackout period. Any Performance Rights that vest during a blackout period will be deemed to have vested immediately after termination of the blackout period.
- **Assignment:** Without approval of the Board, Performance Rights may not be transferred, assigned or novated, except upon death, a participant's legal personal representative may elect to be registered as the new holder of such Performance Rights and exercise any rights in respect of them.
- **Takeover Bid or Change of Control:** All Performance Rights automatically vest in the event of (i) a takeover bid, (ii) a change of control of the Company, or (iii) approval by the court of a merger by way of scheme of arrangement, except that if Performance Rights require the payment of an amount in order to vest and Ordinary Shares to be issued and the amount is not paid within a notice period provided by the Company, such Performance Rights will lapse at 5.00 pm Perth, Western Australia, time on the last day of the notice period.
- **Alteration in Share Capital:** The Board is empowered to make, without being required to seek shareholder approval, appropriate adjustments to Performance Rights in the event of a variation of the share capital of the Company.
- **Amendment:** Subject to the requirements of any regulatory body having authority over the Company, the Plan or the Shareholders, and in particular, any restrictions or procedural requirements relating to the amendment of the terms and conditions of an employee incentive scheme imposed by the ASX Listing Rules or the amendment of a security based compensation arrangement imposed by the TSX Company Manual, the Board may exercise its discretion (i) in accordance with the provisions of the Plans, which exercise shall not be taken to be an amendment that requires Shareholder approval, or (ii) to correct any internal inconsistencies, grammar, spelling or punctuation without Shareholder approval. The ASX Listing Rules and the TSX Company Manual generally require that all other amendments must be approved by the Shareholders and the votes of insiders who benefit from the Plan being amended, and any other person who benefits from the Plan being amended and such person's associates, must be excluded.

- **Suspension or Termination:** The Board may suspend or terminate either or both of the Plans at any time, without notice, but the suspension or termination will not affect any existing grants of Performance Rights already made.

In accordance with the requirements of Listing Rule 7.2 Exception 9(b) and for the purposes of the TSX, the following information is provided:

- (a) the terms of the Plans have been summarised within this Management Information Circular;
- (c) this is the first approval sought under Listing Rule 7.2 Exception 9 with respect to the Plans; and
- (d) a voting exclusion statement has been included for the purposes of Resolution 3 and Resolution 4.

Resolution 5 - Grant of Share Rights to John Borshoff, Managing Director/CEO

Subject to the passage of Resolution 3, Shareholder approval is sought for the grant of up to 1,000,000 Performance Rights, representing Ordinary Shares equal to 0.14% of the Company's current number of issued and outstanding Ordinary Shares, over the next three years to John Borshoff, the Managing Director of the Company, pursuant to the Employee Plan as described above. Shareholder approval is required under ASX Listing Rule 10.14 because Mr Borshoff is a Director of the Company.

Mr Borshoff founded the Company and was appointed a Director on 24 September 1993. Mr Borshoff faces considerable ongoing responsibilities and challenges in his role within the Company as its Managing Director. The grant of these Performance Rights will provide a long term incentive for outstanding performance and promote his opportunity for share ownership in the Company.

The Performance Rights to be granted to Mr Borshoff are subject to the terms and conditions of the Employee Plan referred to in resolution 3, as summarised in this Management Information Circular. The performance conditions of the Performance Rights to be granted to Mr Borshoff are as follows:

Relative TSR performance condition (applies to 50% of Performance Rights granted)

The Total Shareholder Return ("TSR") measure represents the change in capital value of the Share price over a period, expressed as a percentage of the opening value. Relative TSR has been chosen as a performance condition because, in the opinion of the Directors, it provides the most direct link between chief executive officer (CEO) reward and Shareholder return.

Mr Borshoff will only derive value from the TSR component of the grants made if the Company's TSR performance is at least at the median of companies in the peer comparison group. The peer comparison group comprises all mining companies in the ASX S&P 200 Index excluding, for such time as Paladin does not pay a dividend, all companies that paid a dividend during any year of the measurement period. This peer group comprising mining companies was selected as being the most appropriate given that Paladin operates in the uranium sector, with no pure uranium companies with comparative size and geographic scope of operations existing world wide.

The vesting schedule of the Performance Rights subject to the relative TSR condition is below:

RELATIVE RANKING	TSR	PERCENTILE	PERCENTAGE OF PERFORMANCE RIGHTS THAT MAY BE EXERCISED IF THE RELATIVE TSR HURDLE IS MET
Less than 50th percentile			0% of the Performance Rights subject to the TSR condition
At 50th percentile			50% of the Performance Rights subject to the TSR condition
Greater than the 50th percentile but less than the 75th percentile			Pro-rated vesting between 51% and 99% of the Performance Rights subject to the TSR condition
At 75 th percentile or greater			100% of the Performance Rights subject to the TSR condition

The initial measurement date of the Performance Rights subject to the relative TSR condition is at the end of year three, calculated from the date of grant. At the end of year three, Mr Borshoff can either:

- accept the vesting outcome achieved (based on the schedule set out above); or
- elect to have his Performance Rights retested at the end of year four (in which case the same vesting schedule applies but the retest period covers the entire four year period from the date the Performance Rights were granted).

Mr Borshoff is not permitted to “double dip”, so by electing to have his Performance Rights retested at the end of year four he forfeits any entitlement to Performance Rights which otherwise would have vested at the end of year three. All Performance Rights subject to the relative TSR condition will expire at the end of year four.

The Remuneration Committee allows one retest to reflect the volatile nature of the industry. The way in which the retest is applied maintains alignment with Shareholder interests.

EPS performance condition (applies to 50% of potential Performance Rights granted)

Basic Earnings Per Share (“EPS”) is determined by dividing the operating profit attributable to members of Paladin Group by the weighted average number of Ordinary Shares outstanding during the financial year. Growth in EPS will be measured by comparing the EPS in the base year and the measurement year. To clarify, growth in EPS in respect of the initial 300,000 Performance Rights granted to Mr Borshoff will be measured by comparing the base year, being the financial year ended 30 June 2009, to the measurement year, being the financial year ending 30 June 2012. EPS has been chosen as a performance condition because it provides a clear line of sight between CEO performance and Company performance. It is also a generally recognised and understood measure of performance.

Mr Borshoff will only derive value from the EPS component of the grants made if the Company achieves average compound growth in EPS of at least 10% per annum over the three year performance period, calculated from the date of grant of the Performance Rights. All Performance Rights subject to the EPS performance condition will expire at the end of year three.

The vesting schedule of the Performance Rights subject to the EPS conditions is as follows:

AVERAGE COMPOUND GROWTH EPS OVER THE PERFORMANCE PERIOD	PERCENTAGE OF PERFORMANCE RIGHTS THAT MAY BE EXERCISED IF THE EPS HURDLE IS MET
Less than 10% pa	0% of the Performance Rights subject to the EPS condition
At 10% pa	50% of the Performance Rights subject to the EPS condition
More than 10% pa but less than 20% pa	Pro rated vesting between 51% and 99% of the Performance Rights subject to the EPS condition
At 20% pa or greater	100% of the Performance Rights subject to the EPS condition

Exercise of Performance Rights and allocation of Shares

To the extent that the performance conditions have been satisfied, the Performance Rights will automatically vest.

Shares allocated to Mr Borshoff upon exercise of the Performance Rights rank equally with all other Ordinary Shares on issue.

Cessation of employment and change of control

If and when Mr Borshoff leaves the Company, the Board may exercise its discretion and allow a proportion (if any) of any unvested Performance Rights to remain in the plan, and subsequently vest, having regard to such factors as it determines relevant. Such factors would include performance against applicable performance hurdles, as well as the performance and contribution that Mr Borshoff has made. In instances of fraudulent or dishonest behaviour, the Performance Rights held by the executive will lapse.

In the event of a change of control of the Company (i.e. where a third party unconditionally acquires more than 50% of the Company or upon a merger by scheme of arrangement), all performance conditions will be deemed to have been satisfied and the Performance Rights will vest.

The non-executive Directors are of the view that the overall remuneration for Mr Borshoff, including the proposed grant of Performance Rights, is reasonable having regard to the circumstances of the Company, the duties and responsibilities of Mr Borshoff and market levels of remuneration for people in his position in similar sized companies.

Listing Rule 10.15A requires the following information to be provided in relation to the Performance Rights which may be granted to John Borshoff pursuant to the Plan.

- The maximum number of Performance Rights (and hence the maximum number of Ordinary Shares) which may be granted to Mr Borshoff is 300,000 in respect of the current financial year ended 30 June 2010.
- No consideration is payable by Mr Borshoff at the time of grant of the Performance Rights or in order for Ordinary Shares to be issued to him if the performance conditions attached to these Performance Rights are satisfied and no consideration is payable by Mr Borshoff for the issuance of Ordinary Shares upon applicable performance conditions being satisfied and Performance Rights vesting.
- No persons have been granted Performance Rights under the Employee Plan.
- The Board may from time to time in its absolute discretion issue invitations to full-time or permanent part-time employees, or Directors, of the Company or its subsidiaries to participate in the Employee Plan.
- No loans will be made by the Company in connection with the acquisition of Performance Rights by Mr Borshoff.
- Details of any Performance Rights and/or Ordinary Shares issued under the Employee Plan will be published in each Annual Report of the Company relating to the period in which Performance Rights or Ordinary Shares have been issued, and the Annual Report will disclose that approval for the issue of Ordinary Shares under the Employee Plans was obtained under Listing Rule 10.14. Any additional persons who become entitled to participate in the Plan after the resolution is approved who are not named in the Notice of Meeting will not participate until approval is obtained under Listing Rule 10.14 (if approval is required under that Listing Rule).
- The Performance Rights will be granted to Mr Borshoff no later than three years after the date of this meeting or further Shareholder approval (or such later date as permitted by any ASX waiver or modification of the ASX Listing Rules).

Resolution 6 – Ratification of Share Issue

The Shares referred to in Resolution 6 were issued on 15 September 2009 to institutional clients and sophisticated investors of UBS and RBC acting as Global Joint Lead Placing Agents and Cormark Securities Inc., Dundee Securities Corporation and GMP Securities L.P. as co-managers to the placement.

Listing Rule 7.4

Listing Rule 7.4 permits the ratification of previous issues of securities made without prior Shareholder approval, provided the issue did not breach the 15% threshold set by Listing Rule 7.1. The effect of such ratification is to restore a company's maximum discretionary power to issue further Shares constituting up to 15% of the issued capital of the Company without requiring shareholder approval.

Information for Shareholders

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

- (a) Resolution 6 has been included so that Shareholders may approve and ratify pursuant to Listing Rule 7.4 the issue of a total of 93,450,000 Ordinary Shares to those parties referred to above.
- (b) The Ordinary Shares were issued at \$4.60 per Ordinary Share.
- (c) The Ordinary Shares issued rank pari passu with, and on the same terms as, the existing Ordinary Shares on issue.

(d) The funds raised by reason of the allotment will be used as follows:

- provide the Company with the financial capacity to advance mergers & acquisitions and inorganic growth opportunities;
- progress the Langer Heinrich Stage III project (recently approved by the Board);
- expand exploration and pre-development programs in Australia; and
- enhance the Company's balance sheet flexibility to ensure the Company remains well placed to take advantage of other international nuclear industry opportunities as they arise.

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

Resolution 7 – Renewal of the Company's Proportional Takeover Approval Provisions

The Company's constitution currently contains provisions dealing with proportional takeover bids for the Company's Shares in accordance with the *Corporations Act 2001*. The provisions are designed to assist Shareholders to receive proper value for their Shares if a proportional takeover bid is made for the Company. Under the *Corporations Act 2001*, the provisions must be renewed every three years or they will cease to have effect. The current provisions will automatically cease to have effect after 21 November 2009 unless renewed by the proposed special resolution. If renewed, the proposed proportional takeover provisions will be in exactly the same terms as the existing provisions and will have effect until 24 November 2012. The *Corporations Act 2001* requires that the following information be provided to Shareholders when they are considering the inclusion of proportional takeover provisions in a constitution.

Effect

A proportional takeover bid is one where the offer made to each Shareholder is only for a proportion of that Shareholder's Shares. If a proportional takeover bid is made, Directors must hold a meeting of the Shareholders of the class of Shares being bid for to consider whether or not to approve the bid. A resolution approving the bid must be voted on before the 14th day before the end of the bid period. The resolution will be passed if more than 50% of votes are cast in favour of the approval. (The bidder and its associates are not allowed to vote on the resolution.) If no such resolution is voted on by that deadline, a resolution approving the bid is taken to have been passed.

If a resolution to approve the bid is rejected, binding acceptances are required to be rescinded, and all unaccepted offers and offers failing to result in binding contracts are taken to have been withdrawn.

If the bid is approved or taken to have been approved, the transfers resulting from the bid may be registered provided they comply with other provisions of the *Corporations Act 2001* and the Company's constitution. The proportional takeover provisions do not apply to full takeover bids.

Reasons

Without the proportional takeover approval provisions, a proportional takeover bid may enable control of the Company to pass without members having the opportunity to sell all their Shares to the bidder. Shareholders may be exposed to the risk of being left as a minority in the Company and the risk of the bidder being able to acquire control of the Company without payment of an adequate control premium for their Shares.

The proposed proportional takeover provisions lessen this risk because they allow Shareholders to decide whether a proportional takeover bid is acceptable and should be permitted to proceed.

No knowledge of any acquisition proposals

At the date of this notice, no Director of the Company is aware of any proposal by any person to acquire, or to increase the extent of, a substantial interest in the Company.

Review of proportional takeover approval provisions

The *Corporations Act 2001* requires that members be given a statement which retrospectively examines the advantages and disadvantages, for Directors and members, of the proportional takeover provisions proposed to be renewed. Such a statement follows.

While the proportional takeover approval provisions have been in effect in clause 32 of the constitution of the Company, there have been no takeover bids for the Company, either proportional or otherwise. Accordingly, there are no actual examples against which to review the advantages or disadvantages of the existing proportional takeover provisions (that is, clause 32 of the existing constitution) for the Directors and members of the Company. The Directors are not aware of any potential takeover bid that was discouraged by clause 32.

Potential advantages and disadvantages

As well as a retrospective review of the provisions proposed to be renewed, the *Corporations Act 2001* requires that Shareholders be given a statement of the potential future advantages and disadvantages of the provisions. The Directors of the Company consider that the proposed renewal of the proportional takeover approval provisions has no potential advantages or potential disadvantages for Directors because they remain free to make a recommendation on whether a proportional takeover bid should be approved.

The potential advantages of the proposed proportional takeover provisions for members are:

- (a) they give Shareholders their say in determining by majority vote whether a proportional takeover bid should proceed;
- (b) they may assist Shareholders in not being locked in as a relatively powerless minority;
- (c) they increase Shareholders' bargaining power and may assist in ensuring that any proportional bid is adequately priced; and
- (d) knowing the view of the majority of Shareholders assists each individual Shareholder in assessing the likely outcome of the proportional takeover bid and whether to approve or reject that offer.

Some potential disadvantages to members of the Company are:

- (a) it is a hurdle and may discourage the making of proportional takeover bids in respect of the Company;
- (b) this hurdle may depress the Share price or deny Shareholders an opportunity of selling their Shares at a premium; and
- (c) it may reduce the likelihood of a proportional takeover being successful.

However, the Directors do not perceive those or any other possible disadvantages as justification for not renewing the proportional takeover provisions for a further three years.

STATEMENT OF EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

The Remuneration Committee, on behalf of the Board, monitors compensation of Directors and Executives of the Company. For the purpose of the Statement of Executive Compensation, the term Named Executive Officers (NEOs) will be used which incorporates the Managing Director/CEO, the Chief Financial Officer and the three other most highly compensated executive officers of the Company.

Generally, compensation is provided by the Company to its NEOs (including the Managing Director/CEO), by way of base salary, superannuation, short-term bonus and granting of employee options or performance rights. The overall objective is to ensure that remuneration is fair and reasonable and sufficient to attract and retain qualified and experienced Directors and NEOs.

The compensation programme for the NEOs of the Company is designed to ensure that the level and form of compensation achieves certain objectives, including:

- (a) attracting and retaining talented, qualified and effective NEOs;
- (b) motivating their short and long-term performance; and
- (c) aligning their interests with those of the Company's Shareholders.

In line with Corporate Governance principles, Non-executive Directors are remunerated solely by way of fees and statutory superannuation. The total pool of fees available is set by Shareholders in general meeting.

The overall level of compensation takes into account the Company's earnings and growth in Shareholder wealth of the Company. Consideration of the Company's earnings will be relevant as the Company matures and becomes profitable.

As the Company has only recently entered the production phase, the overall level of compensation does not focus on the earnings of the Company. The Board is, however, cognisant of general Shareholder concern that long-term equity-based reward for key staff should be linked to the achievement by the Company of a performance condition. Accordingly, options granted are subject to performance conditions which must be satisfied before the options vest.

Base Salary

The first step to attracting and retaining talented, qualified and effective NEOs is paying base salaries which are competitive in the markets in which the Company operates. As the global economy improves and as competition in the global uranium mining industry escalates, a key strategy for maintaining talent is to create relevant and globally competitive compensation and benefits strategy. Competitive salary information on companies of a comparable size in the resource industry is compiled from a variety of sources, including surveys conducted by independent consultants and national and international publications. In addition, external remuneration consultants are involved in the process of salary determination.

During the past year, employee's salary, as a general rule, were increased in accordance with movements of the Consumer Price Index only. This applied also to the Managing Director/CEO.

Expatriate Benefits

NEOs who are required to fulfil their responsibilities as an expatriate receive benefits which may include relocation costs, health insurance, housing and car allowances, educational fees and tax advisory services.

Short-term Cash Bonus

The Company provides short-term bonuses to NEOs of up to 20% of base salary. The short-term cash bonuses are entirely discretionary, however, the following measures are taken into account where these are applicable to the specific NEO:

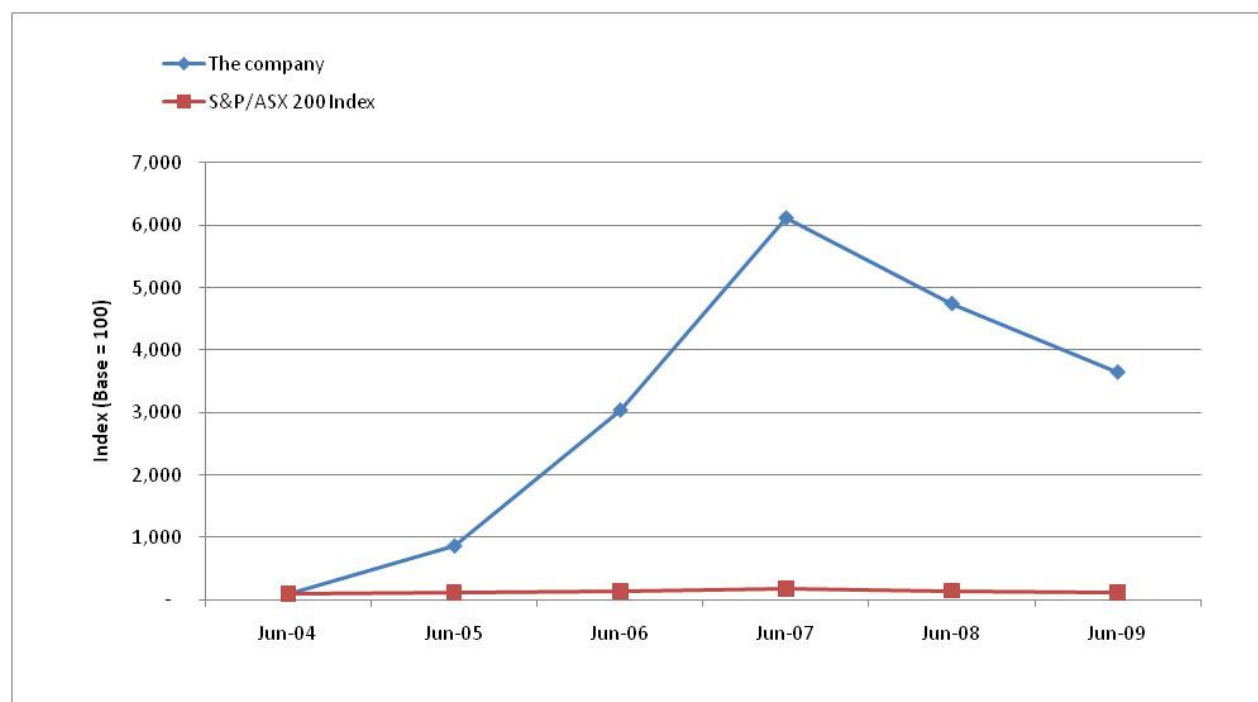
- (a) production performance;
- (b) project development performance;
- (c) additional uranium resources delineated;
- (d) performance of the Company in meeting its various other objectives;
- (e) financial performance of the Company; and
- (f) such other matters determined by the Remuneration Committee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

Specific targets for individuals have not been set.

On an annual basis, as part of the remuneration review process and taking into account both the individuals and the Company's performance, the Remuneration Committee in accordance with its charter, determines the amount, if any, of the short-term bonus to be paid.

Performance Graph

The overall level of compensation takes into account the growth in Shareholder wealth of the Company. The chart below compares, assuming an initial investment of \$100, the yearly percentage change in the cumulative total Shareholder return on the Company's Ordinary Shares against the cumulative total Shareholder return, assuming reinvestment of dividends, of the S&P/ASX 200 Index for the Company's five most recently completed financial years.



	30 June 2005	30 June 2006	30 June 2007	30 June 2008	30 June 2009
The Company	A\$869	A\$3,043	A\$6,118	A\$4,747	A\$3,651
S&P/ASX 200 Index	A\$120	A\$143	A\$177	A\$147	A\$111

Over the same period, compensation paid to NEOs on an individual basis increased each year based on performance and goals achieved. Bonuses were introduced in the 2007 financial year as the Company achieved producer status.

Individual efforts towards the success of the Company are not necessarily reflected in the Company's share price and therefore whilst the share price decreased from June 2007 to June 2009, significant advances were made in developing the asset base of the Company with ramp-up of production at LHM to design capacity and the commissioning of the Company's second mine in Malawi. Remuneration increases do not therefore track the share price movements as the Board does not consider this an appropriate measure at this stage of the Company's development.

In recognition of the Global Financial Crisis, lower increases were granted in the past financial year. The Managing Director/CEO rejected the bonus of A\$720,000 offered to him in order to show leadership and restraint.

Paladin Share Incentive Option Plan and Proposed Performance Share Rights Plans

The Company believes that encouraging its employees to become Shareholders is the best way of aligning their interests with those of its Shareholders. Equity participation has been accomplished through the Company's Share Option Plan (Option Plan) which was approved by Shareholders at the Annual General Meeting held on 21 November 2006.

A review of the existing Option Plan, however, has identified a number of limitations which compromise the Option Plan's intent. The limitations are exacerbated by the taxation consequences. The Directors now propose to introduce Performance Share Rights Plans for employees and key individual contractors to become the principal incentive tool. Shareholders will be asked to approve the new Plans at the Meeting (full details of the proposed Performance Share Rights Plans and the reasons for their adoption are set out in this Information Circular, see "Particulars of Matters to be Acted Upon").

The existing Option Plan will expire on 21 November 2009, three years after the date it was adopted by Shareholders, and all existing but unallocated entitlements under the Option Plan will be cancelled, although existing entitlements granted under the Option Plan will continue in place in accordance with their terms and the terms and conditions of the Option Plan. The following information in respect of the Option Plan is provided to give an understanding of the basis and terms upon which options were issued in the past. The Board determined the number of options offered to an employee by reference to their base package and the option value, based on the binomial tree method with reference to the following formula:

$$\text{Number of Options} = \frac{\text{Base Package} \times \text{Stretch LTI}\%}{\text{Option value (based on the binomial tree model)}}$$

The resultant number of options could be adjusted, at the Board's discretion, to deal with any special circumstances or other factors.

"Stretch LTI" refers to the long-term incentive percentage of the Base Package that allows the maximum number of options to vest (i.e. become able to be exercised) if the performance condition is satisfied to the maximum.

The "binomial tree model" for determining the option value is the mathematical model used in accordance with the International Financial Reporting Standards.

By way of example, the stretch LTI is, in the case of the Managing Director/CEO, 180%; and NEOs 100%.

During the financial year, share options were granted to attract high calibre NEOs, in what continues to be a highly competitive and tight market for human capital. These options granted during the year included specific vesting periods.

The Option Plan was available to full-time employees of Paladin and any Related Body Corporate, as such term was defined in the Corporations Act on 21 November 2006. The number of Ordinary Shares that may potentially be issued pursuant to the exercise of all unexercised options under the Option Plan, which as of the date of this Management Information Circular is the only incentive plan of the Company, must not exceed 5% of the issued capital of the Company at the time when any grant of options is made. As at the date of this Management Information Circular 14,050,455 Ordinary Shares (being 1.96% of the Company's current issued and outstanding Ordinary Shares) are issuable pursuant to entitlements granted under the Option Plan. On that basis, given that there are currently 717,142,802 Ordinary Shares outstanding, the maximum number of Ordinary Shares that may be issued under the Option Plan is 21,806,685 Ordinary Shares (being 3.04% of the Company's current issued and outstanding Ordinary Shares).

The Option Plan was designed to create a stronger link between increasing Shareholder value and employee reward. Under the Option Plan, the exercise price of the options was set at the market price of the Shares on the date of grant and performance was measured by comparing the Company's Total Shareholder Return ('TSR') (share price appreciation plus dividends reinvested) with a group of peer companies. The Company's performance will be measured over three years from the date of grant. To the extent that maximum performance is not achieved under the performance condition, performance will be retested every six months following the first three years until the end of the fourth year.

In assessing whether the TSR hurdle for each grant has been met, the Group receives independent data from an external advisor, who provides both the Group's TSR growth from the commencement of each grant and that of the pre-selected peer group. The peer group chosen for comparison is the resource companies in the S&P/ASX200 Index at the date of grant. This peer group reflects the Group's competitors for capital and talent.

The Group's performance against the hurdle is determined according to Paladin's ranking against the peer group TSR growth over the performance period.

- when Paladin is ranked over the 75th percentile, 100% of the share options will vest;
- for rankings above the 50th and below the 75th percentile, the percentage of options to vest will be pro-rata between 50% and 100%;
- when Paladin is ranked at the 50th percentile, 50% of the share options will vest;
- when Paladin is ranked below the 50th percentile the share options will not vest.

When a participant ceases employment prior to the vesting of their share options, the share options are forfeited unless cessation of employment is due to termination initiated by the Group other than for misconduct or death. In the event of a change of control all the awards will vest and may be exercised by the participant.

Options may be transferred to a specified broker once vested, or by operation of law on death or legal incapacity.

Subject to the provisions of the Option Plan and the Listing Rules of the ASX, the rules of the Option Plan may only be amended if such amendment is first approved by resolution of the Shareholders in a general meeting (unless this requirement is waived by the TSX, in which case the Board may amend the rules of the Option Plan). However, the rules of the Option Plan may not be amended if, broadly, in the Board's opinion the amendment would materially reduce the rights of a participant in respect of options already granted.

The Company's policy prohibits hedging of options granted under share option plans. 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.

The contractual life of each option granted is five years. There are no cash settlement alternatives.

The Remuneration Committee takes into account previous grants of option-based awards when considering new option grants.

Summary Compensation Table

The following table sets out total compensation for the financial year ending 30 June 2009 for the NEOs:

Name and principal position	Year	Salary (\$)	Option-based awards (\$)	Annual incentive plan (\$)	Superannuation (\$)	All other compensation (\$)	Total compensation (\$)
(a)	(b)	(c)	(e)	(f)	(g)	(h)	(i)
John Borshoff (Managing Director/CEO)	June 2009	A\$1,813,000	Nil	Nil	A\$13,749	See footnote ³	A\$1,826,749
Ron Chamberlain ¹ (Chief Financial Officer)	June 2009	A\$45,000	Nil	Nil	A\$1,000		A\$46,000
Ross Glossop ⁴ (Chief Financial Officer)	June 2009	A\$250,000	A\$15,000	Nil	A\$5,000		A\$270,000
Mark Bolton ⁵ (Acting Chief Financial Officer)	June 2009	A\$241,000	Nil	Nil	A\$9,000		A\$250,000
Dustin Garrow (Executive General Manager – Marketing)	June 2009	A\$808,000	Nil	A\$163,000	Nil		A\$971,000
Wyatt Buck (General Manager Production & Operations, Langer Heinrich)	June 2009	A\$486,000	Nil	A\$100,000	A\$62,000		A\$648,000
Gillian Swaby (Company Secretary)	June 2009	A\$428,000 ²	Nil	A\$75,000	Nil		A\$503,000

¹ Ceased employment 18 July 2008.

² Consulting fees.

³ Payment of a benefit on retirement or early termination by the Company, other than for gross misconduct, equal to 2 times base salary for the two years immediately preceding the termination date. This benefit was approved by the Company Shareholders on 9 November 2005.

⁴ Employed from 18 July 2008 to 27 October 2008.

⁵ Commenced employment 17 November 2008.

⁶ The fair value of the cash-settled options is measured at the grant date using the Cox, Ross and Rubinstein Binomial Tree option pricing model taking into account the terms and conditions upon which the instruments were granted.

Dividend yield (%): Nil

Expected volatility (%): 70%

Risk-free interest rate (%): 6.78%

Expected life of option (years): 3.75 years

Option exercise price (A\$): \$5.27

Weighted average share price at grant date (A\$): \$5.31

Pension Plan Benefits

As required by applicable law in Australia, the Company is required to make a minimal annual contribution to employees' nominated superannuation funds of 9% of gross annual salary up to a maximum contribution of A\$13,749. The Company does not provide defined benefit plans for any of its employees. Wyatt Buck is employed by Langer Heinrich Uranium (Pty) Limited in Namibia and, as such, his contribution to superannuation is in accordance with local employment laws.

Incentive plan awards

The following table discloses all options outstanding as at 30 June 2009 for each NEO.

Name	Option-based Awards			
	Number of securities underlying unexercised options (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options (\$)
	(a)	(b)	(c)	(d)
John Borshoff	1,500,000 1,250,000	A\$8.77 A\$4.50	01/02/2012 29/01/2013	N/A A\$537,500
Ron Chamberlain	Nil	N/A	N/A	N/A
Ross Glossop	Nil	N/A	N/A	N/A
Mark Bolton	Nil	N/A	N/A	N/A
Dustin Garrow	78,570 266,199	A\$8.77 A\$4.50	01/02/2012 29/01/2013	N/A A\$114,466
Wyatt Buck	150,000 201,533	A\$8.77 A\$4.50	01/02/2012 29/01/2013	N/A A\$85,659
Gillian Swaby	75,000 258,785	A\$8.77 A\$4.50	01/02/2012 29/01/2013	N/A A\$111,278

Termination and Change of Control Benefits

The Company has entered into an employment contract which provides for termination benefits with the following NEO:

Mr John Borshoff, *Managing Director/CEO*

- Base salary, inclusive of superannuation, A\$1,800,000 increased to A\$1,872,640 effective 1 January 2009.
- Payment of a benefit on retirement or early termination by the Company, other than for gross misconduct, equal to 2 times base salary for the two years immediately preceding the termination date. This benefit was approved by Shareholders on 9 November 2005.

Compensation of the Managing Director/CEO

The compensation of the Managing Director/CEO is approved annually by the Board. Base cash compensation levels are based on market survey data. Compensation also includes participation in the Company's stock option plan. Compensation paid to the Managing Director/CEO is set out in the Summary Compensation Table.

In respect of the Managing Director/CEO, a bonus of up to 100% of base salary can be achieved, to be determined by the Remuneration Committee having consideration to outcomes achieved during the year.

Outcomes to be considered include:

- production at Langer Heinrich materially in line with, or better than, guidance;
- Kayelekera commissioning and production ramp-up continuing on schedule;
- continued high safety and environmental achievements;
- continued effective social programmes in operational regions in Namibia and Malawi;
- development of the Paladin Nuclear Ltd business model;
- successful M&A activity;
- exploration and pre-development work on projects meeting or exceeding expectations;
- ongoing improvement (to handle corporate growth) of organisational structure, controls, reporting and infrastructure;
- financial performance; and
- impact on total Shareholder return.

The above measures have been selected to align the interests of NEOs with Shareholders. The Remuneration Committee is responsible for assessing whether the measures are met.

During the past financial year, bonuses were paid to modest levels, having regard to the outstanding achievements of management in delivering the only new conventional uranium mines built in the world for more than a decade. The Remuneration Committee resolved to offer a bonus of AS\$720,000 to Managing Director/CEO John Borshoff, recognising his achievements on a number of fronts, however Mr Borshoff chose not to receive any bonus, as he felt it was important to show leadership and restraint.

Named Executive Officer	Base Salary Increase	Base Salary at 1 January 2008	Percent Increase
John Borshoff	A\$72,640	A\$1,800,000	4%
Ron Chamberlain	n/a	A\$320,000	-
Ross Glossop	n/a	A\$425,000	-
Mark Bolton	n/a	A\$375,000	-
Dustin Garrow	A\$182,000	A\$600,000	30%
Wyatt Buck	A\$19,200	A\$480,000	4%
Gillian Swaby	A\$60,000	A\$360,000	16%

Compensation of Directors

Directors' Fees

At the 2008 Annual General Meeting, Shareholders approved an increase in the aggregate amount of fees available to be paid to non-executive Directors to A\$1,200,000. Given the growth of the Company such an increase was considered necessary to attract and retain Directors of a calibre required to effectively guide and monitor the business of the Company and to remunerate them appropriately for the expectations placed upon them both by the Company and the regulatory environment in which it operates.

Fees payable to non-executive Directors are set at A\$160,000 per annum each, effective 1 January 2008, inclusive of any superannuation obligations. Exceptions to this fee structure are the Chairman of the Audit Committee who receives an additional A\$20,000 per annum, and the Chairman of the Board who receives an additional A\$165,000 per annum. The increased fees were arrived at on the basis of a review by external independent remuneration consultants looking at companies with similar market capitalisation.

In addition, the Company's Constitution provides for additional compensation to be paid if any of the Directors are called upon to perform extra services or make any special exertions on behalf of the Company or the business of the Company. The Directors may compensate such Director in accordance with such services or exertions, and such compensation may be either in addition to or in substitution for the Directors' fees referred to above.

Remuneration paid to non-executive Directors during the year ended 30 June 2009 comprised the following:-

Name and Principal Position (a)	Fees (A\$) (b)	Superannuation (A\$) (f)	Total (A\$) (h)
Rick Crabb (Non-Executive Chairman)	312,000	13,749	325,749
Sean Llewelyn (Non-Executive Director)	147,000	13,000	160,000
Ian Noble (Non-Executive Director)	147,000	13,000	160,000
Donald Shumka (Non-Executive Director)	180,000	-	180,000

Note: there were no additional fees paid during the year to any Director for consulting services.

Remuneration paid to the Managing Director/CEO is shown in the Summary Compensation Table.

SECURITIES AUTHORISED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

Equity Compensation Plan Information

The following table summarises relevant information as of 30 June 2009 with respect to compensation plans under which equity securities are authorised for issuance.

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted average exercise price of outstanding options, warrants and rights (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)
Equity compensation plans approved by security holders	13,527,455	A\$5.22	17,657,185
Equity compensation plans not approved by security holders	1,700,000	A\$5.45	Nil
Total	15,227,455	A\$5.25	17,657,185

The following table gives a brief description of the material features of each compensation plan involving the issuance of equity securities that was adopted without the approval of Shareholders, including individual compensation arrangements.

Equity Compensation Plans Not Approved by Security Holders				
Date Options Granted	Vesting Date	Expiry Date	Exercise Price of Options	Number Under Option
5 Jul 2006	50% within 18 months and 50% within 30 months of date granted ¹	5 Jul 2009	A\$5.50	600,000
20 Jul 2006	50% within 18 months and 50% within 30 months of date granted ¹	5 Jul 2009	A\$5.50	400,000
15 Feb 2008	Options will not vest until grant ratified by security holders at a shareholders' meeting.	15 Feb 2011	A\$5.37	700,000

¹ These options were granted prior to the adoption of the Option Plan at the 2006 Annual General Meeting but are subject to the term and conditions of the Option Plan.

APPOINTMENT OF AUDITOR

The Company's auditors are Ernst & Young, and were first appointed on 21 June 2005. A resolution confirming the appointment was passed by Shareholders at the Annual General Meeting held on 9 November 2005.

INCORPORATING INFORMATION BY REFERENCE

In respect of the disclosure requirement in Canada under National Instrument 58-101 relating to disclosure of corporate governance practices of the Company, the Company has previously made this disclosure in its 2009 Annual Report. The Corporate Governance Statement contained in the 2009 Annual Report is incorporated by reference into this Management Information Circular.

The 2009 Annual Report is filed on www.asx.com.au and under the Company's profile on SEDAR at www.sedar.com. It is also available on the Company's website in an interactive form at www.paladinenergy.com.au. Copies of the 2009 Annual Report will be provided free of charge to Shareholders upon written request to the Company.

Financial information is provided in the Company's comparative financial statements and Management's Discussion & Analysis for its most recently completed financial year.

AVAILABILITY OF DOCUMENTS

In addition to copies of documents as otherwise contemplated herein, the Company will provide to any person, upon request to the Company Secretary, one copy of the following documents (i) the comparative financial statements of the Company filed with the applicable securities regulatory authorities for the Company's most recently completed year in respect of which such financial statements have been issued, together with the report of the auditors thereon and Management's Discussion and Analysis and any interim financial statements of the Company filed with the applicable securities regulatory authorities subsequent to the filing of the annual financial statements and (ii) the Notice and Management Information Circular filed with the applicable securities regulatory authorities in respect of the most recent annual meeting of Shareholders which involved the election of Directors.

Copies of the above documents will be provided free of charge to security holders of the Company. The Company may require the payment of a reasonable charge by any person or company who is not a security holder of the Company, and who requests a copy of such document. Additionally, copies of publicly filed information concerning the Company can be found under the Company's profile at www.asx.com.au or at www.sedar.com.

Copies of documents may be obtained as provided above by contacting the Company Secretary by mail at Paladin Energy Ltd, Grand Central, 1st Floor, 26 Railway Road, Subiaco, Western Australia, 6008, by facsimile at +61 8 9381 4978, or by email at paladin@paladinenergy.com.au

APPROVAL OF THIS INFORMATION CIRCULAR

The contents and the sending of this Information Circular have been approved by the Directors.

By order of the Board



Gillian Swaby
Company Secretary



PALADIN ENERGY LIMITED
ACN 061 681 098

All correspondence to:
Paladin Energy Ltd
PO Box 201
Subiaco 6904 Western Australia
Telephone +618 9381 4366
Facsimile +618 9381 4978
www.paladinenergy.com.au



Mark this box with an 'X' if you have made any changes to your address details (see reverse)

Name: _____

Address: _____

Appointment of Proxy

I/We being a member/s of Paladin Energy Ltd and entitled to attend and vote hereby appoint



the Chairman
of the Meeting
(mark with an 'X')

OR

Write here the name of the person you are
appointing if this person **is someone other**
than the Chairman of the Meeting

or failing the person named, or if no person is named, the Chairman of the Meeting, as my/our proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, as the proxy sees fit) at the General Meeting of Paladin Energy Ltd to be held at the Royal Perth Yacht Club, Australia II Drive, Crawley, Western Australia 6009, on Wednesday, 25 November 2009 at 10:00am WDT (Western Daylight Time) and at any adjournment of that meeting.

Voting directions to your proxy - please mark



to indicate your directions

	For	Abstain*	Against
Item 1 Remuneration Report	☐	☐	☐
Item 2 Re-election of Director – D Shumka	☐	☐	☐
Item 3 Employee Performance Share Rights Plan	☐	☐	☐
Item 4 Contractor Performance Share Rights Plan	☐	☐	☐
Item 5 Grant of Performance Share Rights to John Borshoff, Managing Director/CEO	☐	☐	☐
Item 6 Ratification of Share Issue	☐	☐	☐
Item 7 Renewal of the Company's Proportional Takeover Approval Provisions	☐	☐	☐

* If you mark the Abstain box for a particular item, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

If the Chair of the meeting is appointed as your proxy, or may be appointed by default and you do **not** wish to direct your proxy how to vote as your proxy in respect of Resolution 3, please place a mark in the box. By marking this box, you acknowledge that the Chair of the meeting may exercise your proxy even if he has an interest in the outcome of Resolution 3 and that votes cast by the Chair of the meeting for Resolution 3 other than as proxy holder will be disregarded because of that interest. If you do not mark this box, and you have not directed your proxy how to vote, the Chair will not cast your votes on Resolution 3 and your votes will not be counted in calculating the required majority if a poll is called on Resolution 3. The Chair intends to vote all open proxies in favour of the Resolutions.

☐

PLEASE SIGN HERE

This section **must** be signed in accordance with the instructions overleaf to enable your directions to be implemented.

Individual or Securityholder 1

**Sole Director and
Sole Company Secretary**

Securityholder 2

Director

Securityholder 3

Director/Company Secretary

Contact Name

Contact Daytime Telephone

Date

HOW TO COMPLETE THE PROXY FORM

1 Your Name and Address

This is your name and address as it appears on the Company's share register. If this information is incorrect, please mark the box and make the correction on the form. Securityholders sponsored by a broker should advise their broker of any changes. **Please note, you cannot change ownership of your securities using this form.**

2 Appointment of a Proxy

If you wish to appoint the Chairman of the Meeting as your proxy, mark the box. If the person you wish to appoint as your proxy is someone other than the Chairman of the Meeting please write the name of that person. If you leave this section blank, or your named proxy does not attend the meeting, the Chairman of the Meeting will be your proxy. A proxy need not be a securityholder of the company. The Chairman intends to vote in favour of resolutions for which no voting indication has been given.

3 Votes on Items of Business

You may direct your proxy how to vote by placing a mark in one of the boxes opposite each item of business. All your securities will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of securities you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on a given item, your proxy may vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid.

4 Appointment of a Second Proxy

You are entitled to appoint up to two persons as proxies to attend the meeting and vote on a poll. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by telephoning the Company's share registry or you may copy this form.

To appoint a second proxy you must:

- (a) on each of the first Proxy Form and the second Proxy Form state the percentage of your voting rights or number of securities applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded.
- (b) return both forms together in the same envelope.

5 Signing Instructions

You must sign this form as follows in the spaces provided:

Individual: where the holding is in one name, the holder must sign.

Joint Holding: where the holding is in more than one name, all of the securityholders should sign.

Power of Attorney: to sign under Power of Attorney, you must have already lodged this document with the registry. If you have not previously lodged this document for notation, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please indicate the office held by signing in the appropriate place.

If a representative of the corporation is to attend the meeting the appropriate "Certificate of Appointment of Corporate Representative" should be produced prior to admission. A form of the certificate may be obtained from the Company's share registry.

6 Lodgement of a Proxy and Deadline for Receipt of Proxy

This Proxy Form (and any Power of Attorney under which it is signed) must be received at an address given below not later than 23 November 2009 at 10:00am WDT. Any Proxy Form received after that time will not be valid for the scheduled meeting.

Documents may be lodged by post, delivery or facsimile to:

The Registered Office of Paladin Energy Ltd

or

Computershare Investor Services Pty Ltd

Grand Central
1st Floor, 26 Railway Road
Subiaco WA 6008

or PO Box 201

Subiaco WA 6904

or by facsimile to fax number +61 8 9381 4978

GPO Box 242 Melbourne
Victoria 3001 Australia

or by facsimile to fax number:

(Within Australia) 1800 783 447

(Outside Australia) +61 3 9415 4823