



PALADIN ENERGY LTD

ACN 061 681 098

Ref: 265019

30 April 2012

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

By Electronic Lodgement

Dear Sir/Madam

Convertible Bonds – Cleansing Notice

The attached is a cleansing notice (**Cleansing Notice**) for the purposes of Australian Securities and Investments Commission Class Order [CO 10/322] in connection with the offer of convertible bonds (**Convertible Bonds**) announced on 23 April 2012. The Convertible Bonds are being issued to institutional, professional and sophisticated investors.

Yours faithfully
Paladin Energy Ltd

GILLIAN SWABY
Company Secretary

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THE UNITED STATES.**



PALADIN ENERGY LTD

A.C.N. 061 681 098

U.S.\$274,000,000

6.00% Convertible Bonds Due 2017

Convertible into Ordinary Shares of Paladin Energy Ltd

Sole Global Coordinator

Barclays

Joint Bookrunners and Joint Lead Managers

Barclays

RBC Capital Markets

UBS AG, Australia Branch

IMPORTANT NOTICE

GENERAL

About this document

This Cleansing Notice relates to the offer by Paladin Energy Ltd (the "Issuer" or the "Company") of U.S.\$274,000 6.00% Convertible Bonds due 2017 (the "Bonds") convertible into ordinary shares of the Issuer (the "Ordinary Shares"), to selected investors.

This Cleansing Notice is being given to the Australian Securities Exchange ("ASX") in accordance with requirements of Australian Securities and Investments Commission ("ASIC") Class Order [CO 10/322] *On-sale for convertible notes issued to wholesale investors*, which has been made under section 741(1) of the *Corporations Act 2001* (Cth) ("Corporations Act") and which provides relief so that quoted securities issued on the conversion of convertible bonds may be on-sold to retail investors if a cleansing notice containing prospectus-like disclosure is released in connection with the issue of the convertible bonds to institutional investors. Any offering of Bonds within Australia is open only to selected investors who are sophisticated or professional investors as referred to in sections 708(8), 708(10) and 708(11) of the Corporations Act.

Neither this Cleansing Notice nor any other disclosure document in relation to the Bonds or Ordinary Shares has been lodged with ASIC and is not, and does not purport to be, a document containing disclosure to investors for the purposes of Part 6D.2 or Part 7.9 of the Corporations Act. It is not intended to be used in connection with any offer for which such disclosure is required and does not contain all the information that would be required by those provisions if they applied. It is not to be provided to any "retail client" as defined in section 761G of the Corporations Act. The Issuer is not licensed to provide financial product advice in respect of the Bonds or the Ordinary Shares. Cooling-off rights do not apply to the acquisition of the Bonds or Ordinary Shares.

A person may not make or invite an offer of the Bonds for issue or sale in Australia (including an offer or invitation which is received by a person in Australia) or distribute or publish this Cleansing Notice or any other offering material or advertisement relating to the Bonds in Australia unless the minimum aggregate consideration payable by each offeree is at least A\$500,000 calculated in accordance with both section 708(9) of the Corporations Act and regulation 7.1.18 of the *Corporations Regulations 2001* (Cth) or the offer or invitation otherwise does not require disclosure to investors in accordance with Part 6D.2 of the Corporations Act, and such action complies with all applicable laws, regulations and directives.

None of ASIC, the ASX nor their respective officers take any responsibility for the contents of this Cleansing Notice or the merits of the investment to which this Cleansing Notice relates. The fact that ASX has quoted the Company's Ordinary Shares and may quote the Ordinary Shares into which the Bonds are converted is not to be taken in any way as an indication of the merits of the Ordinary Shares, the Bonds or the Company.

This Cleansing Notice should be read in its entirety. It contains general information only and does not take into account your specific objectives, financial situation, risk tolerance or needs. In the case of any doubt, you should seek the advice of a stock broker or other professional advisor.

None of the Company, any subsidiary of it (the Company and its subsidiaries as a whole, the "Group"), or their respective associates or directors guarantees the success of the offering of the Bonds, the repayment of capital or any particular rate of capital or income return. Investment-type products are subject to investment risk, including possible loss of income and capital invested.

The Issuer has not authorised the making or provision of any representation or information regarding the Issuer or the Bonds other than as expressly contained in this Cleansing Notice or, after the date of this

Cleansing Notice, as expressly approved in writing by the Issuer. Any such representation or information should not be relied upon as having been authorised by any person other than the Issuer.

Neither the delivery of this Cleansing Notice nor the offering, sale or delivery of any Bond shall in any circumstances create any implications that there has been no adverse change, or any event reasonably likely to involve any adverse change, in the condition (financial or otherwise) of the Issuer or the Group since the date of this Cleansing Notice.

In this Cleansing Notice, unless otherwise specified, references to "U.S.\$" or "U.S. dollars" are to United States dollars, references to "\$" are to Singapore dollars and references to "A\$" are to Australian dollars.

No representations or recommendations

No representation or warranty, express or implied, is made by Barclays Bank PLC, Royal Bank of Canada or UBS AG, Australia Branch (the "the Joint Lead Managers") as to the accuracy or completeness of the information contained or incorporated in this Cleansing Notice and nothing contained or incorporated in this Cleansing Notice is, or shall be relied upon, as a promise or representation by the Joint Lead Managers, The Bank of New York Mellon acting through its London branch (as the "Trustee" and the "Principal Paying, Transfer and Conversion Agent") or The Bank of New York Mellon (Luxembourg) S.A. (as "Registrar"). This Cleansing Notice is not intended to provide the basis of any credit or other evaluation and nor should it be considered as a recommendation by the Issuer, the Joint Lead Managers or the Trustee that any recipient of this Cleansing Notice should purchase the Bonds. Each potential purchaser of Bonds should determine for itself the relevance of the information contained in this Cleansing Notice and its purchase of Bonds should be based upon such investigations as it deems necessary.

Advisers named in this Cleansing Notice have acted pursuant to the terms of their respective engagements, have not authorised or caused the issue of, and take no responsibility for, this Cleansing Notice and do not make, and should not be taken to have verified, any statement or information in this Cleansing Notice unless expressly stated otherwise.

No offer

This Cleansing Notice does not constitute an offer or invitation to subscribe for or purchase any Bonds and is not intended to be used in connection with any such offer or invitation.

Restrictions in certain jurisdictions

This Cleansing Notice does not constitute an offer or invitation in any place in which, or to any person to whom, it would not be lawful to make such an offer or invitation.

The distribution of this Cleansing Notice and the offering, sale and delivery of Bonds and the Ordinary Shares to be issued on conversion of the Bonds in certain jurisdictions may be restricted by law. Persons into whose possession this Cleansing Notice comes are required to inform themselves about and to observe any such restrictions. For a description of certain restrictions on offers, sales and deliveries of Bonds and on distribution of this Cleansing Notice and other offering material relating to the Bonds, see "Subscription and Sale".

The Bonds and the Ordinary Shares have not been and will not be registered under the United States Securities Act of 1933, as amended (the "Securities Act"). The Bonds are being offered only to buyers outside the United States in reliance on Regulation S under the Securities Act. The Bonds have not been, and will not be, offered or sold within the United States or to persons within the United States.

Global Bond

The Bonds will be in registered form. The Bonds will be represented on issue by a global bond (the "Global Bond"). The Global Bond will be deposited on or around 30 April 2012 (the "Closing Date") with a common depository for, and registered in the name of a nominee for the common depository for, Euroclear Bank S.A./N.V. ("Euroclear") and Clearstream Banking, société anonyme ("Clearstream, Luxembourg"). The Global Bond will be exchangeable, in whole or in part, for individual definitive Bonds in registered form serially numbered in denominations of U.S.\$200,000 or any amount in excess thereof which is an integral multiple of U.S.\$1,000 in certain limited circumstances only as described therein and herein.

Risk Factors

Prospective purchasers of Bonds should carefully consider the risks and uncertainties described or referred to in this Cleansing Notice. An investment in the Bonds should be considered speculative due to various factors, including the nature of the Company's business. See "Cautionary Statement Regarding Forward-Looking Statements" (below) and the "Risk Factors" outlined in Section 6 below.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This document contains forward-looking statements concerning anticipated developments in the Company's operations in future periods, planned exploration activities, the adequacy of the Company's financial resources and other events or conditions that may occur in the future. Forward-looking statements are frequently, but not always, identified by words such as "expects", "anticipates", "believes", "intends", "estimates", "potential", "targeted", "plans", "possible" and similar expressions, or statements that events, conditions or results "will", "may", "could" or "should" occur or be achieved. Information concerning the interpretation of drill results and mineral resource estimates also may be deemed to be forward-looking statements, as such information constitutes a prediction of what mineralisation might be found to be present if and when a project is actually developed.

Forward-looking statements are statements about the future and are inherently uncertain and actual achievements of the Company or other future events or conditions may differ materially from those reflected in the forward-looking statements due to a variety of risks, uncertainties and other factors, including, without limitation, those referred to in this document under the heading "Risk Factors". The Company's forward-looking statements are based on the beliefs, expectations and opinions of management on the date the statements are made and, except as required by law, the Company does not assume any obligation to update forward-looking statements if circumstances or management's beliefs, expectations or opinions should change. For the reasons set forth above, investors should not place undue reliance on forward-looking statements.

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1. KEY FEATURES

Summary of offer

The following is a summary of the principal features of the Bonds and the offering. Terms defined under "Terms and Conditions of the Bonds" (the "Conditions") or elsewhere in this Cleansing Notice shall have the same respective meanings in this summary.

The following summary is qualified in its entirety by the more detailed information appearing in the attached Conditions.

Issuer	Paladin Energy Ltd.
The Bonds	U.S.\$274,000,000 6.00% Convertible Bonds due 2017.
The Offering	The Bonds are being offered and sold by the Joint Lead Managers outside the United States in accordance with Regulation S under the Securities Act ("Offer" or "Offering"). The Offering in Australia is only to select investors who are sophisticated or professional investors within the meaning of sections 708(8), (10) and (11) of the Corporations Act and who are not "retail clients" within the meaning of section 761G of the Corporations Act.
Issue Price	100% of the principal amount.
Denomination	U.S.\$200,000 or any amount in excess thereof which is an integral multiple of U.S.\$1,000.
Closing Date	On or about 30 April 2012 (the "Closing Date").
Interest Rate	The rate of interest payable on the Bonds will be 6.00% per annum. Interest will be payable on the Bonds semi-annually in arrear in equal instalments, on 30 April and 30 October in each year (each an "Interest Payment Date"), commencing with the Interest Payment Date falling on 30 October 2012.
Status	The Bonds will constitute direct, unconditional, unsubordinated and (subject to Condition 2 (<i>Negative Pledge</i>) of the Conditions) unsecured obligations of the Issuer, as provided in the Conditions, ranking <i>pari passu</i> without any preference among themselves and equally with all other existing and future unsecured and unsubordinated obligations of the Issuer save for such obligations that may be preferred by provisions of law that are mandatory and of general application.
Conversion Right	Unless previously redeemed or purchased and cancelled, Bondholders will have the right to convert Bonds into Ordinary Shares at the then applicable Conversion Price at any time on or after 10 June 2012, provided that the relevant Conversion Date shall fall no later than the date falling six New York business days prior to the Final Maturity Date or, if such Bond is to be redeemed pursuant to Condition 7(b) (<i>Redemption and Purchase —Redemption at the Option of the Issuer</i>) or 7(c) (<i>Redemption and Purchase —Redemption for Taxation Reasons</i>) prior to the Final Maturity Date, then not later than the sixth New York business day before the date fixed for redemption thereof. Where the Bonds are in global form, the accountholders with Euroclear and/or Clearstream, Luxembourg to whose accounts the Bonds are credited shall be treated as the Bondholders for the purposes of the Conversion Right and neither Euroclear nor Clearstream, Luxembourg nor the common depository for them (or the nominee for the common depository), shall have any entitlement to exercise the Conversion Right or have Ordinary Shares issued to them.

Conversion Price	The initial Conversion Price shall be U.S.\$2.190 per Ordinary Share. The Conversion Price will be subject to adjustment in certain circumstances described in Condition 6(b)) (<i>Conversion of Bonds — Adjustment of Conversion Price</i>), including upon the making of a Dividend by the Issuer and upon the occurrence of a Change of Control.
Final Maturity	Unless previously purchased and cancelled, redeemed or converted, the Bonds will be redeemed in cash on 30 April 2017 (the "Final Maturity Date") at their principal amount.
Optional Redemption by the Issuer	The Issuer will be entitled to redeem all but not some only of the outstanding Bonds at their principal amount plus accrued interest to but excluding the date fixed for redemption (i) at any time on or after 14 May 2015, if on each of at least 20 consecutive dealing days (as defined in the Conditions) ending not earlier than five days prior to the giving of the notice of redemption, the Parity Value shall have been at least U.S.\$260,000; or (ii) if at any time prior to the date on which the relevant notice of redemption is given, Conversion Rights shall have been exercised and/or purchases (and corresponding cancellations) and/or redemptions effected in respect of 85% or more in principal amount of the Bonds originally issued (which shall for this purpose include any further bonds issued pursuant to Condition 18 (<i>Further Issues</i>) and consolidated and forming a single series with the Bonds); or (iii) within 45 days after the end of the Change of Control Period. See Condition 7(b) (<i>Redemption and Purchase — Redemption at the Option of the Issuer</i>).
Optional Redemption by Bondholders	Unless the Bonds have been previously redeemed, repurchased and cancelled or converted, each Bondholder shall have the right, at such Bondholder's option, following the occurrence of a Change of Control to require the Issuer to redeem such Bondholder's Bonds at their principal amount together with accrued interest.
Withholding Taxes	All payments in respect of the Bonds shall be made without deduction of or withholding for or on account of any present or future taxes imposed or levied by or on behalf of the Commonwealth of Australia or any political subdivision or any authority thereof or therein having power to tax unless such deduction or withholding is required by law. In the event that any such deduction or withholding is required, the Issuer shall pay additional amounts in respect thereof, subject to certain customary exceptions. See Condition 9 (<i>Taxation</i>).
Tax Redemption	In the event of certain changes affecting taxes of the Commonwealth of Australia or any political subdivision or any authority thereof or therein having power to tax, the Issuer may, subject to certain conditions being satisfied, give notice to redeem the Bonds in whole, but not in part, at any time at their principal amount, together with accrued but unpaid interest to such date. Upon such notice being given, a Bondholder may elect not to have his Bond redeemed, in which case such holder will not be entitled to receive payment of such additional amounts as are referred to in "Withholding Taxes" above in respect of any payments on the Bonds.
Negative Pledge	The Bonds will contain a negative pledge provision given by the Issuer and its Subsidiaries in respect of Relevant Indebtedness. See Condition 2 (<i>Negative Pledge</i>).
Cross Default	The Bonds will contain a cross default provision, subject to a threshold of U.S.\$10,000,000 and excluding default in respect of Project Finance Indebtedness. See Condition 10(c) (<i>Events of Default</i>).

Other Events of Default	For a description of certain events that will permit acceleration of the Bonds, see Condition 10 (<i>Events of Default</i>). Upon acceleration for any such event, the Bonds will become immediately due and repayable at their principal amount, together with accrued but unpaid interest.
Trust Deed	The Bonds will be constituted by a trust deed expected to be dated 30 April 2012 ("Trust Deed") between the Issuer and the Trustee.
Trustee	The Bank of New York Mellon acting through its London branch.
Governing Law	The Bonds and the Trust Deed (and any non-contractual obligations arising out of or in connection with the Bonds or the Trust Deed) will be governed by, and construed in accordance with, English law.
Principal Paying, Transfer and Conversion Agent	The Bank of New York Mellon acting through its London branch.
Registrar	The Bank of New York Mellon (Luxembourg) S.A..
Form of the Bonds and Delivery	The Bonds will be in registered form without coupons attached and will be represented by a Global Bond registered in the name of a nominee for the common depository of, and deposited with a common depository for, Euroclear and Clearstream Luxembourg on or about the Closing Date.
Sales Restrictions	There are restrictions on offers and sales of the Bonds, <i>inter alia</i> , in the United States, the United Kingdom, Canada, Australia, the European Economic Area, Singapore and Hong Kong. See "Subscription and Sale".
Listing	Application has been made, and approval in-principle has been received, for the listing of the Bonds on the SGX-ST. Once listed, the Bonds will be traded on the SGX-ST in a minimum board lot size of U.S.\$200,000 for so long as any of the Bonds are listed on the SGX-ST. The Company has not applied to have the Bonds admitted to dealing on the ASX or listed on the TSX, the Namibian Stock Exchange ("NSX") or any of the Munich, Berlin, Stuttgart or Frankfurt Stock Exchanges (each a "German Exchange" and together, the "German Exchanges").
Lock up	The Issuer has agreed to certain restrictions on its ability and the ability of its subsidiaries to issue or dispose of Ordinary Shares or related securities during the period commencing on the date of the Subscription Agreement (as defined herein) and ending 45 days after the Closing Date (both days inclusive). See "Subscription and Sale".
ISIN	XS0775195562.
Common Code	077519556 .
Use of Proceeds	The net proceeds of the issue of the Bonds are expected to amount to approximately U.S.\$268,603,000, subject to adjustment for certain expenses in connection with the Offering. The net proceeds will be used to fund the Company's concurrent tender to acquire up to U.S.\$200,000,000 (or such higher amount as it determines in its absolute discretion) of the U.S.\$325,000,000 5.00% convertible bonds due 2013 issued by the Company on 11 March 2008, with any amount not applied to the tender being utilised to strengthen the Company's balance sheet and pursue future growth opportunities.
Currency and Exchange Rate Information	The Company reports in U.S. dollars. Unless otherwise indicated, all references to "\$", or "A\$" or "dollars" in this Cleansing Notice refer to Australian dollars. References to "U.S.\$" and "\$\$" in this Cleansing Notice refer to United States

dollars and Singapore dollars, respectively. The exchange rate at 4.00 pm (Sydney time) on 24 April 2012 as reported by the Reserve Bank of Australia for the conversion of Australian dollars into United States dollars and Singapore dollars was as follows:

A\$1.00 = U.S.\$1.0262	U.S.\$1.00 = A\$0.9745
A\$1.00 = S\$1.2810	S\$1.00 = A\$0.7806

Rights and Liabilities of Ordinary Shares

The following is a broad summary (though not necessarily an exhaustive or definitive statement) of the rights attaching to fully paid Ordinary Shares as set out in the Company's constitution ("Constitution").

Ranking

The Ordinary Shares issuable upon the conversion of the Bonds will rank *pari passu* with all the other Ordinary Shares that have been issued except for certain entitlements (as more fully described in the Conditions) excluded by law or for which the record date falls before the relevant issue date.

Voting rights

Subject to any rights or restrictions for the time being attached to any class or classes of shares:

- (i) at meetings of shareholders, each shareholder entitled to vote may vote in person or by proxy, attorney or representative; and
- (ii) on a show of hands, every shareholder present in person or by proxy, attorney or representative has one vote and on a poll, every shareholder present in person or by proxy, attorney or representative has one vote for each share that shareholder holds.

A person who holds a share that is not fully paid up (that is, a contributing share) shall be entitled to a fraction of a vote equal to that proportion that the amount paid up bears to the total issue price.

Dividend Rights

Subject to the rights of holders of any preference share and to the rights of the holders of any shares created or raised under any special arrangement as to dividends, dividends declared shall be payable on all shares in accordance with the Corporations Act.

Rights on Winding Up

If the Company is wound up, the liquidator may, with the authority of a special resolution, divide among the shareholders in kind, the whole or any part of the property of the Company and may for that purpose set such value as he considers fair upon any property to be so divided and may determine how the division is to be carried out as between the shareholders or different classes of shareholders.

The liquidator may, with the authority of a special resolution, vest the whole or any part of any such property in trustees upon such trusts for the benefit of the contributories as the liquidator thinks fit, but so that no shareholder is compelled to accept any shares or other securities on which there is any liability.

Subject to the rights of the shareholders (if any) entitled to shares with special rights in a winding-up, all moneys and property that are to be distributed among shareholders on a winding up, shall be so distributed in proportion to the shares held by them respectively, irrespective of the amount paid up or credited as paid up on the shares.

Transfer of Shares Subject to the Company's Constitution, the Corporations Act, applicable securities laws and the ASX Listing Rules, Ordinary Shares are freely transferable.

Future Issues Without prejudice to any special rights conferred on the holders of any existing shares or class of shares, shares for the time being unissued shall be under the control of the directors of the Company ("Directors") and subject to the Corporations Act, the ASX Listing Rules, the TSX Company Manual and the Company's Constitution, the Directors may at any time and from time to time issue such number of shares either as Ordinary Shares or shares of a named class or classes (being either an existing class or a new class) and with such preferred, deferred, or other special rights or such restrictions, whether with regard to dividend, return of capital or otherwise, and whether as preference shares that are or at the option of the Company are liable to be redeemed, as the Directors shall, in their absolute discretion, determine.

Variation of Rights Subject to the ASX Listing Rules, if at any time the share capital of the Company is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class) may be varied, whether or not the Company is being wound up, with the consent in writing of the holders of three quarters of the issued shares of that class, or if authorised by a special resolution passed at a separate meeting of the holders of the shares of that class. Any variation of rights shall be subject to Sections 246B and 246E of the Corporations Act. The provisions of the Constitution relating to general meetings shall apply so far as they are capable of application and with necessary alterations to every such separate meeting except that a quorum is constituted by two persons who together hold or represent by proxy one-third of the issued shares of the class.

Full details of the rights attaching to the Ordinary Shares are set out in the Company's Constitution, a copy of which can be inspected at the Company's registered office at Level 4, 502 Hay Street, Subiaco, Western Australia, 6008, Australia during normal business hours.

2. FURTHER INFORMATION ABOUT THE COMPANY

The Company is a 'disclosing entity' for the purposes of the Corporations Act and is subject to regular reporting and disclosure obligations under the Corporations Act, the Listing Rules of the ASX, the Company Manual of the Toronto Stock Exchange ("TSX") and Canadian securities laws and regulations. Copies of documents regarding the Company lodged with ASIC or the ASX respectively may be obtained from, or inspected at, any ASIC office or the ASX respectively.

In addition, you have the right to obtain a copy of the following documents:

- the Annual Report of the Company for the year ended 30 June 2011;
- the half year report of the Company for the half year ended 31 December 2011; and
- any continuous disclosure notices given by the Company after the lodgement of the Annual Report for the year ended 30 June 2011 and before the lodgement of the cleansing notice in accordance with ASIC Class Order 10/322 relating to the offer of the Bonds with the ASX.

These documents may be obtained from the Company, free of charge, during the period up to and including 30 April 2012 by contacting the Company Secretary at the head office of the Company at Level 4, 502 Hay Street, Subiaco, Western Australia, 6008, Australia telephone +61 (8) 9381 4366. These documents and all other regular reporting and disclosure documents of the Company, are also available electronically on the website of the ASX, at www.asx.com.au.

Information about the Company, including the Company's Annual Information Form and audited financial statements for its most recently completed financial year, is also available under the Company's profile on the System for Electronic Document Analysis and Retrieval ("SEDAR"), available at www.sedar.com.

3. ABOUT THE COMPANY

History

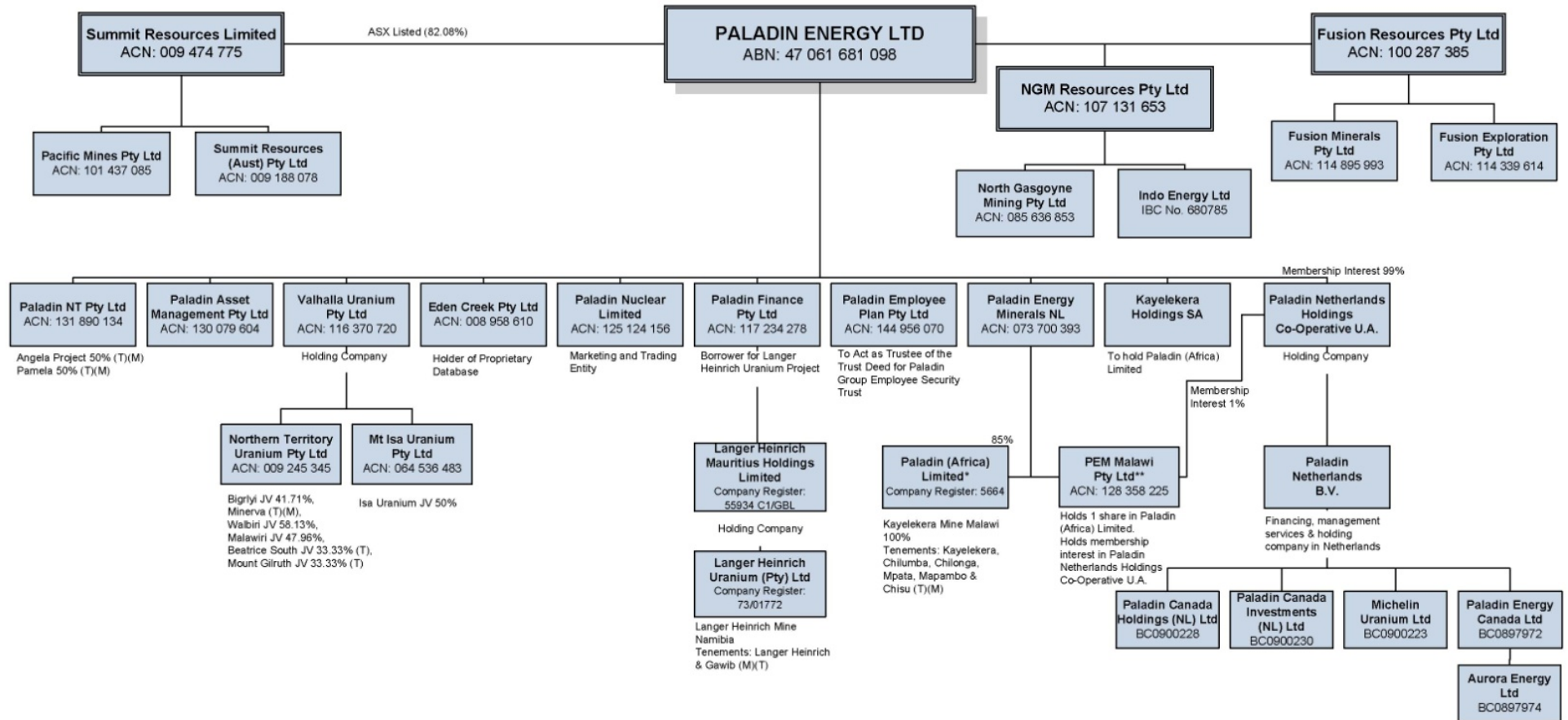
The Company was incorporated under the name "Paladin Resources NL" in Australia on 24 September 1993 as a "no liability" company under a Memorandum and Articles of Association. In February 1994, the Company completed its initial public offering in Australia and on 29 March 1994 commenced trading on the ASX. Following changes to Australian corporations law, the Company's Memorandum and Articles of Association were replaced by a Constitution in November 1999.

On 21 January 2000, the Company changed from a no liability company to a limited liability company. At that time, its name changed to "Paladin Resources Ltd". The Company dual-listed on the TSX on 29 April 2005. On 22 November 2007, the Company changed its name to "Paladin Energy Ltd".

Further information about the Company and its business is publicly available at its website (www.paladinenergy.com.au), on the ASX's website (www.asx.com.au) and under the Company's profile on the SEDAR website maintained by Canadian securities regulatory authorities (www.sedar.com).

The chart on the following page outlines the corporate structure, the percentage of voting securities held and the jurisdiction and registered number (where applicable) of each entity within the Group.

Paladin Corporate Group Structure



All Group Entities 100% owned with the exception of Summit Group and Paladin (Africa) Limited (refer to * below).

* Malawi Government holds 15% equity.

** Holds 1 share in Paladin (Africa) Limited on trust for Paladin Energy Minerals NL.

Updated: 30 March 2012
Ref: 290748v1

A brief overview of the business is set out below.

The Business

The Company operates in the resources industry. Its principal business is the evaluation, development and operation of uranium projects in Africa, Canada and Australia. The Company sells uranium concentrates from both the Langer Heinrich Mine and the Kayelekera Mine.

The Company's principal assets comprise:

Ownership (100%) of the Langer Heinrich Mine and treatment plant, located in Namibia, through the Company's wholly-owned Namibian incorporated subsidiary company, Langer Heinrich Uranium (Pty) Limited.

The Kayelekera Mine and treatment plant, located in Malawi, is held through the Company's 85% owned Malawian incorporated subsidiary company, Paladin (Africa) Limited ("PAL"). A 15% equity stake is held by the Government of Malawi under the terms of the Development Agreement signed between PAL and the Government of Malawi in February 2007.

The Michelin Project, located in Labrador, Canada is held 100% through the Company's wholly-owned subsidiary Aurora Energy Ltd. Acquisition of the uranium assets of Aurora Energy Resources Inc. from Fronteer Gold Inc. was completed in February 2011.

Ownership (100%) of the Manyingee uranium project ("Manyingee Project") and an option to acquire 100% of the Oobagooma uranium project ("Oobagooma Project"), located in the north-west of the State of Western Australia.

Ownership (100%) of Paladin Nuclear Limited ("PNL"), an Australian incorporated company established in 2007 for the purpose of developing an integrated uranium trading entity.

Ownership (100%) of a substantial proprietary uranium database, compiled over a period of more than 30 years by the German uranium exploration and mining company, Uranerzbergbau GmbH.

Ownership (50%) of the Angela Uranium Project Joint Venture ("Angela Project" or "Angela Joint Venture"), located in the Australian federal territory of the Northern Territory. In February 2008, the Government of the Northern Territory awarded a joint venture between the Company and Cameco Australia Pty Ltd ("Cameco") the right to evaluate the Angela uranium deposit. The exploration licence was granted in October 2008. On 29 September 2010 the Northern Territory government announced it would not support the establishment of a uranium mine at the Angela Project and Paladin assumed operatorship of the Angela Project in September 2011.

Ownership of a 41.71% interest in the Bigrlyi Joint Venture ("Bigrlyi Project" or "BJV"), located in the Australian federal territory of the Northern Territory, held through the Company's wholly-owned subsidiary, Northern Territory Uranium Pty Ltd

Effective 91.04% interest in the Valhalla uranium deposit ("Valhalla Project") and Skäl uranium deposits ("Skäl Project") in the State of Queensland, Australia. The Company's effective 91.04% interest in the Valhalla Project and the Skäl Project is based on 50% deriving from the Isa Uranium Joint Venture and 41.04% via the Company's 82.08% ownership of Summit Resources Limited ("Summit").

Ownership (100%) of the Valhalla North uranium project ("Valhalla North Project") located to the north of Mount Isa and contiguous with Summit tenements, in the state of Queensland. The Company acquired its interest in this project through the acquisition of Fusion Resources Limited ("Fusion").

Ownership of an 82.08% interest in Summit, an Australian incorporated uranium exploration company, with exploration holdings in Australia. This company is listed on the ASX (Code: SMM).

Ownership of a 19.93% interest in Deep Yellow Limited ("DYL"), an Australian incorporated uranium exploration company, with exploration holdings in Australia and Namibia. This company is listed on both the ASX and the NSX.

Ownership of a 100% interest in the Agadez Project, held through Indo Energy Ltd. Paladin completed the takeover of NGM Resources Ltd ("NGM"), the owner of Indo Energy Ltd., in December 2010.

The following table details the Company's principal mineral resources assets:

Criteria	Langer Heinrich Project*	Kayelekera Project*	Aurora Project*	Manyingee Project**	Valhalla & Skal Project*	Bigirlyi Project*	Angela Project*
Paladin equity	100%	100%	100%	100%	91.04%	41.71%	50%
Location	Namibia, Southern Africa	Malawi, Southern Africa	Labrador, Canada	West Pilbara, Western Australia	Queensland, Australia	Northern Territory, Australia	Northern Territory, Australia
Deposit Type	Calcrete	Sandstone	Metasomatic	Sandstone	Metasomatic	Sandstone	Sandstone
Measured & Indicated Resources	125.9Mt @ 0.054% U ₃ O ₈ (67,989t U ₃ O ₈) 149.9 Mlb	19.1Mt @ 0.08% U ₃ O ₈ (15,498t U ₃ O ₈) 34.2 Mlb	40.2Mt @ 0.09% U ₃ O ₈ (38,030t U ₃ O ₈) 83.8 Mlb	7.9Mt @ 0.102% U ₃ O ₈ (8,080t U ₃ O ₈) 17.8 Mlb	39.0M t @ 0.08% U ₃ O ₈ (31,236t U ₃ O ₈) 68.9 Mlb	4.7Mt @ 0.14% U ₃ O ₈ (6,400t U ₃ O ₈) 14.1 Mlb	
Inferred Resources	18.6Mt @ 0.06% U ₃ O ₈ (10,990 t U ₃ O ₈) 24.2 Mlb	5.5Mt @ 0.06% U ₃ O ₈ (3,450t U ₃ O ₈) 7.6 Mlb	29.1Mt @ 0.08% U ₃ O ₈ (24,030t U ₃ O ₈) 53.0 Mlb	5.5Mt @ 0.05% U ₃ O ₈ (2,810t U ₃ O ₈) 6.2 Mlb	17.5Mt @ 0.06% U ₃ O ₈ (9,950t U ₃ O ₈) 21.9 Mlb	2.8Mt @ 0.11% U ₃ O ₈ (3,200t U ₃ O ₈) 7.1 Mlb	10.7Mt @ 0.13% U ₃ O ₈ (13,980t U ₃ O ₈) 30.8 Mlb

Figures may not add up due to rounding.

This table does not include Mineral Resources from the Duke Batman and Honey Pot projects (owned 100% by the Company) and the Bikini, Andersons, Mirrioola and Watta projects derived from the Company's 82.08% ownership of Summit.

Mineral Resources are quoted inclusive of any mineral reserves that may be applicable.

Mineral Resources detailed above in all cases represent 100% of the mineral resource – not the participant's share.

*Complies with Joint Ore Reserves Committee ("JORC") (2004) guidelines and is compliant with Canadian National Instrument 43-101 – Standards of Disclosure for Mineral Projects ("NI 43-101").

**Complies with JORC (1999) guidelines. The definitions of Measured Resources, Indicated Resources and Inferred Resources in the JORC (1999) guidelines are substantively the same as the definitions of such terms in the JORC 2004 guidelines and NI 43-101.

The Company's effective 91.04% interest in the Valhalla Project and the Skal Project is based on 50% deriving from the Isa Uranium Joint Venture and 41.04% via the Company's 82.08% ownership of Summit

For Kayelekera, the Government of Malawi holds a 15% equity interest in the subsidiary, Paladin (Africa) Ltd, the holder of the Kayelekera mining licence.

Langer Heinrich and Kayelekera Mineral Resources have been depleted for mining to the 30 June 2011 and are inclusive of any Ore Reserves that may be applicable.

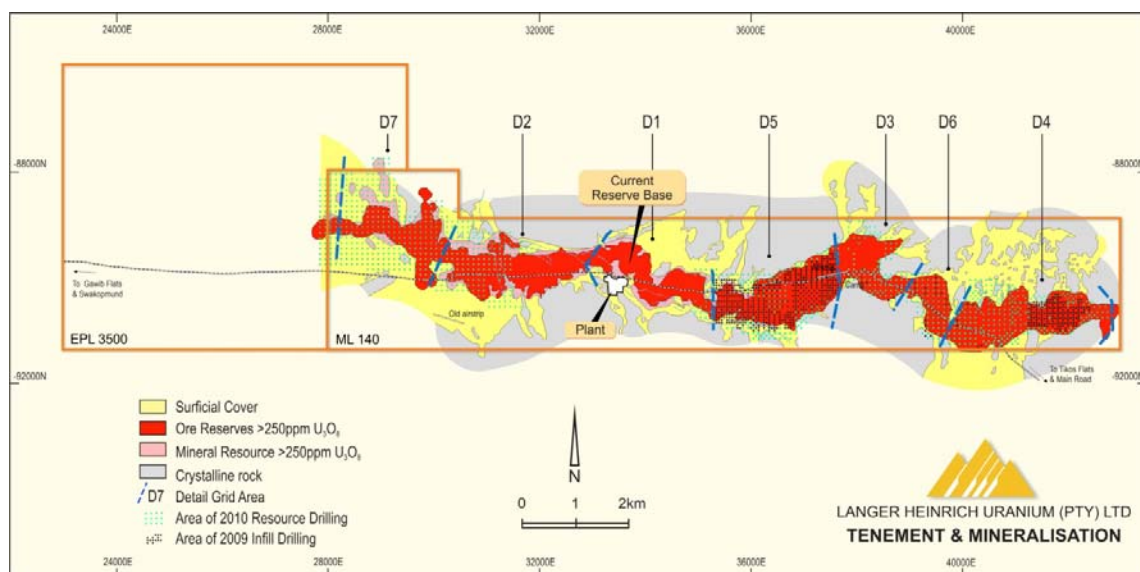
In this Cleansing Notice, for those deposits that are reported as conforming to the Joint Ore Reserves Committee 2004 code (the "JORC Code"), the terms Inferred Mineral Resources, Indicated Mineral Resources, Measured Mineral Resources, Ore Reserves, Proved Ore Reserves, Probable Ore Reserves and Competent Person are equivalent to the terms used in NI 43-101 Inferred Mineral Resources, Indicated Mineral Resources, Measured Mineral Resources, Mineral Reserves, Proven Mineral Reserves, Probable Mineral Reserves and Qualified Person respectively

All disclosure of scientific or technical information in this section 3 has been prepared by or under the supervision of the Company's Principal Geologist, David Princep BSc FAusIMM(CP), who has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity that he is undertaking to qualify as a "qualified person" within the meaning of this term in NI 43-101 and a "competent

person" within the meaning of this term in the JORC Code. Mr Princep is a full time employee of Paladin Energy Ltd. Mr Princep has consented to the inclusion of the relevant information in this Cleansing Notice in the form and context in which it appears.

LANGER HEINRICH MINE

The Langer Heinrich Mine is located in the Namib Naukluft National Park, 80km east of the major seaport of Walvis Bay and about 40km south-east of the large-scale, hard-rock Rössing uranium mine operated by the Rio Tinto group. The Langer Heinrich project is a calcrete-hosted secondary uranium deposit associated with valley-fill sediments in an extensive Tertiary palaeo-drainage system and containing a Mineral Resource of 78,979t U₃O₈ at a grade of 0.055% U₃O₈ (250ppm U₃O₈ cut off grade) in seven mineralised zones designated Detail 1 to 7, within a 15km length of a contiguous paleo-drainage system. Uranium occurs as carnotite, an oxide mineral containing both uranium and vanadium, deposited as thin films lining cavities and fracture planes and as grain coatings and disseminations. Mineralisation is near-surface, between one metre and 30m thick and between 50m and 1,100m wide, depending on the width of the palaeo-valley.



The deposit was discovered in 1973 after a government-sponsored airborne radiometric survey of the area. Between 1974 and 1980, General Mining Union Corporation Limited ("Gencor") undertook extensive evaluation work at the site and suspended work on the project in the mid-1980s, following a fall in the prevailing uranium price. Acclaim Uranium NL acquired the project from Gencor in 1998 and completed a pre-feasibility study in 1999-2000. The project was again put on hold due to prevailing uranium prices.

In August 2002, the Company acquired Langer Heinrich Uranium (Pty) Ltd (formerly Lahndrik Holding SA) and its assets from Aztec Resources Ltd (formerly Acclaim Uranium NL). The purchase consideration was A\$15,000 and a production royalty of 12 Australian cents per kilogram of yellowcake produced and sold.

A Feasibility Study was completed in April 2005 and confirmed that Langer Heinrich could be developed as a profitable uranium mining operation. The Ministry of Mines and Energy in Namibia granted a Mining Licence covering the Langer Heinrich deposit for a 25-year term, commencing 26 July 2005. On 29 August 2005, the Company announced its acceptance of credit committee-approved offers of financing totalling U.S.\$71 million. Financing was provided by Société Générale Australia Branch (as lead arranger), Nedbank Ltd and Standard Bank of South Africa Ltd and comprised a seven-year project finance facility of U.S.\$65 million and a standby cost overrun facility of U.S.\$6 million. The first drawdown of the project finance facility took place on 30 June 2006.

Construction at the Langer Heinrich project commenced in September 2005 and the President of Namibia, Hon. Hifikepunye Pohamba, officially opened the Langer Heinrich Mine ("LHM") on 15 March 2007.

The Company's Board of Directors approved a further expansion of LHM (Stage 3) which is expected to increase production from 3.7Mlb pa to 5.2Mlb pa. Initial construction of the Stage 3 expansion began in the September 2009 quarter and was substantially completed in the December 2011 quarter.

Drawdown under the U.S.\$141 million Stage 3 project finance facility took place on 12 September 2011, having met banks' condition precedent to drawdown. Prior to drawdown, Paladin had funded the Stage 3 expansion from existing cash reserves.

The majority of the Stage 3 equipment has now been commissioned, with commissioning of the final modules having commenced and the ramp-up phase of production expected to continue into the March 2012 quarter.

Economic results of the feasibility study for the proposed Stage 4 expansion of LHM have been delayed to December 2012. This is to enable further analysis of the above design performance currently being experienced within certain areas of the Stage 3 expansion and the integration of these results to optimise the Stage 3 Feasibility Study Flowsheet. Stage 4 is targeting conventional production of 8.7Mlb pa and 1.3Mlb pa through processing of low grade material.

During the 2010/11 financial year LHM produced 3.525Mlb of U_3O_8 versus 3.352Mlbs U_3O_8 the previous year, an increase of 5%. Sales of LHM-mined material for the year totalled U.S.\$166.5 million.

The Langer Heinrich Mineral Resource was re-estimated following completion of approximately 37,000m of drilling in the Stage 4 resource programme. The updated Mineral Resource announced on 1 October 2010 represented a significant uplift to the Mineral Resource classifications previously announced in August 2008 with an increase of 6% in contained metal. The revised Mineral Resource showed a 106% increase in Measured and Indicated Mineral Resource category material with 86% of the overall Mineral Resource reporting to these categories. There still remains 18.6Mt at a grade of 0.06% for 10,990t (24.2Mlb) U_3O_8 in the Inferred Mineral Resource category. The current Mineral Resource is detailed below at a cut-off grade of 250ppm U_3O_8 .

Mineral Resource estimate (depleted for mining to 30 June 2011):

250ppm Cut-off	M t	Grade % U_3O_8	t U_3O_8	Mlb U_3O_8
Measured Resources	34.1	0.055	18,337	40.42
Indicated Resources	76.2	0.055	42,208	93.05
Measured + Indicated	110.3	0.055	60,545	133.48
ROM Stockpiles	15.6	0.050	7,445	16.40
Inferred Resources	18.6	0.060	10,990	24.20

(Figures may not add due to rounding and are quoted inclusive of any Mineral Reserves and are depleted for mining to 30 June 2011). Run of mine ("ROM") stockpiles detailed above are equivalent to Measured Mineral Resources.

Following the completion of the updated Mineral Resource estimation the Company undertook economic studies which resulted in an updated Ore Reserve estimation which was announced on 1 October 2010 and the current Ore Reserve is tabulated below.

250ppm Cut-off	Mt	Grade % U_3O_8	t U_3O_8	Mlb U_3O_8
Proved Ore Reserve	28.5	0.055	15,431	34.0
Probable Ore Reserve	65.0	0.055	36,842	81.2
ROM Stockpiles	15.6	0.050	7,445	16.4

Total Ore Reserve	109.2	0.055	59,718	131.7
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(Figures may not add due to rounding - Ore Reserves have been depleted for mining to 30 June 2011). ROM stockpiles detailed above are equivalent to Proven Mineral Reserves.

Exploration Lease ("EPL") 3500 abuts the Langer Heinrich Mining Lease to the west and includes the sediment covered western extension of the mineralised Langer Heinrich palaeochannel.

Exploration of EPL 3500 started in 2008 with a helicopter borne Electro Magnetic ("EM") survey to better define the palaeochannel. Results from the 2008 drilling programme indicated that the channel widens considerably when entering EPL 3500 causing the uranium mineralisation to disperse, resulting in low grade and thin mineralisation.

Following on from initial drilling undertaken in 2009 an additional airborne EM survey was carried out in EPL 3500, adjacent to the Langer Heinrich mining lease. This survey was much more detailed and had more appropriate electronic parameters and consequently returned much better results. As part of the resource definition drilling programme for the Langer Heinrich Stage 4 processing expansion, approximately 600m of the eastern portion of the EPL was drilled with good results. This information has been incorporated into the greater Langer Heinrich Mineral Resource and is reported above.

KAYALEKERA MINE

The Kayelekera Mine is located in northern Malawi, 52km west of the provincial town of Karonga at the northern end of Lake Malawi and 575km north of the capital city, Lilongwe.

The Company acquired the Kayelekera project from Balmain Resources Pty Ltd ("Balmain") in February 1998 under a joint venture agreement pursuant to which the Company earned an 80% interest in the project. In October 1999, the Company acquired a further 10% interest to bring the Company's equity to 90%. In July 2005, the Company announced the purchase of the remaining 10% stake held by Balmain for consideration of A\$5,372,250. The consideration was satisfied by the issue of 4,350,000 ordinary fully paid shares in the Company at an issue price of A\$1.235 per share. The Kayelekera project was owned 100% by PAL, the Company's wholly-owned subsidiary until 2 July 2009, when the Company transferred a 15% shareholding in PAL to the Government of Malawi under the terms of the Development Agreement signed between PAL and the Government of Malawi in February 2007.

The Kayelekera project is a sandstone-hosted uranium deposit associated with the Permian Karoo sediments and is hosted by the Kayelekera member of the North Rukuru sediments of the Karoo. The mineralisation is associated with seven variably oxidised, coarse grained arkoses, separated by shales and chocolate-coloured mudstones. Uranium mineralisation occurs as lenses within these arkose units, the lowest of which is at a depth of approximately 130m.

In April 2005, the Company announced the go-ahead of a U.S.\$2.3 million feasibility study and, after completing a Development Agreement with the Malawi Government and a feasibility study together with an Environmental Impact Assessment, the Mining Licence, ML 152, covering 5,550 hectares was granted in April 2007 for a period of fifteen years.

The mine is designed to give an annual production of 3.3Mlb U₃O₈ from the processing of 1.5 million tonnes per annum ("Mtpa") of sandstone and associated ores by grinding, acid leaching, resin-in-pulp extraction, precipitation and drying to produce saleable product.

The Company received project financing totalling U.S.\$167 million, consisting of a seven year project finance facility of U.S.\$145 million, a standby cost overrun facility of U.S.\$12 million and a performance bond facility of U.S.\$10 million. The facilities are being provided by Société Générale Corporate and Investment Banking (as intercreditor agent and commercial lender), Nedbank Capital, a division of Nedbank Limited (ECIC lender) and The Standard Bank of South Africa Ltd (as ECIC facility agent and lender). First drawdown on the facility took place on 17 August 2009, with the remaining balance owing as at 1 April 2012 being U.S.\$98.0 million.

Construction at the Kayelekera project commenced in June 2007 and the late President of Malawi, his Excellency, Dr. Bingu Wa Mutharika, officially opened the mine on 17 April 2009.

During the 2009/2010 financial year the Kayelekera Mine produced 963,000lb U₃O₈ as production was ramped-up towards the designed 3.3Mlb pa. In July 2010 commercial production was achieved. All circuits have been run to nameplate with only the elution circuit to upgrade for consistent operation proven at or above design, with final optimisation in process.

During the 2010/2011 financial year the Kayelekera Mine produced 2.169Mlbs U₃O₈, a 125% increase over 2009/2010 production of 963,000lbs. While the operation did not obtain steady nameplate capacity during the financial year, it made substantial positive steps toward the operations design of 3.3Mlb pa.

December 2011 half year U₃O₈ production increased to 1.027Mlb from 0.997Mlb in 2010, a 3% increase while the December 2011 quarter U₃O₈ production of 0.632Mlb was an increase of 60% above the quarter ended September 2011. Both November and December 2011 were record production months averaging 93% of nameplate capacity.

Kayelekera has a current Ore Reserve of 23.4Mlb which will be exploited over a minimum 9 year mine life. The process plant is designed to produce 3.3Mlb pa, treating up to 190tph of material. Kayelekera Mine produced 2.169Mlb U₃O₈ during FY2011 which was a 125% increase on that produced in FY2010. Mining operations continued with 943,410t of ore mined at an average grade of 1,448ppm U₃O₈ with an additional 582,181t of low grade material mined at an average grade of 514ppm U₃O₈. The average strip ratio for the year was 1.6:1 with 1,022,843t of ore crushed. Mechanical availability and recoveries were below plan and optimisation is occurring to increase these to expected levels of 85% and 86% respectively.

Transport shipments of Kayelekera uranium oxide have been successfully transported through Zambia to Walvis Bay, Namibia where shipping vessels transported the product to converters in North America.

An updated JORC and NI 43-101 Mineral Resource and Ore Reserve is currently being estimated for the Kayelekera ore body. The estimate will include all data from the 2010 and 2011 infill and extension drilling programme totalling 133 holes and 14,887m and is awaiting receipt of confirmation assays from various laboratories. It is expected that these assays will be returned during the June 2012 quarter which will allow for the completion of the Mineral Resource and Ore Reserves estimate.

Mineral Resource as at April 2010 (300ppm U₃O₈ Cut-off)

	Mt	Grade ppm U ₃ O ₈	Tonnes U ₃ O ₈	Mlb U ₃ O ₈
Measured Resources	1.80	1,193	2,149	4.7
Indicated Resources	16.39	768	12,579	27.7
Total Measured & Indicated	18.19	810	14,728	32.5
ROM Stockpiles	0.94	822	771	1.7
Inferred Resources	5.50	625	3,447	7.6

(Figures may not add due to rounding and are quoted inclusive of any Ore Reserves and are depleted for mining to 30 June 2011). ROM stockpiles detailed above are equivalent to Measured Mineral Resources.

The previously reported mineral resources (at 300ppm U₃O₈ cut-off) were 22.2Mt of Measured and Indicated Resources grading 800ppm U₃O₈ (17,757t or 39.1Mlb of contained U₃O₈) and 3.9Mt of Inferred Resources grading 552ppm (2,152t or 4.7Mlb of contained U₃O₈).

Mineral Reserves

The Ore Reserve is unchanged from that announced in 2008 as there was no material change in the Measured and Indicated category of Mineral Resources. The 2011 drilling programme, which is designed to infill a substantial

portion of the Inferred Resources, is expected to result in an updated Ore Reserve once updated Mineral Resources have been estimated.

Mineral Reserve at 400ppm U₃O₈ Cut-off

	Mt	Grade ppm U ₃ O ₈	Tonnes U ₃ O ₈	Mlb U ₃ O ₈
Proven Ore Reserve	1.18	1,333	1,578	3.50
Probable Ore Reserve	8.73	948	8,282	18.30
ROM Stockpiles	0.94	822	771	1.70
Ore Reserves	10.85	979	10,630	23.40

(Figures may not add due to rounding and are depleted for mining to end of June 2011). ROM stockpiles detailed above are equivalent to Proven Mineral Reserves.

The cost parameters used in the reserve estimation are now well established and as such their inclusion can reasonably be justified. The revenue rate used in the estimate was U.S.\$60 per lb and is regarded as appropriate when compared to the blend of spot price and existing term contracts.

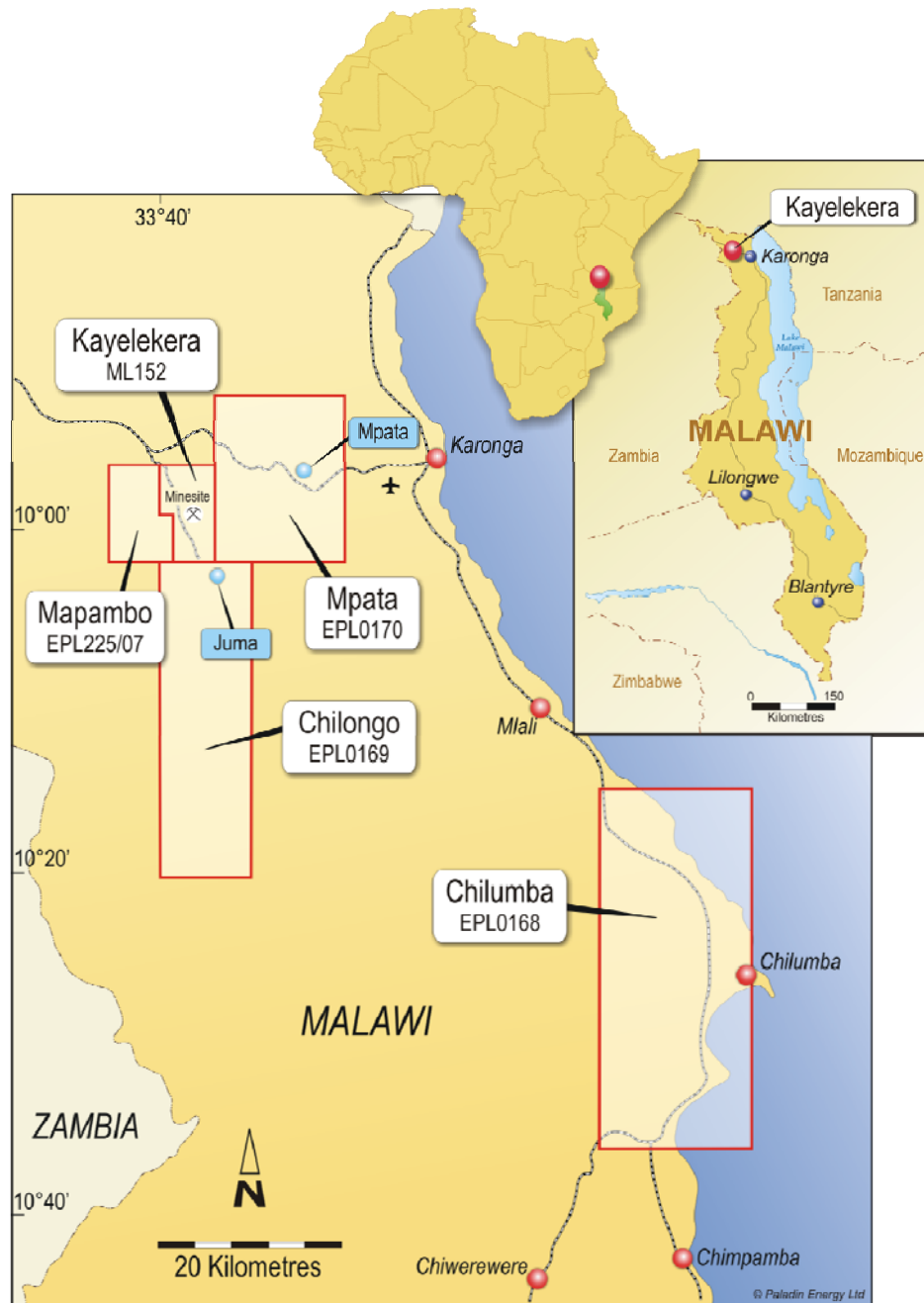
The 2008 Mineral Reserve suggested an increase in mine life of 1½ years to 9 years at the annual design production rate after year 1 of 3.3Mlb U₃O₈ when the Inferred Mineral Resources occurring within the pit design are included. Processing of low grade material at the end of mine life is expected to add an additional 3 - 4 years to the mine life.

Mineral Resource Drilling

Mineral resource definition drilling to accurately define the new limits of the ore body and further upgrade the Inferred Mineral Resources to Indicated and Measured Mineral Resource status was completed in 2010. Additional drilling of 62 holes for 9,554m was completed in September 2011. As noted above, it is expected that an updated Mineral Resource will be completed during the June 2012 quarter.

Exploration

During both 2010 and 2011, drilling was carried out at a number of regional prospects within the Malawi tenement package. Whilst mineralisation was encountered at several locations, the majority of these prospect areas are not considered significant. An expanded regional exploration programme to identify additional resources for the Kayelekera Mine is expected to commence in the second half of calendar year ("CY") 2012.



A reduction in area for the Mapambo and Chilumba tenements is pending.

MICHELIN PROJECT

The Michelin Project is located in central Labrador, Canada, approximately 140km north of Happy Valley-Goose Bay and approximately 40km southeast of the nearest community town of Postville.

On 1 February 2011 the Company completed the acquisition of the uranium assets of Aurora Energy Resources Inc. ("Aurora") from Frontier Gold Inc. The Company now holds title to significant uranium assets within the highly prospective Central Mineral Belt ("CMB") of Eastern Canada. The CMB is one of the few remaining underexplored uranium districts globally and provides an excellent opportunity for new discoveries and expansions of existing deposits.

Following the lifting of the moratorium on the working, production, mining and development of uranium on Labrador Inuit lands by the Inuit Nunatsiavut Government in March 2012, an expanded infill and resource definition drilling programme is being designed for the Michelin deposit along with an extensive mapping and exploration programme for the rest of the tenement package.

Mineral Resource at August 2009

Mineral Resources were estimated for the previous owner of the Michelin Project in the report entitled “Michelin Uranium Project, Labrador, Canada, NI 43-101 Technical Report on Preliminary Assessment” with effective date of 1 August 2009 (the “Previous Michelin Technical Report”), which was filed under the profile for Fronteer Gold Inc. on SEDAR (www.sedar.com) on 23 October 2009.

The Previous Michelin Technical Report estimated Mineral Resources as follows:

Cut-off 0.05% & 0.02% U ₃ O ₈	Measured Mineral Resources			Indicated Mineral Resources			Inferred Mineral Resources		
	Mt	Grade %	t U ₃ O ₈	Mt	Grade %	t U ₃ O ₈	Mt	Grade %	t U ₃ O ₈
Michelin	7.1	0.08	5,926	23.0	0.11	24,522	16.0	0.10	16,370
Jacques Lake	0.9	0.09	747	6.0	0.07	4,327	8.1	0.05	4,103
Rainbow	0.2	0.09	193	0.8	0.09	655	0.9	0.08	739
Inda				1.2	0.07	826	3.3	0.07	2171
Nash				0.7	0.08	564	0.5	0.07	367
Gear				0.4	0.08	270	0.3	0.09	279
Total	8.1	0.08	6,866 (15.1 Mlb)	32.0	0.10	31,164 (68.7 Mlb)	29.1	0.08	24,029 (53.0 Mlb)

The resources were reported at cut-off grades that contemplated underground (0.05% U₃O₈ cut-off) and open pit (0.02% U₃O₈ cut-off) mining, based on preliminary economic assumptions, parameters and methods described in the Previous Michelin Technical Report.

Following the acquisition of the uranium assets of Aurora from Fronteer, the Company undertook a review of the data and geological assumptions that were used in the resource estimation contained in the Previous Michelin Technical Report and has now verified these Mineral Resources to the extent that they are now considered to be current Mineral Resources and to conform to both NI 43-101 and JORC (2004) guidelines.

Geology and Mineralisation

The Michelin Project is located within the CMB of Labrador. Uranium mineralisation is typically hosted within strongly foliated metasedimentary and volcanoclastic rocks of the Post Hill Group or fine-grained felsic to intermediate metavolcanic rocks of the Aillik Group. Uranium mineralisation is associated with magnetite, actinolite, calcite and minor pyrite veining, pervasive hematite alteration (possibly with magnetite) accompanied by strong to intense shearing.

Uranium mineralisation hosted by lithologies of the Post Hill Group has been referred to as syngenetic by early workers and that within the Aillik Group has been called volcanic-hosted, strata-bound and possibly syngenetic in origin. An epigenetic emplacement of the uranium mineralisation within the Aillik Group is also indicated by uraniferous fracture filling and breccias.

The Michelin deposit is located in the southwest portion of the Michelin Project. It is approximately 1,950m in length and about 375m wide. It has been drilled to a depth of 1,050m. The deposit ranges in thickness from 5m to

55m and has an approximate dip of 55° to the southeast. It remains open down dip and along strike. Uranium mineralisation in the Michelin drill holes is strongly associated with intense, pervasive albitization and hematite alteration, an increase in actinolite, pyroxene and calcite and de-silicification in strongly foliated felsic metavolcanic rocks of the Aillik Group. Uranium mineralisation generally consists of a broad zone comprising three higher-grade lenses, ranging in width from 5m to 20m each.

The Jacques Lake deposit lies within the east central portion of the Michelin Project. Uranium mineralisation observed at Jacques Lake is associated with a fine-grained to aphanitic, metamorphosed, intermediate volcanic unit of the Aillik Group. The deposit is approximately 1,100m long, about 375m wide and has been drilled to a depth of 600m. Mineralisation thicknesses range from 5m to 60m and dip at 65°. The deposit appears to be open down dip and along strike.

The Rainbow deposit, located in the southwest portion of the Michelin Project, occurs as a stratiform lens within Aillik Group feldspathic tuff and tuff breccia. Mineralisation with an average grade of 0.15% U_3O_8 occurs over a strike length of 400m and as wide as 50m. The deposit ranges in thickness from 20m to 30m and dips at about 70°. It remains open down dip.

Mineralisation at the Gear deposit was detected within sheared metasedimentary and volcanoclastic rocks of the Post Hill Group over a strike length of 120m. An average grade of 0.17% U_3O_8 was obtained for a zone of mineralisation 30m long by 4.9m wide and outlined to a depth of 70m. Mineralised zones are pseudo-brecciated by biotite and possibly with carbonate veinlets and accompanied by occasional hematite possibly with magnetite alteration and pervasive chlorite possibly with actinolite and possibly with epidote alteration. Sulphides, mainly pyrrhotite, with chalcopyrite and pyrite, occur as stringers, disseminations and as massive fracture fill.

Mineralisation in Post Hill Group rocks at the Inda deposit occurs as a footwall lens and three hanging wall lenses along a strike length of 1.1km between Inda and Knife Lakes. The main or footwall lens has an average width of 2.44m and a strike length of 640m. In addition to the strong uranium values returned at the Inda target, appreciable copper and silver results were returned from a number of drill holes. The copper and silver are typically found in proximity to the uranium-bearing zones and are associated with chalcopyrite, pyrite and pyrrhotite.

Mineralisation at the Nash deposit is hosted within Post Hill Group mafic metasedimentary rocks. Patchy magnetic minerals and albite alteration are present with mineralisation, as well as abundant chlorite-amphibole stringers and biotite-calcite stringers. Elevated copper and silver occur with uranium mineralisation; however, the grades are generally in noneconomic amounts.

Other prospects delineated to date include Melody Hill, Melody Lake, Michelin East, the Aurora Corridor (incorporating the Gayle, Kathi, Burnt Brook and Aurora West prospects), White Bear and Otter Lake.

History and Exploration

Exploration commenced in the general Michelin area in 1955. By 1980, British Newfoundland Exploration Limited (“Brinex”) had completed geological mapping, 290 core holes (32,480m) at Michelin, a decline approximately 580m in length and associated underground workings at Michelin, mineral resource estimation and preliminary engineering, capital cost and operating cost reports. Brinex ceded its exploration concession in 1980, but held mining leases over the Rainbow, Nash and Inda deposits until 1992 and mining leases over the Michelin and Kitts deposits until 1994. The Kitts deposit is outside the current Michelin Project area.

Initial work was completed between 2003 and 2005 by the Fronteer - Altius Alliance and comprised the re-evaluation of the district for copper-gold-uranium targets. Altius Minerals Corporation (“Altius”) is a Canadian listed mineral resources company specialising in joint ventures and royalty investments. Fronteer subsequently bought all projects from Altius and Altius now retains a royalty over those projects. The Fronteer-Altius Alliance subsequently acquired a number of mineral licences in the period from 2003 to 2004. The uranium interests were transferred to Aurora Energy Inc. in 2005.

Fronteer completed exploration programs between 2005 and 2008. These included geological mapping, a digital terrain survey, an airborne geophysical survey and drill programs. Mineral Resources were estimated in 2007 and

updated during 2008. An internal scoping study was commissioned in 2007 and partly updated in 2008. In August 2009, Fronteer released the results of a Preliminary Economic Assessment on the Michelin Project.

AGADEZ PROJECT

The Agadez Project is located in northern Niger, north-west Africa, 30km west and north-west of the township of Agadez. It includes 3 exploration concessions, Tagait 4 (TAG4), Tolouk 1 (TOU1) and Terzemazour 1 (TER1), totalling 1,480km².

During the 2008/2009 financial year the Company invested A\$800,000 in NGM (an ASX listed company) to allow work on its Niger uranium concessions. In 2009, the Company increased its shareholding to 19.9% with a further investment of A\$1.2 million. In 2010, the Company increased its shareholding in NGM to 22.48% via an on-market purchase.

The Company completed the takeover of NGM, the owner of the local company Indo Energy Ltd which holds the concessions, in December 2010 and now owns 100% of the Agadez Project.

Mineral Resources

The Agadez tenements are located in the Tim Mersoi Basin and are prospective for sandstone type uranium mineralisation in Carboniferous, Permian and Jurassic sediments. Commencing in the early 1970's, the basin has historically produced in excess of 280Mlb U₃O₈ from two mines, Somair and Cominak, in which La Mancha (Mungari East) Pty Ltd (formerly named Areva NC Australia Pty Ltd) ("Areva"), holds interests. Areva has a 63.4% interest in Somair and a 34% interest in Cominak.

In January 2010, NGM announced a low grade Inferred Mineral Resource of 11Mlb U₃O₈ at 210ppm at a cut-off grade of 120ppm U₃O₈ from its drilling in shallow Jurassic sediments. The Company has developed an exploration programme to identify higher grade uranium mineralisation in the lower carboniferous stratigraphies of the area.

Exploration Drilling

A drilling programme which started in March 2011 was completed in early July 2011 with a total of 11,813m in 51 drill holes drilled. Numerous downhole radiometric anomalies were encountered, mainly in the prospective carboniferous strata. This initial drilling programme was wide spaced with hole spacing of 400 to 800m along profiles up to 8km apart. Although the anomalism was generally narrow (less than 1m) counts were locally often high (up to 19,700cps (counts per second) = approximately 0.77% e U₃O₈) and anomalous strata could be correlated at distances of up to 8km resulting in substantial follow-up targets for the next drilling programme. The best intersection was encountered in hole TOCE18 at 230m showing 1.4m at 0.25% e U₃O₈. The programme was completed under difficult circumstances due to the on-going security situation within Niger. The information obtained from the programme has been used to develop new geological models and will help in developing new exploration targets. Further drilling activities have been suspended pending a re-assessment of the security situation.

The situation in Niger has been difficult in relation to expatriate staff due to actions by both the Tuareg and Al-Qaeda in the Islamic Maghreb and has involved kidnapping and deaths. The revolution in Libya has also added to the destabilisation of Niger by introducing significant quantities of arms and ammunition. The project tenements are still considered too dangerous for expatriate staff to visit. The Company is seeking a moratorium from the government from expenditure until the security situation improves. A meeting with the United Nations Security Council is planned with the Government of Niger and involved companies to discuss how business can be proceeded with.

AUSTRALIAN URANIUM PROPERTIES

WESTERN AUSTRALIA

MANYINGEE URANIUM PROJECT

Paladin Energy Minerals NL 100%

Manyingee is located in the north-west of Western Australia, 1,100km north of Perth and 85km inland from the coastal township of Onslow. The property is comprised of three mining leases covering 1,307 hectares. The Company also holds one granted Exploration Licence (EPL 08/1496) totalling 89km² at Spinifex Well, 25km north-east of Manyingee.

The Company purchased Manyingee in 1998 from Afmeco Mining and Exploration Pty Ltd ("AFMEX"), a subsidiary company of Cogema of France. The Company's 100% interest in Manyingee is held through its wholly owned subsidiary, Paladin Energy Minerals NL.

AFMEX (previously named Total Mining Australia Pty Ltd) discovered uranium mineralisation at Manyingee in 1973 during regional exploration. Between 1973 and 1984 some 400 holes were drilled and this established the extent and continuity of the sediment hosted uranium mineralisation in permeable sandstone in palaeochannels. Field trials by AFMEX demonstrated that the Manyingee sandstone hosted uranium deposit is amenable to extraction by in-situ recovery ("ISR").

Manyingee contains Mineral Resources, estimated in 1999, conforming to the JORC (1999) guidelines as shown below:

Category	Resource	Grade	U ₃ O ₈	U ₃ O ₈
	Mt	% U ₃ O ₈	Kt	Mlb
Indicated Resources	7.9	0.10	8.1	17.8
Inferred Resources	5.5	0.05	2.8	6.2

(Figures may not multiply due to rounding)

The definitions of Measured Resources, Indicated Resources and Inferred Resources in the JORC (1999) guidelines are substantively the same as the definitions of such terms in the JORC (2004) guidelines and in NI 43-101.

Recent work completed by the Company using digitised and validated historic data has confirmed both the tenor and position of these Mineral Resources and, as such, the Company is treating these Mineral Resources as current Mineral Resources. A re-estimation of the Mineral Resources will be undertaken on the completion of the planned infill and extension drilling programme following the grant of land access. This is expected to occur in the second half of 2012.

The change of State Government in Western Australia in late 2008 resulted in the removal of uranium mining restrictions in Western Australia. The Company has now re-activated the Manyingee project and has had a Programme of Works accepted by the Western Australian Department of Mines and Energy. Aboriginal and European heritage site clearances required for the work to commence have been delayed by the wet season but are expected to be completed in the June 2012 quarter. This will allow for the commencement of drilling activities. An extensive definition, extension and infill drilling programme has been planned which is expected to allow for an updated Mineral Resource estimate to be completed in early 2013.

SPINIFEX WELL PROJECT

Paladin Energy Minerals NL 100%

In May 2006, an exploration licence covering 181km² at Spinifex Well in Western Australia was granted to PEM (the Company's wholly-owned subsidiary). Spinifex Well is located 1,100km north of Perth and 60km south-east of the township of Onslow on the north-west coast of WA. The ground, which lies 20km north of the Company's Manyingee Project, is considered prospective for similar palaeo-channel uranium mineralisation. Exploration of the property commenced in late 2008 with an airborne EM survey to better define the palaeo-channels hosting uranium mineralisation. The information from the survey has been used for drill planning purposes. Historic data has now been digitised and incorporated into an exploration database and drilling approvals are currently being sought.

At Spinifex Well, where previous explorers identified uranium mineralisation in the same strata which includes the Manyingee ore body, drilling has identified 4 redox fronts between 85m and 120m depth. Uranium mineralisation greater than 250ppm U₃O₈ or 0.5m was intersected in 10 holes with the best intersection being 1.9m at 1,300ppm U₃O₈. The results are being evaluated for further drilling in late 2012.

OOBAGOOMA URANIUM PROJECT

Paladin Energy Minerals NL 100%

The Oobagooma Uranium Project is located in the West Kimberley region of Western Australia, 1,900km north-north-east of Perth and 75km north east of the regional centre of Derby. The Oobagooma Uranium Project comprises two long-standing applications for exploration licences covering an area of 452km².

In 1998 the Company acquired a call option in relation to the purchase of 100% of the Oobagooma Project and, in turn, granted a put option to the original holder of the project. The exercise of both options is subject to the exploration licences being granted by the State of Western Australia. The relevant area is situated on freehold land owned by the Commonwealth Government and used by the military for training purposes. Consent of the Commonwealth Government and the Australian Department of Defence will be required before the mining tenements can be granted. Representatives of the Commonwealth Government and the Australian Department of Defence have indicated their support for the Oobagooma Project and an access agreement has been proposed to permit Paladin's exploration activities on the military training area.

The Oobagooma Uranium Project area was explored by AFMEX in the period from 1983 to 1986 during which time extensive zones of uranium mineralisation were discovered. Following detailed examination of the work done by AFMEX, the Company has formulated an exploration target for the prospect of approximately 8Mt at a grade of between 0.12% and 0.14% U₃O₈.

Oobagooma historic resource at 0.03% U₃O₈ cut off

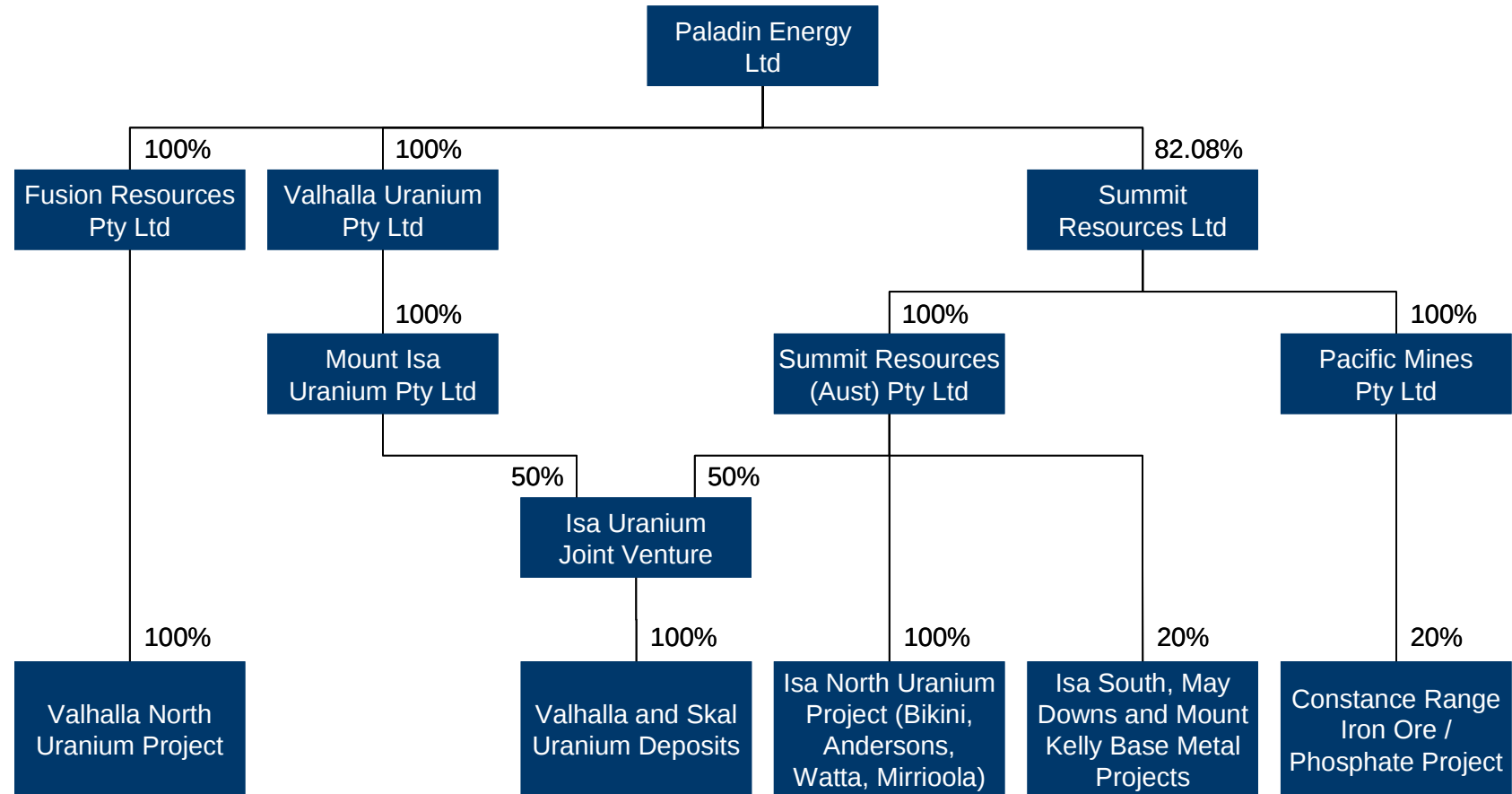
	Resource	Grade	U ₃ O ₈	U ₃ O ₈
	Mt	% U ₃ O ₈	Kt	Mlb
Historic Resources	8.3	0.12	10.0	22.40

Previous tonnages, grades, assays and other technical data for the Oobagooma deposit are taken from historical records prior to the implementation of the JORC Code or NI 43-101 and the above information therefore constitutes a historical estimate within the meaning of NI 43-101. While the data are believed to have been acquired, processed and disclosed by persons believed to be technically competent, they are unverifiable at present. The key assumptions, parameters and methods used to prepare the historical estimate are not known. A Competent Person as defined under the JORC Code or Qualified Person as defined under NI 43-101 has not done sufficient work to classify the historical estimate as current Mineral Resources. The Company has determined that additional work needs to be done to upgrade or verify the historical estimate as current Mineral Resources, including compilation and validation of all historic data, granting of land access through both State and Commonwealth Governments, identification of all existent drill sites, radiometric logging of available drill holes and drilling of confirmatory twin holes. The Company is not treating the historical estimates as current Mineral Resources as defined in either the JORC Code or NI 43-101 and the historical estimate should not be relied upon. At present, the Company considers that these resources have no equivalent classification as defined in NI 43-101 and would therefore be unclassified. The historical information is presented on the basis that it may be of interest to investors.

Following the change in State Government in Western Australia in November 2008 resulting in the removal of uranium mining restrictions in Western Australia, the Company started to engage the Commonwealth Government Departments of Finance and Defence to obtain permission to carry out exploration on the Oobagooma tenement applications. Discussions are continuing with the Western Australian Department of Mines and Energy regarding the granting of the tenements.

QUEENSLAND

The Company's holdings in Queensland, Australia are summarised in the following diagram:



MM Mining (Qld) Ltd earned an 80% interest in base metal rights on these properties as at 6th December 2010.
Summit Resources Limited retains all Uranium interests

The above structure results in the Paladin Group owning an effective 91.04% interest in the Valhalla/Skal Project.

QUEENSLAND (cont.)

Summit Resources (Aust) Pty Ltd ("SRA"), a wholly owned subsidiary of Summit, operates the Isa Uranium Joint Venture ("IUJV") as well as the Mount Isa North Uranium Project. These areas cover approximately 1,459km² and host a number of uranium deposits and resources including the Valhalla and Skal deposits.

In January 2009 the Company completed the takeover of Fusion. This added Fusion's Valhalla North Project uranium resources, including Honey Pot and Duke Batman, on 457km² of prospective ground to the suite of Queensland uranium properties. This area has subsequently been reduced to 361km².

ISA URANIUM JOINT VENTURE

Summit Resources (Aust) Pty Ltd 50% and Manager

Mount Isa Uranium Pty Ltd 50%

The IUJV covers ground containing the Valhalla and Skal uranium deposits 40km north of Mount Isa in Queensland. Participants in the Joint Venture are SRA and Mount Isa Uranium Pty Ltd ("MIU"), each holding a 50% interest with SRA as manager.

MIU is a wholly owned subsidiary of Valhalla Uranium Ltd ("VUL"), a formerly listed public company and now a wholly owned subsidiary of the Company. Following the Company's successful takeover of VUL in 2006 and the Company's acquisition of 82.08% of the issued capital in Summit, the Company's effective participating interest in the IUJV is now 91.04%.

Ground subject to the IUJV covers 17km² at Valhalla and 10km² at Skal. These two areas lie within a much larger holding of contiguous and near contiguous tenements of 1820km² held 100% and managed by SRA and the Company.

The IUJV operating committee had an approved budget of A\$3.1 million for the 2011/2012 year. The programme includes a Mineral Resource definition programme, metallurgical and hydro-geological test work, as well as ongoing environmental studies. In total, 159 holes were drilled for 30,468m in 2010 and 95 holes for 17,770m were drilled in 2011. All the data derived from these drilling programmes has been incorporated into either the updated Valhalla or Odin Mineral Resource estimates or will be used in the forthcoming Skal Mineral Resource update.

Valhalla Uranium Deposit

The Valhalla uranium deposit is located 40km north-west of Mount Isa on Exploration Permit for Minerals ("EPM") 17514. Substantial widths of high grade uranium mineralisation in albite-carbonate-hematite breccias and mylonites as well as altered mafic rocks have been intersected in the latest drilling at Valhalla. The deposit is hosted within basalts and basaltic sediments of the Eastern Creek Volcanics and trends north-south.

The Phase 1 resource drilling programme at Valhalla including 121 Reverse Circulation ("RC") and diamond holes totalling 34,466m was completed in late October 2008 and Summit announced a new Mineral Resource both conforming to the JORC Code guidelines and compliant with NI43-101 in January 2009.

The Phase 2 resource drilling programme at Valhalla, including 44 RC and diamond holes totalling 11,703m, was completed in July 2009, resulting in a new Mineral Resource, conforming to both the JORC Code guidelines and compliant with NI 43-101, announced in October 2009. Recent drilling showed positive results at the Valhalla South deposit and the deeper portion of the Valhalla main deposit and an updated Mineral Resource was released

late in the September 2010 quarter. In addition, a significant number of bulk density determinations have been undertaken. All of this information has been incorporated into the Mineral Resource model.

The current Mineral Resource estimate for the Valhalla uranium deposit is tabulated below and is quoted with a cut-off grade at 230ppm U_3O_8 . Individual Mineral Resource figures are quoted on a 100% of project basis.

Valhalla Mineral Resource (at 230ppm U_3O_8 Cut-off)

	Mt	Grade ppm U_3O_8	Tonnes U_3O_8	Mlb U_3O_8
Measured Resources	16.02	819	13,116	28.9
Indicated Resources	18.64	840	15,662	34.5
Total Measured & Indicated	34.66	830	28,778	63.4
Inferred Resources	9.10	643	5,824	12.8

(Figures may not add due to rounding)

The updated Mineral Resource represents a 5.6% increase in Measured and Indicated Mineral Resource category metal content (up from 60.0Mlb U_3O_8). The main Valhalla deposit now has a strike length in excess of 1,100m. The mineralisation extends from surface to a depth of over 650m and is structurally controlled with a characteristic southerly plunge. Valhalla South is located approximately 600m along strike to the south-east of the main mineralised zone and has a strike length of at least 400m.

Odin Uranium Prospect

The Odin uranium deposit is located 1km north of Valhalla at EPL17514. A 99 hole resource definition drilling programme totalling 16,044m was completed at Odin by September 2010 with a maiden Mineral Resource completed in December 2010.

Resource delineation drilling was completed for 2011 with an additional 28 RC holes for 6,438m. Mineralisation plunging 20-30° to the south was drilled over widths of 20-30m with grades in the range of 300 - 6,000ppm eU_3O_8 about 400m north of Valhalla. Down-dip drilling to the east identified thick (40 - 70m) mineralised zones that flatten from -70°E to -40°E; grades in this area range from 200 - 700ppm eU_3O_8 .

A mineral resource update has now been completed and is reported below at a 250ppm U_3O_8 cut-off grade.

	Mt	Grade ppm U_3O_8	Tonnes U_3O_8	Mlb U_3O_8
Indicated Resources	8.2	555	4,534	9.99
Inferred Resources	5.8	590	3,430	7.60

(Mineral Resource quoted on a 100% basis)

Skal Uranium Deposit

The Skal uranium deposit is located 32km north of Mount Isa city on EPM 17519. Following on from a 13 hole drill programme for 2,670m of RC and 463m of diamond drilling completed in December 2008, a 24 hole drilling programme including 3,216m of RC and diamond drilling was finalised in July 2009. The drilling was designed to test additional resource potential at Skal East, as well as depth extensions at Skal South.

At Skal East, located approximately 300m east of Skal North and South, drilling had previously identified a new uranium mineralisation zone in north-east trending albites along a strike length of 250m. The centre of the mineralisation is up to 30m thick narrowing to the north and south. A number of holes planned for the extension drilling at Skal South were also completed.

A Mineral Resource estimation for the Skal deposits was completed in October 2009 and is detailed below. The resource dataset comprises both geochemically assayed grades and downhole gamma logging derived grades following application of appropriate calibration factors. The resource now includes a maiden estimation of Indicated Resources category material.

Skal (all deposits) Mineral Resource at 250ppm U₃O₈ Cut-off

	Mt	Grade ppm U ₃ O ₈	Tonnes U ₃ O ₈	Mlb U ₃ O ₈
Indicated Resources	4.3	575	2,458	5.4
Inferred Resources	8.4	491	4,129	9.1

(Figures do not multiply due to rounding)

Additional Skal resource drilling has now been completed. The objective was to complete 40m x 40m resource drill-outs at Skal South, East, North and Far North and to test new targets at Skal Southwest and Grendel. A total of 57 RC holes for 9,592m have now been added to the Skal dataset.

All holes have been radiometrically logged and downhole surveyed and are now only awaiting receipt of confirmation assays. It is expected that an updated mineral resource model is expected to be completed during the March 2012 quarter.

MOUNT ISA NORTH URANIUM PROJECT

Summit Resources (Aust) Pty Ltd 100% and Operator

The Mount Isa North Uranium Project is located 10 to 70km north and east of Mount Isa. It contains numerous uranium anomalies, most of which still have to be investigated thoroughly.

Exploration continues on SRA's 100% owned Mount Isa North Uranium Project where SRA holds 1,459km² of granted tenements that are prospective for uranium, copper and base metals. The tenements are centred on the city of Mount Isa. The project includes the Bikini, Watta, Mirrioola and Andersons uranium deposits as well as numerous other uranium prospects.

Bikini Uranium Deposit

An initial drilling programme of 56 holes for 7,217m of RC and diamond drilling was completed during 2010. This followed detailed geological and geophysical groundwork previously completed at the Bikini deposits, which include the Woomera and Mirrioola prospects to the north and south of Bikini.

Following completion of drilling at the Bikini deposit in late 2010, an updated Mineral Resource estimate conforming to the JORC (2004) and NI 43-101 guidelines has been finalised. The resource dataset contains 180 drill holes for a total of 52,236m. The updated Mineral Resource estimate is 5.77Mt at a grade of 497ppm U₃O₈ for 2,868t (6.3Mlb) U₃O₈ in the Indicated Mineral Resource category and 6.7Mt at a grade of 493ppm U₃O₈ for 3,324t (7.3Mlb) U₃O₈ in the Inferred Mineral Resource category. Resources are quoted at a cut-off grade of 250ppm U₃O₈ and represent an 18% increase in contained metal over the previous resource. The updated Mineral Resource represents the inaugural Indicated Mineral Resource estimate for the deposit. Modelling parameters and estimation techniques are similar to those used in the previous Mineral Resource estimate.

Updated Bikini Mineral Resource as at April 2011 (at 250ppm U₃O₈ cut-off grade)

	Mt	Grade ppm U ₃ O ₈	Tonnes U ₃ O ₈	Mlb U ₃ O ₈
Indicated Resources	5.77	497	2,868	6.3
Inferred Resources	6.70	493	3,324	7.3

(Figures may not add due to rounding)

Andersons Uranium Deposit

An update to the Andersons Mineral Resource was completed in January 2012. This followed the drilling of four RC holes, extensive data validation, geological mapping, relogging of diamond holes and reinterpretation of the geology model. Mineralisation plunging 65° to the east was drilled over widths of 15-20m and now extends over 290m down plunge. Grades ranged from 100 - 4000ppm U₃O₈. The mineralisation was highlighted by hole ANDDH17 (17m-68m/51m @ 1739ppm U₃O₈). High grade mineralisation is stratiform along east-west sandstone packages. North-south trending basalt dykes crosscut the stratigraphy and host minor mineralisation. A Mineral Resource update has now been completed and is reported below at a 250ppm U₃O₈ cut-off grade. For the first time, Indicated Mineral Resources have now been estimated. The dataset is a combination of assays and down hole radiometrically logged equivalent U₃O₈ grades. Down hole logging was carried out using Company-owned and calibrated equipment, with derived grades being validated against assays in a number of drill holes. All recent holes were down hole surveyed for deviation and collars were located using differential global positioning system equipment. The Mineral Resource was estimated using “Kriging” methodologies (a geostatistical technique) with search distances appropriate to the variography and drill hole spacing.

Mineral Resource category	Mt	Grade ppm U ₃ O ₈	t U ₃ O ₈	Mlb U ₃ O ₈
Indicated	1.4	1,449	2,079	4.6
Inferred	0.1	1,639	204	0.4

Mirrioola Uranium Deposit

An initial Mineral Resource was estimated for the Mirrioola deposit in January 2012. A total of 54 holes have now been drilled at Mirrioola. SRA drilled 26 diamond drillholes and the remaining 28 drillholes consist of a mixture of diamond and percussion drilled in the 1970's by Queensland Mines Limited. Mineralisation strikes 035°, dips steeply (-80°) to the east and consists of a number of individual zones with a combined thickness of up to 19m and a strike length of over 210m. Grades ranged from 100 - 4000ppm U₃O₈. The mineralisation was highlighted by hole MIDDH008 (112m-147m/35m @ 711ppm U₃O₈). High grade intervals occur within brecciated and albitised siltstones. An initial Mineral Resource has now been completed and is reported below at a 250ppm U₃O₈ cut-off grade. This is the first Mineral Resource estimate at Mirrioola. The Mineral Resource has been classified as Inferred due to the large volume of historic assays (46%) in the resource dataset. The Mineral Resource estimate was undertaken using Kriging methodologies with search radii dependant on variography results and drill hole spacing. The Mineral Resource is based primarily on assay data with values for the most recent drill holes derived from validated and corrected down hole equivalent radiometric values.

	Mt	Grade ppm U ₃ O ₈	t U ₃ O ₈	Mlb U ₃ O ₈
Inferred Mineral Resource	2.0	555	1,132	2.5

Exploration

Evaluation of auger drilling data from 1,675 holes along the road alignment between Valhalla and the Gunpowder mine has identified a number of new drill targets. These are located along magnetic lineaments coincident with magnetic highs and spectrometric anomalies, where overburden thickness is 1-3m. Additional assay work is currently underway on samples from the auger programme in order to better define and prioritise follow up drill targets.

VALHALLA NORTH PROJECT

Paladin 100% and operator

The Company's takeover of Fusion was completed in April 2009. The Valhalla North Project is located on two tenements totalling 361km² situated 40 to 75km north of the Valhalla deposit. The geological setting is similar to the other Summit/Paladin projects located in Mount Isa to the south where albitised basalts with interbedded metasediments are mineralised along east-west and north-south structures in Eastern Creek Volcanics.

Ground work and drilling of the Duke-Batman prospect in 2010 did not extend the mineralisation; however, it did confirm and refine the geological model. After the compilation of the data a new Mineral Resource estimate was completed (please refer to the table on the Resources Status Mount Isa Region section for more detail).

RESOURCE STATUS MOUNT ISA REGION - ALL PROJECTS

Total Mineral Resources under Summit and Company management in the Mount Isa region are now 91.4Mlb U₃O₈ Measured and Indicated Mineral Resources and 48.3Mlb U₃O₈ Inferred Mineral Resources. Of this 82.8Mlb U₃O₈ Measured and Indicated Mineral Resources as well as 43.1Mlb U₃O₈ Inferred Mineral Resources (which includes the Fusion Mineral Resources) are attributable to the Company. 54.6% of the Mineral Resources are located at Valhalla; the rest are distributed over the Bikini, Skäl, Andersons, Watta, Mirrioola, Duke Batman and Honey Pot ore bodies.

Details are as follows:

Individual Mineral Resource figures conforming to both the JORC Code guidelines and compliant with NI 43-101, for the Mount Isa area quoted on a 100% basis.

Deposit		Measured Resources			Indicated Resources			Inferred Resources			Paladin Attribution
	Cut-off ppm U ₃ O ₈	Mt	Grade ppm	t U ₃ O ₈	Mt	Grade ppm	t U ₃ O ₈	Mt	Grade ppm	t U ₃ O ₈	
Valhalla	230	16.0	819	13,116	18.6	840	15,662	9.1	643	5,824	91.0%
Skäl	250				4.3	575	2,458	8.4	491	4,130	91.0%
Odin	250				8.2	555	4,534	5.8	590	3,430	91.0%
Bikini	250				5.8	497	2,868	6.7	493	3,324	82.0%
Andersons	250				1.4	1,449	2,079	0.1	1,639	204	82.0%
Watta	230							4.2	410	1,720	82.0%
Mirrioola	250							2.0	555	1,132	82.0%
Duke Batman	250				0.5	1,370	728	0.3	1,100	325	100%
Honey Pot	250							2.6	700	1,800	100%
Total		16.0	819	13,116	38.8	730	28,329	39.2	558	21,889	
Total Resource Attributable to Paladin		14.6	819	11,940 (26.3Mlb)	35.0	732	25,639 (56.5Mlb)	34.8	561	19,546 (43.1Mlb)	

(Figures may not add due to rounding)

* Deposits estimated using Multiple Indicator Kriging within a wireframe envelope. All other resources are estimated using Ordinary Kriging with an appropriate top cut. Data for all deposits is a combination of geochemical assay and downhole radiometric logging.

OTHER PROJECTS (NON-URANIUM) IN QUEENSLAND

Mount Isa South, May Downs, Constance Range and Mount Kelly comprise the non-uranium projects of SRA. A brief description of these projects follows.

In December 2007, SRA entered into an agreement with unlisted UK company MM Mining Plc for the farm-out of 80% of SRA's interest in these tenements. SRA will retain a 20% interest in these projects, will retain the uranium rights and will incur no costs through to any decision to mine. To earn its interest in the tenements, MM Mining Plc, through its wholly owned subsidiary MM Mining (Qld) Limited ("MM Mining"), was required to spend A\$8 million on exploration-related activities by 7 December 2010. MM Mining is the manager of the tenements. The transfer of title for these tenements was still in progress during the March 2012 quarter. The name change from MM Mining to Aston Metals (QLD) Limited, commenced at the start of the December 2011 quarter, saw the Queensland Mines Department seek amendment to existing documentation to reflect the company name change. This has delayed the transfer of title process. MM Mining is now called Aston Metals (QLD) Limited ("Aston

Metals”). Out of the 16 tenements that required approval regarding the company’s name change, 9 have been finalised. 7 of the tenements are still outstanding with the applications still in progress. Over recent years, Summit’s focus has shifted to its uranium projects to the point that these projects have assumed significance. The joint venture with Aston Metals allows Summit to concentrate its management time, in partnership with the Company, on its uranium projects.

Mount Isa South

The Mount Isa South project comprises 9 EPMs and applications covering 1,646km² of prospective Proterozoic terrain along the Mount Isa Paroo Fault from 40km to 160km south of Mount Isa.

As at the date of this Cleansing Notice, five of the EPMs have been granted and the Company expects the remaining four EPM applications to be granted in the coming months. Centaurus Metals Ltd has a 10% carried interest to mine development in EPM14233.

A limited programme of sampling to follow up on the gold anomalism in this area suggests that the small gold grains panned in the nearby gullies indicate limited transportation and a fairly local source for the mineralisation. Further work is required in this area.

May Downs

The May Downs project consists of three granted EPMs covering 654km², 35km west of Mount Isa.

The potential for gold mineralisation in shale sequences along the 12km Golden Fault structure was drill tested in 2005. Several holes intersected narrow zones of anomalous gold generally associated with elevated copper values.

Collation of the 2010 data in a three-dimensional (“3D”) format has been completed and a prioritisation of targets undertaken. Further work will continue on these tenements during 2012. Some tenure considered of very low prospectivity was relinquished to satisfy tenement compliance requirements.

Constance Range

In the late 1950s and early 1960s, BHP (now BHP Billiton Limited) reportedly identified significant occurrences of iron ore in a number of deposits, hosted by the Train Range Ironstone member of the Middle Proterozoic Mullera Formation, in the area.

The Constance Range project covers 551km² in five granted EPMs. The tenements are centred 30km south-west to 45km north-west of Minmetals Resources Limited’s Century Zinc mine in far north-west Queensland.

The reconnaissance work completed during 2010 and 2011 on these tenements with the resultant drilling at Musselbrook confirms the areas prospectivity for both copper and lead-zinc systems. Compilation of the data and field work from 2010, combined with 3D modelling of the Musselbrook drilling, suggests a number of possible targets for continued work in 2012. There is a need to rationalise the current tenure so that exploration work can focus on the highest priority targets.

Mount Kelly

EPM14694 of 13km² near CopperCo’s Mount Kelly copper gold discovery, 95km north-west of Mount Isa, was granted in October 2005. The target in this area is copper gold mineralisation in Middle Proterozoic shales along north-west trending fault structures.

Satellite imagery and geophysical survey data has been acquired for the area, a review of all previous exploration is underway and field mapping and geochemical sampling to delineate drill targets are planned.

NORTHERN TERRITORY

BIGRLYI JOINT VENTURE

Energy Metals Limited 53.29% and Manager

Northern Territory Uranium Pty Ltd 41.71%

Southern Cross Exploration NL 5%

The Bigrlyi Joint Venture ("BJV") covers ten granted Exploration Retention Licences located approximately 320km north-west of Alice Springs in the Northern Territory. Participants in the BJV are Energy Metals Limited (53.29% and manager), Northern Territory Uranium Pty Ltd (a wholly owned subsidiary of the Company) (41.71%) and Southern Cross Exploration NL (5%).

Bigrlyi is located on the northern margin of the Neoproterozoic to Paleozoic Ngalia Basin in central Australia. Uranium mineralisation at Bigrlyi is confined to a specific narrow horizon within the lower Mount Eclipse Sandstone for which a local stratigraphic succession has been defined. The principal 16 uranium occurrences at Bigrlyi were discovered in 1973 in the course of regional exploration managed by Central Pacific Minerals NL on behalf of various joint venture partners including Magellan Petroleum Australia Ltd, Agip Nucleare Pty Ltd, Urangesellschaft GmbH & Co. and the Atomic Energy Commission.

The joint venture manager, Energy Metals Ltd announced in June 2011 the completion of a Pre-Feasibility Study ("PFS") for the Bigrlyi Project. The PFS showed that the project is technically feasible, however, the key finding was that a substantial increase in the resource base is required to improve the project economics. Based on this result, the BJV partners have focussed their efforts on increasing the project resources.

During 2011, Energy Metals Ltd carried out resource extension and infill drilling with encouraging results.

In late June 2011, Energy Metals Ltd, as manager of the BJV, released an updated Mineral Resource estimate based on all drilling to date. The revised geological model and estimation parameters based on the close spaced drilling completed previously has resulted in a slightly reduced total Mineral Resource than previously announced. The breakdown of Mineral Resource category is detailed below and is reported at a 500ppm U₃O₈ cut-off grade.

Resource Category	Mt	U ₃ O ₈ (ppm)	Tonnes U ₃ O ₈	Mlb U ₃ O ₈
Indicated Resources	4.7	1,366	6,400	14.0
Inferred Resources	2.8	1,144	3,200	7.1

(Figures may not multiply due to rounding)

Following completion of the 2011 drilling campaign, the BJV partners undertook to review all the data compiled to date with the aim of revising the existing geological model. To this end, an extensive ground mapping and radiometric survey has been undertaken along with core re-logging and database compilation. It is expected that this will result in an updated and revised Mineral Resource estimate in the second half of 2012.

ANGELA JOINT VENTURE

Paladin Energy Minerals NL 50%

Cameco Australia Pty Ltd 50% and Manager

In early 2008, the Northern Territory Government advised a 50:50 joint venture between the Company and Cameco Australia Pty Ltd (the “Angela Joint Venture”) that it had been chosen as the successful applicant for an exploration licence covering the Angela and Pamela uranium deposits, located 25km south of Alice Springs in the Northern Territory. The Company's interest is held through its wholly owned subsidiary, Paladin NT Pty Ltd.

In October 2008, an Exploration Licence (EL 25758) was granted by the Department of Regional Development, Primary Industry, Fisheries and Resources, the government department responsible for approving the Angela Joint Venture’s “Mining Management Plan” in April 2009. All compliances necessary to begin exploration were obtained before drilling commenced on site early in May 2009. Furthermore, an exploration agreement covering arrangements with native title holders was executed with the Central Land Council in August 2009.

In 2009 and 2010, the Angela Joint Venture conducted drilling programmes including 171 holes and totalling 32,879m.

Extensive evaluation work was undertaken previously on the Angela and Pamela uranium deposits by Uranerz Australia Pty Ltd between 1972 and 1983.

A Mineral Resource estimate conforming to the JORC (2004) and NI 43-101 guidelines has now been completed for the Angela-Pamela uranium deposits. This follows extensive compilation and validation of historic data and the drilling programme by the Angela Joint Venture. The Mineral Resource estimate is based on 794 holes totalling 180,468m and covers the Angela (deposits 1 to 5) and Pamela deposits. The mineralisation plunges shallowly, approximately 9°, to the west and the larger of the deposits, Angela 1, has been defined up to 4.3km to the west at depths up to 600m and remains open. The mineralisation is contained within nine individual stratigraphic sequences with mineralised thicknesses of up to 10.4m.

The cut-off for the Mineral Resource is a combination of grade greater than or equal to 300ppm U₃O₈ and thickness greater than 0.5m. In addition, areas of low grade probability were removed from the model.

Resource Category	Mt	U ₃ O ₈ (ppm)	Tonnes	Mlb
			U ₃ O ₈	U ₃ O ₈
Inferred Resources	10.7	1,310	13,980	30.8

The Mineral Resource estimation was completed using a two dimensional conditional simulation with the dataset being derived predominantly from recent and historic downhole radiometric logging. The radiometric grades have been extensively validated against laboratory assays.

This updated Mineral Resource estimate improves on the historic resources previously announced providing a 10% increase in both grade and tonnage U₃O₈.

In mid 2011, the Angela Joint Venture partners agreed that the Company would assume the role of manager and operator of the project.

As part of the licence conditions, baseline groundwater and dust monitoring was completed prior to the commencement of drilling activities. This programme is ongoing as part of a series of environmental studies, including water, fauna and flora, dust, radiation, meteorology and soils.

On 27 September 2010, the Chief Minister of the Northern Territory announced that his government would not support the establishment of a uranium mine within the Angela Joint Venture area. The Company is considering its options and is engaging in further discussions with the Northern Territory government.

SOUTH AUSTRALIA

QUASAR URANIUM JOINT VENTURE

Paladin Energy Ltd 15-20%

Quasar Resources Pty Ltd 80% and Manager

The joint venture with Quasar Resources Pty Ltd ("Quasar") ("QUJV"), established in 2001, encompasses two exploration licences covering an area of 1,051km² in the northeast of South Australia. The Company holds a 15% free carried interest in Exploration Licence 3903 at Mount Yerila and a 20% free carried interest in Exploration Licence 4134 at Petermorra. The QUJV is managed by Quasar, a wholly-owned subsidiary of Heathgate Resources Pty Ltd, operator of the Beverley ISR uranium mine which is situated immediately south of the QUJV tenements. Heathgate Resources Pty Ltd is an Australian subsidiary of General Atomics of the United States.

The two exploration licences are located in the northern part of the Curnamona Province, a 90,000km² block of shallow to outcropping basement rocks that extends from Olary, in the northeast of South Australia, 450km north east of Adelaide, to east of Broken Hill across the New South Wales border. The exploration licences are considered prospective for palaeochannel uranium mineralisation similar to that found and successfully developed at Beverley. Quasar is actively exploring the QUJV tenements and has conducted a number of drilling campaigns on the ground.

MOU with CGNPC-URC

On 5 August 2010, the Company announced that it had signed a wide ranging Memorandum of Understanding ("MOU") with CGNPC Uranium Resources Co., Ltd ("CGNPC-URC"), setting a framework for co-operation for long-term sales of uranium, potential participation in the Company's growth strategies and possible expansion of joint venture relationships in the Northern Territory with Energy Metals Limited in which CGNPC-URC, through its subsidiary China Uranium Development Company Limited, holds a 60.6 % interest. Discussions with CGNPC-URC are ongoing and the geological development work undertaken by the Company at the Bigrlyi project is an example of the co-operation between the Company and CGNPC-URC.

URANIUM DATABASE

Eden Creek Pty Ltd (100% owned by Paladin Energy Ltd)

The Company owns a substantial uranium database, compiled over 30 years of investigations by the international

uranium mining house Uranerzbergbau in Germany, incorporating all aspects of the uranium mining and exploration industry worldwide and including detailed exploration data for Africa and Australia.

Uniquely among Australian exploration companies, the primary focus of the Company's activities in the past has been uranium. In that time the Company has maintained and expanded the library of databases and it now holds a considerable amount of technical, geological, metallurgical, geophysical and geochemical data including country specific information such as mining laws or investment conditions comprising an estimated 60,000 individual books, documents, reports, reprints and maps kept as hardcopies, microfiche and a rapidly growing library of electronic files.

The geology resource database is managed in an integrated relational database system readily available for processing of exploration and mining data.

It is this database that held all of Angela/Pamela technical information that the Company believes gave the Angela Joint Venture the competitive edge to win the tender to acquire this important project. This underpins the significance of this asset for project generation.

The Company continues to evaluate opportunities for acquiring additional uranium projects assisted by the database and for forming alliances with other parties which may involve equity investment by such parties, where the acquisitions or alliances would complement or enhance the Company's existing operations. When and whether acquisitions or alliances occur will depend on a number of factors, including availability of opportunities and the attractiveness of those opportunities, market conditions, funding requirements and integration issues.

URANIUM TRADING

Paladin Nuclear Limited

Paladin Energy Ltd 100%

PNL is an Australian incorporated company established in 2007 as the strategic marketing subsidiary of Paladin Energy with the remit to undertake the marketing and sales function on behalf of the Langer Heinrich and Kayelekera operations. PNL also holds material in its own right to facilitate intercompany or third party transactions. Employees are located in the US, UK and Australia to service the key markets in North America, Europe and Asia.

INVESTMENTS

Deep Yellow Ltd

Paladin Energy Ltd 19.93%

DYL is a dedicated uranium exploration company listed on the ASX and the Namibian Stock Exchange with advanced exploration holdings in Namibia and Australia.

Through its wholly owned Namibian subsidiary, Reptile Uranium Namibia (Pty) Ltd, DYL is actively exploring for uranium on its four 100% owned Exclusive Prospecting Licences (EPLs) covering 2,872km² and three joint venture EPLs covering 1,323km², (earning 65% from Nova Energy (Namibia) (Pty) Ltd) in the Namib Naukluft Desert Park inland from Walvis Bay and south and west of the Company's LHM.

In Australia, DYL is focused on uranium exploration in the Mount Isa district in north-west Queensland and the Tanami Arunta Province in the Northern Territory.

The Company's equity in DYL increased to 14.34% on 8 August 2007 via an entitlement issue and subscription to the subsequent shortfall. The additional investment totalled A\$20.7 million.

During the 2008-2009 financial year the Company invested a further A\$12.9 million to increase its equity in Deep Yellow to 19.6%.

During the 2010-2011 financial year the Company invested a further A\$0.8 million to increase its equity in Deep Yellow to 19.93%.

4. DIRECTORS

Brief profiles of the directors of the Company as at the date of this Cleansing Notice are as follows:

Mr Rick Wayne Crabb (Non-Executive Chairman) Age 54

B. Juris (Hons), LL.B, MBA, FAICD

Mr Crabb holds degrees of Bachelor of Jurisprudence (Honours), Bachelor of Laws and Master of Business Administration from the University of Western Australia. He practiced as a solicitor from 1980 to 2004 specialising in mining, corporate and commercial law. He has advised on all legal aspects including financing, marketing, government agreements and construction contracts, of many resource development projects in Australia and Africa. Mr Crabb now focuses on his public company directorships and investments. He has been involved as a director and strategic shareholder in a number of successful public companies. He is also the non-executive chairman of Golden Rim Resources Ltd (since 2001), Ashburton Minerals Ltd (since 1999) and Otto Energy Ltd (since 2004). Mr Crabb is a councillor on the Western Australian Division of the Australian Institute of Company Directors.

Mr Crabb was appointed to the Paladin board on 8 February 1994 and Chairman on 27 March 2003.

Mr John Borshoff (Managing Director) Age 67

B.Sc., F.AusIMM, FAICD

Mr Borshoff is a geologist who has been involved in the Australian and African exploration and mining industry for over 30 years. Mr Borshoff worked for International Nickel and Canadian Superior Mining before joining a German mining group, Uranerz from 1976 to 1991. He became Chief Geologist/Exploration Manager during the period 1981-1986 and served as its chief executive from 1987 to mid-1991 when the German parent of Uranerz made the decision to close its Australian operations. The primary focus of the Uranerz Group was the search and development of uranium with the company operating extensively throughout Australia, North America and Africa.

Mr Borshoff has extensive knowledge of the uranium industry and experience in company management and strategic planning. He serves on a number of industry organisations including the Board of the Minerals Council of Australia and the Board of the Australian Uranium Association of which he is the chairman of its Code of Practice working committee and a member of its Executive Committee.

Mr Borshoff founded Paladin and was appointed to the board on 24 September 1993.

Mr Sean Reville Llewelyn (Non-Executive Director) Age 63

LL.B

Mr Llewelyn originally qualified and practised as a solicitor in Australia and then re-qualified in England. He has subsequently worked in the finance and merchant banking industries for more than 20 years in Australia, the UK, the United States and South Africa. His considerable finance experience has been in derivatives (a founder, President and CEO of Capital Market Technology Inc.), structured finance and early stage investment relating to the metal markets. He has been involved with the uranium industry for many years and has a comprehensive understanding of the uranium market.

Mr Llewelyn was the instigator and a driving force in the formation of Nufcor International Ltd, a major uranium marketing company, jointly owned between Anglo Gold and First Rand International.

Mr Llewelyn was appointed to the Paladin board on 12 April 2005.

Mr Donald Myron Shumka (Non-Executive Director) Age 69

B.A. (Economics), MBA

Mr Shumka is Vancouver-based Corporate Director with more than 40 years' experience in financial roles. From 2004 to 2011, he was President and Managing Director of Walden Management, a consulting firm specialising in natural resources. From 1989 to 2004, he was Managing Director, Investment Banking with CIBC World Markets and Raymond James Ltd. Prior to 1989, Mr Shumka was Vice President, Finance and Chief Financial Officer of West Fraser Timber Co. Ltd., one of Canada's largest forest products companies. He holds a Bachelor of Arts Degree in Economics from the University of British Columbia and a Master of Business Administration Degree from Harvard University. Mr Shumka is also a director of Eldorado Gold Corp. (since May 2005), Alterra Energy Corp. (since March 2008), Lumina Copper Corp. (since January 2009) and Anfield Nickel Corp. (since December 2010).

Mr Shumka was appointed to the Paladin board on 9 July 2007.

Mr Peter Mark Donkin (Non-Executive Director) Age 55

B.Ec., LL.B

Mr Donkin has over 30 years' experience in finance, including 20 years arranging finance in the mining sector. He was the Managing Director of the Mining Finance Division of Société Générale in Australia, having worked for that bank for 21 years in both their Sydney and London offices. Prior to that he was with the corporate and international banking division of the Royal Bank of Canada. His experience has involved structuring and executing transactions for mining companies, both in Australia and internationally in a wide variety of financial products, including project finance, corporate finance, acquisition finance, export finance and early stage investment capital. Mr Donkin holds a Bachelor of Economics degree and a Bachelor of Law degree from the University of Sydney.

Mr Donkin was appointed to the Paladin board on 1 July 2010.

Mr Philip Baily (Non-Executive Director) Age 67

B.Sc., MSc

Mr Baily is a metallurgist with more than 40 years' experience in the mining industry, including some 11 years in the uranium sector. Throughout his career he has been involved in the design, construction, commissioning and operations of mineral processing plants including two uranium plants. Project locations have varied from the deserts of Australia to the tropics of Papua New Guinea and the high altitudes of Argentina. Mr Baily has extensive experience, at senior management level, in the evaluation of projects from grass roots development to the acquisition of advanced projects and operating companies. These projects have been located throughout the world, many in developing countries and environmentally sensitive areas. Mr Baily holds a Bachelor of Science and a Master of Science degree in Metallurgy from the University of New South Wales.

Mr Baily was appointed to the Paladin board on 1 October 2010.

Ms Gillian Swaby (Company Secretary) Age 52

B.Bus., FCIS, FAICD

Ms Swaby has been involved in financial and corporate administration for listed companies, as both Director and Company Secretary covering a broad range of industry sectors, for over 25 years. Ms Swaby has

extensive experience in the area of secretarial practice, management accounting and corporate and financial management.

Ms Swaby is past Chair of the Western Australian Council of Chartered Secretaries of Australia, a former Director on their National Board and a lecturer for the Securities Institute of Australia. Ms Swaby is the principal of a corporate consulting company and was a member of the Paladin board for a period of 10 years.

5. INDUSTRY

Prior to the Japanese earthquake and resulting damage to the Fukushima Daiichi nuclear plant in Japan on 11 March 2011 ("Fukushima"), the spot uranium (U_3O_8) price had rallied to a peak of U.S.\$73.00/lb in February 2011, reflecting the strong demand outlook for new nuclear reactor build out globally. The long term contract price also peaked at U.S.\$73.00/lb in February 2011.

In response to Fukushima, countries with nuclear programs ordered various safety reviews and, in some cases, stress tests, leading to some delays in the licensing and construction of new reactors.

Most nuclear power countries have now renewed their support for their own civil power programmes. Of the 31 countries with operating nuclear reactors, only Germany has adopted a nuclear phase out policy, closing eight plants immediately and shutting its remaining nine plants over the next 10 years. Belgium and Switzerland have announced qualified phase out policies over the next 10 to 20 years. Germany's plans constitute a reversion to the nuclear phase-out plan which was previously announced in 2001. Eleven countries have reactors under construction or planned, with a further seven countries still proposing to build nuclear reactors. Japan currently has 50 of its 51 operational reactors off-line pending the completion of stress-tests and other safety evaluations. The Nuclear and Industrial Safety Agency is conducting assessments which must be satisfied prior to the reactors being granted permission by prefectural and national authorities to restart.

The impact of Fukushima continues to negatively affect the uranium market. The uranium spot price was quoted at U.S.\$51.00/lb at 26 March 2012. Importantly the term price has remained above U.S.\$60.00/lb subsequent to Fukushima.

In 2010, nuclear electricity generation represented c.14% (or 2,630 billion kWh¹) of the global electricity generation mix. The International Energy Agency forecasts world net electricity consumption to almost double by 2035. Nuclear is expected to be an important part of the global energy mix, with increasing focus globally on reducing greenhouse gas emissions and security of energy supply.

SUPPLY AND DEMAND DYNAMICS

In March 2012, there were 435 nuclear power plants in operation worldwide. There are also 61 new plants under construction, two less than January 2011. China represents c. 43% of the new nuclear capacity under construction, with 26 of the new plants under construction globally being built in China. The Chinese government has announced plans to operate over 180 nuclear plants by mid century.

162 plants are in the "planned" category (156 at January 2011) including four plants ordered by the United Arab Emirates, which currently has no nuclear power reactors and 16 plants planned in India which is now becoming integrated with the world civil nuclear fuel cycle for the first time. Several countries are evaluating nuclear power for the first time, including Poland, Jordan and Turkey. The number of reactors in the "proposed" category has also risen significantly from 282 in 2009 to 329 as at March 2012.

World Nuclear Power Reactors & Uranium Requirements as of March 2012

	Reactors Operable		Under Construction		Planned		Proposed	
	No.	GWe	No.	GWe	No.	GWe	No.	GWe
World	435	372.2	61	61.6	162	181.0	329	376.3

Source: World Nuclear Association

¹ International Atomic Energy Agency

Total world uranium production from mining in 2010 was 53.663Mt U, an increase of 2.891Mt U (6%) from 2009. Most of the increased production is attributable to significant growth in Kazakhstan's output which rose from 14.020Mt U in 2009 to 17.803Mt U in 2010 as well as from the Company's Langer Heinrich Mine in Namibia and Kayelekera Mine in Malawi. After more than tripling its output of uranium in four years to become the world's top producer, in 2011 Kazakhstan announced it would stabilise production at c. 20kt/yr (c. 45Mlbs/yr) to support prices.

Despite the rise in production, uranium requirements in 2010 exceeded uranium supply by approximately 14,327 Mt U₃O₈. To date, secondary supply sources including supply flowing from the Russia-USA Highly Enriched Uranium Agreement (the "HEU Agreement") have served to fill the gap between demand and primary mine supply. The HEU Agreement, which currently provides the equivalent to c. 7,600 tonnes U of supply, is not expected to be renewed at its conclusion in 2013, posing further supply challenges and increasing the likelihood of an increasing supply shortfall.

In addition, there are significant operational challenges and long lead-times associated with bringing uranium mines into production. The Company is well-positioned to benefit from demand increases, in particular because the current challenging uranium price environment has caused set-backs and delays at a number of earlier stage uranium projects globally which will exacerbate any price increase.

Uranium Production Figures, 2000-2010

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
tU	35,186	36,360	36,036	35,576	40,178	41,719	39,670	41,282	43,853	50,772	53,663
Mlbs	91.5	94.5	93.7	92.5	104.5	108.5	103.1	107.3	114.0	132.0	139.5

Source: World Nuclear Association

Nuclear Power Worldwide as at March 2012¹						
<u>Country</u>	<u>% Nuclear</u>	<u>Reactors Operating</u>	<u>Reactors Under Construction</u>	<u>Reactors Planned</u>	<u>Reactors Proposed</u>	<u>Comments</u>
Belgium	51%	7	0	0	0	Phase-out announced. Lifetime extension for certain plants.
Canada	15%	17	3	3	3	Long history in civil nuclear technology.
China	2%	15	26	51	120	Target 5 % nuclear by 2020. Nuclear a key climate change policy.
Czech Republic	33%	6	0	2	1	Firm government support for more nuclear.
Finland	28%	4	1	0	2	Firm commitment to nuclear on environment and cost grounds.
France	74%	58	1	1	1	Highly dependent on nuclear.
Germany	28%	9	0	0	0	Phase-out under reconsideration.
India	3%	20	7	16	40	Target 25 % nuclear by 2050. Now under International Atomic Energy Agency safeguards umbrella.
Japan	29%	1 of 51	2	10	5	Pending further announcements from government of Japan. Prior target was 40 % nuclear by 2017.
Korea (South)	32%	23	2	6	0	Nuclear power and technology is a national strategic priority.
Russia	17%	33	10	17	24	Progressive target to reach 70 %-80 % nuclear by 2100.
Spain	20%	8	0	0	0	Phase-out plans uncertain but 2 plants obtained 10 year lifetime extensions.
Sweden	38%	10	0	0	0	Phase-out abandoned and policy now permits new plants to replace existing capacity.
Taiwan	19%	6	2	0	1	Significant source of power with current expansion
United Kingdom	16%	17	0	4	9	New government supports new reactors to replace ageing fleet.
USA	20%	104	1	11	19	Current administration favourable to nuclear and new builds highly likely.
Other countries*		47	6	41	104	11 additional countries planning nuclear programs with a further 7 countries proposing programs.
World		435	61	162	329	
1. Percentage of power generated from nuclear electricity is based on 2010 country data. * (Argentina, Armenia, Bangladesh, Belarus, Brazil, Bulgaria, Chile, Egypt, Hungary, Indonesia, Iran, Israel, Italy, Jordan, Kazakhstan, Korea DPR (North), Lithuania, Malaysia, Mexico, Netherlands, Pakistan, Poland, Romania, Saudi Arabia, Slovakia, Slovenia, South Africa, Switzerland, Thailand, Turkey, Ukraine, UAE, Vietnam).						

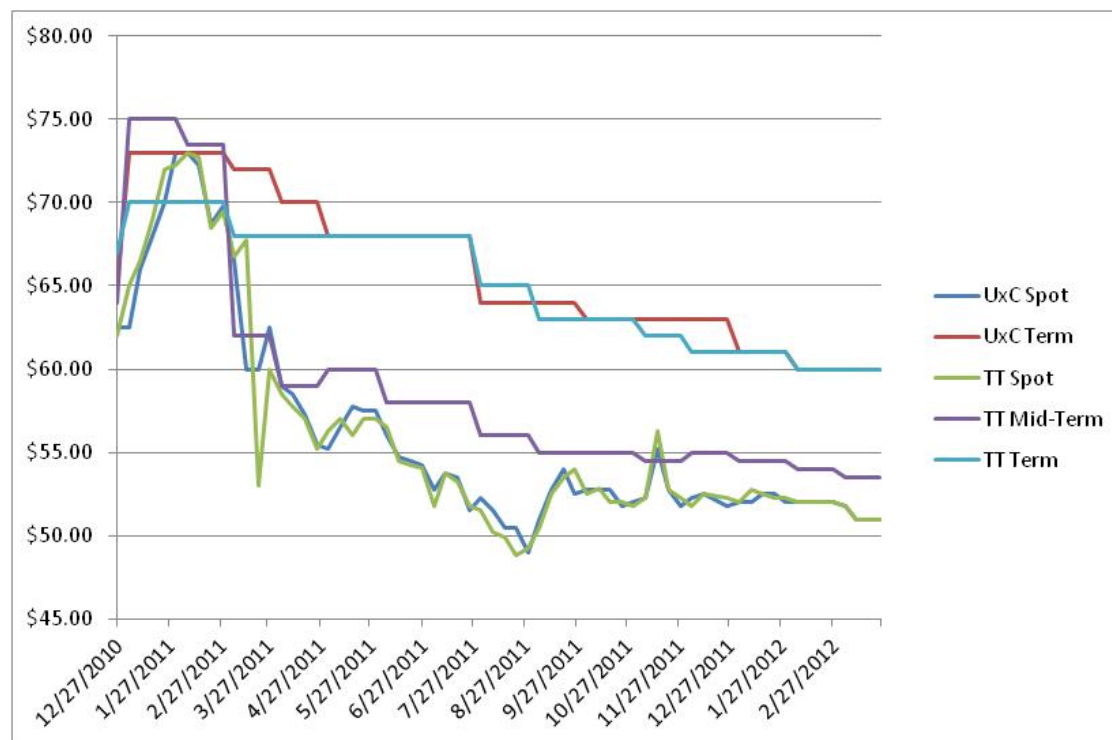
Source: World Nuclear Association

URANIUM PRICE EVOLUTION

In the early part of 2011, uranium prices emerged from a depressed period after the global financial crisis with spot prices moving from a low of U.S.\$41.75/lb U_3O_8 in July 2010 to a peak of U.S.\$73.00/lb U_3O_8 in February 2011. The Fukushima nuclear incident in March 2011 saw prices weaken, reaching a low of U.S.\$51.10/lb U_3O_8 in April 2012. Similarly, the term uranium price strengthened from U.S.\$60.00/lb U_3O_8 in July 2010 to reach U.S.\$73.00/lb U_3O_8 in February 2011 before easing off to U.S.\$60.00/lb U_3O_8 in March 2012.

Financial market turbulence and uncertainties in Europe have created additional headwinds to the uranium price but prices have remained relatively stable throughout the second half of calendar 2011 and 2012 year to date. The Company continues to expect strong medium-term and long-term sector fundamentals to prevail once the short-term negative impact of the Fukushima accident has been fully absorbed and understood by the market.

Uranium price (U.S.\$/lb)



Source: UxC

6. RISK FACTORS

There are numerous widespread risks associated with investing in any form of business and with investing in bonds and the share market generally. There are also a range of specific risks associated with the Company's business and its involvement in the exploration and mining industry. Many of these risk factors are largely beyond the control of the Company and its Directors because of the nature and location of the existing and proposed business activities of the Company.

Investors should carefully consider the risks described below before making a decision to invest in the Bonds.

INVESTMENT SPECIFIC RISKS

The following summary, which is not exhaustive, outlines some of the major risk factors in respect of an investment in the Bonds.

Market for Bonds

The Company has received approval in-principle for the listing and quotation of the Bonds on the SGX-ST. However, there is currently no formal trading market for the Bonds and an active trading market may not develop for the Bonds after the Offering, or if it develops, such a market may not sustain a price level for the Bonds at the Issue Price.

Other Indebtedness

The Bonds will rank *pari passu* with all other unsecured and unsubordinated obligations of the Company save for such obligations that may be preferred by provisions of law that are mandatory and of general application.

Absence of Covenant Protection

Other than as described herein, the Trust Deed will not limit the Company's ability to incur additional debt or liabilities (including secured indebtedness). The Trust Deed will not contain any provision specifically intended to protect holders of the Bonds in the event of a future leveraged transaction by the Company (other than secured capital markets transactions).

Certain Subsidiaries (as defined in the Conditions) of the Company have significant outstanding indebtedness, including Project Finance Indebtedness (as defined in the Conditions), and may in future incur further indebtedness, including Project Finance Indebtedness. The Company has and may in the future provide guarantees and/or indemnities in respect of such indebtedness and Project Finance Indebtedness. The Company is a holding company with no significant assets other than the shares of its wholly-owned and non wholly-owned Subsidiaries. The ability of the Company's Subsidiaries to pay dividends and make other transfers to the Company may be limited by various regulatory, contractual, legal and tax constraints or the Subsidiaries' debt or other agreements with lenders. If as a result of these restrictions the Company is unable to ensure the continued transfer of dividends and other income to it from these Subsidiaries, this may materially and adversely impair the Company's ability to pay dividends and interest and to service its debt obligations, including its obligations under the Bonds.

Modification and Waivers

The conditions of the Bonds contain provisions for calling meetings of Bondholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Bondholders including Bondholders who did not attend and vote at the relevant meeting and Bondholders who voted in a manner contrary to the majority.

EU Savings Directive

Under EC Council Directive 2003/48/EC on the taxation of savings income, Member States are required to provide to the tax authorities of another Member State details of payments of interest (or similar income) paid by a person within its jurisdiction to an individual resident in that other Member State. However, for a transitional period (the ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries), Luxembourg and Austria are instead required (unless during that period they elect otherwise) to operate a withholding system in relation to such payments. A number of non-EU countries and territories including Switzerland have adopted similar measures (a withholding system in the case of Switzerland).

The European Commission has proposed certain amendments to the Directive which may, if implemented, amend or broaden the scope of the requirements described above.

If a payment were to be made or collected through a Member State which has opted for a withholding system and an amount of, or in respect of, tax were to be withheld from that payment, neither the Company nor any Paying Agent nor any other person would be obliged to pay additional amounts with respect to any Bond as a result of the imposition of such withholding tax. The Company is required to maintain a Paying Agent in a Member State that is not obliged to withhold or deduct tax pursuant to the Directive.

Change of Law

The terms and conditions of the Bonds are based on English law in effect as at the date of this Cleansing Notice. No assurance can be given as to the impact of any possible judicial decision or change to English law or administrative practice after the date of this Cleansing Notice.

Limitation in Ability to Redeem Bonds

The Company must redeem the Bonds on the Maturity Date, on the request of a Bondholder if a Change of Control occurs or on the occurrence of an Event of Default. The Company cannot assure Bondholders that, if required, it would have sufficient cash or other financial resources at any such time or would be able to arrange financing to redeem the Bonds in cash.

Market Price of the Bonds

The market price of the Bonds will be based on a number of factors, including:

- (a) the prevailing interest rates being paid by companies similar to the Company;
- (b) the overall condition of the financial and credit markets;
- (c) prevailing interest rates and interest rate volatility;
- (d) the markets for similar securities, including the Company's existing 2013 and 2015 Convertible Bonds;
- (e) the financial condition, results of operation and prospects of the Company;
- (f) the publication of earnings estimates or other research reports and speculation in the press or investment community;
- (g) the market price and volatility of the Ordinary Shares;
- (h) changes in the industry and competition affecting the Company; and
- (i) general market and economic conditions.

The condition of the financial and credit markets and prevailing interest rates have fluctuated in the past and are likely to fluctuate in the future. Fluctuations in these factors could have an adverse effect on the market price of the Bonds.

Volatility of Market Price of Ordinary Shares May Affect Selling Price of Bonds

The market price of the Ordinary Shares may be volatile. The volatility may affect the ability of holders of Bonds to sell the Bonds at an advantageous price. Additionally, this may result in greater volatility in the market price of the Bonds than would be the case for nonconvertible debt securities. Market price fluctuations in the Ordinary Shares may be due to the operating results of the Company failing to meet the expectations of securities analysts or investors in any quarter, downward revision in securities analysts' estimates, governmental regulatory action, adverse change in general market conditions or economic trends, acquisitions, dispositions or other material public announcements by the Company or its competitors, along with a variety of additional factors, including, without limitation, those set forth under "Cautionary Statement Regarding Forward-Looking Statements". In addition, stock markets, including the SGX-ST, the ASX, the TSX, the NSX and the German Exchanges, from time to time suffer significant price and volume fluctuations that affect the market price for securities and which may be unrelated to the operating performance of the Company. In addition, any adverse change in policies or laws concerning nuclear power imposed on the nuclear industry, or any incidents involving nuclear reactors, could negatively impact market sentiment to uranium stocks. Any of these events could result in volatility and/or a decline in the market price of the Bonds or the Ordinary Shares.

Exchange Rate Risks and Exchange Controls

The Company will pay principal and interest on the Bonds in U.S. dollars. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the "Investor's Currency") other than U.S. dollars. These include the risk that exchange rates may significantly change (including changes due to devaluation of the U.S. dollar or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to U.S. dollars would decrease (1) the Investor's Currency-equivalent yield on the Bonds, (2) the Investor's Currency-equivalent value of the principal payable on the Bonds and (3) the Investor's Currency-equivalent market value of the Bonds.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, investors may receive less interest or principal than expected, or no interest or principal.

Volatility of Uranium Prices

The mining industry is competitive and there is no assurance that, even if significant quantities of a mineral resource are discovered or extracted, a profitable market will exist for the sale of this mineral. In particular, there can be no assurance that uranium prices will be such that the Company's properties can be mined at a profit. The only significant commercial use for uranium is to fuel civil nuclear power plants for the generation of electricity. Any adverse change in policies or laws concerning nuclear power in countries which operate nuclear power plants may negatively affect global uranium demand and the Company.

Factors beyond the control of the Company may affect the marketability of any minerals discovered. Uranium prices are subject to volatile price changes from a variety of factors including international economic and political trends, expectations of inflation, global and regional demand, alternative sources to meet energy consumption, currency exchange fluctuations, interest rates, global or regional consumption patterns,

technological improvements leading to more efficient use of uranium, speculative activities and increased production due to improved mining and production methods or increased exploration.

Interest Rate Risks

Investment in fixed rate instruments involves the risk that subsequent changes in market interest rates may adversely affect the value of the fixed rate instruments.

GENERAL RISKS RELATING TO THE COMPANY'S BUSINESS

The following summary, which is not exhaustive, represents some of the more general major risk factors for the Company's business.

Demand for nuclear generation, competition from alternative energy and public perception

The impact of the Fukushima earthquake in March 2011 continues to work its way through the uranium market, including by impacting upon the spot price for uranium. Of the sixteen countries with existing nuclear reactors in production, Germany, Belgium and Switzerland have announced a gradual phase-out of nuclear electricity generation over the next 10-20 years and there is a risk that negative public perception following Fukushima could support change in government policy regarding nuclear power generation and lead to further phase-outs.

Nuclear energy is in direct competition with other more conventional sources of energy, including gas, coal and hydroelectricity and is the subject of negative public opinion due to political, technological and environmental factors, including Fukushima. This may have a negative impact on the demand for uranium.

Economic Conditions

Economic conditions, both domestic and global, may affect the performance of the Group. Adverse changes in macroeconomic conditions, including global and country-by-country economic growth, the cost and general availability of credit, the level of inflation, interest rates, exchange rates, government policy (including fiscal, monetary and regulatory policies), general consumption and consumer spending, employment rates and industrial disruption, amongst others, are outside the control of the Company and may result in material adverse impacts on the Company's business and its operating results.

Speculative Nature of Mineral Exploration and Development

Development of the Company's mineral exploration properties is contingent upon obtaining satisfactory exploration results. Mineral exploration and development involves substantial expenses and a high degree of risk, which even a combination of experience, knowledge and careful evaluation may not be able to adequately mitigate. The degree of risk increases substantially when a company's properties are in the exploration phase as opposed to the development, construction and operational phase. There is no assurance that commercial quantities of ore will be discovered on any of the Company's exploration properties. There is also no assurance that, even if commercial quantities of ore are discovered, a mineral property will be brought into commercial production. The discovery of mineral deposits is dependent upon a number of factors including, the technical skill of the exploration personnel involved. The commercial viability of a mineral deposit, once discovered, is also dependent upon a number of factors, some of which are the particular attributes of the deposit, such as size, grade, metallurgy and proximity to infrastructure, metal prices and government regulations, including regulations relating to royalties, allowable production, importing and exporting of minerals and environmental protection. In addition, assuming discovery of a commercial ore body, depending on the type of mining operation involved, several years can elapse from the initial phase of

drilling until commercial operations are commenced. Most of the above factors are beyond the control of the Company.

Production Risk

Ongoing production and commissioning of staged expansions to production may not proceed to plan, with potential for delay in the timing of targeted production and/or a failure to achieve the level of targeted production. In extreme circumstances, these potential delays or difficulties may necessitate additional funding which could lead to additional equity or debt requirements for the Group. In addition to potential delays, there is a risk that capital and/or operating costs will be higher than expected or there will be other unexpected changes in variables upon which expansion and commissioning decisions were made. These potential scope changes and/or cost overruns may lead also to additional funding requirements.

The Company's activities may be affected by numerous other factors beyond the Company's control. Mechanical failure of the Company's operating plant and equipment and general unanticipated operational and technical difficulties may adversely affect the Company's operations. There is limited operating history available from the Company's sites. Operating risks beyond the Company's control may expose it to uninsured liabilities. The business of mining, exploration and development is subject to a variety of risks and hazards such as cave-ins and other accidents, flooding, environmental hazards, the discharge of toxic chemicals and other hazards and the use of contractors including contract miners. Such occurrences may delay production, increase production costs or result in damage to and destruction of, mineral properties or production facilities, personal injury, environmental damage and legal liability. The Company has insurance to protect itself against certain risks of mining and processing within ranges of coverage consistent with industry practice. However, the Company may become subject to liability for hazards that it cannot insure against or that it may elect not to insure against because of high premium costs or other reasons. The occurrence of an event that is not fully covered, or covered at all, by insurance, could have a material adverse effect on its financial condition and results of operations.

Uranium Contracts

The Company has entered into a number of sales contracts for offtake of U_3O_8 from Langer Heinrich and Kayelekera with large and financially sound customers. These contracts provide the Company with a diverse range of pricing mechanisms including some contracts which are fixed price and some which are based on market price at the time of delivery, whereby such prices are subject to escalating floor and ceiling prices while allowing the Company to benefit from some upside should the spot market for U_3O_8 outperform the ceiling prices. The Company faces a risk of non-performance on these contracts as well as potential penalties if it fails to meet its obligations in terms of product quality and/or timing of delivery.

Political Stability

The Company's activities are principally conducted in southern Africa. In southern Africa, the Company's projects may be subject to the effect of political changes, war and civil conflict, terrorist attacks, changes in government policy, lack of law enforcement and labour unrest and the creation of new laws. These changes (which may include new or modified taxes or other government levies as well as other legislation) may impact on the profitability and viability of its properties.

Liquidity Concerns and Future Financing

Further exploration and development of the various mineral properties in which the Company holds interests depend upon the Company's ability to obtain financing through operational cash flows, joint ventures, debt financing, equity financing or other means. There is no assurance that the Company will be successful in obtaining the financing required as and when needed. Volatile markets for mineral commodities may make it

difficult or impossible for the Company to obtain debt financing or equity financing on favourable terms or at all. Failure to obtain additional financing on a timely basis may cause the Company to postpone its development plans, forfeit rights in some or all of its properties or joint ventures or reduce or terminate some or all of its operations.

Logistics

Logistical risk relates to long supply lines and lack of engineering and other support facilities close to the Company's operating sites. In Africa, the transshipment of uranium concentrate through neighbouring countries for export could be subject to disruptions through transshipment licensing delays, political disputes and natural disasters.

Failures in the Supply Chain for Specialist Equipment and Materials

The Company operates within a complex supply chain depending on suppliers of raw materials, services, equipment and infrastructure to ensure its mines and process plants can operate and on providers of logistics to ensure products are delivered. Failure of significant components of this supply chain due to strategic factors such as business failure or serious operational factors, could have an adverse effect on the Company's business and results of operations.

Changes in the Cost of Supply of Key Inputs

The Company's operations are resource intensive and, as a result, its costs and net earnings may be adversely affected by the availability or cost of energy, water, fuel or other key inputs. If the prices of key inputs rise significantly more than expected, or if the Company experiences interruptions in, or constraints on, its supply of key inputs, the Company's costs could increase and its results could be adversely affected.

Failure to Make or Integrate Acquisitions

Business combinations entail a number of risks including the effective integration of acquisitions (including the realisation of synergies), significant one time write-offs or restructuring charges and unanticipated costs and liabilities. All of these may be exacerbated by the diversion of management's attention away from other ongoing business concerns. The Company may also be liable for the past acts, omissions or liabilities of companies or businesses or properties it has acquired or disposed of, which may be unforeseen or greater than anticipated.

Joint Ventures and Other Strategic Partnerships May Not be Successful

The Company participates in several joint venture arrangements and it may enter into further joint ventures. Although the Company has sought to protect its interests, existing and future joint ventures necessarily involve special risks. Whether or not the Company holds majority interests or maintains operational control in its joint ventures, its partners may:

- have economic or business interests or goals that are inconsistent with, or opposed to, those of the Company;
- exercise veto rights to block actions that the Company believes are in its or the joint venture's best interests;
- take action contrary to the Company's policies or objectives with respect to its investments; or
- be unable or unwilling to fulfil their obligations under the joint venture or other agreements, such as contributing capital to expansion or maintenance projects.

Where projects and operations are controlled and managed by the Company's partners, the Company may provide expertise and advice but it has limited control with respect to compliance with its standards and objectives. Improper management or ineffective policies, procedures or controls could adversely affect the value of related non managed projects and operations and, by association, damage the Company's reputation thereby harming the Company's other operations and access to new assets.

Uninsurable Risks

The Company may become subject to liability for accidents, pollution and other hazards against which it cannot insure or against which it may elect not to insure because of premium costs or for other reasons, or in amounts, which exceed policy limits.

Mineral Resources and Mineral Reserves

No assurance can be given that the anticipated tonnages and grades of Mineral Resources and reserves will be achieved during production or that the indicated level of uranium recovery will be realised. The failure of the Company to achieve its production estimates could have a material and adverse effect on any or all of its future cash flows, access to capital, profitability, results of operations and financial condition. These production estimates are dependent on, among other things, the accuracy of mineral reserve and resource estimates, the accuracy of assumptions regarding ore grades and recovery rates, ground conditions (including hydrology), physical characteristics of ores, such as hardness, the presence or absence of particular metallurgical characteristics and the accuracy of estimated rates and costs of mining, ore haulage and processing. Mineral reserve and resource estimates are based on limited sampling and, consequently, are uncertain because the samples may not be representative. Further, estimates that were valid when originally calculated may alter significantly when new information or techniques become available. In addition, by their very nature, mineral resource and mineral reserve estimates are imprecise and depend to some extent on interpretations, which may prove to be inaccurate.

Uranium price fluctuations, as well as increased production costs or reduced recovery rates, may also render mineral reserves containing relatively lower grades uneconomic and may ultimately result in a restatement of such mineral reserves. Moreover, short-term operating factors relating to mineral reserves, such as the need for sequential development of ore bodies and the processing of new or different ore types or grades may cause a mining operation to be unprofitable in any particular accounting period.

As further information becomes available through additional fieldwork and analysis, the estimates are likely to change. This may result in alterations to development and mining plans that may, in turn, adversely affect the Company's operations.

Uncertainty Relating to Inferred Mineral Resources

Inferred mineral resources that are not mineral reserves do not have demonstrated economic viability. Due to the uncertainty which may attach to inferred mineral resources, there is no assurance that inferred mineral resources will be upgraded to measured or indicated resources or proven or probable mineral reserves as a result of continued exploration.

Security of Tenure

All tenements in which the Company has interests are subject to renewal conditions or are yet to be granted, which will be at the discretion of the relevant Ministries in Western Australia, South Australia, Northern Territory, Queensland, Niger, Canada, Namibia and Malawi. The maintenance of tenements, obtaining renewals, or getting tenements granted, often depends on the Company being successful in obtaining required statutory approvals for proposed activities. While the Company anticipates that subsequent renewals or

mineral tenure grants will be given as and when sought, there is no assurance that such renewals or grants will be given as a matter of course and there is no assurance that new conditions will not be imposed in connection therewith.

Australia's Uranium Policy

At the national level of Australian politics, both the Federal Labor Party and the Federal Coalition parties support development of the uranium industry. However, the granting of licences to mine uranium is a decision made within the residual jurisdiction of each State government.

The State based Labor government of South Australia supports existing mines and is receptive to new uranium projects.

The State based Labor government of the Northern Territory also generally supports existing mines and is receptive to new uranium projects. However, in September 2010, the Northern Territory government announced that it would not support the establishment of a uranium mine at the Angela and Pamela deposits (which are being explored by the Company in joint venture with Cameco).

A State election held in Western Australia on 6 September 2008 resulted in a change of government from Labor to a Liberal-National Party coalition, which will allow uranium mining in Western Australia. This has reversed the no-development policy of the former state Labor Government, which previously held power in Western Australia for seven years. The change of policy has triggered a resurgence of uranium activity in Western Australia and clears the way for further work on the Company's Manyingee and Oobagooma Projects which are located in the State.

A State election held in Queensland on 24 March 2012 resulted in a change of government from Labor to a Liberal-National Party coalition ("LNP"). The previous State Labor government in Queensland would not grant a licence to mine uranium. Prior to the election and in the context of the LNP's desire for uranium mining not to be an election issue, the incoming Liberal-National Premier, Campbell Newman, indicated that his government had no plans or desire to approve uranium mines in Queensland at that time. The LNP has made no further comment on the issue since the election. To progress the currently estimated uranium mineral resources in the Mount Isa region to mineral reserve status will require a State government policy change in Queensland. Through membership of industry bodies, such as the Australian Uranium Association and the Queensland Resources Council, the Company is involved in debate and research to facilitate a change in government policy.

There can be no assurance that State or Territory governments that currently will permit uranium mining will continue to do so, or that they will not be replaced in elections with governments that will re-institute the moratorium on uranium mining in Australia, or that the Queensland government will change its policy or be replaced with the result that uranium mining will be allowed in Queensland. Any adverse change in State or Territory governmental policy may materially adversely affect the financial condition and results of operations of the Group.

Canada's Policy on Non-Resident Ownership in the Uranium Mining Sector

The federal government of Canada presently has a policy, known as the Non-Resident Ownership Policy in the Uranium Mining Sector ("NROP") that prohibits non-Canadian residents from acquiring more than a 49% ownership interest in a Canadian uranium mining property. Exemptions to the NROP are available where it can be shown that no Canadian partners can be found. Uranium exploration properties (as opposed to mining properties) are not subject to the NROP. In future the NROP may be applied to the Michelin Project such that, if the Company advances the Michelin Project from exploration to development, the Company will be required to divest a 51% interest to a Canadian partner. No assurances can be given that the NROP will be

amended or that the Company will be able to obtain an exemption from the NROP to permit the Company to own a majority interest if the Michelin Project advances to development.

Aboriginal Title and Consultation Issues – Michelin Project

The Michelin Project is located within the traditional territory of the Inuit residing in Labrador. The area is governed by a modern day treaty which recognises the Inuit of Labrador's right to self-government through the Inuit Nunatsiavut Government. Five of the Company's deposits that comprise the Michelin Project fall within the Labrador Inuit Lands, use and access to which are governed by the Inuit Nunatsiavut Government. Development of the Michelin Project requires the collaboration and support of the Inuit and potentially other aboriginal groups. There can be no assurance that title claims as well as related consultation issues will not arise on or with respect to the Company's properties, or with respect to access to the properties, that comprise the Michelin Project. Failure to resolve such issues could result in delays to a potential project development.

Government Regulations

The Company's activities are subject to extensive laws and regulations controlling not only the mining of and exploration for mineral properties, but also the possible effects of such activities upon the environment and upon interests of native and/or indigenous peoples. Permits from a variety of regulatory authorities are required for many aspects of mine operation and reclamation. Future legislation and regulations could cause additional expense, capital expenditures, restrictions and delays in the development of the Company's properties, the extent of which cannot be predicted.

In the context of environmental permitting, including the approval of reclamation plans, the Company must comply with known standards, existing laws and regulations which may entail greater costs and delays depending on the nature of the activity to be permitted and how stringently the regulations are implemented by the permitting authority. Environmental legislation is evolving in a manner which will require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors and employees. There is no assurance that future changes in environmental regulation, if any, will not adversely affect the Company's operations.

While it is possible that costs and delays associated with compliance with such laws, regulations and permits could become such that the Company will not proceed with the development or operation of a mine, the Company is not aware of any material environmental constraint affecting its proposed mining activities or exploration properties that would preclude the economic development or operation of any specific mine or property.

Native Title

In the context of interests of native and/or indigenous peoples in Australia, the *Native Title Act 1993* (Cth) recognises and protects the rights and interests in Australia of Aboriginal and Torres Strait Islander people in land and waters, according to their traditional laws and customs. The risks arising because of native title and aboriginal land rights may affect the Company's ability to gain access to prospective exploration areas to obtain production titles. Mining tenement applications and existing tenements may be affected by native title claims or procedures (which may preclude or delay the granting of exploration and mining tenements), with the possibility of considerable expenses and delays involved in negotiating and resolving issues or obtaining clearances. Compensatory obligations may be necessary in settling native title claims lodged over any of the tenements held or acquired by the Company. The level of impact of these matters will depend, in part, on the location and status of the Company's tenements.

Climate Change Risk

Increased regulation of greenhouse gas emissions could adversely affect the Group's cost of operations. Mining of mineral resources including uranium is relatively energy intensive and depends on fossil fuels. Regulatory change by governments in response to greenhouse gas emissions may represent an increased cost to the Company impacting profitability. Increasing regulation of greenhouse gas emissions, including the progressive introduction of carbon emissions trading mechanisms and tighter emission reduction targets or the introduction of a carbon tax in any jurisdiction in which the Company operates is likely to raise energy costs and costs of production over the next decade. Regulation of greenhouse gas emissions in the jurisdictions of the Company's customers could also have an adverse effect on the demand for the Company's production.

Foreign Operations

The Company's operations in Namibia and Malawi are exposed to various levels of political, economic and other risks and uncertainties associated with operating in a foreign jurisdiction. These risks and uncertainties vary from country to country and include, but are not limited to, currency exchange rates; high rates of inflation; labour unrest; renegotiation or nullification of existing concessions, licenses, permits and contracts; changes in taxation policies; restrictions on foreign exchange; changing political conditions; currency controls and governmental regulations that favour or require the awarding of contracts to local contractors or require foreign contractors to employ citizens of, or purchase supplies from, a particular jurisdiction or otherwise benefit residents of that country or region.

Changes, if any, in mining or investment policies or shifts in political attitude in any of the countries in which it operates may adversely affect the Company's operations or profitability. Operations may be affected in varying degrees by government regulations with respect to, but not limited to, restrictions on production, price controls, export controls, currency remittance, income taxes, foreign investment, maintenance of claims, environmental legislation, land use, land claims of local people, water use, black economic empowerment or similar policies, employment, contractor selection and mine safety. Failure to comply strictly with applicable laws, regulations and local practices relating to mineral right applications and tenure, could result in loss, reduction or expropriation of entitlements.

The occurrence of these various factors adds uncertainties which cannot be accurately predicted and could have an adverse effect on the Company's operations or profitability.

Failure of Basic Infrastructure

Infrastructure in most of Africa for utilities such as electricity and water supply is under strain and underdeveloped. The Company depends on the reliable and continuous delivery of sufficient quantities of power to its projects. A serious failure of basic infrastructure or occurrences of power outages across the country could adversely affect production at the Company's operations in Africa.

Operating History

The Company, like most Australian uranium companies, has limited operating history. The Company cannot provide assurance of its ability to operate its projects profitably. While the Company intends to generate working capital through operating its uranium mines, there is no assurance that the Company will be capable of producing positive cash flow on a consistent basis or that any such funds will be available for exploration and development programs.

Key Personnel

Retaining qualified personnel is critical to the Company's success. The Company may face risks from the loss of key personnel, as it may be difficult to secure and retain candidates with appropriate experience and

expertise. The Company has implemented incentive plans to assist in the recruitment and retention of talented people needed to achieve its business objectives. Despite this, one or more of the Company's key employees could leave their employment and this may adversely affect the Company's ability to conduct its business and, accordingly, affect the profitability, financial position and performance and prospects of the Company. The Company's success also depends on its ability to identify, attract, accommodate, motivate and retain additional suitably qualified personnel. The number of persons skilled in the acquisition, exploration, development and operation of mining properties is limited and competition for such persons is high. As the Company's business activity grows, it will require additional personnel to meet its growing needs. If the Company is unable to access and retain the services of a sufficient number of qualified personnel, this could be disruptive to the Company's development and may materially adversely affect its profitability, financial position and performance and prospects.

Key Contractors

The Company's business relationships, operations and financial performance may be materially and adversely affected if any of its current and proposed contractors do not perform their contractual obligations. The Company can provide no guarantee that the contractors will fulfil these obligations.

Labour and Employment Matters

While the Company has good relations with its employees, these relations may be impacted by changes in the scheme of labour relations which may be introduced by the relevant country governmental authorities which regulates its operations. Adverse changes in such legislation may have a material adverse effect on the Company's business.

As the Company's business grows, it will require additional key financial, administrative, mining, marketing and public relations personnel as well as additional staff for operations. In addition, given the remote location of the properties, the lack of infrastructure in the nearby surrounding areas and the shortage of a readily available labour force in the mining industry, the Company may experience difficulties retaining the requisite skilled employees in Malawi and Namibia. It is important for the Company's continued success that it attracts, develops, retains and engages the right employees. A limited supply of skilled workers could lead to an increase in labour costs or the Company being unable to attract and retain the employees it needs. When new workers are hired, it may take a considerable period of training and time before they are equipped with the requisite skills to work effectively and safely on some of the inherently dangerous tasks associated with the uranium mining industry. Failure to retain without appropriate replacement or to attract employees with the right skills for the Company's businesses could have a material adverse effect on the Company's business. While the Company believes that it will be successful in attracting and retaining qualified personnel and employees, there can be no assurance of such success.

Subsidiaries

As noted above, the Company is a holding company with no significant assets other than the shares of its wholly-owned and non wholly-owned Subsidiaries. Accordingly, any limitation on the transfer of cash or other assets between the Company and its subsidiaries could restrict the Company's ability to fund its operations efficiently and to meet its obligations to make payment under the Bonds. Any such limitations, or the perception that such limitations may exist now or in the future, could also have an adverse impact on the Company's valuation and share price.

Mineral Exploration and Mining Carry Inherent Risks

Mining operations are subject to hazards normally encountered in exploration, development and production. These include unexpected geological formations, rock falls, flooding, dam wall failure and other incidents or

conditions which could result in damage to plant or equipment or the environment and which could impact production throughput. Although it is intended to take adequate precautions to minimise risk, there is a possibility of a material adverse impact on the Company's operations and its financial results should any of these hazards be encountered.

Currency Risk

The Company's operations incur expenditures in the local currencies of Australia, South Africa, Malawi, Niger, Canada and Namibia. Revenue from operations and debt financings are in U.S. dollars. As a result of the use of these different currencies, the Company is subject to foreign currency fluctuations which may materially affect its financial position and operating results.

Competition

Significant and increasing competition exists for mineral acquisition opportunities throughout the world. As a result of this competition, some of which is with large, better established mining companies with substantial capabilities and greater financial and technical resources, the Company may be unable to acquire rights to exploit additional attractive mining properties on terms it considers acceptable. Accordingly, there can be no assurance that the Company will acquire any interest in additional operations that would yield reserves or result in commercial mining operations.

Dilution

The Company may undertake additional offerings of securities in the future. The increase in the number of shares issued and the possibility of sales of such shares may have a depressive effect on the price of shares already on issue. The Conditions provide for an adjustment to the Conversion Price in relation to some but not all future offerings of securities. In addition, as a result of the issue of such additional shares, the voting power of the Company's existing shareholders will be diluted.

Dividend Policy

The Company has paid no dividends on its Ordinary Shares since its date of incorporation and the Company does not anticipate paying dividends on its Ordinary Shares in the near future. The Company anticipates that it will retain all future earnings and other cash resources for the future operation and development of its business and the Company does not intend to declare or pay any cash dividends in the near future. Payment of any future dividends will be at the discretion of the Company's board after taking into account many factors, including the Company's operating results, financial condition and current and anticipated cash needs.

Estimates and Assumptions are Used in Preparing Consolidated Financial Statements

Preparation of the consolidated financial statements requires the Company to use estimates and assumptions.

Accounting for estimates requires the Company to use its judgement to determine the amount to be recorded on its financial statements in connection with these estimates. The Company's estimates and assumptions used in the valuation of work-in-progress inventories include estimates of uranium expected to be recovered and the price expected to be realised when the product is recovered. If the estimates and assumptions are inaccurate, the Company could be required to write down the recorded value of its work in progress inventory. On an ongoing basis, the Company re-evaluates its estimates and assumptions. However, the actual amounts could differ from those based on estimates and assumptions.

Ability to Manage Growth

Future operating results depend to a large extent on management's ability to successfully manage growth. This necessarily requires rapid expansion and consolidation of all aspects of the business operations, such as the

development of mining operations, revenue forecasting, an effective mineral resources marketing strategy, addressing new markets, controlling expenses, implementing infrastructure and systems and managing its assets and contractors. The inability to control the costs and organisational impacts of business growth, an unpredicted decline in the growth rate of revenues without a corresponding and timely reduction in expenses or a failure to manage other issues arising from growth can have a material adverse effect on the Company's operating results.

HIV/AIDS and Tuberculosis

The HIV/AIDS pandemic remains a significant challenge to companies operating in southern Africa. Allied to the HIV/AIDS pandemic is the increasing occurrence of tuberculosis amongst the southern African workforce. Any significant increase in the incidence of HIV/AIDS infection, HIV/AIDS-related diseases or tuberculosis in the workforce may adversely impact the business, operations and financial condition of businesses in the industries in which the Company operates. In addition, any significant changes in legislation relating to HIV/AIDS in the workplace could have a cost impact on the business of the Company, in relation to providing for antiretroviral medication, sick leave and carer leave.

Ability to Service Debt

If the Company's financial performance deteriorates, there is a risk that it will be unable to service its debt.

Certain Directors are Involved in Other Mining Interests

Certain directors of the Company are, and will continue to be, involved in the mining and mineral exploration industry through their direct and indirect participation in corporations, partnership or joint ventures which are potential competitors of the Company. Situations may arise in connection with potential acquisitions in investments where the other interests of these directors and officers may conflict with the interests of the Company. Directors and officers of the Company with conflicts of interest will be subject to and will follow the procedures set out in applicable corporate and securities legislation, regulations, rules and policies.

Share Market Conditions

As noted above, the Company is listed on the ASX, the TSX, the NSX and the German Exchanges and the price of the Company's Ordinary Shares is subject to the numerous influences that may affect both the trends in the share market and the share prices of individual companies, including movements in international and local stock markets, changes in the outlook for commodities (and, more specifically, uranium prices), inflation, interest rates, general economic conditions, changes in government, fiscal, monetary and regulatory policies. In the future, these factors may cause the Company's Ordinary Shares to trade below current prices and may affect the income and expenses of the Company.

General Legal and Taxation Matters

Future earnings, asset values and the relative attractiveness of the Company's Bonds and Ordinary Shares may be affected by changes in law and government policy in the jurisdictions in which the Company operates, in particular changes to taxation laws (including stamp duty and goods and services tax).

Any change to the current rate of Company income tax or mineral royalties in jurisdictions where the company operates will impact on the profitability and performance of the Company. This may include the introduction of the mineral resources rent tax, or the carbon tax, which will take effect in Australia from 1 July 2012, with an emissions trading scheme to commence in July 2015.

Project Specific Risk – Langer Heinrich Mine

The Langer Heinrich Mine now achieves production of 3.7Mlb per annum U_3O_8 and an expansion has been constructed to increase production to 5.2Mlb per annum. There is a level of risk that there may be delays and there can be no guarantee that the increased production target will be met in the anticipated time-frame or at all. The Langer Heinrich project has in place a project finance loan facility with a balance of U.S.\$129.8 million as at 1 April 2012 that is fully drawn down. The loan is repayable over several instalments to 2017 and the obligations of Paladin Finance Pty Ltd (as borrower) under the loan facility are secured against the Langer Heinrich Mine assets. The capacity of the borrower to repay the loan is dependent on the cash flow generated by the mine.

Project Specific Risk – Kayelekera Mine

There remains a potential risk that ramp-up of production at Kayelekera Mine will not proceed as currently scheduled resulting in production shortfalls versus plan and budget. Operating costs are heavily dependent upon reagent supply costs and actual consumptions will not be known until the plant continues to operate for a longer period and some optimisation has taken place. The Kayelekera Mine has in place a project finance loan facility with a balance of U.S.\$98 million as at 1 April 2012. The loan is repayable over instalments to 2015 and the obligations of Paladin (Africa) Limited under the loan facility are secured against the Kayelekera Mine assets. The capacity of the borrower to repay the loan is dependent upon cashflow generated by the mine. Prior to the achievement of certain completion tests (set out in the relevant Common Terms Agreement), Paladin Energy Minerals NL guarantees the obligations of Paladin (Africa) Limited under the loan facility.

An impairment, the quantum of which is below audit materiality levels, is likely in order to reduce the cost of Kayelekera Mine finished goods inventory held at 31 March 2012 to net realisable value using the current lower uranium market prices. The Kayelekera finished goods inventory held at 31 March 2012 was predominantly produced during the half year ended 31 December 2011 when production levels were at times significantly below plant production design levels due to the impact of the plant shutdown that occurred in August, September and October 2011 to be able to implement planned plant upgrades and remedial work to address the impact of ground movement. This work has subsequently been completed and the ground movement has abated since remedial measures were implemented. Subsequently, the 90 day bankers technical completion tests commenced on 1 November, with production levels at above 90 per cent of production design capacity for every month through to the end of the test on 31 January 2012. The cost of the Kayelekera Mine inventory held at 31 March 2012 includes non-cash amortisation costs of approximately U.S.\$7/lb. A cost optimisation programme is underway at the Kayelekera Mine targeting material cost reductions over the next year to further optimise production and reduce costs.

In early to mid 2010, ground movement to the west of the plant was detected. A formal rectification plan for the land slip commenced in the September 2011 quarter with the partial movement of a waste dump. As a part of this rectification plan, implementation of the dewatering programme is in progress. Ground movement has since reduced appreciably since these remedial works were actioned. A formal claim has been made against the insurance policy and the Company is currently working with the underwriter's loss adjustor.

Litigation

The Company is subject to litigation risks. All industries, including the mining industry, are subject to legal claims, which claims may be with or without merit. Defence and settlement costs of legal claims can be substantial, even with respect to claims that have no merit. Due to the inherent uncertainty of the litigation process, the resolution of any particular legal proceeding to which the Company is or may become subject

could have a material effect on its financial position, results of operations or the Company's mining and project development operations.

In 2006, Summit Resources (Australia) Pty Ltd ("SRA") commenced proceedings against the Company's wholly owned subsidiary, Mt Isa Uranium Pty Ltd ("Mt Isa Uranium") ("SRA Proceedings"). Mt Isa Uranium owned a 50% interest in the Isa Uranium Joint Venture ("IUJV"). SRA owned the other 50%. Summit alleged that Mt Isa Uranium (and/or its predecessor in title, Resolute Ltd ("Resolute")) had breached the terms of the Isa Uranium Joint Venture Agreement ("IUJVA") and as a consequence, pursuant to the terms of the IUJVA, SRA was entitled to acquire Mt Isa's 50% interest in the IUJV for 85% of the market value of that interest. Mt Isa Uranium was defending those proceedings.

In February 2007, prior to any trial in the SRA Proceedings, the Company made a takeover bid for SRA's parent, Summit. As a consequence of that takeover bid, the Company acquired approximately 81% of the shares in Summit. However, during the course of the takeover, Areva had acquired slightly more than 10% of Summit, preventing the Company from compulsorily acquiring all outstanding Summit shares. On 3 August 2007, the Company announced that Mt Isa Uranium had settled the SRA Proceedings. Notwithstanding the settlement, Areva sought leave in the Western Australian Supreme Court to intervene in the Summit Proceedings ("Areva Proceedings") and pursue the SRA Proceedings on behalf of SRA and Summit.

On 3 December 2009, the Company announced that Mt Isa Uranium had entered into a conditional agreement with (amongst others) Areva, Resolute Limited ("Resolute") and Summit (the "Settlement Agreement"). On 29 October 2010, the Company announced that it had reached an agreement to resolve its dispute with Areva and that, as part of the settlement arrangements, the Company has paid A\$3,950,000 to Areva for consideration for the transfer to the Company of all of Areva's rights under the strategic alliance agreement entered into between Summit and Areva.

The Company has recognised a provision in its accounts for the expected settlement amount. Although the effect of the settlement is that the underlying claim by SRA against Resolute and Mt Isa Uranium remains on foot, as previously announced, the Company is confident that, if pursued, those proceedings can be successfully defended and, in any event, the Company has the benefit of an indemnity from Resolute.

In any event, as the Company has an ultimate 82.08% interest in Summit (and its wholly owned subsidiary, SRA), a change in the ownership of the 50% interest in the IUJV from Mt Isa Uranium to Summit or SRA would not be of significance to the Company.

SRA, which is governed by a committee of independent directors of Summit, made an application to the Supreme Court of Western Australia for orders which would allow it to settle the SRA Proceedings, essentially on terms contemplated by the 2007 settlement agreement.

SRA's application was heard by the Supreme Court of Western Australia on 7 December 2011 and the Honourable Chief Justice reserved his decision.

Judgement was handed down on 12 April 2012. In his decision, the Honourable Chief Justice concluded that the proceedings that SRA brought against Resolute and Mt Isa Uranium had no realistic prospects of success.

The Honourable Chief Justice made orders which will enable the proceedings that SRA brought against Resolute and Mt Isa Uranium to be dismissed in 21 days.

The risks described above do not necessarily comprise all those faced by the Company and are not intended to be presented in any assumed order of priority.

The investment referred to in this Cleansing Notice may not be suitable for all of its recipients. Investors are accordingly advised to consult an investment advisor before making a decision to subscribe for Bonds.

7. FINANCIAL INFORMATION

Overview

The Company's 31 December 2011 half year consolidated financial statements have been reviewed by the auditors and prepared in accordance with Australian Accounting Standards and International Financial Reporting Standards as issued by the International Accounting Standards Board.

Set out below are:

- a table setting out the consolidated capitalisation of the Company as at 31 December 2011 as adjusted after giving effect to the issue of the Bonds under the Offering;
- the adjusted unaudited consolidated statement of financial position of the Issuer as at 31 December 2011 to reflect the effect of the Offering on the Issuer's financial position. These statements are based on the 31 December 2011 half year consolidated financial statements for the Issuer that have been reviewed by the auditors. The 31 December 2011 half year consolidated financial statements most recently lodged by the Issuer with ASIC can be obtained as set out in the "Important Notice";
- information on assumptions and adjustments;
- information on use of proceeds; and
- information on earnings coverage.

In this Cleansing Notice, the terms "Issuer", "Company", "we", "us", "our" and "Group" refer to Paladin Energy Ltd and its subsidiaries, unless the context otherwise requires.

As a result of rounding adjustments, the figures or percentages in a column may not add up to the total for that column.

The financial reports of the Company that have been reviewed by the auditors, most recently lodged with ASIC, may be obtained from the Company or the ASX as set out in the "Important Notice". Prospective investors are advised to obtain and read these documents before making their investment decision in relation to the Bonds.

Consolidated capitalisation and share capital after Offering

The following table sets forth the consolidated capitalisation of the Company as at 31 December 2011 as adjusted after giving effect to the issue of the Bonds under the Offering. This table should be read in conjunction with the Company's consolidated financial statements that have been reviewed by the auditors for the half year ended 31 December 2011 and related notes thereto and management's discussion and analysis thereon incorporated by reference in this Cleansing Notice.

The Company's current issued share capital is 835,645,290.

	Historical as at 31 December 2011 (Reviewed by auditors – U.S.\$m)	Adjusted as at 31 December 2011 and after giving effect to the <u>issue of the Bonds</u> (Unaudited – U.S.\$m)
Cash and cash equivalents	126.9	395.5
Ordinary Shares issued (unlimited authorised)	835,484,064 ²	835,484,064
Long term debt	761.2	989.8

Adjusted consolidated statement of financial position for the Company reflecting effect of the Offer

(a) Introduction

This section provides an overview of the historical consolidated financial position of the Company as at 31 December 2011 that have been reviewed by the auditors together with the unaudited adjusted consolidated financial position of the Company as at 31 December 2011, to show the effect of completion of the Offer.

(b) Consolidated Statements of Financial Position

Set out below is the historical consolidated statement of financial position of the Company that has been reviewed by the auditors and the unaudited adjusted consolidated statement of financial position of the Company, as at 31 December 2011 after giving effect to the issue of the Bonds.

These consolidated statements of financial position should be read in conjunction with the financial statements for the Company and other information contained in this document or released to ASX in accordance the Company's continuous disclosure obligations.

² This figure does not include 161,226 additional shares issued since 31 December 2011 as a result of the vesting of Performance Share rights.

**HISTORICAL AND ADJUSTED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS
AT 31 DECEMBER 2011 AFTER GIVING EFFECT TO THE ISSUE OF THE BONDS**

	Historical (reviewed by the auditors) U.S.\$m	Adjustments U.S.\$m	Adjusted (unaudited) U.S.\$m
ASSETS			
Current assets			
Cash and cash equivalents	126.9	268.6	395.5
Trade and other receivable	64.0	-	64.0
Prepayments	16.4	-	16.4
Inventories	187.1	-	187.1
TOTAL CURRENT ASSETS	394.4	268.6	663.0
Non current assets			
Trade and other receivables	1.3	-	1.3
Inventories	90.8	-	90.8
Other financial assets	36.6	-	36.6
Property, plant and equipment	490.4	-	490.4
Mine development	86.2	-	86.2
Exploration and evaluation expenditure	1,141.2	-	1,141.2
Deferred tax asset	78.3	-	78.3
Intangible assets	18.7	-	18.7
TOTAL NON CURRENT ASSETS	1,943.5	-	1,943.5
TOTAL ASSETS	2,337.9	268.6	2,606.5
LIABILITIES			
Current liabilities			
Trade and other payables	55.7	-	55.7
Interest bearing loans and borrowings	50.4	-	50.4
Provisions	2.9	-	2.9
TOTAL CURRENT LIABILITIES	109.0	-	109.0
Non-current liabilities			
Interest bearing loans and borrowings	761.2	228.6	989.8
Deferred tax liabilities	196.4	-	196.4
Provisions	34.1	-	34.1
TOTAL NON CURRENT LIABILITIES	991.7	228.6	1,220.3
TOTAL LIABILITIES	1,100.7	228.6	1,329.3
NET ASSETS	1,237.2	40.0	1,277.2
EQUITY			
Contributed equity	1,834.9	-	1,834.9

	Historical (reviewed by the auditors)	Adjustments	Adjusted (unaudited)
	U.S.\$m	U.S.\$m	U.S.\$m
Reserves	164.5	27.8	192.3
Accumulated losses	(822.0)	12.2	(809.8)
Parent interests	1,177.4	40.0	1,217.4
Non-controlling interests	59.8	-	59.8
TOTAL EQUITY	1,237.2	40.0	1,277.2

The above Consolidated Statements of Financial Position should be read in conjunction with the accompanying notes.

Basis of preparation of the unaudited adjusted consolidated statement of financial position after giving effect to the issue of the Bonds

For the purposes of preparing the unaudited adjusted consolidated statement of financial position, the Company has utilised its balance sheet as at 31 December 2011, that has been reviewed by the auditors.

Accounting entries have then been made, consistent with the terms of the Offer and the assumptions set out below, in order to arrive at an unaudited adjusted consolidated statement of financial position of the Company as at 31 December 2011.

The adjusted consolidated statement of financial position is indicative only. The directors of the Company have drawn their conclusions based on the known facts and other information publicly available. If the facts, circumstances, assumptions or other information should prove to be different to that described, the conclusions may change accordingly.

Adjustments and assumptions used in preparing the unaudited adjusted consolidated statements of financial position

The following adjustments and assumptions have been made in the preparation of the adjusted unaudited consolidated statement of financial position of the Company, as set out in the section immediately above:

- The issue of U.S.\$268,603,092 in aggregate principal amount of convertible bonds in accordance with the Offer, after deduction of the Joint Lead Managers' fee of 1.75% and estimated expenses of U.S.\$602,000 for the Offering.
- The allocation of the convertible bond in accordance with the Company's stated accounting policy has been assumed to be a liability for 85.09% of the gross proceeds less a proportionate share of fees and expenses; and the balance allocated to an equity reserve.
- The adjusted unaudited consolidated balance sheet of the Company has not been adjusted to reflect the application of the proceeds of the issue of the Bonds to the Company's concurrent tender which is described below under the heading "Use of Proceeds".

Use of Proceeds

The net proceeds of the issue of the Bonds are expected to amount to approximately U.S.\$268,603,000, subject to adjustment for certain expenses in connection with the Offering. The net proceeds will be used by the Issuer to fund the Company's concurrent tender to acquire up to U.S.\$200,000,000 (or such higher amount as it determines in its absolute discretion) of the U.S.\$325,000,000 5.00% convertible bonds due 2013 issued

by the Company on 11 March 2008, with any amount not applied to the tender being utilised to strengthen the Company's balance sheet and pursue future growth opportunities.

8. GLOBAL BOND PROVISIONS

This section summarises the provisions relating to the Bonds while represented by the Global Bonds.

Initial Issue of Bonds

Upon the initial registration of the Bonds in the name of a nominee for the common depository of Euroclear and Clearstream, Luxembourg and delivery of the Global Bond to a common depository for Euroclear and Clearstream, Luxembourg (the "Common Depository"), Euroclear or Clearstream, Luxembourg will credit each subscriber with a nominal amount of Bonds equal to the nominal amount thereof for which it has subscribed and paid.

Relationship of Accountholders with Clearing Systems

Each of the persons shown in the records of Euroclear and Clearstream, Luxembourg as the holder of a Bond represented by the Global Bond must look solely to Euroclear or Clearstream, Luxembourg (as the case may be) for his share of each payment made by the Issuer to the holder of the Bond and in relation to all other rights arising under the Global Bond, subject to and in accordance with the respective rules and procedures of Euroclear and Clearstream, Luxembourg. Such persons shall have no claim directly against the Issuer in respect of payments due on the Bonds for so long as the Bonds are represented by the Global Bond and such obligations of the Issuer will be discharged by payment to the holder of the Bond, as the case may be, in respect of each amount so paid.

Bonds that are initially issued to purchasers in Canada and any Ordinary Shares issuable upon conversion of the Bonds by such holders within the period that is 4 months following the Closing Date will be subject to a hold period of 4 months following the Closing Date, during which time such Bonds or Ordinary Shares will only be transferable pursuant to a further exemption from the prospectus requirements of applicable Canadian securities laws. For a further description of these restrictions see "Subscription and Sale - Sales Restrictions - Canada".

Exchange

The Global Bond will be exchangeable (free of charge to the holder of the Global Bond and the Bondholders) in whole, but not in part, for the definitive Bonds described below if, but only if, (i) the Global Bond is held on behalf of Clearstream, Luxembourg and/or Euroclear and either such clearing system is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or does in fact do so or (ii) there shall have occurred and be continuing an Event of Default. Thereupon the holder may give notice to the Trustee of its intention to exchange the Global Bond for definitive certificates in respect of the Bonds on or after the Exchange Date (as defined below) specified in the notice.

On or after the Exchange Date, the Issuer will deliver, or procure the delivery of, an equal aggregate principal amount of duly executed and authenticated definitive Bonds in registered form, printed in accordance with any applicable legal and stock exchange requirements and in, or substantially in, the form set out in the Trust Deed. Such definitive Bonds will be registered in the name of the accountholders at Clearstream, Luxembourg and Euroclear which previously had Bonds credited to the accounts.

"Exchange Date" means a day falling not less than 60 days after that on which the notice requiring exchange is given and on which the banks are open for business in the city in which the specified office of the Registrar is located.

Conversion Rights

Subject to the requirements of Euroclear and Clearstream, Luxembourg, the Conversion Rights attaching to the Bonds in respect of which the Global Bond is issued may be exercised by the presentation to or to the order of the Principal Paying, Transfer and Conversion Agent of one or more Conversion Notices duly completed by or on behalf of the accountholders with Euroclear and/or Clearstream, Luxembourg to whose accounts such Bonds are credited. A Conversion Notice may not specify Euroclear or Clearstream, Luxembourg, or the common depository who holds the Bonds or their behalf (or the nominee for the common depository), as the person to who Ordinary Shares are to be issued pursuant to such Conversion Notice. The exercise of the Conversion Right shall be notified by the Principal Paying, Transfer and Conversion Agent to the Registrar and the holder of the Global Bond.

A holder of an interest in Bonds that were initially issued to a purchaser in Canada and who exercises the Conversion Right in respect of such Bonds within the hold period of 4 months following the Closing Date will receive Ordinary Shares in certificated form on the Company's share register in Canada. The certificate in respect of such Ordinary Shares will contain a legend relating to the four month hold (from the Closing Date) and will relate to the applicable Canadian transfer restrictions. Such Ordinary Shares will not be freely tradeable with the Issuer's other outstanding Ordinary Shares for so long as such transfer restrictions apply and will only be transferable pursuant to a further exemption from the prospectus requirements of applicable Canadian securities laws. For a further description of these restrictions see "Subscription and Sale - Sales Restrictions - Canada".

Redemption at the Option of the Issuer

The options of the Issuer provided for in Condition 7(b) (*Redemption and Purchase —Redemption at the Option of the Issuer*) and 7(c) (*Redemption and Purchase —Redemption for Taxation Reasons*) shall be exercised by the Issuer giving notice to the Bondholders within the time limits set out in, and containing the information required by, that Condition.

Tax Election Option of the Bondholders

The option of the Bondholders provided for in Condition 7(c) (*Redemption and Purchase —Redemption for Taxation Reasons*) may be exercised by the holder of the Global Bond by giving notice to any Paying, Transfer and Conversion Agent within the time limits relating to the deposit of Bonds in Condition 7(c) (*Redemption and Purchase —Redemption for Taxation Reasons*) and substantially in the form of the Bondholders Tax Election Notice as set out in Schedule 3 to the Paying, Transfer and Conversion Agency Agreement. Such notice shall be obtainable from the specified office of any Paying, Transfer and Conversion Agent and shall state the number of Bonds in respect of which the option is exercised. Upon exercise of the option the relevant Bondholder shall present the Global Bond to the Registrar for annotation in Schedule A thereto accordingly.

Redemption at Option of the Bondholders

The Bondholders' put options in Condition 7(e) (*Redemption and Purchase —Redemption at the option of the Bondholders*) may be exercised by the holder of the Global Bond giving notice to the Principal Paying, Transfer and Conversion Agent of the principal amount of Bonds in respect of which the option is exercised

and presenting the Global Bond for endorsement or exercise within the time limits specified in such Conditions and the principal amount of the Bonds will be reduced in the Register accordingly.

Trustee's Powers

In considering the interests of Bondholders the Trustee may, to the extent it considers it appropriate to do so in the circumstances, (a) have regard to such information as may have been made available to it by or on behalf of the relevant clearing system or its operator as to the identity of its accountholders (either individually or by way of category) with entitlements in respect of Bonds and (b) consider such interests on the basis that such accountholders were the holders of the Bonds represented by this Global Bond.

Enforcement

For the purposes of enforcement of the provisions of the Trust Deed against the Trustee, the persons named in a certificate of the holder of the Bonds represented by the Global Bond shall be recognised as the beneficiaries of the trusts set out in the Trust Deed to the extent of the principal amount of their interest in the Bonds set out in the certificate of the holder as if they were themselves the holder of Bonds in such principal amount.

Payments

Payments of principal in respect of Bonds represented by the Global Bond will be made against presentation and, if no further payment falls to be made in respect of the Bonds, surrender of the Global Bond to or to the order of the Principal Paying, Transfer and Conversion Agent or such other Agent as shall have been notified to the holder of the Global Bond for such purpose.

Each payment will be made to, or to the order of, the person whose name is entered in the Register at the close of business on the Clearing System Business Day immediately prior to the date for payment (such day to be deemed to be, for the purpose of the Conditions, the Record Date), where "Clearing System Business Day" means Monday to Friday inclusive except 25 December and 1 January.

Notices

So long as the Bonds are represented by the Global Bond and the Global Bond is held on behalf of a clearing system, notice to holders of the Bonds may be given by delivery of the relevant notice to that clearing system for communication by it to entitled accountholders in substitution for publication as required by the Conditions, except that the Issuer shall also ensure that all notices are duly published in a manner which complies with the rules and regulations of any stock exchange or other relevant authority on which the Bonds are for the time being listed and/or admitted to trading.

Prescription

Claims against the Issuer in respect of principal and interest on the Bonds while the Bonds are represented by the Global Bond will become prescribed after a period of 10 years (in the case of principal) and five years (in the case of interest) from the appropriate Relevant Date (as defined in the Conditions).

Claims in respect of any other amounts payable in respect of the Bonds shall be prescribed and become void unless made within 10 years following the due date for payment thereof.

Redemption or Purchase and Cancellation

Cancellation of any Bonds to be cancelled following their purchase will be effected by endorsement by or on behalf of the Principal Paying, Transfer and Conversion Agent of the reduction in the principal amount of the Global Bond and by an appropriate entry made in the Register maintained in respect of the Bonds.

Meetings

At any meeting of Bondholders, the holder of the Global Bond will be treated as having one vote in respect of each U.S.\$1,000 in principal amount of Bonds.

The Trustee may allow to attend and speak (but not to vote) at any meeting of Bondholders any accountholder (or the representative of any such person) of a clearing system with an interest in the Bonds represented by this Global Bond on confirmation of entitlement and proof of his identity.

9. TAX IMPLICATIONS

AUSTRALIAN TAXATION

INTRODUCTION

Scope

The following is a general summary of the material Australian income tax and capital gains tax ("CGT") consequences arising under the *Income Tax Assessment Act 1936* and the *Income Tax Assessment Act 1997* (together, the "Tax Act") and any relevant regulations, rulings, or judicial or administrative interpretations as at the date of this Cleansing Notice in relation to an investment in the Bonds by a purchaser of the Bonds ("Bondholder").

This general summary is not intended to be nor should it be construed to be legal or tax advice to any particular investor. Prospective investors are urged to contact their tax advisers for specific advice relating to their particular circumstances, in particular in relation to local taxes in their home jurisdictions.

While the Issuer has sought legal advice on the Australian taxation implications of the Bonds, it has not sought, and does not intend to seek, a ruling from the Australian Taxation Office or any other revenue authority in relation to this matter.

Payments under the Bonds

It should be noted that the Bonds should be properly characterised as debt interests in the Issuer for Australian tax purposes on the basis that the Issuer is under an effectively non-contingent obligation to pay the Bondholders (in the form of interest and the redemption price) an amount at least equal to the amount paid by Bondholders for the Bonds.

Accordingly, "interest" payments made under the Bonds will constitute interest or amounts in the nature of interest in the hands of the Bondholders for Australian tax purposes.

NON-RESIDENT INVESTORS

Scope

The following paragraphs deal with the consequences to a Bondholder who:

- is not a resident of Australia for tax purposes;
- does not carry on business in Australia or have a permanent establishment or fixed base in Australia;
- purchased the Bonds pursuant to the offer detailed in this Cleansing Notice; and
- holds the Bonds on capital account.

This summary assumes that the issue of the Bonds by the Issuer will satisfy one of the public offer tests that are described in section 128F(3) of the Tax Act.

Australian withholding taxation

Payments of interest or amounts in the nature of interest to a Bondholder will be subject to a 10% withholding tax unless either the exemption provided by section 128F of the Tax Act applies or an exemption is available under a double tax treaty. As it is assumed that an exemption under section 128F will be available, no further

consideration is given to exemptions under double tax treaties. If section 128F of the Tax Act does apply, there will be no Australian withholding tax on payments of interest or amounts in the nature of interest.

The Issuer intends to issue the Bonds in a manner which will satisfy the public offer test and which otherwise meets all relevant requirements of section 128F of the Tax Act. If that is done, then based on the current legislation and administration policy of the Australian Taxation Office, the exemption will be available.

The exemption in section 128F of the Tax Act is not available where interest is paid to an associate, as defined in section 128F of the Tax Act, of the Issuer (other than in the capacity of a clearing house, custodian, funds manager or responsible entity of a registered scheme in relation to the payment of the interest) or if the Issuer knew or had reasonable grounds to suspect the Bonds would be acquired by an associate at the time of the issue of the Bonds (other than in the capacity of a dealer, manager, or underwriter in relation to the placement of the Bonds).

Profits or Gains on Disposal or Redemption of the Bonds

General

Any profit or gain made on a disposal or a redemption of the Bonds will not be subject to Australian tax provided that such profit or gain does not have an Australian source (as described under "Australian Source" below).

Australian Source

Whether a profit or gain on a disposal or a redemption of the Bonds has an Australian source is a question of fact that will be determined on the basis of the circumstances existing at the time of the disposal or redemption.

In general, the profit or gain should not have an Australian source provided that the Bonds are:

- acquired and held outside Australia;
- held in connection with a business conducted exclusively outside Australia; and
- are disposed of to a non-resident directly or to a non-resident through a non-resident agent.

However, this is not an exhaustive list of the factors that can determine source, nor would the absence of one of these elements, of itself, mean that there is an Australian source, as it will depend on all the relevant circumstances.

Double Tax Treaty

If the profit or gain on disposal or redemption of a Bond is Australian sourced, a Bondholder may be eligible for relief from Australian tax on such profit or gain under a double tax treaty between Australia and the Bondholder's country of residence. Prospective purchasers should consult their tax advisers regarding their entitlement to benefits under a tax treaty.

Conversion of Bonds into Ordinary Shares

A Bondholder will be entitled to exercise Conversion Rights and receive Ordinary Shares upon surrendering the relevant Bond to the Issuer.

For income tax and CGT purposes, no taxable gain or profit should arise to the Bondholder on the conversion of the Bond into Ordinary Shares even if the gain or profit has an Australian source, as the conversion is not regarded as a taxable event.

Ordinary Shares

The Ordinary Shares issued to a Bondholder on an exercise of the Conversion Rights are CGT assets.

The cost base of the Ordinary Shares for CGT purposes will be the cost base of the Bonds at the time of conversion plus any amounts paid to convert the Bonds. A subsequent disposal of Ordinary Shares by a Bondholder should not give rise to any capital gains or capital losses on disposal unless the Ordinary Shares constitute Taxable Australian Property ("TAP"). Broadly, Ordinary Shares should not be considered TAP unless:

- the Bondholder used the Ordinary Shares in the course of carrying on a business in Australia at or through a permanent establishment in Australia; or
- the Bondholder (together with its associates) owns or has owned throughout a twelve month period in the two years before a disposal, at least 10% of the Ordinary Shares of the Issuer and the market value of assets of the Issuer are wholly or predominantly Australian real property.

Imputation System

Australia has an imputation system where tax paid at the company level is imputed to shareholders in determining the taxation consequences of dividends paid by the company. A dividend will be treated as "franked" where the dividend is paid out of profits of the company that have already been subject to tax. The Bondholders would generally be subject to Australian dividend withholding tax at a rate of 30% to the extent that the dividends paid by the Issuer on its Ordinary Shares were unfranked (the rate of withholding tax may be reduced in accordance with any double tax treaty between the Bondholder's home jurisdiction and Australia). However, the Bondholders would not be subject to Australian dividend withholding tax or other Australian income tax in relation to fully franked dividends paid on the Ordinary Shares or on the unfranked part of the dividends paid on the Ordinary Shares declared as conduit foreign income.

RESIDENTS

Scope

The following is a summary for a Bondholder who:

- is a resident of Australia for income tax purposes or is a non-resident who carries on business in Australia through a permanent establishment or fixed place in Australia and the holding of the Bonds is connected with such place of business; and
- purchased the Bonds pursuant to the offer detailed in this Cleansing Notice.

Interest

Interest income paid under the Bonds will be included in a Bondholder's assessable income.

Profits or Gains on Disposal or Redemption of the Bonds

General

Any profit or gain made on a disposal or a redemption of the Bonds will be included in a Bondholder's assessable income.

Conversion of Bonds into Ordinary Shares

A Bondholder will be entitled to exercise Conversion Rights and receive Ordinary Shares upon surrendering the relevant Bond to the Issuer.

For income tax and CGT purposes, no taxable gain or profit should arise to the Bondholder on the conversion of the Bond into Ordinary Shares as the conversion is not regarded as a taxable event.

Ordinary Shares

The Ordinary Shares issued to a Bondholder on an exercise of the Conversion Rights are CGT assets. The cost base of the Ordinary Shares for CGT purposes will be the cost base of the Bonds at the time of conversion plus any amounts paid to convert the Bonds. A subsequent disposal of Ordinary Shares by a Bondholder may give rise to ordinary income or capital gains on disposal.

Foreign Exchange Rules

As the Bonds are to be issued in U.S. dollars, depending on the Bondholders' specific circumstances, the principal and interest payments may give rise to tax implications in relation to the foreign exchange rules and/or Division 230 of the Tax Act ("the TOFA regime"). Bondholders should seek their own advice regarding potential foreign exchange implications.

TAXATION OF FINANCIAL ARRANGEMENTS

The TOFA regime is a new regime for the taxation of financial arrangements issued, or held, by Australian residents (or non-residents operating through an Australian permanent establishment). It may also apply to financial arrangements held by non-residents that are issued by Australian resident entities. The TOFA regime applied on a mandatory basis from 1 July 2010 for qualifying taxpayers and financial arrangements. Where it applies, the TOFA regime may impact upon the tax character and tax timing of gains and losses arising from those financial arrangements. The TOFA regime does not contain any measures that would override the exemption from Australian withholding tax on payments of interest or amounts in the nature of interest available under section 128F of the Tax Act.

GOODS AND SERVICES TAX ("GST")

GST should not be payable by the Bondholders in respect of the issue or redemption of Bonds by the Issuer or the conversion of Bonds into Ordinary Shares.

STAMP DUTY

Subject to the Bonds being debt interests (within the meaning of Division 974 of the Income Tax Assessment Act 1997 (Cth)) as described above, the issue or transfer of the Bonds will not be subject to stamp duty in any Australian jurisdiction. Whilst shares in the Issuer remain quoted on the ASX, the conversion of the Bonds into Ordinary Shares, or the transfer of the Ordinary Shares after conversion, will not be subject to stamp duty in any Australian jurisdiction except in certain circumstances. Under current laws, stamp duty at transfer of land rates (up to 5.5%) may be chargeable in some Australian jurisdictions if the Issuer is a "landholder" or equivalent under applicable duties legislation and the conversion or transfer results in a person and its defined associates holding an interest of 90% or more in the Issuer. The duty consequences will be different if ASX quotation of Ordinary Shares has ceased.

Further stamp duty advice should be sought before any conversion of Bonds or transfer of Ordinary Shares which may result in a person and its associates holding an interest of 90% or more in the Issuer, or if ASX quotation of shares in Issuer has ceased at the time of such conversion or transfer.

10. SUBSCRIPTION AND SALE

This section summarises the Subscription Agreement entered into by the Company and the Joint Lead Managers. It also sets out restrictions on the Offering in various jurisdictions.

SUBSCRIPTION AGREEMENT

Barclays Bank PLC, the Royal Bank of Canada and UBS AG, Australia Branch (the "Managers" or "Joint Lead Managers") have entered into a subscription agreement dated 23 April 2012 with the Issuer (the "Subscription Agreement"). Upon the terms and subject to the conditions contained therein, the Joint Lead Managers have agreed to subscribe or procure subscribers either directly or through any of their respective affiliates for the aggregate principal amount of the Bonds at the issue price of 100% of their principal amount (the "Issue Price"). The obligations of the Joint Lead Managers are several, as to their respective subscription amounts set out in the Subscription Agreement.

The Issuer has agreed to pay to the Joint Lead Managers a combined underwriting, arrangement and/or placement fee of 1.50% of the aggregate principal amount of the Bonds and, in the sole discretion of the Issuer, a discretionary fee of up to 0.25% of the aggregate principal amount of the Bonds.

The Issuer has also agreed to reimburse the Joint Lead Managers for certain of their expenses incurred in connection with the management of the issue of the Bonds. The Joint Lead Managers are entitled in certain circumstances to be released and discharged from their obligations under the Subscription Agreement prior to the closing of the issue of the Bonds.

The Issuer has undertaken that during the period commencing on the date of the Subscription Agreement and ending 45 days after the Closing Date, it will not, and the Issuer has undertaken to procure that none of its subsidiaries or affiliates (as defined in the Subscription Agreement) (or any person acting on their behalf) will, without the prior written consent of Barclays Bank PLC, (i) directly or indirectly, issue, offer, sell, contract to issue, offer or sell, pledge or otherwise dispose of (or publicly announce any such issuance, offer, sale or disposal) (A) any Ordinary Shares or any securities convertible or exchangeable into or exercisable for Ordinary Shares or any warrants or other rights to purchase or subscribe or otherwise acquire Ordinary Shares or (B) any security or financial product whose value is determined directly or indirectly by reference to the price of Ordinary Shares, including equity swaps, forward sales and options representing the right to receive any Ordinary Shares, or (ii) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of Ordinary Shares, whether any such transaction described in paragraph (i) or (ii) above is to be settled by delivery of Ordinary Shares or any other securities, in cash or otherwise. The foregoing sentence shall not apply (a) to the issue of the Bonds or (b) the issuance of Ordinary Shares or other securities of the Company under any employee benefit plan or dividend reinvestment plan of the Company in effect as at the date of the Subscription Agreement or (c) in connection with transactions which have already been publicly announced or (d) pursuant to conversion of the Bonds or the conversion or exchange of any existing bonds or other existing securities of the Company which carry the right of conversion or exchange into Ordinary Shares or (e) upon exercise of existing options in respect of Ordinary Shares or (f) to any issuance of Ordinary Shares or other securities of the Company as consideration for any bona fide arm's length acquisition by the Company provided that, if (and only if) such issuance occurs before the Closing Date, the Issuer obtains the prior written consent of Barclays Bank PLC (such consent not to be unreasonably withheld) and makes an adjustment to the Conversion Price as if the Bonds have already been issued as of the date of the Subscription Agreement. For the purposes of this undertaking and the

exceptions to it, the term "Ordinary Shares" includes participation certificates and any depositary or other receipt, instrument, rights or entitlement representing Ordinary Shares.

The Joint Lead Managers and each of their affiliates have or may have, in the past, performed investment banking and advisory services for the Issuer and the Group, for which they have received customary fees and expenses. The Joint Lead Managers and each of their affiliates may, from time to time, engage in further transactions with, and perform services for, the Issuer and the Group in the ordinary course of their businesses.

SALE RESTRICTIONS

United States of America

The Bonds and the Ordinary Shares to be delivered upon conversion of the Bonds have not been and will not be registered under the Securities Act and may not be offered or sold within the United States except in a transaction not subject to the registration requirements of the Securities Act. Each Manager has represented and agreed that it has not offered or sold, and has agreed that it will not offer or sell, any Bonds constituting part of its allotment within the United States except in accordance with Rule 903 of Regulation S. Accordingly, neither it, its affiliates, nor any persons acting on its or their behalf have engaged or will engage in any directed selling efforts with respect to the Bonds. Terms used in this paragraph have the meanings given to them by Regulation S.

United Kingdom

Each Manager has represented, warranted and agreed that:

- (a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000 (the "FSMA")) received by it in connection with the issue or sale of the Bonds in circumstances in which section 21(1) of the FSMA does not apply to the Issuer; and
- (b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Bonds in, from or otherwise involving the United Kingdom.

Australia

Each Manager has represented and agreed in the Subscription Agreement that it:

- (a) has not made or invited, and will not make or invite, an offer of the Bonds for issue or sale in Australia (including an offer or invitation which is received by a person in Australia); and
- (b) has not distributed or published or made available, and will not distribute or publish or make available, the Cleansing Notice or any other offering material or advertisement relating to any Bonds in Australia,

unless (i) the aggregate consideration payable by each offeree or invitee is at least A\$500,000 (or its equivalent in other currencies, in either case disregarding moneys lent by the offeror or its associates) or the offer or invitation otherwise does not (otherwise than by reason of section 708(14) or 708A of the Corporations Act) require disclosure to investors in accordance with Parts 6D.2 or 7.9 of the Corporations Act, (ii) such action complies with all applicable Australian laws, regulations and directives (including without limitation, the licensing requirements set out in Chapter 7 of the Corporations Act, (iii) such action

does not require any document to be lodged with ASIC and (iv) the offer or invitation is not made to a person who is a "retail client" within the meaning of section 761 G of the Corporations Act.

In addition, each Manager represents and agrees that it will not sell, transfer or assign Bonds to a person, or procure a person to subscribe for Bonds, in circumstances where it knows, or has reasonable grounds to suspect, that the person is an associate (within the meaning of section 128F of the Tax Act) of the Issuer.

Canada

Under the terms of the Subscription Agreement each Manager has acknowledged that no prospectus in relation to the Bonds has been or will be prepared and filed with any Canadian securities regulatory authority. Each Manager has also represented and agreed in the Subscription Agreement that it:

- (a) will provide to each prospective purchaser of Bonds in Canada a copy of this Cleansing Notice together with the form of wrap agreed between the parties for use in Canada (collectively, the "Canadian Wrap");
- (b) will ensure that a confirmation of purchase is given to each purchaser of Bonds in Canada and that each such confirmation bears the legend set forth in clause (b) of the paragraph immediately below; and
- (c) has not distributed or published and will not distribute or publish any offering material or advertisement relating to the Bonds in Canada, other than the delivery of a copy of the Canadian Wrap to each prospective purchaser of Bonds and the publication of the form of investor presentation agreed between the parties on the Netroadshow website.

The distribution of the Bonds in Canada is being made on a private placement basis. Accordingly, any resale of the Bonds or the underlying Ordinary Shares issued upon the conversion of the Bonds must be made through an appropriately registered dealer or in accordance with an exemption from the dealer registration requirements of applicable provincial securities laws. As well, any resale of the Bonds or the underlying Ordinary Shares issued upon the conversion of the Bonds must be made in accordance with, or pursuant to an exemption from, the prospectus requirements of those laws, unless the following conditions are satisfied:

- (a) at least four months have elapsed since the date of the distribution of the Bonds;
- (b) the confirmation of trade in respect of the Bonds and the share certificate in respect of any underlying Ordinary Shares issued on conversion of the Bonds by the purchaser prior to the date that is four months and a day after the date of the initial distribution of the Bonds issued to the purchaser bears the following legend: "Unless permitted by securities legislation the holder of this security must not trade the security before [*insert date that is four months and one day after the initial issuance of the Bonds*] 2012";
- (c) the trade is not a "control distribution" as defined in applicable securities law;
- (d) no unusual effort is made to prepare the market or to create a demand for the Bonds or the underlying Ordinary Shares, as the case may be; and
- (e) no extraordinary commission or consideration is paid to a person or company in respect of the trade of the Bonds or the underlying Ordinary Shares, as the case may be.

These resale restrictions may in some circumstances apply to resales made outside of Canada.

A Canadian resident purchaser seeking to resell the underlying Ordinary Shares issued upon the conversion of the Bonds **prior** to the end of the four month period referred to in paragraph (a) above should contact the Issuer and its Canadian transfer agent, Computershare Investor Services Inc., to establish that the necessary Canadian prospectus exemption is available and to make arrangements to remove the legend from its share certificate to permit resale of the Ordinary Shares.

European Economic Area

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "Relevant Member State"), each Manager represents, warrants and agrees that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the "Relevant Implementation Date"), it has not made and will not make an offer of Bonds to the public in that Relevant Member State prior to the publication of a prospectus in relation to such offer which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, all in accordance with the Prospectus Directive, except that it may, with effect from and including the Relevant Implementation Date, make an offer of Bonds to the public in that Relevant Member State at any time:

- (a) to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- (b) to fewer than 100, or, if the Relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive, 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive) as permitted under the Prospectus Directive; or
- (c) in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Bonds shall result in a requirement for the publication by the Issuer or the Joint Lead Managers of a prospectus pursuant to Article 3 of the Prospectus Directive or a supplemental prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression an "offer of Bonds to the public" in relation to any Bonds in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Bonds to be offered so as to enable an investor to decide to purchase or subscribe for the Bonds, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State and the expression "Prospectus Directive" means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive to the extent implemented in the Relevant Member State) and includes any relevant implementing measure in the Relevant Member State and the expression "2010 PD Amending Directive" means Directive 2010/73/EU.

Singapore

Each Manager acknowledges that the Cleansing Notice has not been registered as a prospectus with the Monetary Authority of Singapore under the Securities and Futures Act, Chapter 289 of Singapore (the "SFA"). Accordingly, each Manager represents, warrants and agrees that it has not offered or sold any Bonds or caused such Bonds to be made the subject of an invitation for subscription or purchase and will not offer or sell such Bonds or cause such Bonds to be made the subject of an invitation for subscription or purchase and has not circulated or distributed, nor will it circulate or distribute, the Cleansing Notice or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of such Bonds, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor under Section 274 of the SFA, (ii) to a relevant person pursuant to Section 275(1), or any person pursuant to Section 275(1A) of the SFA and in accordance with the conditions specified in Section 275 of the SFA or (iii) otherwise pursuant to and in accordance with the conditions of, any other applicable provision of the SFA.

Hong Kong

Each Manager has represented and agreed that:

- (a) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any bonds other than:
 - (i) to "professional investors" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made under that ordinance; or
 - (ii) in other circumstances which do not result in this document being a "prospectus" as defined in the Companies Ordinance (Cap. 32) of Hong Kong or which do not constitute an offer to the public within the meaning of that ordinance; and
- (b) it has not issued or had in its possession for the purposes of issue and will not issue or have in its possession for the purposes of issue, any advertisement, invitation or document relating to the Bonds, whether in Hong Kong or elsewhere, which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to bonds which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" within the meaning of the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made thereunder.

General

Under the terms of the Subscription Agreement no action has been or will be taken in any jurisdiction by the Joint Lead Managers or the Issuer that would permit a public offering of the Bonds, or possession or distribution of this Cleansing Notice or any other offering or publicity material relating to the Bonds, in any country or jurisdiction where action for that purpose is required. Each Manager has agreed in the Subscription Agreement that it will comply (to the best of its knowledge and belief) with all applicable laws and regulations in each jurisdiction in which it acquires, offers, sells or delivers Bonds or has in its possession or distributes this Cleansing Notice or any other such material, in all cases at its own expense.

11. ADDITIONAL INFORMATION

OWNERSHIP RESTRICTIONS

FATA

The acquisition of interests in the Company is regulated by the Australian Foreign Acquisitions and Takeovers Act 1975 (Cth) ("FATA").

FATA generally prohibits (with the sanction of penalties) the acquisition by a "foreign person" of certain interests in the Company (including Ordinary Shares and Bonds) and gives the Treasurer of the Commonwealth of Australia power to make an order prohibiting such an acquisition where it is proposed or to make a divestment order where such an acquisition has occurred, if a single foreign person (alone or together with its associates) would have an interest in 15% or more of the shares, votes or potential votes (including through interests in Ordinary Shares such as Bonds and options) of the Company, or a number of foreign persons (alone or together with their respective associates) would have in aggregate an interest in 40% or more of the shares, votes or potential votes (including through interests in Ordinary Shares such as Bonds and options) of the Company, unless prior notice of the acquisition has been given to the Treasurer and the Treasurer has either stated that there is no objection to the acquisition or a statutory period has expired without the Treasurer objecting. The restrictions under FATA apply equally to acquisitions of interests through issue or transfer.

The Bonds will confer an interest in Ordinary Shares for the purposes of FATA. As the Conversion Price will be subject to adjustment in certain circumstances described in Condition 6(b) (*Conversion of Bonds — Adjustment of Conversion Price*), including upon the making of a Dividend by the Issuer and upon the occurrence of a Change of Control, the percentage interests held in the Ordinary Shares and the levels of voting power and potential voting power conferred, cannot be determined precisely until the time the Bonds are converted. In these circumstances, FATA provides that the Bonds (being rights over shares) will be treated as having been exercised at a particular point in time (for example, at the time the Bonds are acquired) to determine whether a person will acquire a controlling interest that requires the approval of the Treasurer.

Investors requiring further information as to whether notification under FATA to the Treasurer (through the Foreign Investment and Review Board) is required in respect of a proposed investment or further investment in the Company should consult their professional advisers.

Takeover Restrictions

The acquisition of interests in the Company is also regulated by the takeover provisions in Chapter 6 of the Corporations Act. These provisions prohibit (with the sanction of penalties) the acquisition of relevant interests in the Ordinary Shares, if as a result of the acquisition the acquirer's (or another party's) "voting power" in the Company would increase to above 20%, or would increase from a starting point that is above 20% and below 90%. That prohibition is subject to a number of exceptions, including for acquisitions pursuant to a regulated takeover bid. Chapter 6C of the Corporations Act also contains provisions requiring market disclosure of relevant interests (and changes in relevant interests) in the Ordinary Shares by persons holding "voting power" in the Company of 5% or more.

Investors requiring further information relating to takeover restrictions should consult their professional advisers as these matters may be applicable to the conversion of the Bonds.

ASX Listing Rules

The ASX Listing Rules prohibit the issue of equity or convertible securities if those securities, when aggregated with any other securities of the same class issued during the previous 12 months, exceeds 15% of the same class of security on issue at the commencement of that period of 12 months except, *inter alia*, with prior shareholder approval, to ordinary shareholders pro rata, pursuant to a takeover or scheme of arrangement, to finance a takeover or scheme of arrangement, or an exercise by the directors of a declared right to dispose of the shortfall remaining after a pro rata equity offering.

Investors requiring further information relating to takeover restrictions or restrictions under the ASX Listing Rules should consult their professional advisers as these matters may be applicable to the conversion of the Bonds.

INTERESTS AND FEES

Interests of Directors

Other than as set out below or elsewhere in this Cleansing Notice, no Director or a candidate for election as Director has, or has had within the two years prior to release of this Cleansing Notice, any interest in:

- the promotion or formation of the Company;
- property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the Offering; or
- the Offering,

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to any Director or any candidate for election as a Director:

- to induce him or her to become, or to qualify him or her as, a Director; or
- for services rendered by him or her in connection with the formation or promotion of the Company or the Offering.

Details of the interests of the Directors in the securities of the Company as at the date hereof, including those held directly and indirectly, are disclosed in the Company's most recent annual report dated 31 August 2011.

Details on the Directors' remuneration are contained in the most recently lodged annual report for the Company.

The information described above can be obtained from the Company, ASIC or the ASX respectively, as set out in the "Important Notice".

Interests of Promoters, Advisers and Experts

Other than as set out in the Cleansing Notice, no promoter, no professional, adviser or expert named as such in this Cleansing Notice and no Underwriter to the Offering or financial services licensee named as a financial services licensee involved in the Offering has, or has had within the two years prior to release of this Cleansing Notice, any interest in:

- the promotion or formation of the Company;
- property acquired or proposed to be acquired by the Company in connection with its promotion or formation or the Offering; or

- the Offering

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to any such persons for services rendered by him or her in connection with the promotion of the Company or the Offering.

Barclays Bank PLC, the Royal Bank of Canada and UBS AG, Australia Branch have acted as the Joint Lead Managers of the Offer. Their fees in connection with the Offering are as set out under "Subscription Agreement" in Section 10 above.

Ernst & Young, Chartered Accountants (Australia) have acted as auditors of the Company. The Joint Lead Managers may also hold interests in the Bonds for their own account.

The Trustee, the Registrar and the Agents (as defined in the Conditions) have also received or will also receive fees in respect of their respective appointment and may hold interests in the Bonds for their own account.

AUTHORISATIONS AND CONSENTS

Written consents have been given and as of the date of this Cleansing Notice, have not been withdrawn by the parties identified below on the terms stated below. Each of the parties set out below:

- does not make, or purport to make, any statement in this Cleansing Notice and is not aware of any statement in this Cleansing Notice, which purports to be based on a statement made by them; and
- to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any part of this Cleansing Notice other than a reference to its name.

Auditors' Consent

Ernst & Young, Chartered Accountants (Australia) have consented to the incorporation by reference in this Cleansing Notice of their reports to the shareholders of the company on the financial reports of the Company for the years ended 30 June 2011 and 2010.

Directors' Authorisations

This Cleansing Notice is issued by Paladin Energy Ltd ACN 061 681 089. Each Director consents to the release of this Cleansing Notice to ASX.

ASIC Class Order [CO 10/322]

The Company is releasing this Cleansing Notice in accordance with requirements of ASIC Class Order [CO 10/322] to enable the on-sale of Ordinary Shares issued on conversion of the Bonds.

12. GENERAL INFORMATION

- (1) The Company's corporate head office and principal place of business is located at Level 4, 502 Hay Street, Subiaco, Western Australia, 6008, Australia.
- (2) The auditors of the Company in Australia are Ernst & Young, Chartered Accountants.
- (3) The transfer agent and registrar for the Ordinary Shares is Computershare Investor Services Inc. at its offices in Toronto, Ontario located at 100 University Avenue, 11th Floor, North Tower and Computershare Investor Services Pty Ltd at its offices located at Level 2, 45 St. Georges Terrace, Perth, Western Australia.
- (4) The issue of the Bonds and the Ordinary Shares to be issued on conversion of the Bonds and the terms of the offering and the issue of the Bonds were approved by resolutions of the Board of Directors of the Company passed on 15 April 2012.
- (5) Copies of the constitutive documents of the Company and copies of the Trust Deed and the Agency Agreement (upon execution) will be available for inspection and the published financial statements of the Company will be available for collection at the specified office of the Principal Paying, Transfer and Conversion Agent during normal business hours, so long as any of the Bonds is outstanding and are also available under the Company's profile on SEDAR at www.sedar.com.
- (6) The Bonds have been accepted for clearance through Euroclear. The Common Code for the Bonds is 077519556.
- (7) The Company has obtained or will at the date of issue obtain all consents, approvals and authorisations in Australia, Singapore, Canada, Namibia and Germany required to be obtained in connection with the issue and performance of its obligations under the Bonds.
- (8) Except as set out in this Cleansing Notice or in the Company's ASX and TSX disclosure, there has been no significant change in the financial or trading position of the Company and its subsidiaries as a whole since 31 December 2011 and no material adverse change in the financial position or prospects of the Company and its subsidiaries as a whole since 31 December 2011.
- (9) Except as described in this Cleansing Notice or in the Company's ASX and TSX disclosure, none of the Company nor any of its subsidiaries is involved in any litigation or arbitration proceedings or any regulatory investigations relating to claims or amounts which are material in the context of the issue of the Bonds nor, so far as the Company is aware, is any such litigation or arbitration pending or threatened.
- (10) The financial statements of the Company as at and for the six months ended 31 December 2011 and the have been reviewed by Ernst & Young, Chartered Accountants, auditors to the Company, in accordance with Australian Accounting Standards, as stated in their reports appearing therein and as at and for the year ended 30 June 2011 and the year ended 30 June 2010 as incorporated by reference in this Cleansing Notice have been audited by Ernst & Young, Chartered Accountants, auditors to the Company, as stated in their reports appearing therein.
- (11) The Issuer has received approval in-principle for the listing of the Bonds on the SGX-ST. So long as the Bonds are listed on the SGX-ST and the rules of the SGX-ST so require, the Company shall appoint and maintain a paying agent in Singapore, where the Bonds may be presented or surrendered for payment or redemption, in the event that the Global Bond is exchanged for individual definitive

Bonds. In addition, in the event that the Global Bond is exchanged for individual definitive Bonds, an announcement of such exchange shall be made by or on behalf of the Company through the SGX-ST and such announcement will include all material information with respect to the delivery of the individual definitive Bonds, including details of the paying agent in Singapore.

- (12) Other than as provided in Condition 6(b)(x) (*Conversion of Bonds —Adjustment of Conversion Price*), the Bondholders do not have any participating rights in the event of a takeover offer for the Issuer.

13. TERMS AND CONDITIONS OF THE BONDS

The following, subject to completion and amendment and save for the paragraphs in italics, is the text of the Terms and Conditions of the Bonds.

The issue of the U.S.\$274,000,000 6.00 per cent Convertible Bonds due 2017 (the “Bonds”), which expression shall, unless otherwise indicated, include any further bonds issued pursuant to Condition 18 and consolidated and forming a single series with the Bonds, was (save in respect of any such further bonds) authorised by a resolution of the board of directors of Paladin Energy Ltd (ACN 061 681 098) (the “Issuer”) passed on 15 April 2012. The Bonds are constituted by a trust deed dated 30 April 2012 (the “Trust Deed”) between the Issuer and The Bank of New York Mellon acting through its London branch (the “Trustee”, which expression shall include all persons for the time being appointed as the trustee or trustees under the Trust Deed) as trustee for the holders (as defined below) of the Bonds. The statements set out in these Terms and Conditions (the “Conditions”) are summaries of, and are subject to, the detailed provisions of the Trust Deed, which includes the forms of the Bonds. The Bondholders (as defined below) are entitled to the benefit of and are bound by, and are deemed to have notice of, all the provisions of the Trust Deed and those provisions applicable to them which are contained in the Paying, Transfer and Conversion Agency Agreement dated 30 April 2012 (the “Agency Agreement”) relating to the Bonds between the Issuer, the Trustee and The Bank of New York Mellon acting through its London branch (the “Principal Paying, Transfer and Conversion Agent”, which expression shall include any successor as principal paying, transfer and conversion agent under the Agency Agreement), the paying, transfer and conversion agents for the time being (such persons, together with the Principal Paying, Transfer and Conversion Agent, being referred to below as the “Paying, Transfer and Conversion Agents”, which expression shall include their successors as Paying, Transfer and Conversion Agents under the Agency Agreement) and The Bank of New York Mellon (Luxembourg) S.A. in its capacity as registrar (the “Registrar”, which expression shall include any successor as registrar under the Agency Agreement). Copies of the Trust Deed and the Agency Agreement are available for inspection at the office of the Trustee at One Canada Square, 40th Floor, London E14 5AL and at the specified offices of the Paying, Transfer and Conversion Agents and the Registrar.

Capitalised terms used but not defined in these Conditions shall have the meanings attributed to them in the Trust Deed unless the context otherwise requires or unless otherwise stated.

1 Form, Denomination, Title and Status

(a) *Form and Denomination*

The Bonds are in registered form, serially numbered, in principal amounts of U.S.\$200,000 or any amount in excess thereof which is an integral multiple of U.S.\$1,000 (“authorised denominations”).

(b) *Title*

Title to the Bonds will pass by transfer and registration as described in Condition 4. The holder (as defined below) of any Bond will (except as otherwise required by law or as ordered by a court of competent jurisdiction) be treated as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any interest in it or its theft or loss (or that of the related certificate, as appropriate) or anything written on it or on the certificate representing it) and no person will be liable for so treating the holder.

(c) *Status*

The Bonds constitute direct, unconditional, unsubordinated and (subject to Condition 2) unsecured obligations of the Issuer ranking *pari passu* and rateably, without any preference among themselves. The payment obligations of the Issuer under the Bonds rank equally with all its other existing and future unsecured and unsubordinated obligations, save for such obligations that may be preferred by provisions of law that are mandatory and of general application.

2 Negative Pledge

So long as any of the Bonds remain outstanding (as defined in the Trust Deed), the Issuer will not create or permit to subsist and will ensure that none of its Subsidiaries will create or permit to subsist, any mortgage, charge, lien, pledge or other form of encumbrance or security interest (each a “Security Interest”) upon the whole or any part of its present or future property or assets (including any uncalled capital) to secure any Relevant Indebtedness or to secure any guarantee of, or indemnity in respect of, any Relevant Indebtedness (other than a Permitted Security Interest) unless in any such case, before or at the same time as the creation of the Security Interest, any and all action necessary shall have been taken to the satisfaction of the Trustee to ensure that:

- (i) all amounts payable by the Issuer under the Bonds and the Trust Deed are secured equally and rateably with the Relevant Indebtedness or guarantee or indemnity, as the case may be, to the satisfaction of the Trustee; or
- (ii) such other Security Interest or guarantee or indemnity or other arrangement (whether or not including the giving of a Security Interest) is provided in respect of all amounts payable by the Issuer under the Bonds and the Trust Deed either (i) as the Trustee shall in its absolute discretion deem not materially less beneficial to the interests of the Bondholders or (ii) as shall be approved by an Extraordinary Resolution (as defined in the Trust Deed) of the Bondholders.

“Permitted Security Interest” means a Security Interest in respect of property or assets of a Subsidiary of the Issuer, which Security Interest existed before the relevant entity became a Subsidiary of the Issuer and was not created in contemplation of such entity becoming a Subsidiary of the Issuer and provided that the principal amount of such Relevant Indebtedness is not increased.

3 Definitions

In these Conditions, unless otherwise provided:

“Additional Ordinary Shares” has the meaning provided in Condition 6(c).

“Auditors” means the auditors for the time being of the Issuer or, if they are unable or unwilling to carry out any action requested of them under the Trust Deed or the Bonds, such other firm of accountants as may be nominated by the Issuer and approved in writing by the Trustee for the purpose or, failing such nomination, as selected by the Trustee.

“Australian dollars” and “A\$” means the lawful currency of the Commonwealth of Australia.

“Australian Securities Exchange” means ASX Limited (ABN 98008624691).

“Bondholder” and “holder” mean the person in whose name a Bond is registered in the Register (as defined in Condition 4(a)).

“business day” means, in relation to any place, a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets are open for business in that place.

“Cash Dividend” has the meaning provided in Condition 6(b)(iii).

“Change of Control” has the meaning provided in Condition 6(b)(x);

“Change of Control Notice” has the meaning provided in Condition 6(g).

“Change of Control Period” has the meaning provided in Condition 6(b)(x).

“Closing Date” means 30 April 2012.

“Conversion Date” has the meaning provided in Condition 6(h).

“Conversion Notice” has the meaning provided in Condition 6(h).

“Conversion Price” has the meaning provided in Condition 6(a).

“Conversion Right” has the meaning provided in Condition 6(a).

“Corporations Act” means the Corporations Act 2001 (Cth) of Australia.

“Current Market Price” means, in respect of an Ordinary Share at a particular date, the average of the Volume Weighted Average Price of an Ordinary Share for the five consecutive dealing days ending on such date; provided that if at any time during the said five-dealing-day period the Volume Weighted Average Price shall have been based on a price ex-Dividend (or ex- any other entitlement) and during some other part of that period the Volume Weighted Average Price shall have been based on a price cum-Dividend (or cum- any other entitlement), then:

- (a) if the Ordinary Shares to be issued or transferred and delivered do not rank for the Dividend (or entitlement) in question, the Volume Weighted Average Price on the dates on which the Ordinary Shares shall have been based on a price cum-Dividend (or cum- any other entitlement) shall for the purpose of this definition be deemed to be the amount thereof reduced by an amount equal to the Fair Market Value of any such Dividend or entitlement per Ordinary Share as at the date of first public announcement of such Dividend (or entitlement); or
- (b) if the Ordinary Shares to be issued or transferred and delivered do rank for the Dividend (or entitlement) in question, the Volume Weighted Average Price on the dates on which the Ordinary Shares shall have been based on a price ex-Dividend (or ex- any other entitlement) shall for the purpose of this definition be deemed to be the amount thereof increased by an amount equal to the Fair Market Value of any such Dividend or entitlement per Ordinary Share as at the date of first public announcement of such Dividend (or entitlement),

and provided further that if on each of the said five dealing days the Volume Weighted Average Price shall have been based on a price cum-Dividend (or cum- any other entitlement) in respect of a Dividend (or other entitlement) which has been declared or announced but the Ordinary Shares to be issued or transferred and delivered do not rank for that Dividend (or other entitlement) the Volume Weighted Average Price on each of such dates shall for the purposes of this definition be deemed to be the amount thereof reduced by an amount equal to the Fair Market Value of any such Dividend or other entitlement per Ordinary Share as at the date of the first public announcement of such Dividend or entitlement,

and provided further that, if the Volume Weighted Average Price of an Ordinary Share is not available on one or more of the said five dealing days (disregarding for this purpose the proviso to the definition of Volume Weighted Average Price), then the average of such Volume Weighted Average Prices which are available in

that five-dealing-day period shall be used (subject to a minimum of two such prices) and if only one, or no, such Volume Weighted Average Price is available in the relevant period the Current Market Price shall be determined in good faith by a Financial Adviser.

“dealing day” means a day on which the Relevant Stock Exchange or relevant stock exchange or securities market is open for business, other than a day on which the Relevant Stock Exchange or relevant stock exchange or securities market is scheduled to or does close prior to its regular weekday closing time.

“Dividend” means any dividend or distribution to Shareholders (including a Spin-Off) whether of cash, assets or other property and however described and whether payable out of a share premium account, profits, retained earnings or any other capital or revenue reserve or account (and for these purposes a distribution of assets includes without limitation an issue of Ordinary Shares, or other Securities credited as fully or partly paid up by way of capitalisation of profits or reserves) provided that:

- (a) where a Dividend in cash is announced which is to be, or may at the election of a Shareholder or Shareholders be, satisfied by the issue or delivery of Ordinary Shares or other property or assets, or where a capitalisation of profits or reserves is announced which is to be, or may at the election of a Shareholder or Shareholders be, satisfied by the payment of cash, then for the purposes of this definition the Dividend in question shall be treated as a Cash Dividend of the greater of (i) such cash amount and (ii) the Current Market Price of such Ordinary Shares or, as the case may be, Fair Market Value of such other property or assets (as at the date of the first public announcement of such Dividend or capitalisation (as the case may be) or if later, the date on which the number of Ordinary Shares (or amount of property or assets, as the case may be) which may be issued or transferred and delivered is determined);
- (b) any issue of Ordinary Shares falling within Condition 6(b)(ii) shall be disregarded;
- (c) a purchase or redemption or buy back of share capital of the Issuer by the Issuer or any Subsidiary of the Issuer shall not constitute a Dividend unless, in the case of a purchase or redemption or buy back of Ordinary Shares by or on behalf of the Issuer or its Subsidiaries, the weighted average price per Ordinary Share (before expenses) on any one day (a “Specified Share Day”) in respect of such purchases or redemptions or buy backs (translated, if not in the Relevant Currency, into the Relevant Currency at the Prevailing Rate on such day) exceeds by more than 5 per cent the average of the closing prices of the Ordinary Shares on the Relevant Stock Exchange (as published by or derived from the Relevant Stock Exchange) on the five dealing days immediately preceding the Specified Share Day or, where an announcement (excluding, for the avoidance of doubt for these purposes, any general authority for such purchases, redemptions or buy backs approved by a general meeting of Shareholders or any notice convening such a meeting of Shareholders) has been made of the intention to purchase, redeem or buy back Ordinary Shares at some future date at a specified price, on the five dealing days immediately preceding the date of such announcement, in which case such purchase, redemption or buy back shall be deemed to constitute a dividend in cash in the Relevant Currency to the extent that the aggregate price paid (before expenses) in respect of such Ordinary Shares purchased, redeemed or bought back by the Issuer or, as the case may be, any of its Subsidiaries (translated where appropriate into the Relevant Currency as provided above) exceeds the product of (i) 105 per cent of the average closing price of the Ordinary Shares determined as aforesaid and (ii) the number of Ordinary Shares so purchased, redeemed or bought back; and
- (d) if the Issuer or any of its Subsidiaries shall purchase, redeem or buy back any depositary or other receipts or certificates representing Ordinary Shares, the provisions of paragraph (c) shall be applied in

respect thereof in such manner and with such modifications (if any) as shall be determined in good faith by a Financial Adviser.

“equity share capital” means, in relation to a company, its issued share capital excluding any part of that capital which, neither as regards dividends nor as regards capital, carries any right to participate beyond a specified amount in a distribution.

“Exempt Newco Scheme” means a Newco Scheme (as defined below) where immediately after completion of the relevant scheme of arrangement (as defined below) the ordinary shares of Newco (as defined below) are (1) admitted to trading on the Relevant Stock Exchange or (2) admitted to listing on such other regulated, regularly operating, recognised stock exchange or securities market as the Issuer or Newco may determine.

“Fair Market Value” means, with respect to any property on any date, the fair market value of that property as determined in good faith by a Financial Adviser provided that (i) the Fair Market Value of a Cash Dividend shall be the amount of such Cash Dividend; (ii) the Fair Market Value of any other cash amount shall be the amount of such cash; (iii) where Spin-Off Securities, Securities, options, warrants or other rights are publicly traded in a market of adequate liquidity (as determined by a Financial Adviser), the fair market value (a) of such Spin-Off Securities or Securities shall equal the arithmetic mean of the daily Volume Weighted Average Prices of such Spin-Off Securities or Securities and (b) of such options, warrants or other rights shall equal the arithmetic mean of the daily closing prices of such options, warrants or other rights, in the case of both (a) and (b) during the period of five dealing days on the relevant market commencing on such date (or, if later, the first such dealing day such Spin-Off Securities, Securities, options, warrants or other rights are publicly traded); (iv) where Spin-Off Securities, Securities, options, warrants or other rights are not publicly traded (as aforesaid), the Fair Market Value of such Spin-Off Securities, Securities, options, warrants or other rights shall be determined in good faith by a Financial Adviser, on the basis of a commonly accepted market valuation method and taking account of such factors as it considers appropriate, including the market price per Ordinary Share, the dividend yield of an Ordinary Share, the volatility of such market price, prevailing interest rates and the terms of such Spin-Off Securities, Securities, options, warrants or other rights, including as to the expiry date and exercise price (if any) thereof; (v) in the case of (i) translated into the Relevant Currency (if declared or paid or payable in a currency other than the Relevant Currency) at the rate of exchange used to determine the amount payable to Shareholders who were paid or are to be paid or are entitled to be paid the Cash Dividend in the Relevant Currency; and in any other case, translated into the Relevant Currency (if expressed in a currency other than the Relevant Currency) at the Prevailing Rate on that date and (vi) in the case of (i) and (ii) disregarding any withholding or deduction required to be made on account of tax and any associated tax credit.

“Final Maturity Date” means 30 April 2017.

“Financial Adviser” means an investment bank of international repute appointed by the Issuer and approved in writing by the Trustee or, if the Issuer fails to make such appointment and such failure continues for a reasonable period (as determined by the Trustee), appointed by the Trustee following notification to the Issuer provided that the Trustee has no obligation to make such appointment unless it has been indemnified and/or provided with security to its satisfaction in respect of the costs, fees and expenses of such adviser.

“indebtedness for borrowed money” means any present or future indebtedness (whether being principal, interest or other amounts) for or in respect of (i) money borrowed or raised (ii) liabilities under or in respect of any acceptance or acceptance credit or (iii) any notes, bonds, debentures, debenture stock, loan stock or other securities offered, issued or distributed whether by way of public offer, private placing, acquisition consideration or otherwise and whether issued for cash or in whole or in part for a consideration other than cash.

“Interest Payment Date” has the meaning provided in Condition 5(a).

“Loan Notes” means notes, bonds, debentures, debenture stock, loan stock or other securities issued to commercial banks or other participants in loan syndication markets which are not intended to be listed or ordinarily dealt in on any recognised listing authority, stock exchange or over-the-counter or other securities market and which for the avoidance of doubt shall not include any notes, bonds, debentures, debenture stock, loan stock or other securities issued in the capital markets, whether by way of public offer or private placement.

“Newco Scheme” means a scheme of arrangement or analogous proceeding (a “scheme of arrangement”) which effects the interposition of a limited liability company (“Newco”) between the Shareholders of the Issuer immediately prior to the scheme of arrangement (the “Existing Shareholders”) and the Issuer; provided that only ordinary shares of Newco are issued to Existing Shareholders and that immediately after completion of the scheme of arrangement the only shareholders of Newco are the Existing Shareholders and that all Subsidiaries of the Issuer immediately prior to the scheme of arrangement (other than Newco, if Newco is then a Subsidiary of the Issuer) are Subsidiaries of the Issuer (or of Newco) immediately after the scheme of arrangement and that the Issuer (or Newco) holds, directly or indirectly, the same percentage of the ordinary share capital and Voting Rights of or in respect of those Subsidiaries as was held by the Issuer immediately prior to the scheme of arrangement and that such scheme of arrangement does not envisage or contemplate and was not proposed or adopted in contemplation of any change in respect of such holdings.

“Non-Cash Dividend” has the meaning provided in Condition 6(b)(iii).

“Optional Redemption Date” has the meaning provided in Condition 7(b).

“Optional Redemption Notice” has the meaning provided in Condition 7(b).

“Ordinary Shares” means fully paid ordinary shares in the capital of the Issuer.

“Parity Value” means, in respect of any dealing day, the U.S. dollar amount calculated as follows:

$$PV = OS \times MP$$

where:

$$PV = \text{the Parity Value}$$

$$OS = \text{the number of Ordinary Shares that would fall to be delivered on the exercise of Conversion Rights in respect of a Bond in the principal amount of U.S.$200,000, assuming the Conversion Date to be such dealing day}$$

$$MP = \text{the closing price for the Ordinary Shares as published by or derived from the Relevant Stock Exchange on such dealing day (provided that if on any such dealing day the Ordinary Shares shall have been quoted cum-Dividend or cum-any other entitlement the closing price on such dealing day shall be deemed to be the amount thereof reduced by an amount equal to the Fair Market Value of any such Dividend or entitlement per Ordinary Share as at the date of the first public announcement of such Dividend or entitlement), translated, if not in U.S. dollars, into U.S. dollars at the Prevailing Rate on such dealing day.}$$

A “person” includes any individual, company, corporation, firm, partnership, joint venture, undertaking, association, organisation, trust, state or agency of a state (in each case whether or not being a separate legal entity).

“Potential Event of Default” means an event or circumstance which could, with the giving of notice, lapse of

time, issue of a certificate and/or the fulfilment of any other requirement provided for in Condition 10, become an Event of Default (as defined in Condition 10).

“Prevailing Rate” means, in respect of any day, the spot rate of exchange between the relevant currencies prevailing as at or about 12 p.m. (London time) on that date as appearing on the Relevant Page or if such rate cannot be determined on that day, the rate prevailing as at or about 12 p.m. (London time) on the immediately preceding day on which such rate can be so determined.

“Principal Subsidiary” of the Issuer at any time shall mean any Subsidiary of the Issuer (not being a Subsidiary falling within sub-paragraph (iv) of the definition of “Project Finance Indebtedness” and whose only indebtedness for borrowed money is Project Finance Indebtedness):

- (i) whose (a) profits on ordinary activities before tax or (b) net assets represent 10 per cent or more of the consolidated profits on ordinary activities before tax of the Issuer and its Subsidiaries or, as the case may be, consolidated net assets of the Issuer and its Subsidiaries, in each case as calculated by reference to the then latest audited financial statements of such Subsidiary and the then latest audited consolidated financial statements of the Issuer provided that (i) in the case of a Subsidiary acquired or an entity which becomes a Subsidiary after the end of the financial period to which the then latest audited consolidated financial statements of the Issuer relate, the reference to the then latest audited consolidated financial statements of the Issuer for the purposes of the calculation of the above shall until the consolidated audited financial statements of the Issuer are published for the financial period in which the acquisition is made or, as the case may be, in which such entity becomes a Subsidiary, be deemed to be a reference to the then latest consolidated financial statements of the Issuer adjusted in such manner as may be appropriate to consolidate the latest audited financial statements (consolidated or, as the case may be, unconsolidated) of such Subsidiary in such financial statements, (ii) if, in the case of any Subsidiary, no audited financial statements are prepared, then the determination of whether or not such Subsidiary is a Principal Subsidiary shall be determined by reference to its unaudited annual financial statements (if any) or on the basis of *pro forma* financial statements, (iii) if the financial statements of any Subsidiary (not being a Subsidiary referred to in (i) above) are not consolidated with those of the Issuer, then the determination of whether or not such Subsidiary is a Principal Subsidiary shall be based on a *pro forma* consolidation of its financial statements (consolidated, if appropriate) with the consolidated financial statements of the Issuer and (iv) if the latest financial statements of any Subsidiary of the Issuer are not prepared on the basis of the same accounting principles, policies and practices of the latest consolidated audited financial statements of the Issuer, then the determination of whether or not such Subsidiary is a Principal Subsidiary shall be based on *pro forma* financial statements or, as the case may be, consolidated financial statements of such Subsidiary prepared on the same accounting principles, policies and practices as adopted in the latest consolidated audited financial statements of the Issuer, or an appropriate restatement or adjustment to the relevant financial statements of such Subsidiary; or
- (ii) to which is transferred all or substantially all of the business, undertaking and assets of a Subsidiary of the Issuer which immediately prior to such transfer is a Principal Subsidiary of the Issuer, whereupon the transferor Subsidiary shall immediately cease to be a Principal Subsidiary of the Issuer and the transferee Subsidiary shall cease to be a Principal Subsidiary of the Issuer under the provisions of this sub-paragraph (ii) upon publication of its next audited financial statements but so that such transferor Subsidiary or such transferee Subsidiary may be a Principal Subsidiary of the Issuer on or at any time after the date on which such audited financial statements have been published by virtue of the provisions of sub-paragraph (i) above or (as a result of another transfer to which this sub-paragraph (ii) applies) before, on or at any time after such date by virtue of the provisions of this sub-paragraph (ii).

A report by the Auditors that, in their opinion, a Subsidiary of the Issuer is or is not or was or was not at any particular time or throughout any specified period a Principal Subsidiary shall, in the absence of manifest error, be conclusive and binding on the Issuer, the Trustee and the Bondholders.

“Project Finance Indebtedness” means any present or future indebtedness incurred to finance the ownership, acquisition, construction, creation, development, maintenance and/or operation of an asset (whether or not an asset of the Issuer or any of its Subsidiaries), or any associated rehabilitation works, in respect of which the person or persons to whom any such indebtedness is or may be owed by the relevant borrower (whether or not the Issuer or any of its Subsidiaries) has or have no recourse whatsoever to the Issuer or any of its Subsidiaries for the repayment thereof other than:

- (i) recourse for amounts limited to the cash flow or net cash flow (other than historic cash flow or historic net cash flow) from such asset or the business of owning, acquiring, constructing, developing, maintaining and/or operating such asset; and/or
- (ii) (A) recourse for the purpose only of enabling amounts to be claimed in respect of such indebtedness in an enforcement of any encumbrance given over such asset (and/or any other assets primarily used in the business of owning, acquiring, constructing, creating, developing, maintaining and/or operating such asset) or the income, cash flow or other proceeds deriving therefrom (or given over shares or the like in the capital of the borrower or owner of the asset or any Subsidiary described in paragraph (iv)) to secure such indebtedness, provided that (aa) the extent of such recourse is limited solely to the amount of any recoveries made on any such enforcement and (bb) such person or persons is/are not entitled, by virtue of any right or claim arising out of or in connection with such indebtedness, to commence proceedings for the winding up or dissolution of the Issuer or any of its Subsidiaries (other than a Subsidiary described in paragraph (iv)) or to appoint or procure the appointment of any receiver, trustee or similar person or officer in respect of the Issuer or any of its Subsidiaries (other than a Subsidiary described in paragraph (iv)) or any of its assets (save for the assets the subject of such encumbrance); and/or (B) recourse against the assets, income, cashflow, proceeds or shares or the like subject to an encumbrance referred to in this paragraph (ii); and/or
- (iii) recourse under any form of assurance, undertakings or support, which recourse is limited to a claim for damages (other than liquidated damages and damages required to be calculated in a specified way) or under an indemnity for breach of an obligation or representation (not being a payment obligation or an obligation to procure payment by another or an indemnity in respect thereof or any obligation to comply or to procure compliance by another with any financial ratios or other tests of financial condition other than costs to complete tests or project completion tests) of the Issuer or any of its Subsidiaries; and/or
- (iv) recourse against (aa) any Subsidiary, or the assets of any Subsidiary, whose principal business comprises the ownership, acquisition, construction, creation, development, maintenance and/or operation of the asset concerned; or (bb) any Subsidiary, or the assets of any Subsidiary, whose principal business comprises the ownership or financing, directly or indirectly, of any Subsidiary described in paragraph (iv)(aa); and/or
- (v) recourse under any guarantee and/or indemnity of such indebtedness or completion of construction or development of an asset, provided that in any such case the guarantee and/or indemnity is (to the extent not permitted by any of the foregoing paragraphs) released or discharged if completion of the relevant construction or development occurs on or prior to the agreed date for completion referred to in or in connection with the guarantee and/or indemnity and no default under or in connection with such indebtedness, guarantee or indemnity or any agreement relating thereto is then subsisting.

“Record Date has the meaning provided in Condition 8(c).

“Reference Date” has the meaning provided in Condition 6(a).

“Relevant Currency” means Australian dollars or, if at the relevant time or for the purposes of the relevant calculation or determination, the Australian Securities Exchange is not the Relevant Stock Exchange, the currency in which the Ordinary Shares are quoted or traded on the Relevant Stock Exchange.

“Relevant Date” means, in respect of any Bond, whichever is the later of (i) the date on which payment in respect of it first becomes due and (ii) if any amount of the money payable is improperly withheld or refused the date on which payment in full of the amount outstanding is made or (if earlier) the date on which notice is duly given by the Issuer or to the Bondholders in accordance with Condition 17 that, upon further presentation of the Bond, where required pursuant to these Conditions, being made, such payment will be made, provided that such payment is in fact made as provided in these Conditions.

“Relevant Indebtedness” means any present or future indebtedness (whether being principal, premium, interest or other amounts) in the form of or represented by notes, bonds, debentures, debenture stock, loan stock or other securities, whether issued for cash or in whole or in part for a consideration other than cash and which (in any case) are or are capable of being quoted, listed or ordinarily dealt in on any recognised listing authority, stock exchange, securities quotation system or over-the-counter or other securities market, but shall in any event not include Project Finance Indebtedness or any indebtedness in the form of or represented by Loan Notes.

“Relevant Page” means the relevant page on Bloomberg or such other information service provider that displays the relevant information.

“Relevant Stock Exchange” means (i) in respect of the Semi-Annual Period commencing on the Closing Date, the Australian Securities Exchange; and (ii) in respect of any subsequent Semi-Annual Period, the Relevant Stock Exchange in respect of the preceding Semi-Annual Period, unless the Issuer shall on the London business day immediately succeeding the last day of such preceding Semi-Annual Period have delivered to the Trustee a certificate of the Issuer signed by two Directors of the Issuer that the average daily trading volume in respect of the Ordinary Shares on any other stock exchange or securities market on which the Ordinary Shares are listed or quoted or dealt in (and have been so listed or quoted or dealt in throughout the preceding Semi-Annual Period) shall for such preceding Semi-Annual Period have been greater than 150 per cent of the average daily trading volume in respect of the Ordinary Shares on such Relevant Stock Exchange, in which case the Relevant Stock Exchange in respect of the relevant Semi-Annual Period shall be such other stock exchange or securities market and such Relevant Stock Exchange as so determined shall be the Relevant Stock Exchange for the purposes of any relevant calculation or determination to be made (including a determination of Current Market Price) as at any date falling within the relevant Semi-Annual Period (including any constituent calculation or determination, including a determination of Volume Weighted Average Price for the purposes of determining Current Market Price, to be made for the purpose of such calculation or determination). For the purposes of determining the average daily trading volume of the Ordinary Shares where the Ordinary Shares are represented by certificates or depositary or other receipts which are listed or quoted or dealt in on the relevant stock exchange or securities market, such average daily trading volume shall be determined by dividing the average daily trading volume of such certificates or depositary or other receipts by the number of Ordinary Shares represented by such certificate or depositary or other receipts at the relevant time.

“Retroactive Adjustment” has the meaning provided in Condition 6(c).

“Securities” means any securities including, without limitation, Ordinary Shares, or options, warrants or other rights to subscribe for or purchase or acquire Ordinary Shares.

“Semi-Annual Date” means 30 April and 30 October in each year.

“Semi-Annual Period” means the period commencing on (and including) a Semi-Annual Date and ending on (but excluding) the next following Semi-Annual Date, with the first Semi-Annual Period commencing on 30 April 2012.

“Shareholders” means the holders of Ordinary Shares.

“Specified Date” has the meaning provided in Condition 6(b)(vii) and (viii).

“Spin-Off” means:

- (a) a distribution of Spin-Off Securities by the Issuer to Shareholders as a class; or
- (b) any issue, transfer or delivery of any property or assets (including cash or shares or securities of or in or issued or allotted by any entity) by any entity (other than the Issuer) to Shareholders as a class or, in the case of or in connection with a Newco Scheme, Existing Shareholders as a class (but excluding the issue and allotment of ordinary shares by Newco to Existing Shareholders as a class), pursuant in each case to any arrangements with the Issuer or any of its Subsidiaries.

“Spin-Off Securities” means equity share capital of an entity other than the Issuer or options, warrants or other rights to subscribe for or purchase equity share capital of an entity other than the Issuer.

“Subsidiary” means, in relation to the Issuer, any entity which is a subsidiary of the Issuer within the meaning of Part 1.2 Division 6 of the Corporations Act or is a subsidiary of or otherwise controlled by the Issuer within the meaning of any approved accounting standard applicable to the Issuer.

“Tax Redemption Date” has the meaning provided in Condition 7(c).

“Tax Redemption Notice” has the meaning provided in Condition 7(c).

“TSX” means the Toronto Stock Exchange.

“U.S. dollars” and “U.S.\$” means United States dollars.

“Volume Weighted Average Price” means, in respect of an Ordinary Share, Security or, as the case may be, a Spin-Off Security on any dealing day, the volume-weighted average price of an Ordinary Share, Security or, as the case may be, a Spin-Off Security published by or derived (in the case of an Ordinary Share) from Bloomberg page AQR or (in the case of a Security (other than an Ordinary Share) or Spin-Off Security) from the principal stock exchange or securities market on which such Securities or Spin-Off Securities are then listed or quoted or dealt in, if any or, in any such case, such other source as shall be determined to be appropriate by a Financial Adviser on such dealing day, provided that if on any such dealing day where such price is not available or cannot otherwise be determined as provided above, the Volume Weighted Average Price of an Ordinary Share, Security or a Spin-Off Security, as the case may be, in respect of such dealing day shall be the Volume Weighted Average Price, determined as provided above, on the immediately preceding dealing day on which the same can be so determined.

“Voting Rights” means the right generally to vote at a general meeting of shareholders of the Issuer.

References to any provision of any statute shall be deemed also to refer to any statutory modification or re-enactment thereof or any statutory instrument, order or regulation made thereunder or under such modification or re-enactment.

References to any issue or offer or grant to Shareholders or Existing Shareholders “as a class” or “by way of rights” shall be taken to be references to an issue or offer or grant to all or substantially all Shareholders or Existing Shareholders, as the case may be, other than Shareholders or Existing Shareholders, as the case may be, to whom, by reason of the laws of any territory or requirements of any recognised regulatory body or any other stock exchange or securities market in any territory or in connection with fractional entitlements, it is determined not to make such issue or offer or grant.

In making any calculation or determination of Current Market Price or Volume Weighted Average Price, such adjustments (if any) shall be made as a Financial Adviser considers appropriate to reflect any consolidation or sub-division of the Ordinary Shares or any issue of Ordinary Shares by way of capitalisation of profits or reserves, or any like or similar event.

For the purposes of Conditions 6(b), (c), (h) and (i), Condition 7(h) and Condition 11 only, (a) references to the “issue” of Ordinary Shares shall include the transfer and/or delivery of Ordinary Shares, whether newly issued and allotted or previously existing or held by or on behalf of the Issuer or any of its Subsidiaries and (b) Ordinary Shares held by or on behalf of the Issuer or any of its respective Subsidiaries (and which, in the case of Condition 6(b)(iv) and (vi), do not rank for the relevant right or other entitlement) shall not be considered as or treated as in issue.

4 Registration and Transfer of Bonds

(a) Registration

The Issuer will cause a register (the “Register”) to be kept at the specified office of the Registrar outside the United Kingdom on which will be entered the names and addresses of the holders of the Bonds and the particulars of the Bonds held by them and of all transfers, redemptions and exchanges of Bonds.

(b) Transfer

Bonds may, subject to the terms of the Agency Agreement and to Conditions 4(c) and 4(d), be transferred in whole or in part in an authorised denomination by lodging the relevant Bond (with the form of application for transfer in respect thereof duly executed and duly stamped where applicable) at the specified office of the Registrar or any Paying, Transfer and Conversion Agent.

No transfer of a Bond will be valid unless and until entered on the Register. A Bond may be registered only in the name of, and transferred only to, a named person (or persons, not exceeding four in number).

The Registrar will within seven business days, in the place of the specified office of the Registrar, of any duly made application for the transfer of a Bond, deliver a new Bond to the transferee (and, in the case of a transfer of part only of a Bond, deliver a Bond for the untransferred balance to the transferor) at the specified office of the Registrar or (at the risk and, if mailed at the request of the transferee or, as the case may be, the transferor otherwise than by ordinary mail, at the expense of the transferee or, as the case may be, the transferor) mail the Bond by uninsured mail to such address as the transferee or, as the case may be, the transferor may request.

(c) Formalities Free of Charge

Such transfer will be effected without charge subject to (i) the person making such application for transfer paying or procuring the payment of any taxes, duties and other governmental charges in

connection therewith, (ii) the Registrar being satisfied with the documents of title and/or identity of the person making the application and (iii) such reasonable regulations as the Issuer may from time to time agree with the Registrar and the Trustee.

(d) Closed Periods

Neither the Issuer nor the Registrar will be required to register the transfer of any Bond (or part thereof) (i) during the period of 15 days ending on and including the day immediately prior to the Final Maturity Date or any earlier date fixed for redemption of the Bonds pursuant to Condition 7(b) or 7(c); (ii) in respect of which a Conversion Notice has been delivered in accordance with Condition 6(h); (iii) in respect of which a holder shall have exercised its option to require the Issuer to redeem pursuant to Condition 7(e) or (iv) during the period of 15 days ending on (and including) any Record Date (as defined in Condition 8(c)) in respect of any payment of interest on the Bonds.

5 Interest

(a) Interest Rate

The Bonds bear interest from and including the Closing Date at the rate (the “Interest Rate”) of 6.00 per cent per annum calculated by reference to the principal amount thereof and payable semi-annually in equal instalments in arrear on 30 April and 30 October in each year (each an “Interest Payment Date”), commencing with the Interest Payment Date falling on 30 October 2012.

If interest is required to be calculated for a period other than an Interest Period it will be calculated on the basis of a 360 day year consisting of 12 months of 30 days each and in the case of an incomplete month, the number of days elapsed

“Interest Period” means the payment period beginning on (and including) the Closing Date and ending on (but excluding) 30 October 2012, being the first Interest Payment Date and each successive period beginning on (and including) an Interest Payment Date and ending on (but excluding) the next succeeding Interest Payment Date.

(b) Accrual of Interest

Each Bond will cease to bear interest (i) where the Conversion Right shall have been exercised by a Bondholder, from the Interest Payment Date immediately preceding the relevant Conversion Date or, if none, the Closing Date (subject in any such case as provided in Condition 6(j)) or (ii) where such Bond is redeemed or repaid pursuant to Condition 7 or Condition 10, from the due date for redemption or repayment thereof unless, upon due presentation thereof, payment of principal is improperly withheld or refused, in which event interest will continue to accrue at the rate specified in Condition 5(a) (both before and after judgment) until whichever is the earlier of (a) the day on which all sums due in respect of such Bond up to that day are received by or on behalf of the relevant holder and (b) the day seven days after the Trustee or the Principal Paying, Transfer and Conversion Agent has notified Bondholders of receipt of all sums due in respect of all the Bonds up to that seventh day (except to the extent that there is failure in the subsequent payment to the relevant holders under these Conditions).

6 Conversion of Bonds

(a) *Conversion Right and Conversion Price*

Subject as provided below, each Bond shall entitle the holder to convert into new Ordinary Shares, credited as fully paid, subject to and as provided in these Conditions (a “Conversion Right”).

The number of Ordinary Shares to be issued or transferred and delivered on exercise of a Conversion Right shall (subject as aforesaid) be determined by dividing the principal amount of the Bonds to be converted by the conversion price (the “Conversion Price”) in effect on the relevant Conversion Date.

The initial Conversion Price is U.S.\$2.190 per Ordinary Share. The Conversion Price is subject to adjustment in the circumstances described in Condition 6(b).

A Bondholder may exercise the Conversion Right in respect of a Bond by delivering such Bond to the specified office of any Paying, Transfer and Conversion Agent in accordance with Condition 6(h) whereupon the Issuer shall (subject as provided in these Conditions) procure the delivery, to or as directed by the relevant Bondholder of Ordinary Shares credited as paid up in full as provided in this Condition 6.

Subject to and as provided in these Conditions, the Conversion Right in respect of a Bond may be exercised, at the option of the holder thereof, subject to any applicable fiscal or other laws or regulations and as hereinafter provided, at any time on or after 10 June 2012, provided that the relevant Conversion Date shall not fall later than on the date falling six New York business days prior to the Final Maturity Date or, if such Bond is to be redeemed pursuant to Condition 7(b) or 7(c) prior to the Final Maturity Date, not later than the sixth New York business day before the date fixed for redemption thereof pursuant to Condition 7(b) or 7(c), unless there shall be default in making payment in respect of such Bond on such date fixed for redemption, in which event the Conversion Right may be exercised up to the date on which the full amount of such payment becomes available for payment and notice of such availability has been duly given in accordance with Condition 17 or, if earlier, the date falling six New York business days prior to the Final Maturity Date.

Conversion Rights in respect of a Bond may not be exercised following the giving of a notice by the holder thereof pursuant to Condition 7(e).

Conversion Rights may not be exercised following the giving of notice by the Trustee pursuant to Condition 10.

Conversion Rights may not be exercised by a Bondholder in circumstances where the relevant Conversion Date would fall during the period commencing on the Record Date in respect of any payment of interest on the Bonds and ending on the relevant Interest Payment Date (both days inclusive).

Conversion Rights may only be exercised in respect of an authorised denomination. Where Conversion Rights are exercised in respect of part only of a Bond, the old Bond shall be cancelled and a new Bond for the balance thereof shall be issued in lieu thereof without charge but upon payment by the holder of any taxes, duties and other governmental charges payable in connection therewith and the Registrar will within seven business days, in the place of the specified office of the Registrar, following the relevant Conversion Date deliver such new Bond to the Bondholder at the specified office of the Registrar or (at the risk and, if mailed at the request of the Bondholder otherwise than by ordinary mail, at the expense of the Bondholder) mail the new Bond by uninsured mail to such address as the Bondholder may request.

Fractions of Ordinary Shares will not be delivered on conversion or pursuant to Condition 6(c) and no cash payment or other adjustment will be made in lieu thereof. However, if the Conversion Right in respect of more than one Bond is exercised at any one time such that Ordinary Shares to be delivered on conversion or pursuant to Condition 6(c) are to be registered in the same name, the number of such Ordinary Shares to be delivered in respect thereof shall be calculated on the basis of the aggregate principal amount of such Bonds being so converted and rounded down to the nearest whole number of Ordinary Shares.

The Issuer will procure that Ordinary Shares to be issued or transferred and delivered on conversion will be issued or transferred and delivered to the holder of the Bonds completing the relevant Conversion Notice or his nominee. Such Ordinary Shares will be deemed to be issued or transferred and delivered as of the relevant Conversion Date. Any Additional Ordinary Shares to be issued or transferred and delivered pursuant to Condition 6(c) will be deemed to be issued or transferred and delivered as of the date the relevant Retroactive Adjustment takes effect or as at the date of issue or transfer and delivery of Ordinary Shares if the adjustment results from the issue or transfer and delivery of Ordinary Shares (each such date, the "Reference Date").

(b) *Adjustment of Conversion Price*

Upon the happening of any of the events described below, the Conversion Price shall be adjusted as follows:

- (i) If and whenever there shall be a consolidation, reclassification or subdivision in relation to the Ordinary Shares, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately prior to such consolidation, reclassification or subdivision by the following fraction:

$$\frac{A}{B}$$

where:

- A is the aggregate number of Ordinary Shares in issue immediately before such consolidation, reclassification or subdivision, as the case may be; and
- B is the aggregate number of Ordinary Shares in issue immediately after, and as a result of, such consolidation, reclassification or subdivision, as the case may be.

Such adjustment shall become effective on the date the consolidation, reclassification or subdivision, as the case may be, takes effect.

- (ii) If and whenever the Issuer shall issue any Ordinary Shares credited as fully paid to the Shareholders by way of capitalisation of profits or reserves (including any share premium account or capital redemption reserve) other than (1) where any such Ordinary Shares are or are to be issued instead of the whole or part of a Dividend in cash which the Shareholders would or could otherwise have elected to receive or (2) where the Shareholders may elect to receive a Dividend in cash in lieu of such Ordinary Shares, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately prior to such issue by the following fraction:

$$\frac{A}{B}$$

where:

A is the aggregate number of Ordinary Shares in issue immediately before such issue; and

B is the aggregate number of Ordinary Shares in issue immediately after such issue.

Such adjustment shall become effective on the date of issue of such Ordinary Shares.

- (iii) If and whenever the Issuer shall pay or make any Dividend to Shareholders, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately prior to the relevant Dividend by the following fraction:

$$\frac{A - B}{A}$$

where:

A is the Current Market Price of one Ordinary Share on the dealing day immediately preceding the first date the Ordinary Shares are traded on the Relevant Stock Exchange ex- the relevant Dividend or, in the case of a purchase, redemption or buy-back of Ordinary Shares or any depositary or other receipts or certificates representing Ordinary Shares by or on behalf of the Issuer or any Subsidiary of the Issuer, on which such Ordinary Shares (or depositary or other receipts or certificates) are purchased, redeemed or bought back or, in the case of a Spin-Off, is the Current Market Price of an Ordinary Share on the dealing day immediately preceding the first date on which the Ordinary Shares are traded ex- the relevant Spin-Off; and

B is the portion of the Fair Market Value of the aggregate Dividend attributable to one Ordinary Share, with such portion being determined by dividing the Fair Market Value of the aggregate Dividend by the number of Ordinary Shares entitled to receive the relevant Dividend (or, in the case of a purchase, redemption or buy back of Ordinary Shares or any depositary or other receipts or certificates representing Ordinary Shares by or on behalf of the Issuer or any Subsidiary of the Issuer, by the number of Ordinary Shares in issue immediately prior to such purchase, redemption or buy back).

Such adjustment shall become effective on the date on which the Dividend is paid or made or, in the case of a purchase, redemption or buy back of Ordinary Shares or any depositary or other receipts or certificates representing Ordinary Shares, on the date such purchase, redemption or buy back is made or, in any such case if later, the first date upon which the Fair Market Value of the relevant Dividend is capable of being determined as provided herein.

For the purposes of the above, the Fair Market Value of a Cash Dividend shall (subject as provided in paragraph (a) of the definition of "Dividend" and in the definition of "Fair Market Value") be determined as at the date of the first public announcement of the relevant Dividend and in the case of a Non-Cash Dividend, the Fair Market Value of the relevant

Dividend shall be the Fair Market Value of the relevant Spin-Off Securities or, as the case may be, the relevant property or assets.

“Non-Cash Dividend” means any Dividend which is not a Cash Dividend and shall include a Spin-Off.

“Cash Dividend” means (i) any Dividend which is to be paid or made in cash (in whatever currency), but other than one falling within paragraph (b) of the definition of "Spin-Off" and (ii) any Dividend determined to be a Cash Dividend pursuant to paragraph (a) of the definition of "Dividend" and for the avoidance of doubt, a Dividend falling within paragraph (c) or (d) of the definition of "Dividend" shall be treated as being a Non-Cash Dividend.

- (iv) If and whenever the Issuer shall issue Ordinary Shares to Shareholders as a class by way of rights, or issue or grant to Shareholders as a class by way of rights, options, warrants or other rights to subscribe for or purchase any Ordinary Shares, in each case at a price per Ordinary Share which is less than 95 per cent of the Current Market Price per Ordinary Share on the dealing day immediately preceding the first date on which the Ordinary Shares are traded on the Relevant Stock Exchange ex-options, ex-warrants or ex-rights (the “ex-date”) of the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately prior to such issue or grant by the following fraction:

$$\frac{A + B}{A + C}$$

where:

- A is the number of Ordinary Shares in issue at close of business on the dealing day immediately preceding the ex-date;
- B is the number of Ordinary Shares which the aggregate consideration (if any) receivable for the Ordinary Shares issued by way of rights, or for the options or warrants or other rights issued by way of rights and for the total number of Ordinary Shares deliverable on the exercise thereof, would purchase at such Current Market Price per Ordinary Share; and
- C is the number of Ordinary Shares issued or, as the case may be, the maximum number of Ordinary Shares which may be issued upon exercise of such options, warrants or rights calculated as at the date of issue of such options, warrants or rights.

Such adjustment shall become effective on the date of issue of such Ordinary Shares, options, warrants or other rights.

- (v) If any Securities (other than Ordinary Shares or options, warrants or other rights to subscribe for or purchase any Ordinary Shares) shall be issued to Shareholders as a class by way of rights or there shall be granted to Shareholders as a class by way of rights any options, warrants or other rights to subscribe for or purchase any Securities (other than Ordinary Shares or options, warrants or other rights to subscribe for or purchase Ordinary Shares), the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately prior to such issue or grant by the following fraction:

$$\frac{A - B}{A}$$

where:

- A is the Current Market Price of one Ordinary Share on the dealing day immediately preceding the first date on which the Ordinary Shares are traded ex-options, ex-warrants or ex-rights (the “ex-date”); and
- B is the Fair Market Value on the dealing day immediately preceding the ex-date of the portion of the rights attributable to one Ordinary Share.

Such adjustment shall become effective on the date of issue of the Securities or grant of such rights.

- (vi) If and whenever the Issuer shall issue (otherwise than as mentioned in sub-paragraph (b)(iv) above) wholly for cash or for no consideration any Ordinary Shares (other than Ordinary Shares issued on conversion of the Bonds or on the exercise of any rights of conversion into, or exchange or subscription for or purchase of, Ordinary Shares), in each case at a price per Ordinary Share which is less than 95 per cent of the Current Market Price per Ordinary Share on the dealing day immediately preceding the date of the first public announcement of the terms of such issue or grant, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately prior to such issue or grant by the following fraction:

$$\frac{A + B}{A + C}$$

where:

- A is the number of Ordinary Shares in issue immediately before the issue of such Ordinary Shares or the grant of such options, warrants or rights;
- B is the number of Ordinary Shares which the aggregate consideration (if any) receivable for the issue of such Ordinary Shares would purchase at such Current Market Price per Ordinary Share; and
- C is the number of Ordinary Shares to be issued pursuant to such issue of such Ordinary Shares.

Such adjustment shall become effective on the date of issue of such Ordinary Shares.

- (vii) If and whenever the Issuer or any Subsidiary of the Issuer or (at the direction or request of or pursuant to any arrangements with the Issuer or any Subsidiary of the Issuer) any other company, person or entity (otherwise than as mentioned in sub-paragraphs (b)(iv), (b)(v) or (b)(vi) above) shall issue wholly for cash or for no consideration any Securities (other than the Bonds), which by their terms of issue carry (directly or indirectly) rights of conversion into, or exchange or subscription for, Ordinary Shares (or shall so grant any such rights in respect of existing Securities so issued) or Securities which by their terms might be redesignated as Ordinary Shares or shall so issue or grant any options, warrants or rights to convert into, purchase or subscribe for Ordinary Shares and the consideration per Ordinary Share receivable upon conversion, exchange, subscription, purchase or redesignation is less than 95 per cent of the Current Market Price per Ordinary Share on the dealing day immediately preceding the date of the first public announcement of the terms of such issue or grant, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately prior to such issue or grant by the following fraction:

$$\frac{A + B}{A + C}$$

where:

- A is the number of Ordinary Shares in issue immediately before such issue or grant (but where the relevant Securities carry rights of conversion into or rights of exchange or subscription for Ordinary Shares which have been issued by the Issuer for the purposes of or in connection with such issue, less the number of such Ordinary Shares so issued);
- B is the number of Ordinary Shares which the aggregate consideration (if any) receivable for the Ordinary Shares to be issued or otherwise made available upon conversion or exchange or upon exercise of the right of subscription attached to such Securities or upon the exercise of any such options, warrants or rights or, as the case may be, for the Ordinary Shares to be issued or to arise from any such redesignation would purchase at such Current Market Price per Ordinary Share; and
- C is the maximum number of Ordinary Shares to be issued or otherwise made available upon conversion or exchange of such Securities or upon the exercise of such right of subscription attached thereto or upon exercise of such options, warrants or rights at the initial conversion, exchange, exercise or subscription price or rate or, as the case may be, the maximum number of Ordinary Shares which may be issued or arise from any such redesignation;

provided that if at the time of issue of the relevant Securities or date of issue or grant of such options, warrants or rights (as used in this sub-paragraph (b)(vii) the "Specified Date") such number of Ordinary Shares is to be determined by reference to the application of a formula or other variable feature or the occurrence of any event at some subsequent time (which may be when such Securities are converted or exchanged or rights of subscription, purchase or conversion are exercised or, as the case may be, such Securities are redesignated or at such other time as may be provided) then for the purposes of this sub-paragraph (b)(vii), "C" shall be determined by the application of such formula or variable feature or as if the relevant event occurs or had occurred as at the Specified Date and as if such conversion, exchange, subscription, purchase or acquisition or, as the case may be, redesignation had taken place on the Specified Date.

Such adjustment shall become effective on the date of issue of such Securities or, as the case may be, the grant of such rights.

- (viii) If and whenever there shall be any modification of the rights of conversion, exchange or subscription attaching to any such Securities (other than the Bonds) as are mentioned in sub-paragraph (b)(vii) above (other than in accordance with the terms (including terms as to adjustment) applicable to such Securities upon issue) so that following such modification the consideration per Ordinary Share receivable has been reduced and is less than 95 per cent of the Current Market Price per Ordinary Share on the dealing day immediately preceding the date of the first public announcement of the proposals for such modification, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately prior to such modification by the following fraction:

$$\frac{A + B}{A + C}$$

where:

- A is the number of Ordinary Shares in issue immediately before such modification (but where the relevant Securities carry rights of conversion into or rights of exchange or subscription for Ordinary Shares which have been issued, purchased or acquired by the Issuer or any Subsidiary of the Issuer (or at the direction or request or pursuant to any arrangements with the Issuer or any Subsidiary of the Issuer) for the purposes of or in connection with such issue, less the number of such Ordinary Shares so issued, purchased or acquired);
- B is the number of Ordinary Shares which the aggregate consideration (if any) receivable for the Ordinary Shares to be issued or otherwise made available upon conversion or exchange or upon exercise of the right of subscription attached to the Securities so modified would purchase at such Current Market Price per Ordinary Share or, if lower, the existing conversion, exchange or subscription price of such Securities; and
- C is the maximum number of Ordinary Shares which may be issued or otherwise made available upon conversion or exchange of such Securities or upon the exercise of such rights of subscription attached thereto at the modified conversion, exchange or subscription price or rate but giving credit in such manner as a Financial Adviser shall consider appropriate for any previous adjustment under this sub-paragraph or sub-paragraph (b)(vii) above;

provided that if at the time of such modification (as used in this sub-paragraph (b)(viii) the "Specified Date") such number of Ordinary Shares is to be determined by reference to the application of a formula or other variable feature or the occurrence of any event at some subsequent time (which may be when such Securities are converted or exchanged or rights of subscription are exercised or at such other time as may be provided) then for the purposes of this paragraph (b)(viii), "C" shall be determined by the application of such formula or variable feature or as if the relevant event occurs or had occurred as at the Specified Date and as if such conversion, exchange or subscription had taken place on the Specified Date.

Such adjustment shall become effective on the date of modification of the rights of conversion, exchange or subscription attaching to such Securities.

- (ix) If and whenever the Issuer or any Subsidiary of the Issuer or (at the direction or request of or pursuant to any arrangements with the Issuer or any Subsidiary of the Issuer) any other company, person or entity shall offer any Securities in connection with which Shareholders as a class are entitled to participate in arrangements whereby such Securities may be acquired by them (except where the Conversion Price falls to be adjusted under sub-paragraphs (b)(ii), (iii), (iv), (vi) or (vii) above or (x) below (or would fall to be so adjusted if the relevant issue or grant was at less than 95 per cent of the Current Market Price per Ordinary Share on the relevant dealing day) or under sub-paragraph (b)(v) above and other than in relation to an Offer or a Scheme, as defined in sub-paragraph (b)(x) below)) the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before the making of such offer by the following fraction:

$$\frac{A - B}{A}$$

where:

- A is the Current Market Price of one Ordinary Share on the dealing day immediately preceding the date on which the terms of such offer are first publicly announced; and
- B is the Fair Market Value on the date of such announcement of the portion of the relevant offer attributable to one Ordinary Share.

Such adjustment shall become effective on the first date on which the Ordinary Shares are traded ex-rights on the Relevant Stock Exchange.

(x) If:

- (i) an offer is made to all (or as nearly as may be practicable all) Shareholders (or all (or as nearly as may be practicable all) Shareholders other than the offeror and/or any associate (as defined in section 12 of the Corporations Act) of the offeror) to acquire the whole or any part of the issued ordinary share capital of the Issuer (an “Offer”); or
- (ii) any person proposes a scheme of arrangement with regard to such acquisition (other than an Exempt Newco Scheme) (a “Scheme”);

and (such offer or scheme having become or been declared unconditional in all respects) more than 50 per cent of the Voting Rights of the issued share capital of the Issuer have or will become unconditionally vested in the offeror and/or such associate(s) as aforesaid, or an event occurs which has a like or similar effect (a “Change of Control”), then upon any exercise of Conversion Rights where the Conversion Date falls during the period (the “Change of Control Period”) commencing on the occurrence of the Change of Control and ending 30 calendar days following the Change of Control or, if later, 30 calendar days following the date on which a Change of Control Notice as required by Condition 6(g) is given, the Conversion Price (the “Change of Control Conversion Price”) shall be as determined pursuant to the following formula:

$$\text{COCCP} = \text{OCP} / (1 + (\text{CP} \times c/t))$$

where:

- COCCP = means the Change of Control Conversion Price
- OCP = means the Conversion Price in effect on the relevant Conversion Date, disregarding the application of this paragraph (b)(x)
- CP = means 25 per cent (expressed as a fraction)
- c = means the number of days from and including the date the Change of Control occurs to but excluding the Final Maturity Date
- t = means the number of days from and including the Closing Date to but excluding the Final Maturity Date

- (xi) If the Issuer (after consultation with the Trustee) determines that an adjustment should be made to the Conversion Price as a result of one or more circumstances not referred to above in this

Condition 6(b) (even if the relevant circumstance is specifically excluded from the operation of sub-paragraphs (b)(i) to (x) above), the Issuer shall, at its own expense and acting reasonably, request a Financial Adviser to determine as soon as practicable what adjustment (if any) to the Conversion Price is fair and reasonable to take account thereof and the date on which such adjustment should take effect and upon such determination such adjustment (if any) shall be made and shall take effect in accordance with such determination, provided that an adjustment shall only be made pursuant to this sub-paragraph (b)(xi) if such Financial Adviser is so requested to make such a determination not more than 21 days after the date on which the relevant circumstance arises and if the adjustment would result in a reduction to the Conversion Price.

Notwithstanding the foregoing provisions, where the events or circumstances giving rise to any adjustment pursuant to this Condition 6(b) have already resulted or will result in an adjustment to the Conversion Price or where the events or circumstances giving rise to any adjustment arise by virtue of any other events or circumstances which have already given or will give rise to an adjustment to the Conversion Price or where more than one event which gives rise to an adjustment to the Conversion Price occurs within such a short period of time that, in the opinion of the Issuer, a modification to the operation of the adjustment provisions is required to give the intended result, such modification shall be made to the operation of the adjustment provisions as may be advised by a Financial Adviser to be in its opinion appropriate to give the intended result and provided further that, for the avoidance of doubt, the issue of Ordinary Shares pursuant to the exercise of Conversion Rights shall not result in an adjustment to the Conversion Price.

For the purpose of any calculation of the consideration receivable or price pursuant to sub-paragraphs (iv), (vi), (vii) and (viii), the following provisions shall apply:

- (A) the aggregate consideration receivable or price for Ordinary Shares issued for cash shall be the amount of such cash;
- (B) (x) the aggregate consideration receivable or price for Ordinary Shares to be issued or otherwise made available upon the conversion or exchange of any Securities shall be deemed to be the consideration or price received or receivable for any such Securities and (y) the aggregate consideration receivable or price for Ordinary Shares to be issued or otherwise made available upon the exercise of rights of subscription attached to any Securities or upon the exercise of any options, warrants or rights shall be deemed to be that part (which may be the whole) of the consideration or price received or receivable for such Securities or, as the case may be, for such options, warrants or rights which are attributed by the Issuer to such rights of subscription or, as the case may be, such options, warrants or rights or, if no part of such consideration or price is so attributed, the Fair Market Value of such rights of subscription or, as the case may be, such options, warrants or rights as at the date of the first public announcement of the terms of issue of such Securities or, as the case may be, such options, warrants or rights, plus in the case of each of (x) and (y) above, the additional minimum consideration receivable or price (if any) upon the conversion or exchange of such Securities, or upon the exercise of such rights of subscription attached thereto or, as the case may be, upon exercise of such options, warrants or rights and (z) the consideration receivable or price per Ordinary Share upon the conversion or exchange of, or upon the exercise of such rights of subscription attached to, such Securities or, as the case may be, upon the exercise of such options, warrants or rights shall be the aggregate consideration or price referred to

in (x) or (y) above (as the case may be) divided by the number of Ordinary Shares to be issued upon such conversion or exchange or exercise at the initial conversion, exchange or subscription price or rate;

- (C) if the consideration or price determined pursuant to (a) or (b) above (or any component thereof) shall be expressed in a currency other than the Relevant Currency it shall be converted into the Relevant Currency at the Prevailing Rate on the date of the first public announcement of the terms of issue of such Ordinary Shares or, as the case may be, Securities; and
- (D) in determining consideration or price pursuant to the above, no deduction shall be made for any commissions or fees (howsoever described) or any expenses paid or incurred for any underwriting, placing or management of the issue of the relevant Ordinary Shares or Securities or options, warrants or rights, or otherwise in connection therewith.

(c) *Retroactive Adjustments*

If the Conversion Date in relation to the conversion of any Bond shall be after any consolidation, reclassification or sub-division as is mentioned in Condition 6(b)(i), or after the record date or other due date for the establishment of entitlement for any such issue, distribution, grant or offer (as the case may be) as is mentioned in Condition 6(b)(ii), (iii), (iv), (v) or (ix), or after any such issue or grant as is mentioned in Condition 6(b)(vi) and (vii), in any case in circumstances where the relevant Conversion Date falls before the relevant adjustment becomes effective under Condition 6(b) (such adjustment, a “Retroactive Adjustment”), then the Issuer shall (conditional upon the relevant adjustment becoming effective) procure that there shall be issued or transferred and delivered to the converting Bondholder, in accordance with the instructions contained in the Conversion Notice, such additional number of Ordinary Shares (if any) (the “Additional Ordinary Shares”) as, together with the Ordinary Shares issued or to be transferred and delivered on conversion of the relevant Bond (together with any fraction of an Ordinary Share not so issued), is equal to the number of Ordinary Shares which would have been required to be issued or delivered on conversion of such Bond if the relevant adjustment (more particularly referred to in the said provisions of Condition 6(b)) to the Conversion Price had in fact been made and become effective immediately prior to the relevant Conversion Date.

(d) *Decision of a Financial Adviser*

If any doubt shall arise as to the appropriate adjustment to the Conversion Price or as to the occurrence of a Change of Control, the Issuer shall consult a Financial Adviser and the written opinion of such Financial Adviser in respect of such adjustment to the Conversion Price shall be conclusive and binding on all parties, save in the case of manifest error.

(e) *Employees’ Share Schemes*

No adjustment will be made to the Conversion Price where Ordinary Shares or other Securities (including rights, warrants and options) are issued, transferred, offered, exercised, allotted, appropriated, modified or granted to, or for the benefit of, employees or contractors or former employees or contractors (including Directors or the personal service company of any such person) or their spouses or relatives, in each case, of the Issuer or any of its Subsidiaries or any associated company or to trustees to be held for the benefit of any such person, in any such case pursuant to any employees’ share or option scheme.

(f) *Rounding Down and Notice of Adjustment to the Conversion Price*

On any adjustment, the resultant Conversion Price, if not an integral multiple of U.S.\$0.001, shall be rounded down to the nearest whole multiple of U.S.\$0.001. No adjustment shall be made to the Conversion Price where such adjustment (rounded down if applicable) would be less than one per cent of the Conversion Price then in effect. Any adjustment not required to be made and/or any amount by which the Conversion Price has been rounded down, shall be carried forward and taken into account in any subsequent adjustment and such subsequent adjustment shall be made on the basis that the adjustment not required to be made had been made at the relevant time.

Notice of any adjustments to the Conversion Price shall be given by the Issuer to Bondholders in accordance with Condition 17 and the Trustee promptly after the determination thereof.

The Issuer undertakes that it shall not take any action and shall procure that no action is taken, that would otherwise result in the inability to issue Ordinary Shares on conversion as fully paid.

(g) *Change of Control*

Within 14 calendar days following the occurrence of a Change of Control, the Issuer shall give notice thereof to the Trustee and to the Bondholders in accordance with Condition 17 (a “Change of Control Notice”). Such notice shall contain a statement informing Bondholders of their entitlement to exercise their Conversion Rights as provided in these Conditions and their entitlement to require the Issuer to redeem their Bonds as provided in Condition 7(e)(i).

The Change of Control Notice shall also specify:

- (i) the nature of the Change of Control;
- (ii) the Conversion Price immediately prior to the occurrence of the Change of Control and the Change of Control Conversion Price (on the basis of such Conversion Price) applicable pursuant to Condition 6(b)(x) during the Change of Control Period;
- (iii) the closing price of the Ordinary Shares as derived from the Relevant Stock Exchange as at the latest practicable date prior to the publication of such notice;
- (iv) the Change of Control Put Date and the last day of the Change of Control Period;
- (v) details of the right of the Issuer to redeem any Bonds which shall not previously have been converted or redeemed pursuant to Condition 7(e)(i); and
- (vi) such other information relating to the Change of Control as the Trustee may reasonably require.

The Trustee shall not be required to take any steps to ascertain whether a Change of Control or any event which could lead to a Change of Control has occurred or may occur and will not be responsible to Bondholders or any other person for any loss arising from any failure by it to do so.

(h) *Procedure for exercise of Conversion Rights*

The Conversion Right may be exercised by a Bondholder by delivering the relevant Bond to the specified office of any Paying, Transfer and Conversion Agent, no later than 3:00p.m. (London time), accompanied by a duly completed and signed notice of conversion (a “Conversion Notice”) in the form (for the time being current) obtainable from any Paying, Transfer and Conversion Agent. Conversion Rights shall be exercised subject in each case to any applicable fiscal or other laws or regulations applicable in the jurisdiction in which the specified office of the Paying, Transfer and

Conversion Agent to whom the relevant Conversion Notice is delivered is located. If such delivery is made after 3:00p.m. (London time) or on a day which is not a business day in the place of the specified office of the relevant Paying, Transfer and Conversion Agent, such delivery shall be deemed for all purposes of these Conditions to have been made on the next following such business day.

A Conversion Notice, once delivered, shall be irrevocable.

The conversion date in respect of a Bond (the "Conversion Date") shall be the second Perth business day following the date of the delivery of the Bonds and the Conversion Notice.

A Bondholder exercising a Conversion Right shall be responsible for paying directly to the relevant authorities any taxes and capital, stamp, issue and registration and transfer taxes and duties arising on conversion (other than any taxes or capital, stamp, issue and registration and transfer taxes and duties payable in Australia or Canada (or any province, state or territory thereof) in respect of the allotment and issue of any Ordinary Shares on such conversion or in respect of the delivery of any Ordinary Shares on such conversion (including any Additional Ordinary Shares), which shall be paid by the Issuer) and such Bondholder shall be responsible for paying all, if any, taxes arising by reference to any disposal or deemed disposal of a Bond or interest therein in connection with such conversion. For the avoidance of doubt, none of the Agents and the Trustee shall be responsible for determining whether such taxes or capital, stamp, issue and registration and transfer taxes and duties are payable or the amount thereof and it shall not be responsible or liable for requiring that such amounts are paid or for any failure by the Issuer to pay such taxes or capital, stamp, issue and registration and transfer taxes and duties.

Each Bondholder exercising a Conversion Right must provide to the Principal Paying, Transfer and Conversion Agent a certificate confirming (i) its compliance with applicable fiscal or other laws or regulations; and (ii) that all relevant taxes and capital, stamp, issue and registration and transfer taxes and duties (if any) have been paid.

Ordinary Shares to be issued on exercise of Conversion Rights will be issued, at the option of the Bondholder exercising its Conversion Right as specified in the Conversion Notice, either:

- (a) in uncertificated form through the securities trading system known as the Clearing House Electronic Sub-register System operated by ASX Settlement and Transfer Corporation Pty Ltd ("CHESS") or in "book-entry-only" form eligible for deposit at The Canadian Depository for Securities Limited ("CDS") (or any successor licensed clearance and settlement facility applicable to the Ordinary Shares), or
- (b) in certificated form registered in the name of or as directed by the Bondholder in the relevant Conversion Notice,

and in the case of (a) the Ordinary Shares will be credited to the CHESS account or the CDS Participant account specified in the Conversion Notice, or in the case of (b) the certificate for the Ordinary Shares will be mailed to the relevant Bondholder (at the risk of such Bondholder) to the address specified in the Conversion Notice, or if a Bondholder does not specify a valid CHESS account or CDS Participant account in the Conversion Notice, a certificate for the Ordinary Shares will be mailed to the relevant Bondholder (at the risk of such Bondholder) to the address specified in the Register, in each case by a date which is generally expected to be not later than three Toronto business days (in the case of Ordinary Shares to be issued in "book-entry only" form eligible for deposit at CDS) or three Perth business days (in the case of Ordinary Shares to be issued through CHESS or in certificated form) after the relevant Conversion Date.

Statements of holdings for Ordinary Shares issued on exercise of Conversion Rights through CHESSE will be dispatched by the Issuer by mail free of charge as soon as practicable but in any event within 10 Perth business days after the relevant Conversion Date.

(i) *Ordinary Shares*

- (i) Ordinary Shares issued or transferred and delivered upon conversion of the Bonds will be fully paid and will in all respects rank *pari passu* with the fully paid Ordinary Shares in issue on the relevant Conversion Date or, in the case of Additional Ordinary Shares, on the relevant Reference Date, except in any such case for any right excluded by mandatory provisions of applicable law and except that such Ordinary Shares or, as the case may be, Additional Ordinary Shares will not rank for (or, as the case may be, the relevant holder shall not be entitled to receive) any rights, distributions or payments the record date or other due date for the establishment of entitlement for which falls prior to the relevant Conversion Date or, as the case may be, the relevant Reference Date.
- (ii) Save as provided in Condition 6(j), no payment or adjustment shall be made on conversion for any interest which otherwise would have accrued on the relevant Bonds since the last Interest Payment Date preceding the Conversion Date relating to such Bonds (or, if such Conversion Date falls before the first Interest Payment Date, since the Closing Date).

(j) *Interest on Conversion*

If any notice requiring the redemption of any Bonds is given pursuant to Condition 7(b) or 7(c) on or after the fifteenth calendar day prior to a record date in respect of any Dividend or distribution payable in respect of the Ordinary Shares which has occurred since the last Interest Payment Date (or in the case of the first Interest Period, since the Closing Date) and where such notice specifies a date for redemption falling on or prior to the date which is 14 days after the Interest Payment Date next following such record date, interest shall accrue at the applicable Interest Rate on Bonds in respect of which Conversion Rights shall have been exercised and in respect of which the Conversion Date falls after such record date and on or prior to the Interest Payment Date next following such record date in respect of such Dividend or distribution, in each case from and including the preceding Interest Payment Date (or, if such Conversion Date falls before the first Interest Payment Date, from the Closing Date) to but excluding such Conversion Date. The Issuer shall pay any such interest by not later than 14 days after the relevant Conversion Date by transfer to, a U.S. dollar account with a bank in New York City in accordance with instructions given by the relevant Bondholder in the relevant Conversion Notice.

(k) *Purchase or Redemption of Ordinary Shares*

The Issuer may exercise such rights as it may from time to time enjoy to purchase or redeem or buy back its own shares (including Ordinary Shares) or any depositary or other receipts or certificates representing the same without the consent of the Bondholders.

(l) *No duty to Monitor*

The Trustee shall not be under any duty to monitor whether any event or circumstance has happened or exists which may require an adjustment to be made to the Conversion Price and will not be responsible or liable to the Bondholders for any loss arising from any failure by it to do so.

7 Redemption and Purchase

(a) *Final Redemption*

Unless previously purchased and cancelled, redeemed or converted as herein provided, the Bonds will be redeemed at their principal amount on the Final Maturity Date. The Bonds may only be redeemed at the option of the Issuer prior to the Final Maturity Date in accordance with Condition 7(b) or 7(c).

(b) *Redemption at the Option of the Issuer*

On giving not less than 30 nor more than 60 days' notice (an "Optional Redemption Notice") to the Trustee and to the Bondholders (which notice shall be irrevocable) in accordance with Condition 17, the Issuer may redeem all but not some only of the Bonds on the date (the "Optional Redemption Date") specified in the Optional Redemption Notice at their principal amount, together with accrued but unpaid interest to but excluding such date:

- (i) at any time on or after 14 May 2015, if the Parity Value on each of at least 20 consecutive dealing days ending not earlier than 5 days prior to the giving of the relevant Optional Redemption Notice, shall have been at least U.S.\$260,000; or
- (ii) if, at any time prior to the date the relevant Optional Redemption Notice is given, Conversion Rights shall have been exercised and/or purchases (and corresponding cancellations) and/or redemptions effected in respect of 85 per cent or more in principal amount of the Bonds originally issued (which shall for this purpose include any further bonds issued pursuant to Condition 18 and consolidated and forming a single series with the Bonds); or
- (iii) within the period of 45 days after the end of the Change of Control Period.

(c) *Redemption for Taxation Reasons*

At any time the Issuer may, having given not less than 30 nor more than 60 days' notice (a "Tax Redemption Notice") to the Bondholders (which notice shall be irrevocable) redeem (subject to the second following paragraph) all and not some only, of the Bonds on the date ("Tax Redemption Date") at their principal amount, together with accrued but unpaid interest to such date, if (i) the Issuer certifies to the Trustee immediately prior to the giving of such notice that the Issuer has or will become obliged to pay additional amounts in respect of payments on the Bonds pursuant to Condition 9 as a result of any change in, or amendment to, the laws or regulations of the Commonwealth of Australia or any political subdivision or any authority thereof or therein having power to tax, or any change in the general application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the Closing Date and (ii) such obligation cannot be avoided by the Issuer taking reasonable measures available to it, provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts were a payment in respect of the Bonds then due. Prior to the publication of any notice of redemption pursuant to this paragraph, the Issuer shall deliver to the Trustee (a) a certificate signed by two directors of the Issuer stating that the obligation referred to in (i) above cannot be avoided by the Issuer taking reasonable measures available to it and (b) an opinion of independent legal or tax advisers of recognised international standing to the effect that such change or amendment has occurred and that the Issuer has or will be obliged to pay such additional amounts as a result thereof (irrespective of whether such amendment or change is then effective) and the Trustee shall

accept without any liability for so doing such certificate and opinion as sufficient evidence of the matters set out in (i) and (ii) above which shall be conclusive and binding on the Bondholders.

Upon the expiry of a Tax Redemption Notice, the Issuer shall (subject to the next following paragraph) redeem the Bonds at their principal amount, together with accrued interest to such date.

If the Issuer gives a notice of redemption pursuant to this Condition 7(c), each Bondholder will have the right to elect that his Bond(s) shall not be redeemed and that the provisions of Condition 9 shall not apply in respect of any payment to be made on such Bond(s) which falls due after the relevant Tax Redemption Date whereupon no additional amounts shall be payable in respect thereof pursuant to Condition 9 and payment of all amounts on the Bonds shall be made subject to the deduction or withholding of the taxation required to be withheld or deducted by the Commonwealth of Australia or any political subdivision or any authority thereof or therein having power to tax. To exercise such right, the holder of the relevant Bond must complete, sign and deposit at the specified office of any Paying, Transfer and Conversion Agent a duly completed and signed notice of election, in the form for the time being current, obtainable from the specified office of any Paying, Transfer and Conversion Agent together with the relevant Bonds on or before the day falling 10 days prior to the Tax Redemption Date.

(d) *Optional and Tax Redemption Notices*

Any Optional Redemption Notice or Tax Redemption Notice shall be irrevocable. Any such notice shall specify (i) the Optional Redemption Date or, as the case may be, the Tax Redemption Date, (ii) the Conversion Price, the aggregate principal amount of the Bonds outstanding and the closing price of the Ordinary Shares as derived from the Relevant Stock Exchange, in each case as at the latest practicable date prior to the publication of the Optional Redemption Notice or, as the case may be, the Tax Redemption Notice and (iii) the last day on which Conversion Rights may be exercised by Bondholders.

(e) *Redemption at the option of Bondholders*

- (i) Following the occurrence of a Change of Control, the holder of each Bond will have the right to require the Issuer to redeem that Bond on the Change of Control Put Date at its principal amount, together with accrued interest to such date. To exercise such right, the holder of the relevant Bond must, at any time in the Change of Control Period, deliver a duly completed and signed notice of exercise, in the form for the time being current, obtainable from the specified office of any Paying, Transfer and Conversion Agent (a "Put Exercise Notice") to the specified office of any Paying, Transfer and Conversion Agent. The "Change of Control Put Date" shall be the 14th calendar day after the expiry of the Change of Control Period.

Payment in respect of any such Bond shall be made by transfer to a U.S. dollar account with a bank in New York City specified by the relevant Bondholder in the Put Exercise Notice.

A Put Exercise Notice, once delivered, shall be irrevocable and the Issuer shall redeem all Bonds the subject of the Put Exercise Notices delivered as aforesaid on the Change of Control Put Date.

- (ii) In the event that the Ordinary Shares cease to be quoted, listed or admitted to trading (as applicable) on the Australian Securities Exchange and the TSX and that situation continues for a period of at least 10 calendar days (a "Delisting"), the holder of each Bond will have the right (the "Delisting Put Right") to require the Issuer to redeem that Bond on the Delisting Put Date

(as defined below) at its principal amount, together with accrued interest to such date (the “Delisting Put Price”). For the avoidance of doubt:

- (A) neither a trading halt nor a suspension of the Ordinary Shares from quotation, listing or trading (whether or not continuing for 10 calendar days or more) will constitute a Delisting; and
- (B) no Delisting will occur so long as the Ordinary Shares are quoted, listed or admitted to trading (as applicable) on either the Australian Securities Exchange or the TSX.

Within 14 calendar days following the occurrence of a Delisting, the Issuer shall give notice thereof to the Trustee and to the Bondholders in accordance with Condition 17 (a “Delisting Notice”). Such notice shall contain a statement informing Bondholders of their entitlement to exercise their Delisting Put Right as provided in these Conditions and their entitlement to require the Issuer to redeem their Bonds as provided in this Condition 17(e)(ii).

The Delisting Notice shall also specify:

- (I) the date and nature of the Delisting and, briefly, the events causing such Delisting;
- (II) the Conversion Price immediately prior to the occurrence of the Delisting;
- (III) the closing price of the Ordinary Shares as derived from the Relevant Stock Exchange as at the latest practicable date prior to the publication of such notice;
- (IV) the Delisting Put Date, the Delisting Put Price and the last day of the Delisting Period (as defined below); and
- (V) such other information relating to the Delisting as the Trustee may reasonably require.

The Trustee shall not be required to take any steps to ascertain whether a Delisting or any event which could lead to a Delisting has occurred or may occur and will not be responsible to Bondholders or any other person for any loss arising from any failure by it to do so.

To exercise such right, the holder of the relevant Bond must, at any time in the period (the “Delisting Period”) commencing on the occurrence of the Delisting and ending 30 calendar days following the Delisting or, if later, 30 calendar days following the date on which a Delisting Notice is given, deliver a duly completed and signed Put Exercise Notice to the specified office of any Paying, Transfer and Conversion Agent. The “Delisting Put Date” shall be the 14th calendar day after the expiry of the Delisting Period.

Payment in respect of any such Bond shall be made by transfer to a U.S. dollar account with a bank in New York City specified by the relevant Bondholder in the Put Exercise Notice.

- (iii) A Put Exercise Notice, once delivered, shall be irrevocable and the Issuer shall redeem all Bonds the subject of the Put Exercise Notices delivered as aforesaid on the Delisting Put Date.

(f) Purchase

Subject to the requirements (if any) of any stock exchange on which the Bonds may be admitted to listing and trading at the relevant time and subject to compliance with applicable laws and regulations, the Issuer or any Subsidiary of the Issuer may at any time purchase Bonds in the open market or

otherwise at any price. Any purchase by tender shall, subject to compliance with applicable laws and regulations, be made available to all Bondholders alike.

(g) Cancellation

All Bonds which are redeemed or in respect of which Conversion Rights are exercised will be cancelled and may not be reissued or resold. Bonds purchased by the Issuer or any of its Subsidiaries shall be surrendered to the Principal Paying, Transfer and Conversion Agent for cancellation and may not be reissued or re-sold.

(h) Multiple Notices

If more than one notice of redemption is given pursuant to this Condition 7, the first of such notices to be given shall prevail, save that a notice of redemption given by a Bondholder pursuant to Condition 7(e) shall prevail over any other notice of redemption given pursuant to this Condition 7, whether given before, after or at the same time as any notice of redemption under Condition 7(e).

8 Payments

(a) Principal

Payment of principal in respect of the Bonds and accrued interest payable on a redemption of the Bonds other than on an Interest Payment Date will be made to the persons shown in the Register at the close of business on the Record Date and subject to the surrender of the Bonds at the specified office of the Registrar or of any of the Paying, Transfer and Conversion Agents.

(b) Interest and other Amounts

- (i)* Payments of interest due on an Interest Payment Date will be made to the persons shown in the Register at close of business on the Record Date.
- (ii)* Payments of all amounts other than as provided in Condition 8(a) and (b)(i) will be made as provided in these Conditions.

(c) Record Date

Record Date means the sixth New York business day before the due date for the relevant payment.

(d) Payments

Each payment in respect of the Bonds pursuant to Condition 8(a) and (b)(i) will be made by transfer to a U.S. dollar account with a bank in New York City as notified to the Registrar by the relevant Bondholder by no later than the relevant Record Date.

The Issuer will not be required to make any such payment in respect of the Bonds until 6 business days after the Bondholder has provided the necessary account details for payment in accordance with this Condition 8(d).

(e) *Payments subject to fiscal laws*

All payments in respect of the Bonds are subject in all cases to any applicable fiscal or other laws and regulations. No commissions or expenses shall be charged to the Bondholders in respect of such payments.

(f) *Delay in payment*

Bondholders will not be entitled to any interest or other payment for any delay after the due date in receiving the amount due (i) as a result of the due date not being a business day, (ii) if the Bondholder is late in surrendering the relevant Bond or (iii) if the Bondholder does not provide the necessary account details for payment in accordance with these Conditions.

(g) *Business Days*

In this Condition, “business day” means a day (other than a Saturday or Sunday) on which banks and foreign exchange markets are open for business, in London, New York City and (where such surrender is required by these Conditions) in the place of the specified office of the Registrar or relevant Paying, Transfer and Conversion Agent, to whom the relevant Bond is surrendered.

(h) *Paying, Transfer and Conversion Agents, etc.*

The initial Paying, Transfer and Conversion Agents and Registrar and their initial specified offices are listed below. The Issuer reserves the right under the Agency Agreement at any time, with the prior written approval of the Trustee, to vary or terminate the appointment of any Paying, Transfer and Conversion Agent or the Registrar and appoint additional or other Paying, Transfer and Conversion Agents or Registrar, provided that it will (i) maintain a Principal Paying, Transfer and Conversion Agent or another Registrar, (ii) maintain Paying, Transfer and Conversion Agents having specified offices in at least one major European city including a Paying, Transfer and Conversion Agent having a specified office in London, (iii) a Paying, Transfer and Conversion Agent with a specified office in a European Union member state that will not be obliged to withhold or deduct tax pursuant to European Council Directive 2003/48/EC or any other European Union Directive implementing the conclusions of the ECOFIN council meeting of 26-27 November 2000 on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, such Directive, (iv) so long as the Bonds are listed on the Singapore Exchange Securities Trading Limited and the rules of that exchange so require, a Paying, Transfer and Conversion Agent having a specified office in Singapore and (v) maintain a Registrar with a specified office outside the United Kingdom. Notice of any change in the Paying, Transfer and Conversion Agents or the Registrar or their specified offices will promptly be given by the Issuer to the Bondholders in accordance with Condition 17.

(i) *Fractions*

When making payments to Bondholders, if the relevant payment is not of an amount which is a whole multiple of the smallest unit of the relevant currency in which such payment is to be made, such payment will be rounded down to the nearest unit.

9 Taxation

All payments made by on or behalf the Issuer in respect of the Bonds will be made free from any restriction or condition and be made without deduction or withholding for or on account of any present or future taxes,

duties, assessments or governmental charges of whatever nature imposed or levied by or on behalf of the Commonwealth of Australia or any political subdivision or any authority thereof or therein having power to tax, unless deduction or withholding of such taxes, duties, assessments or governmental charges is required to be made by law.

In the event that any such withholding or deduction is required to be made, the Issuer will pay such additional amounts as will result in the receipt by the Bondholders of the amounts which would otherwise have been receivable had no such withholding or deduction been required, except that no such additional amount shall be payable in respect of any Bond:

- (a) to a holder (or to a third party on behalf of a holder) who is subject to such taxes, duties, assessments or governmental charges in respect of such Bond by reason of his having some connection with the Commonwealth of Australia otherwise than merely by holding the Bond or by receiving amounts in respect of the Bond or where the withholding or deduction is required on account of a tax liability that the holder has or may have otherwise than as a result of such holding or receipt; or
- (b) (in the case of a payment on redemption) if the Bond is surrendered more than 30 days after the Relevant Date, or in any case if the relevant Bondholder does not provide the necessary account details for payment in accordance with these Conditions within 24 days after the Relevant Date, except to the extent that the holder would have been entitled to such additional amount had the Issuer been obliged, following the surrender of the Bond (in the case of payment on redemption) and provision of the necessary account details for payment in accordance with these Conditions, to make the payment on the last day of the period of 30 days following the Relevant Date; or
- (c) where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to European Council Directive 2003/48/EC or any other Directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000 on the taxation of savings income, or any Directive amending such Directive or Directives, or any law implementing or complying with, or introduced in order to conform to, such Directive or Directives; or
- (d) presented for payment by or on behalf of a holder who would have been able to avoid such withholding or deduction by presenting the relevant Bond to another Paying, Transfer or Conversion Agent in a Member State of the European Union; or
- (e) to, or to a third party on behalf of, a holder who is liable for such taxes, duties, assessments or governmental charges by reason of the holder being an associate of the Issuer for the purposes of section 128F of the Income Tax Assessment Act 1936 of Australia (as amended).

References in these Conditions and the Trust Deed to principal and interest shall be deemed also to refer to any additional amounts which may be payable under this Condition or any undertaking or covenant given in addition thereto or in substitution therefor pursuant to the Trust Deed.

This Condition 9 shall not apply in respect of payments on any Bonds which are the subject of an election by the relevant Bondholder pursuant to Condition 7(c).

10 Events of Default

The Trustee at its discretion may and if so requested in writing by the holders of at least one-quarter in principal amount of the Bonds then outstanding or if so directed by an Extraordinary Resolution of the Bondholders shall (subject in each case to being indemnified and/or secured to its satisfaction and provided that in the case of paragraphs (b), (c), (d) and (g) (and, to the extent analogous, (h)) or, in relation to a

Principal Subsidiary, paragraphs (e) and (f) (and, to the extent analogous, (h)) the Trustee shall have certified to the Issuer that in its opinion such event is materially prejudicial to the interests of the Bondholders), give notice to the Issuer that the Bonds are, and they shall accordingly thereby immediately become, due and repayable at their principal amount together with accrued interest if any of the following events (each an “Event of Default”) shall have occurred:

- (a) default is made for more than 10 days in the payment on the due date of any amount payable in respect of the Bonds; or
- (b) the Issuer does not perform or comply with any one or more of its other obligations under the Bonds or the Trust Deed and the default is not remedied within 45 days (or such longer period as the Trustee may permit) after the Issuer shall have received from the Trustee written notice of such default requiring it to be remedied; or
- (c)
 - (i) any other present or future indebtedness for borrowed money of the Issuer or any Subsidiary of the Issuer becomes due and payable prior to its stated maturity by reason of an event of default (however described); or
 - (ii) any such indebtedness is not paid when due or within any originally applicable grace period; or
 - (iii) the Issuer or any Subsidiary of the Issuer fails to pay when due any amount payable by it under any present or future guarantee for, or indemnity in respect of, any indebtedness for borrowed money; or
 - (iv) any mortgage, charge, pledge, lien or other encumbrance, present or future, created or assumed by the Issuer or any Principal Subsidiary of the Issuer for any indebtedness for borrowed money (or any guarantee of, or indemnity in respect of, indebtedness for borrowed money) that has become payable becomes enforceable and steps are taken to enforce it (including the taking of possession or the appointment of a receiver, administrative receiver, administrator manager, judicial manager, controller or other similar person),

and the aggregate amount of the indebtedness, guarantees and indemnities in respect of which one or more of the events mentioned above in this paragraph (c) have occurred equals or exceeds U.S.\$10,000,000 (or its equivalent in other currencies). For the purposes of this paragraph (c), “indebtedness for borrowed money” shall exclude Project Finance Indebtedness; or

- (d) a distress, attachment, execution or other legal process is levied or enforced on or against all or any substantial part of the property, assets or revenues of the Issuer or any Principal Subsidiary of the Issuer which is not discharged, removed, stayed or paid within 30 days; or
- (e) the Issuer or any Principal Subsidiary of the Issuer (i) is or states that it is insolvent or unable to pay its debts, (ii) is presumed under the Corporations Act to be insolvent (other than as a result of a failure to pay a statutory demand in relation to a claim the subject of a bona-fide dispute), (iii) stops, suspends or threatens to stop or suspend payment of its debts generally, or (iv) makes or enters into a general assignment or an arrangement or composition or compromise with or for the benefit of its creditors (other than in connection with a reconstruction, amalgamation, reorganisation, merger or consolidation permitted under paragraph (f)); or
- (f) an administrator (as defined in the Corporations Act) or liquidator or a like or similar officer is appointed in respect of the Issuer or any Principal Subsidiary or a court order is made or a resolution passed for the winding-up or dissolution of the Issuer or any Principal Subsidiary of the Issuer, or the

Issuer or any Principal Subsidiary of the Issuer ceases or threatens to cease to carry on business (other than in the case of a Principal Subsidiary, as a result of a *bona fide* disposal of such business or its assets), except in any such case for the purpose of and followed by a reconstruction, amalgamation, reorganisation, merger or consolidation (i) on terms approved by the Trustee or by an Extraordinary Resolution of the Bondholders, or (ii) in the case of a Principal Subsidiary of the Issuer, where that Principal Subsidiary is solvent or its undertaking and assets are transferred to or otherwise vested in the Issuer or another Subsidiary of the Issuer; or

- (g) a final judgment or judgments of a court or courts of competent jurisdiction for the payment of money aggregating in excess of U.S.\$10,000,000 (or its equivalent in the relevant currency of payment) are rendered against the Issuer or any Principal Subsidiary of the Issuer and which judgments are not bonded, discharged or stayed pending appeal within 60 days (or such longer period as the Trustee may permit) after the Latest Date, or are not discharged within 60 days (or such longer period as the Trustee may permit) after the later of the expiration of such stay and the Latest Date; or
- (h) any event occurs which under the laws of any relevant jurisdiction has an analogous effect to any of the events referred to in paragraphs (d) to (f) above.

“Latest Date” means the latest of (i) the entry of such judgment; (ii) if such judgment specifies a date by which it must be satisfied, the date so specified; and (iii) the time allowed or specified under applicable law for such judgment to be bonded, discharged or stayed pending appeal.

11 Undertakings

Whilst any Conversion Right remains exercisable, the Issuer will, save with the approval of an Extraordinary Resolution or with the prior written approval of the Trustee where, in its opinion, it is not materially prejudicial to the interests of the Bondholders to give such approval:

- (a) other than in connection with a Newco Scheme, not issue or pay up any Securities, in either case by way of capitalisation of profits or reserves, other than:
 - (i) by the issue of fully paid Ordinary Shares to Shareholders and other holders of shares in the capital of the Issuer which by their terms entitle the holders thereof to receive Ordinary Shares; or
 - (ii) by the issue of Ordinary Shares paid up in full (in accordance with applicable law) and issued wholly, ignoring fractional entitlements, in lieu of the whole or part of a cash dividend; or
 - (iii) by the issue of fully paid equity share capital (other than Ordinary Shares) to the holders of equity share capital of the same class and other holders of shares in the capital of the Issuer which by their terms entitle the holders thereof to receive equity share capital (other than Ordinary Shares); or
 - (iv) by the issue of Ordinary Shares or any equity share capital to, or for the benefit of, any employee or contractor or former employee or contractor (including Directors or the personal service company of any such person) or their spouses or relatives, in each case, of the Issuer or any of its Subsidiaries or any associated company or to trustees to be held for the benefit of any such person, in any such case pursuant to an employees’ share or option scheme whether for all employees, directors, or executives or any one or more of them,

unless, in any such case, the same constitutes a Dividend or otherwise gives rise (or would, but for the provisions of Condition 6(f) relating to the carry forward of adjustments, give rise) to an adjustment to the Conversion Price; or

- (b) not modify the rights attaching to the Ordinary Shares with respect to voting, dividends or liquidation nor issue any other class of equity share capital carrying any rights which are more favourable than the rights attaching to the Ordinary Shares but so that nothing in this Condition 11(b) shall prevent:
 - (i) any consolidation, reclassification or subdivision of the Ordinary Shares; or
 - (ii) any modification of such rights which is not, in the opinion of a Financial Adviser, materially prejudicial to the interests of the holders of the Bonds; or
 - (iii) any issue of equity share capital where the issue of such equity share capital results, or would, but for the provisions of Condition 6(f) relating to the carry forward of adjustments or the fact that the consideration per Ordinary Share receivable therefore is at least 95 % of the Current Market Price per Ordinary Share, otherwise result, in an adjustment to the Conversion Price; or
 - (iv) any issue of equity share capital or modification of rights attaching to the Ordinary Shares, where prior thereto the Issuer shall have instructed a Financial Adviser to determine what (if any) adjustments should be made to the Conversion Price as being fair and reasonable to take account thereof and such Financial Adviser shall have determined either that no adjustment is required or that an adjustment resulting in a decrease in the Conversion Price is required and, if so, the new Conversion Price as a result thereof and the basis upon which such adjustment is to be made and, in any such case, the date on which the adjustment shall take effect (and so that the adjustment shall be made and shall take effect accordingly);
- (c) procure that no Securities (whether issued by the Issuer or any Subsidiary of the Issuer or procured by the Issuer or any Subsidiary of the Issuer to be issued or issued by any other person pursuant to any arrangement with the Issuer or any Subsidiary of the Issuer) issued without rights to convert into, or exchange or subscribe for, Ordinary Shares shall subsequently be granted such rights exercisable at a consideration per Ordinary Share which is less than 95 per cent of the Current Market Price per Ordinary Share at the close of business on the last dealing day preceding the date of the first public announcement of the proposed inclusion of such rights unless the same gives rise (or would, but for the provisions of Condition 6(f) relating to the carry forward of adjustments, give rise) to an adjustment to the Conversion Price and that at no time shall there be in issue Ordinary Shares of differing nominal values, save where such Ordinary Shares have the same economic rights;
- (d) not make any issue, grant or distribution or any other action taken if the effect thereof would be that, on the exercise of Conversion Rights, Ordinary Shares could not, under any applicable law then in effect, be legally issued as fully paid;
- (e) not reduce its issued share capital, or any uncalled liability in respect thereof, or any non-distributable reserves, except:
 - (i) pursuant to the terms of issue of the relevant share capital; or
 - (ii) by means of a purchase or redemption of share capital of the Issuer to the extent permitted by applicable law; or
 - (iii) by way of transfer to reserves as permitted under applicable law; or

- (iv) where the reduction is permitted by applicable law and the Trustee is advised by a Financial Adviser, acting as an expert, that the interests of the Bondholders will not be materially prejudiced by such reduction; or
- (v) where the reduction is permitted by applicable law and results in (or would, but for the provisions of Condition 6(f) relating to the carry forward of adjustments, result in) an adjustment to the Conversion Price,

provided that, without prejudice to the other provisions of these Conditions, the Issuer may exercise such rights as it may from time to time enjoy pursuant to applicable law to purchase its Ordinary Shares and any depositary or other receipts or certificates representing Ordinary Shares without the consent of Bondholders;

- (f) if any offer is made to all (or as nearly as may be practicable all) Shareholders (or all (or as nearly as may be practicable all) Shareholders other than the offeror and/or any associate (as defined in Section 11 of the Corporations Act)) to acquire the whole or any part of the issued Ordinary Shares, or if any person proposes a scheme with regard to such acquisition, give notice of such offer or scheme to the Bondholders at the same time as any notice thereof is sent to the Shareholders (or as soon as practicable thereafter) that details concerning such offer or scheme may be obtained from the specified offices of the Paying, Transfer and Conversion Agents and, where such an offer or scheme has been recommended by the board of directors of the Issuer, or where such an offer has become or been declared unconditional in all respects, use all reasonable endeavours to procure that a like offer or scheme is extended to the holders of any Ordinary Shares issued during the period of the offer or scheme arising out of the exercise of the Conversion Rights by the Bondholders;
- (g) in the event of a Newco Scheme the Issuer shall take (or shall procure that there is taken) all necessary action to ensure that immediately after completion of the scheme of arrangement (i) such amendments are made to these Conditions and the Trust Deed as are necessary, in the opinion of the Trustee, to ensure that the Bonds may be converted into or exchanged for ordinary shares in Newco *mutatis mutandis* in accordance with and subject to these Conditions and the Trust Deed and (ii) the ordinary shares of Newco are:
 - (A) admitted to listing on the Relevant Stock Exchange; or
 - (B) admitted to listing on another regulated, regularly operating, recognised stock exchange or securities market;
- (h) use its best endeavours to ensure that the Ordinary Shares issued upon exercise of Conversion Rights will, as soon as is practicable, be admitted to listing and to trading on the Australian Securities Exchange and the TSX and will be listed, quoted or dealt in, as soon as is practicable, on any other stock exchange or securities market on which the Ordinary Shares may then be listed or quoted or dealt in;
- (i) not change the jurisdiction in which it is domiciled or resident or to whose taxing authority it is subject generally unless it would not thereafter be required pursuant to then current laws and regulations to withhold or deduct for or on account of any present or future taxes, duties, assessments or governmental charges of whatever nature imposed or levied by or on behalf of such jurisdiction or any political subdivision thereof or therein having power to tax in respect of any payment on or in respect of the Bonds;

- (j) if there is a change in the Relevant Stock Exchange, notify the Trustee and the Bondholders in accordance with Condition 17 by not later than 7 days after the commencement of the relevant Semi-Annual Period; and
- (k) for so long as any Bond remains outstanding and subject to the occurrence of a Change of Control, use its reasonable endeavours to ensure that its issued and outstanding Ordinary Shares shall be admitted to listing and to trading on the Australian Securities Exchange and the TSX.

The Issuer has undertaken in the Trust Deed to deliver to the Trustee annually a certificate of the Issuer, as to there not having occurred an Event of Default or Potential Event of Default since the date of the last such certificate or if such event has occurred as to the details of such event. The Trustee will be entitled to rely on such certificate and shall not be obliged to independently monitor compliance by the Issuer with the undertakings set forth in this Condition 11, nor be liable to any person for not so doing.

12 Prescription

Claims against the Issuer for payment in respect of the Bonds shall be prescribed and become void unless made within 10 years (in the case of principal) or five years (in the case of interest) from the appropriate Relevant Date in respect of such payment and thereafter any principal, interest or other sums payable in respect of such Bonds shall be forfeited and revert to the Issuer.

Claims in respect of any other amounts payable in respect of the Bonds shall be prescribed and become void unless made within 10 years following the due date for payment thereof.

13 Replacement of Bonds

If any Bond is lost, stolen, mutilated, defaced or destroyed, it may be replaced at the specified office of any Paying, Transfer and Conversion Agent subject to all applicable laws and stock exchange requirements, upon payment by the claimant of the expenses incurred in connection with such replacement and on such terms as to evidence and indemnity as the Issuer may require. Mutilated or defaced Bonds must be surrendered before replacements will be issued.

14 Meetings of Bondholders, Modification and Waiver, Substitution

(a) Meetings of Bondholders

The Trust Deed contains provisions for convening meetings of Bondholders to consider matters affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of any of these Conditions or any provisions of the Trust Deed. Such a meeting may be convened by the Issuer or the Trustee and shall be convened by the Issuer if requested in writing by Bondholders holding not less than 10 per cent in principal amount of the Bonds for the time being outstanding. The quorum for any meeting convened to consider an Extraordinary Resolution will be one or more persons holding or representing a clear majority in principal amount of the Bonds for the time being outstanding, or at any adjourned meeting one or more persons being or representing Bondholders whatever the principal amount of the Bonds so held or represented, unless the business of such meeting includes consideration of proposals, *inter alia*, (i) to modify the maturity of the Bonds (other than deferring the earliest date on which the Bonds may be redeemed pursuant to Condition 7(b)(i)) or the dates on which interest is payable in respect of the Bonds, (ii) to reduce or cancel the principal amount, or interest on, the Bonds or to reduce the amount payable on redemption of the Bonds or

modifying or cancelling the Conversion Rights, (iii) to increase the Conversion Price other than in accordance with these Conditions, (iv) to change the currency of any payment in respect of the Bonds, (v) to change the governing law of the Bonds, the Trust Deed or the Agency Agreement (other than in the case of a substitution of the Issuer (or any previous substitute or substitutes) under Condition 14(c)), or (vi) to modify the provisions concerning the quorum required at any meeting of Bondholders or the majority required to pass an Extraordinary Resolution, in which case the necessary quorum will be one or more persons holding or representing not less than three-quarters, or at any adjourned meeting not less than one-half, in principal amount of the Bonds for the time being outstanding. Any Extraordinary Resolution duly passed shall be binding on Bondholders (whether or not they were present at the meeting at which such resolution was passed). An Extraordinary Resolution is a resolution in respect of which not less than three-quarters of the votes cast shall have been in favour at a meeting of Bondholders duly convened and held in accordance with the Trust Deed.

The Trust Deed provides that a resolution in writing signed by or on behalf of the holders of not less than 90 per cent of the aggregate principal amount of Bonds outstanding shall for all purposes be as valid and effective as an Extraordinary Resolution passed at a meeting of Bondholders duly convened and held.

(b) Modification and Waiver

The Trustee may agree, without the consent of the Bondholders, to (i) any modification of any of the provisions of the Trust Deed, any trust deed supplemental to the Trust Deed, the Agency Agreement, any agreement supplemental to the Agency Agreement, the Bonds or these Conditions which in the Trustee's opinion is of a formal, minor or technical nature or is made to correct a manifest error or to comply with mandatory provisions of law and (ii) any other modification to the Trust Deed, any trust deed supplemental to the Trust Deed, the Agency Agreement, any agreement supplemental to the Agency Agreement, the Bonds or these Conditions (except as mentioned in the Trust Deed) and any waiver or authorisation of any breach or proposed breach, of any of the provisions of the Trust Deed, any trust deed supplemental to the Trust Deed, the Agency Agreement, any agreement supplemental to the Agency Agreement, the Bond or these Conditions which is, in the opinion of the Trustee, not materially prejudicial to the interests of the Bondholders. The Trustee may, without the consent of the Bondholders, determine any Event of Default or a Potential Event of Default should not be treated as such, provided that in the opinion of the Trustee, the interests of Bondholders will not be materially prejudiced thereby. Any such modification, authorisation or waiver shall be binding on the Bondholders and, if the Trustee so requires, such modification shall be notified to the Bondholders promptly in accordance with Condition 17.

(c) Substitution

The Trustee may, without the consent of the Bondholders, agree with the Issuer to the substitution in place of the Issuer (or any previous substitute or substitutes under this Condition) as the principal debtor under the Bonds and the Trust Deed of any Subsidiary of the Issuer subject to (a) the Bonds being unconditionally and irrevocably guaranteed by the Issuer and (b) the Bonds continuing to be convertible or exchangeable into Ordinary Shares as provided in these Conditions *mutatis mutandis* as provided in these Conditions, with such amendments as the Trustee shall consider appropriate provided that in any such case, (x) the Trustee is satisfied that the interests of the Bondholders will not be materially prejudiced by the substitution and (y) certain other conditions set out in the Trust Deed are complied with. In the case of such a substitution the Trustee may agree, without the consent of the Bondholders, to a change of the law governing the Bonds and/or the Trust Deed provided that such

change would not in the opinion of the Trustee be materially prejudicial to the interests of the Bondholders. Any such substitution shall be binding on the Bondholders and shall be notified promptly to the Bondholders.

(d) *Entitlement of the Trustee*

In connection with the exercise of its functions (including but not limited to those referred to in this Condition) the Trustee shall have regard to the interests of the Bondholders as a class and, in particular but without limitation, shall not have regard to the consequences of the exercise of its trusts, powers or discretions for individual Bondholders resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory and the Trustee shall not be entitled to require, nor shall any Bondholder be entitled to claim, from the Issuer or any other person any indemnification or payment in respect of any tax consequence of any such exercise upon individual Bondholders.

15 Enforcement

The Trustee may at any time, at its discretion and without notice, take such proceedings against the Issuer as it may think fit to enforce the provisions of the Trust Deed and the Bonds, but it shall not be bound to take any such proceedings or any other action in relation to the Trust Deed or the Bonds unless (i) it shall have been so directed by an Extraordinary Resolution of the Bondholders or so requested in writing by the holders of at least one-quarter in principal amount of the Bonds then outstanding and (ii) it shall have been indemnified and/or secured to its satisfaction. No Bondholder shall be entitled to proceed directly against the Issuer unless the Trustee, having become bound so to proceed, fails so to do within a reasonable period and the failure shall be continuing.

16 The Trustee

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility, including relieving it from taking any action or proceedings unless indemnified and/or secured to its satisfaction. The Trustee is entitled to enter into business transactions with the Issuer and any entity related to the Issuer without accounting for any profit. The Trustee may rely without liability to Bondholders on a report, confirmation or certificate or any advice of any accountants (including the Auditors), financial advisers or investment bank, whether or not addressed to it and whether their liability in relation thereto is limited (by its terms or by any engagement letter relating thereto entered into by the Trustee or in any other manner) by reference to a monetary cap, methodology or otherwise. The Trustee shall be obliged to accept and be entitled to rely on any such report, confirmation or certificate or advice where the Issuer procures delivery of the same pursuant to its obligation to do so under a condition hereof or any provision of the Trust Deed and such report, confirmation or certificate or advice shall be binding on the Issuer, the Trustee and the Bondholders in the absence of manifest error.

17 Notices

All notices regarding the Bonds will be valid if published in a leading daily newspaper having circulation in (i) Asia (which is expected to be the *Asian Wall Street Journal*) and (ii) Europe (which is expected to be the *Financial Times*). The Issuer shall also ensure that all notices are duly published in a manner which complies with the rules and regulations of any stock exchange or other relevant authority on which the Bonds are for

the time being listed. Any such notice shall be deemed to have been given on the date of such publication or, if required to be published in more than one newspaper or in more than one manner, on the date of the first such publication in all the required newspapers or in each required manner. If publication as provided above is not practicable, notice will be given in such other manner, and shall be deemed to have been given on such date, as the Trustee may approve.

So long as the Bonds are represented by a Global Bond and such Global Bond is held on behalf of a clearing system, and where the rules of the Singapore Exchange Securities Trading Limited so permit, notices to Bondholders shall be given by delivery of the relevant notice to such clearing system for communication by them to their respective accountholders instead of in accordance with Condition 17.

18 Further Issues

The Issuer may from time to time without the consent of the Bondholders create and issue further notes, bonds or debentures either having the same terms and conditions in all respects as the outstanding notes, bonds or debentures of any series (including the Bonds) or in all respects except for the first payment of interest on them and so that such further issue shall be consolidated and form a single series with the outstanding notes, bonds or debentures of any series (including the Bonds) or upon such terms as to interest, conversion, premium, redemption and otherwise as the Issuer may determine at the time of their issue. Any further notes, bonds or debentures consolidated and forming a single series with the outstanding notes, bonds or debentures of any series (including the Bonds) constituted by the Trust Deed or any deed supplemental to it shall, and any other notes, bonds or debentures may, with the consent of the Trustee, be constituted by a deed supplemental to the Trust Deed. The Trust Deed contains provisions for convening a single meeting of the Bondholders and the holders of notes, bonds or debentures of other series in certain circumstances where the Trustee so decides.

19 Contracts (Rights of Third Parties) Act 1999

No person shall have any right to enforce any term or condition of the Bonds under the Contracts (Rights of Third Parties) Act 1999 (United Kingdom).

20 Governing Law and Jurisdiction

(a) Governing Law

The Trust Deed, the Agency Agreement, the Bonds and any non-contractual obligations arising out of or in connection with the Trust Deed, the Agency Agreement and the Bonds are governed by, and shall be construed in accordance with, English law.

(b) Jurisdiction

The courts of England are to have jurisdiction to settle any disputes which may arise out of or in connection with the Trust Deed or the Bonds (including a dispute relating to any non-contractual obligations arising out of or in connection with the Trust Deed or the Bonds) and accordingly any legal action or proceedings arising out of or in connection with the Trust Deed or the Bonds (including any action or proceedings relating to any non-contractual obligations arising out of or in connection with the Trust Deed or the Bonds) ("Proceedings") may be brought in such courts. The Issuer has in the Trust Deed irrevocably submitted to the jurisdiction of such courts and has waived any objection to

Proceedings in such courts whether on the ground of venue or on the ground that the Proceedings have been brought in an inconvenient forum. This submission is made for the benefit of the Trustee and each of the Bondholders and shall not limit the right of any of them to take Proceedings in any other court of competent jurisdiction nor shall the taking of Proceedings in one or more jurisdictions preclude the taking of Proceedings in any other jurisdiction (whether concurrently or not).

(c) *Agent for Service of Process*

The Issuer has irrevocably appointed Law Debenture Corporate Services Limited at its registered office for the time being, currently at Fifth Floor, 100 Wood Street, London EC2V 7EX as its agent in England to receive service of process in any Proceedings in England. Nothing herein or in the Trust Deed shall affect the right to serve process in any other manner permitted by law.