



PALADIN ENERGY LTD

ACN 061 681 098

5 January 2015

ASX Market Announcements
Australian Securities Exchange
20 Bridge Street
SYDNEY NSW 2000

By Electronic Lodgement

Dear Sir/Madam

Kayelekera-Response to Misleading NGO Statements

Paladin Energy Ltd (“**Paladin**” or the “**Company**”) is aware of media reports originating from Malawi implying that the Company’s Kayelekera Mine (“**KM**”) has begun discharging waste materials from KM into the local river system. These reports are sourced from local non-government organisations (NGOs) and individuals openly hostile to the Company and contain numerous blatant falsehoods and misleading statements, intended to cause alarm and distress in communities living in the vicinity of KM and the local river system.

As previously announced, Paladin plans to commence the controlled release of surplus water into the local river system in early 2015 (during the monsoonal wet season) and has modified a section of the treatment plant at KM to allow treatment to meet Malawi and internationally recognised discharge standards, including the World Health Organisation (**WHO**) drinking water guideline for uranium content. The controlled water release is necessary to avoid any possible unplanned and uncontrolled discharge of run-off water contained in storage ponds at KM during the period of Care and Maintenance. During production operations, captured run-off water is used and recycled in processing of uranium ore. As yet, there has been relatively light and infrequent rainfall in northern Malawi, hence little or no run-off has occurred. **Therefore no water has been treated and released to-date.**

The water filtration process to be used is proven and widely used in the water treatment industry. Paladin has conducted extensive on-site test work in recent months and has been very successful in treating water to meet the WHO drinking water guideline for uranium content. The process has been reviewed and licensed by relevant agencies of the Government of Malawi (**GoM**), which imposed strict conditions regulating critical water quality parameters, including uranium, consistent with international guidelines. When water treatment and release commences, Paladin will undertake constant environmental monitoring of the process, which will also be monitored and regulated by the GoM.

The Company has conducted an extensive communications programme with local communities, including site inspection tours, to inform them of the proposed process and control safeguards. Paladin has stated that there will be no human or environmental hazard arising from the release of treated water. Despite these assurances by Paladin and relevant GoM agencies, including publicly advertising in Malawi in November, certain local NGOs and individuals have persisted with false and misleading statements asserting that the Company has commenced discharge of material from KM and that such materials comprise toxic waste from the KM tailings storage facility. Paladin emphatically refutes these accusations and will pursue legal steps unless these perpetrators of gross misinformation cease their dissemination of irresponsible and misleading fabrications.

Yours faithfully
Paladin Energy Ltd

JOHN BORSHOFF
Managing Director/CEO

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