PALADIN ENERGY LTD

ACN 061 681 098

Ref: 111421

29 October 2008

Mr Nathan Bartrop
Australian Securities Exchange Limited
Level 8, Exchange Plaza
2 The Esplanade
PERTH WA 6000

By Facsimile 9221 2020

Dear Sir

Response to ASX Query in relation to Appendix 3Y

We refer to your letter of today relating to the lodgement of Appendix 3Y for Donald Shumka and advise as follows:-

The Appendix 3Y was lodged late due to a failure in electronic communications between Mr Shumka, who is Canadian based, and the Company. Mr Shumka believed that the Company had been notified by email on the date of purchase i.e. 17 October 2008 and it was only revealed today that there had been a malfunction in his computer system. The Appendix 3Y was lodged immediately on receipt of Mr Shumka's advice. The Company and all directors are extremely aware of their obligations in relation to disclosure of share interests and a policy has been in place for many years. As a result of this issue, the policy has been extended to require all directors to follow up on any email correspondence on this matter with a telephone call to confirm receipt.

Yours faithfully
Paladin Energy Ltd

G. Swaby

GILLIAN SWABY
Company Secretary

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ASX
AUSTRALIAN SECURITIES EXCHANGE

29 October 2008

Ms Gill Swaby
Company Secretary
Paladin Energy Limited
Grand Central
1st Floor, 26 Railway Parade
SUBIACO WA 6008

By Facsimile: (08) 9381 4978

We refer to the following;

1. The Appendix 3Y lodged by the Company with ASX on 29 October 2008 for Donald Shumka (the "Appendix 3Y");

2. Listing rule 3.19A which requires an entity to tell ASX the following:

   3.19A.1 The notifiable interests of a director of the entity (or in the case of a trust, a director of the responsible entity of the trust) at the following times.
   - On the date that the entity is admitted to the official list.
   - On the date that a director is appointed.

   The entity must complete Appendix 3X and give it to ASX no more than 5 business days after the entity's admission or a director's appointment.

   3.19A.2 A change to a notifiable interest of a director of the entity (or in the case of a trust, a director of the responsible entity of the trust). The entity must complete Appendix 3Y and give it to ASX no more than 5 business days after the change occurs.

   3.19A.3 The notifiable interests of a director of the entity (or in the case of a trust, a director of the responsible entity of the trust) at the date that the director ceases to be a director. The entity must complete Appendix 3Z and give it to ASX no more than 5 business days after the director ceases to be a director.

3. Listing rule 3.19B which states as follows.

   An entity must make such arrangements as are necessary with a director of the entity (or in the case of a trust, a director of the responsible entity of the trust) to ensure that the director discloses to the entity all the information required by the entity to give ASX completed Appendices 3X, 3Y and 3Z within the time period allowed by listing rule 3.19.A. The entity must enforce the arrangements with the director.

4. The Companies Update dated 27 June 2008, reminding listed entities of their obligation to notify ASX within 5 business days of the notifiable interests in securities held by each director and outlining the action that ASX would take in relation to breaches of listings rules 3.19A and 3.19B.

As the Appendix 3Y indicates that a change in the director's notifiable interest occurred on 17 October 2008, it appears that the Appendix 3Y should have been lodged with ASX by 24 October 2008. Consequently, the Company may be in breach of listing rules 3.19A and/or 3.19B.

Please note that ASX is required to record details of breaches of the listing rules by listed companies for its reporting requirements.

ASX reminds the Company of its contract with ASX to comply with the listing rules. In the circumstances ASX considers that it is appropriate that the Company make necessary arrangements to ensure there is not a reoccurrence of a breach of the listing rules.

Having regard to listing rules 3.19A and 3.19B and Guidance Note 22: "Director Disclosure of Interests and Transactions in Securities - Obligations of Listed Entities", we ask that you answer each of the following questions .

1. Please explain why the Appendix 3Y was lodged late.

2. What arrangements does the Company have in place with its directors to ensure that it is able to meet its disclosure obligations under listing rule 3.19A?

3 If the current arrangements are inadequate or not being enforced, what additional steps does the Company intend to take to ensure compliance with listing rule 3.19B?

Your response should be sent to me by e-mail at nathan.bartrop@asx.com.au or by facsimile on facsimile number (08) 9221 2020. It should not be sent to the Company Announcements Office.

A response is requested as soon as possible and, in any event, not later than 7:30 a.m. W.D.S.T on 3 November 2008.

Under listing rule 18.7A, a copy of this query and your response will be released to the market, so your response should be in a form suitable for release and must separately address each of the questions asked. If you have any queries or concerns, please contact me immediately

Yours sincerely,

Nathan Bartrop
Adviser, Issuers (Perth)