



## NGM Resources Limited

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Australian Securities Exchange  
Company Announcements Office

ELS 42 2010

### **A\$27.0 MILLION RECOMMENDED TAKEOVER OFFER BY PALADIN ENERGY LTD FOR NGM RESOURCES LIMITED**

Paladin Energy Ltd (**ASX: PDN, TSX: PDN, NSX: PDN**) (“**Paladin**”) and NGM Resources Limited (**ASX: NGM**) (“**NGM**”) are pleased to announce that Paladin intends to make an off-market scrip takeover offer (“**Offer**”) for the shares it does not already own in ASX listed minerals exploration company NGM. Paladin currently holds approximately 22.5% of NGM’s ordinary shares on issue, having recently acquired 4.3 million NGM shares at \$0.09 per share.

The consideration under the Offer will comprise one fully paid ordinary Paladin share for every 23.9 fully paid ordinary NGM shares that Paladin does not already own, implying a price of A\$0.15 per NGM share based on the closing price of Paladin shares on the ASX on 20 July 2010 (being the last trading day prior to announcement of the Offer) of A\$3.58.

The Offer values NGM at approximately A\$27.0 million and provides an attractive premium of 54% to the 5 day volume-weighted average price of NGM shares on the ASX on 16 July 2010 (being the last trading day in NGM shares prior to the announcement of the Offer). The Offer is subject to a number of conditions, which are set out in full in Appendix 1 to this announcement.

NGM’s directors have **unanimously recommended** that NGM shareholders accept the Offer, in the absence of a superior offer. They have also indicated that they intend to accept the Offer in respect of their own shareholdings, in the absence of a superior offer.

NGM Director Robert Kirtlan said shareholders would retain exposure to any future success of the NGM projects, as well as benefit from Paladin’s broader portfolio of uranium projects in Australia and Africa.

“Paladin is well positioned with a strong balance sheet and management expertise to fully exploit the world-class location of NGM’s uranium assets,” Mr Kirtlan said.

NGM is a minerals exploration company with a significant land position in Niger’s uranium rich Tim Mersoï Basin, a region which has a long history of uranium production and hosts some of the world’s largest and highest grade uranium deposits. NGM holds three uranium exploration concessions, covering an area of approximately 1,500km<sup>2</sup>.

NGM’s most advanced project is the Takardeit Project for which NGM announced, on 28 January 2010, a maiden inferred resource of 23 million tonnes at a grade of 210ppm, with an estimate of 11 million pounds of uranium oxide (U<sub>3</sub>O<sub>8</sub>) at 120ppm

cut off. The announcement of the maiden resource followed a drilling programme undertaken in the last quarter of 2009, which identified supergene mineralisation over an area of 2.7km by 2.1km. The mineralisation is shallow to a depth of 30m and remains open to the south and south west.

**The proposed acquisition will represent a significant addition to Paladin's portfolio of early stage uranium exploration projects and importantly will give Paladin a presence in a country with a long history of uranium production.** The potential acquisition of a large, under-explored land holding within the highly prospective Tim Mersoï Basin will provide Paladin with the opportunity to potentially unlock significant value by applying its proven uranium exploration and development capabilities. Importantly the dilution to Paladin shareholders is less than 1% and given the relative size of the companies, Paladin believes that NGM can be easily integrated allowing Paladin to continue to focus on its other strategic growth initiatives.

If the Offer is successfully completed, NGM shareholders will:

- retain the exploration upside associated with NGM's projects;
- benefit from becoming shareholders in a uranium producing company, and inherit a management team and board with the requisite skills and demonstrated ability to bring a uranium project into production; and
- obtain increased liquidity of their investment through owning Paladin shares.

Paladin and NGM have entered into a bid implementation agreement, a copy of which is included in Appendix 2 to this announcement.

NGM has agreed to pay Paladin a break fee of A\$400,000 in certain circumstances, including if NGM enters into a competing proposal or if the NGM directors withdraw or adversely modify their recommendation of the Offer. NGM has also agreed to customary exclusivity arrangements in regards to solicitation of alternative transactions. Further details are set out in Appendix 2.

Paladin's financial adviser in respect of the proposed acquisition is Azure Capital and its legal adviser is Blake Dawson. NGM's financial adviser is Hartleys Limited and legal adviser is Corrs Chambers Westgarth.

### **Indicative Timetable**

Paladin's Bidder's Statement and NGM's Target's Statement are both expected to be available in three to four weeks and despatched to NGM shareholders as soon as possible thereafter.

### **Background Information – Paladin Energy Limited**

Paladin is listed on the Australian Securities Exchange, the Toronto Stock Exchange and the Namibian Stock Exchange under the symbol "PDN". Paladin is a uranium production company with two operating mines in Africa, exploration projects in Australia and a strategy to become a major uranium mining house. Since 1998, during a period of sustained downturn in global uranium markets, Paladin acquired a quality portfolio of advanced uranium projects having production potential.

The Langer Heinrich Mine in Namibia is now operational with a targeted annual production of 5.2Mlb U<sub>3</sub>O<sub>8</sub> and a mine life of approximately 20 years. The Kayelekera Mine in Malawi was officially opened in April 2009 and has been successfully commissioned with the plant showing full capacity to operate throughout its flowsheet with yellowcake produced during this phase. The project has a nameplate capacity of 3.3Mlb pa and has recently achieved commercial production.

## **Background Information – NGM Resources Limited**

NGM Resources Limited (ASX: NGM) is a diversified mineral exploration company focused on uranium and base metals. Headquartered in Perth, Western Australia, the company has uranium exploration projects in Niger, West Africa, and metal exploration projects in Madagascar, Southern Africa. NGM's major shareholders include Paladin, which holds approximately 22.5% of the ordinary shares in NGM.

The Company has a significant land position in Niger's uranium rich Tim Mersoï Basin, a region which has a long uranium production history and hosts some of the world's largest and highest grade uranium mines. NGM holds three uranium exploration concessions, covering an area of approximately 1,500km<sup>2</sup> in the region.

In Madagascar, itabirite iron ore and mineral sand prospects have been identified, and exploration at the Analalava and Mahanoro projects is ongoing.

### **For further information, please contact:**

#### **NGM Resources**

Director Robert Kirtlan +61 (8) 9367 6471

#### **Corporate Advisor**

Grey Egerton-Warburton  
Head of Corporate Finance  
Hartleys Limited  
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#### **For Media**

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## Appendix 1 – Offer Conditions

The Offer is subject to the fulfilment of the following conditions:

**(a) Minimum acceptance condition**

During, or at the end of, the Offer Period the number of NGM Shares in which Paladin and its associates together have relevant interests (disregarding any relevant interest that Paladin has merely because of the operation of section 608(3) of the Corporations Act) is at least 90% of all the NGM Shares.

**(b) No prescribed occurrences**

None of the following events happens during the period beginning on the date the bidder's statement is given to NGM and ending at the end of the Offer Period:

- (i) NGM converts all or any of its shares into a larger or smaller number of shares;
- (ii) NGM or a subsidiary of NGM resolves to reduce its share capital in any way;
- (iii) NGM or a subsidiary of NGM:
  - (A) enters into a buy-back agreement; or
  - (B) resolves to approve the terms of a buy-back agreement under section 257C(1) or 257D(1) of the Corporations Act;
- (iv) NGM or a subsidiary of NGM issues shares (other than NGM Shares upon the exercise of NGM Options or conversion of NGM Incentive Shares) or grants an option over its shares, or agrees to make such an issue or grant such an option;
- (v) NGM or a subsidiary of NGM issues, or agrees to issue, convertible notes;
- (vi) NGM or a subsidiary of NGM disposes, or agrees to dispose, of the whole, or a substantial part, of its business or property;
- (vii) NGM or a subsidiary of NGM charges, or agrees to charge, the whole, or a substantial part, of its business or property;
- (viii) NGM or a subsidiary of NGM resolves to be wound up;
- (ix) the appointment of a liquidator or provisional liquidator of NGM or of a subsidiary of NGM;
- (x) a court makes an order for the winding up of NGM or of a subsidiary of NGM;

- (xi) an administrator of NGM, or of a subsidiary of NGM, is appointed under section 436A, 436B or 436C of the Corporations Act;
- (xii) NGM or a subsidiary of NGM executes a deed of company arrangement; or
- (xiii) a receiver, or a receiver and manager, is appointed in relation to the whole, or a substantial part, of the property of NGM or of a subsidiary of NGM.

**(c) No prescribed occurrences between Announcement Date and service**

None of the events listed in sub-sections (i) to (xiii) of section (b) happens during the period beginning on the Announcement Date and ending at the end of the day before the bidder's statement is given to NGM.

**(d) No action by Public Authority adversely affecting the Takeover Bid**

During the Condition Period:

- (i) there is not in effect any preliminary or final decision, order or decree issued by a Public Authority;
- (ii) no action or investigation is instituted, or threatened by any Public Authority with respect to NGM or any subsidiary of NGM; or
- (iii) no application is made to any Public Authority (other than an application by Paladin or any company within the Paladin Group, an application under section 657G of the Corporations Act, or an application commenced by a person specified in section 659B(1) of the Corporations Act in relation to the Takeover Bid),

in consequence of, or in conjunction with, the Takeover Bid, which restrains or prohibits or threatens to restrain or prohibit, or may otherwise materially adversely impact upon, the making of the Takeover Bid or the completion of any transaction contemplated by the bidder's statement (including implementing the intentions expressed therein) or seeks to require the divestiture by Paladin of any NGM Shares, or the divestiture of any assets by NGM or by any subsidiary of NGM or by any company within the Paladin Group.

**(e) Approvals by Public Authorities**

During the Condition Period, Paladin receives all Approvals which are required by law or by any Public Authority:

- (i) to permit the Offers to be made to and accepted by NGM shareholders; or

- (ii) as a result of the Offers or the successful acquisition of the NGM Shares and which are necessary for the continued operation of the business of NGM and its subsidiaries or of Paladin and its subsidiaries,

and those Approvals are on an unconditional basis and remain in force in all respects and there is no notice or indication of intention to revoke, suspend, restrict, modify or not renew those Approvals.

**(f) S&P ASX200 index**

During the Condition Period, the S&P ASX200 index does not close below 3,743.06 for 5 or more consecutive trading days.

**(g) No material acquisitions, disposals, etc.**

Except for any proposed transaction publicly announced by NGM before the Announcement Date, none of the following events occur during the period from that date to the end of the Offer Period without the written consent of Paladin:

- (i) NGM, or any subsidiary of NGM, acquires, offers to acquire or agrees to acquire one or more companies or assets (or an interest in one or more companies or assets) for an amount in aggregate greater than \$100,000 or makes an announcement about such an acquisition;
- (ii) NGM, or any subsidiary of NGM, disposes, offers to dispose or agrees to dispose of, or creates, or offers to create an equity interest in one or more companies or assets (or an interest in one or more companies or assets) for an amount in aggregate greater than \$100,000 or makes an announcement about such a disposal;
- (iii) NGM, or any subsidiary of NGM, enters into, offers to enter into or announces that it proposes to enter into any joint venture or partnership involving a commitment of greater than \$100,000 or dual listed company structure, or makes an announcement about such a commitment; or
- (iv) NGM, or any subsidiary of NGM, incurs or commits to, or grants to another person a right the exercise of which would involve NGM or any subsidiary of NGM incurring or committing to any capital expenditure or liability for one or more related items of greater than \$100,000 or makes an announcement about such a commitment.

**(h) No material failings in filings**

Paladin does not become aware, during the Condition Period, that any document filed by or on behalf of NGM with ASX or ASIC contains a statement which is incorrect or misleading in

any material particular or from which there is a material omission.

**(i) No break fees**

(i) Subject to section (i)(ii), during the Condition Period none of NGM, and any body corporate which is or becomes a subsidiary of NGM, pays or provides or agrees (whether conditionally or contingently) to pay or provide any benefit to any person, or foregoes or otherwise reduces any payment or benefit or agrees to forgo or reduce any payment or benefit to which it would otherwise be entitled, in connection with any person making or agreeing to participate in, or enter into negotiations concerning:

- (A) a takeover offer for NGM or any body corporate which is or becomes a subsidiary of NGM; or
- (B) any other proposal to acquire any interest (whether equitable, legal, beneficial or economic) in shares in, or assets of, NGM or any body corporate which is or becomes a subsidiary of NGM, or to operate NGM as a single economic entity with another body corporate.

(ii) Section (i)(i) does not apply to a payment, benefit or agreement:

- (A) for providing professional advisory services to NGM;
- (B) which is approved in writing by Paladin;
- (C) which is approved by a resolution passed at a general meeting of NGM; or
- (D) which is made to, provided to, owed by or made with Paladin.

**(j) Non-existence of certain rights**

No person has any right (whether subject to conditions or not) as a result of Paladin acquiring NGM Shares to:

- (i) acquire, or require NGM or a subsidiary of NGM to dispose of, or offer to dispose of, any material asset of NGM or a subsidiary of NGM;
- (ii) terminate or vary any material agreement with NGM or a subsidiary of NGM; or
- (iii) accelerate or adversely modify the performance of any obligations of NGM or any of its subsidiaries in a material respect under any material agreements, contracts or other legal arrangements.

**(k) Conduct of NGM's business**

During the Condition Period, none of NGM, or any body corporate which is or becomes a subsidiary of NGM, without the written consent of Paladin:

- (i) declares, or distributes any dividend, bonus or other share of its profits or assets;
- (ii) issues or grants options over, or agrees to issue or grant options over, or otherwise makes any commitments regarding any shares or other securities, or alters its capital structure or the rights attached to any of its shares or other securities, or issues or agrees to issue any convertible notes, other than the issue of NGM Shares upon the exercise of NGM Options or conversion of NGM Incentive Shares;
- (iii) makes any changes in its constitution or passes any special resolution;
- (iv) gives or agrees to give any Encumbrance over any of its assets otherwise than in the ordinary course of business;
- (v) borrows or agrees to borrow any money (except for temporary borrowing from its bankers in the ordinary course of business);
- (vi) releases, discharges or modifies any substantial obligation to it of any person, firm or corporation or agrees to do so;
- (vii) has appointed any additional director to its board of directors whether to fill a casual vacancy or otherwise;
- (viii) enters or agrees to enter into any contract of service or varies or agrees to vary any existing contract of service with any director or manager, or pays or agrees to pay any retirement benefit or allowance to any director, manager or other employee, or makes or agrees to make any substantial change in the basis or amount of remuneration of any director, manager or other employee (except as required by law or provided under any superannuation, provident or retirement scheme as in effect on the Announcement Date);
- (ix) conducts its business otherwise than in the ordinary course;
- (x) has threatened or commenced against it any material claims or proceedings in any court or tribunal (including a petition for winding up or an application for appointment of a receiver or receiver and manager); or

- (xi) executes a deed of company arrangement or passes any resolution for liquidation, or has appointed or becomes susceptible to the appointment of an administrator, a receiver, a receiver and manager or a liquidator, or becomes subject to investigation under the *Australian Securities and Investments Commission Act 2001* (Cth) or any corresponding legislation.

**(l) No force majeure event**

During the Condition Period, no outbreak of hostilities (whether war is declared or not) or terrorism, mobilisation of armed forces, civil or political unrest or labour disturbance, fire or natural disaster, material increase in the intensity of any of the above events or other event beyond the control of NGM or the relevant subsidiary occurs which affects or is likely to affect the assets, liabilities, financial position, performance, profitability or prospects of NGM or any of its subsidiaries.

**(m) No material adverse change to NGM**

During the Condition Period, no change occurs, is discovered or becomes public which has or could reasonably be expected to have a materially adverse effect on the:

- (i) assets, liabilities, financial position, performance, profitability or prospects of NGM and its subsidiaries taken as a whole or of any of them; or
- (ii) status or terms of any material Approvals from Public Authorities applicable to NGM or any of its subsidiaries,

including:

- (iii) any creditor demanding repayment of a debt of \$100,000 or more;
- (iv) NGM or a subsidiary of NGM entering into an agreement (including an option agreement) in relation to acquiring or disposing of assets the price or aggregate unencumbered value of which is \$100,000 or more;
- (v) any person accelerating or adversely modifying the performance of any obligations of NGM or any of its subsidiaries under any agreements, contracts or other legal arrangements;
- (vi) any of the Niger Tenements (or the extension of any of these tenements for a period of 27 months ending December 2012) is discovered to be not valid or binding.

**(n) Niger Tenements**

Prior to 11 September 2010, NGM or its subsidiary, Indo Energy Ltd, receives in writing all necessary approvals from relevant Public Authorities for the valid extension of the Niger Tenements for a period of 27 months ending December 2012, and otherwise

without any material variation to any other terms or conditions of the Niger Tenements, and provides a copy of all such approvals to Paladin.

**(o) Restriction on others acquiring shares in NGM**

During the Condition Period, no person other than:

- (i) Paladin or an associate of Paladin (as defined in section 12(2) of the Corporations Act) or
- (ii) an entity which, immediately prior to the Announcement Date, held 10% or more of the voting power in NGM,

obtains 10% or more of voting power in NGM.

**(p) Consent to Quotation**

The TSX consents to the issue and quotation of the Paladin Shares to be issued under the Offer on that exchange on an unconditional basis or subject only to customary conditions.

**(q) Lender's consent**

The Société Générale, Australia Branch (ABN 71 092 516 286), in its capacity as agent under the Common Terms Agreements:

- (i) irrevocably and unconditionally consents to the acquisition by Paladin of some or all the NGM Shares pursuant to the Offer for the purposes of the Common Terms Agreements; and
- (ii) irrevocably and unconditionally waives any default under the Common Terms Agreements which has arisen, or may arise, solely as a result of the announcement or completion of the Offer by Paladin.

**(r) NGM Options**

During the Condition Period, either:

- (i) all NGM Options have been exercised, cancelled or transferred to Paladin or agreement has been reached between Paladin, NGM and the holders of the NGM Options to do so; or
- (ii) Paladin is entitled to compulsorily acquire all outstanding NGM Options in accordance with Chapter 6A of the Corporations Act.

**(s) NGM Incentive Shares**

During the Condition Period, all NGM Incentive Shares have been converted into NGM Shares, cancelled or transferred to Paladin, and if converted into NGM Shares, the holders of all NGM Shares arising upon conversion, have accepted the Offer in respect of all such shares.

**(t) Access to Information**

Between the Announcement Date and the end of the Offer Period, NGM promptly, and in any event within two business days, provides to Paladin a copy of all material information which Paladin may from time to time reasonably request, relating to NGM or any of its subsidiaries, or their respective assets, liabilities or operations.

**(u) BVI Subsidiaries**

Prior to 11 September 2010, NGM provides to Paladin certificates issued by Mossack Fonseca, the registered agent of Indo Energy Ltd and NGM Universal Limited (**BVI Subsidiaries**), confirming that each of the BVI Subsidiaries is in good standing, is wholly-owned by NGM and there are no charges registered against any of them.

**Definitions**

**Announcement Date** means the date of this announcement.

**Approval** means a licence, authority, consent, approval, order, exemption, waiver, ruling or decision.

**ASIC** means the Australian Securities and Investments Commission.

**ASX** means ASX Limited.

**Common Terms Agreements** means:

- (a) the common terms agreement and the interpretation agreement dated 31 March 2009 between, amongst others, Paladin (Africa) Ltd (as borrower), Paladin Energy Minerals NL (as guarantor), Paladin Energy Ltd (as sponsor) and Société Générale Australia Branch (as the intercreditor agent and security trustee), under which the loan facilities for the Kayelekera Project are provided; and
- (b) the common terms agreement and the interpretation agreement dated 25 May 2006 between, amongst others, Paladin Finance Pty Ltd (as borrower), Paladin Energy Ltd (as guarantor and sponsor) and Société Générale Australia Branch (as agent and security trustee), under which the loan facilities for the Langer Heinrich Project are provided.

**Condition Period** means the period beginning on the Announcement Date and ending at the end of the Offer Period.

**Corporations Act** means the *Corporations Act 2001* (Cth).

**Encumbrance** means:

- (a) a mortgage, charge, pledge, lien, hypothecation or a title retention arrangement;

- (b) a notice under section 255 of the *Income Tax Assessment Act 1936* (Cth), subdivision 260-A in schedule 1 to the *Taxation Administration Act 1953* (Cth) or any similar legislation;
- (c) any other interest in or right over property (including a right to set off or withhold payment of a deposit or other money);
- (d) any other thing that prevents, restricts or delays the exercise of a right over property, the use of property or the registration of an interest in or dealing with property; or
- (e) an agreement to create anything referred to above or to allow any of them to exist.

**Offer** means the offer to acquire NGM Shares to be made by Paladin to NGM shareholders.

**Offer Period** means the period during which the Offer will remain open for acceptance.

**NGM** means NGM Resources Limited ACN 107 131 653.

**NGM Incentive Shares** means convertible incentive shares issued in the capital of NGM.

**NGM Options** means options to subscribe for NGM Shares.

**NGM Shares** means fully paid ordinary shares issued in the capital of NGM.

**Niger Tenements** means the following mining licences granted by the Republic of Niger to Indo Energy Ltd:

- (a) Terzemazour I (Decret No. 2007-165/PRN/MME);
- (b) Toulouk I (Decret No. 2007-166/PRN/MME); and
- (c) Tagait IV (Decret No. 2007-167/PRN/MME).

**Paladin** means Paladin Energy Ltd ACN 061 681 098.

**Paladin Group** means Paladin and its related bodies corporate (as defined in the Corporations Act).

**Public Authority** means any government or any governmental, semi-governmental, administrative, statutory or judicial entity or authority, or any minister, department, office or delegate of any government, whether in Australia or elsewhere. It also includes any self-regulatory organisation established under statute and any stock exchange.

**S&P ASX 200 index** means the index of that name published by Standards & Poor's (or any successor or replacement for that index).

**Takeover Bid** means the takeover bid constituted by the Offers.

**TSX** means the Toronto Stock Exchange.

## Appendix 2 – Bid Implementation Agreement

# Bid Implementation Agreement

### DATE

### PARTIES

**NGM Resources Limited**  
ACN 107 131 653 (**NGM**)

**Paladin Energy Limited**  
ACN 061 681 098 (**Paladin**)

### 1. THE BID

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#### 1.1 Paladin agrees to make Bid

Paladin agrees to:

- (a) make the Bid; and
- (b) make the Agreed Announcement to the ASX as soon as practicable after the parties have executed this document.

#### 1.2 Paladin may use subsidiary

- (a) Paladin may satisfy its obligations under clause 1.1 by causing a wholly-owned subsidiary to do the things referred to in clauses 1.1(a) and (b). If Paladin does that references to:
  - (i) the Bid are references to the Bid by the subsidiary; and
  - (ii) Paladin making the Bid are references to Paladin causing the subsidiary to make the Bid.
- (b) If clause 1.2(a) applies, Paladin:
  - (i) must procure that its relevant subsidiary performs Paladin's obligations under this document; and
  - (ii) guarantees to NGM the performance of those obligations by that subsidiary.

#### 1.3 NGM's assessment of the Bid

NGM represents and warrants that:

- (a) the NGM Board has met and considered the possibility of Paladin agreeing to make the Bid;
- (b) the directors of NGM have informed NGM that, if Paladin complies with clauses 1.1 and 1.2, they will announce to ASX that they intend to recommend acceptance of the Bid Offer and will accept the Bid Offer in

respect of any NGM Shares that they own or control, subject in each case only to there being no Superior Proposal; and

- (c) NGM will release an announcement in the form of the Agreed Announcement at the same time as, or as soon as reasonably practicable following, Paladin making the announcement under clause 1.1(b).

## **2. FACILITATING THE BID**

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### **2.1 Reasonable access**

To facilitate the Bid, NGM will use its reasonable endeavours to provide Paladin with reasonable access to:

- (a) the books and records of NGM;
- (b) any information reasonably requested by Paladin; and
- (c) NGM's senior management, external auditors and accountants and other advisers.

All information provided under this document is subject to the terms of the Confidentiality Deed. For the avoidance of doubt, nothing in this document or the Confidentiality Deed restricts Paladin from including any information in the bidder's statement in respect of the Bid for the purpose of complying with the Corporations Act, the ASX Listing Rules or any other applicable law and listing rules provided always that Paladin, to the extent reasonably practicable, consults in good faith with NGM as to the form and content of any such disclosures before that information is disclosed in that bidder's statement.

### **2.2 Consultation regarding bidder's statement and target's statement**

- (a) Paladin will give NGM a reasonable opportunity (being not less than 3 Business Days) to review an advanced draft of the bidder's statement in respect of the Bid, and will consult in good faith with NGM with respect to any comments NGM may have on that bidder's statement.
- (b) NGM will give Paladin a reasonable opportunity (being not less than 3 Business Days) to review an advanced draft of the target's statement in respect of the Bid, and will consult in good faith with Paladin with respect to any comments Paladin may have on that target's statement.

### **2.3 Early despatch of offers**

- (a) For the purposes of item 6 in section 633(1) of the Corporations Act and subject to complying with clause 2.3(b), NGM agrees that offers under the Bid may be sent to holders of NGM Shares on the day on which the finalised bidder's statement for the Bid is sent to NGM or within 28 days after that day.
- (b) Clause 2.3(a) is subject to:
  - (i) Paladin providing NGM with a final draft of its bidder's statement for review not less than 3 Business Days before it is lodged with ASIC under item 2 of section 633(1) of the Corporations Act; and
  - (ii) Paladin incorporating all reasonable comments provided to it by NGM in its bidder's statement in respect of the Bid.

**2.4 NGM target's statement**

NGM must use its best endeavours to despatch the target's statement to NGM Shareholders as soon as practicable (and in any event no later than 14 days) after the bidder's statement in respect of the Bid is sent to NGM. In addition, NGM will use its best endeavours to arrange despatch of the target's statement to NGM Shareholders together with the bidder's statement to be sent by Paladin under the Bid.

**2.5 Indicative timetable**

Without prejudice to the remainder of the obligations contained in this clause 2, each party agrees to use its reasonable endeavours to comply with the following indicative timetable:

|   |  |
|---|--|
| Wednesday 21 July 2010                    | Release of Agreed Announcement   |
| By no later than Wednesday 11 August 2010 | Paladin provides advanced draft bidder's statement to NGM under clause 2.2(a)<br>NGM provides advanced draft target's statement to Paladin under clause 2.2(b) |
| By no later than Wednesday 18 August 2010 | Paladin lodges bidder's statement with ASIC and ASX and serves it on NGM<br>NGM lodges target's statement with ASIC and ASX and serves it on Paladin           |
| By no later than Friday 20 August 2010    | Paladin despatches bidder's statement to NGM Shareholders<br>NGM despatches target's statement to NGM Shareholders   |

**2.6 Conduct of business**

From the date of this document until the end of the Bid Offer Period, NGM must carry on its business in accordance with normal and prudent practice and in the ordinary course.

**2.7 Promote the Bid**

During the Bid Offer Period, in the absence of a Superior Proposal, NGM will support the Bid and participate in efforts reasonably required by Paladin to promote the merits of the Bid, including meeting with key NGM Shareholders, analysts, management, press and other parties mutually agreed, if requested to do so by Paladin, but only to the extent that the NGM Board or the relevant director considers they may do so without breaching their statutory or fiduciary duties.

**2.8 Bid Conditions**

- (a) NGM agrees not to do (or omit to do) anything which will, or is likely to, result in any of the Bid Conditions being breached.
- (b) Nothing in this clause 2 prevents NGM or the NGM Board from taking, or failing to take, action where to do otherwise would, in the reasonable opinion of the NGM Board, constitute a breach of the duties of the directors of NGM. The reasonable opinion of the NGM Board must be based on specific written legal and any other appropriate advice.

- (c) To avoid any doubt, in this document, a reference to a Bid Condition being breached includes a reference to a Bid Condition not being, or not being capable of being, satisfied.
- (d) If any event occurs or becomes apparent to NGM which would cause any of the Bid Conditions to be breached, NGM must, to the extent that it is actually aware of such information, immediately notify Paladin of the event.
- (e) NGM agrees to use its best endeavours to ensure satisfaction of the Bid Conditions set out in sections (n) and (u) of Appendix 1 to the Agreed Announcement.
- (f) Paladin agrees to use its reasonable endeavours to ensure satisfaction of the Bid Condition set out in section (q) of Appendix 1 to the Agreed Announcement.

## **2.9 NGM Incentive Shares**

- (a) Paladin must ensure that its Bid Offer extends to any NGM Shares issued as a result of the conversion of NGM Incentive Shares into NGM Shares.
- (b) NGM must ensure the NGM Board:
  - (i) does all things and takes all actions:
    - (A) required by the terms of the NGM Incentive Shares, the ASX Listing Rules, the Corporations Act and the NGM Constitution; or
    - (B) reasonably requested by Paladin,that is within the power of the NGM Board to do, to satisfy the Bid Condition set out in section (s) of Appendix 1 to the Agreed Announcement, including giving notices in accordance with the terms of the NGM Incentive Shares, the ASX Listing Rules, the Corporations Act, the NGM Constitution and any other legal requirement and entering into any documents reasonably requested by Paladin; and
  - (ii) does not exercise any discretion given to NGM or the NGM Board under the terms of the NGM Incentive Shares or the NGM Constitution with respect to the NGM Incentive Shares without the prior written consent of Paladin (such consent not being unreasonably withheld or delayed).

## **2.10 NGM Options**

- (a) Prior to the Bid Offer becoming unconditional, Paladin must make an offer to acquire all of the NGM Options (outstanding at the date of this document) from each holder of NGM Options or seek such holder's consent for the cancellation of its NGM Options, for the NGM Option Consideration. If accepted, the acquisition or cancellation of those NGM Options must be completed within 21 days of the Bid Offer becoming unconditional.
- (b) NGM must ensure the NGM Board:
  - (i) does all things and takes all actions:
    - (A) required by the terms of the NGM Options, the ASX Listing Rules, the Corporations Act and the NGM Constitution; or
    - (B) reasonably requested by Paladin,

that is within the power of the NGM Board to do, to satisfy the Bid Condition set out in section (r) of Appendix 1 to the Agreed Announcement, including giving notices in accordance with the terms of the NGM Options, the ASX Listing Rules, the Corporations Act, the NGM Constitution and any other legal requirement and entering into any documents reasonably requested by Paladin; and

- (ii) does not exercise any discretion given to NGM or the NGM Board under the terms of the NGM Options or the NGM Constitution with respect to the NGM Options without the prior written consent of Paladin (such consent not being unreasonably withheld or delayed).

#### **2.11 No independent expert**

NGM agrees that an expert's report for the target's statement is not required in respect of the Bid under section 640 of the Corporations Act or otherwise.

#### **2.12 NGM Annual Report**

NGM must send or make accessible to NGM Shareholders (in accordance with section 314 of the Corporations Act) the reports required under that section for the financial year ended 30 June 2010 before the end of the Bid Offer Period.

#### **2.13 Permitted Funding**

- (a) Notwithstanding clauses 2.6 to 2.8 and **Error! Reference source not found.** of this document, if:

- (i) the NGM Board reasonably determines that NGM needs to obtain additional working capital;
- (ii) the Bid Offer Period has commenced but the end of the Bid Offer Period has not occurred; and
- (iii) more than 5 months have elapsed since the Agreed Announcement,

NGM may seek additional debt or equity funding (**Permitted Funding**) provided that NGM must first offer Paladin the right to provide such funding and, if Paladin does not accept this offer within a reasonable time, NGM may obtain this funding from third parties on terms which are no more favourable to the third party than those offered to Paladin.

- (b) For the avoidance of doubt, Paladin's rights under clause 4 of this document are not affected by, and Paladin is not deemed to have waived any Bid Condition by virtue of, the matters contemplated in clause 2.13(a).

#### **2.14 Board appointments**

Conditional upon Paladin declaring the Bid to be free from all Bid Conditions and Paladin having a relevant interest in at least 90% of all the NGM Shares, Paladin will have the right to nominate any person or persons to be appointed as a director of the NGM Board (**Paladin Nominees**). NGM must ensure that: (i) the NGM Board promptly appoints each Paladin Nominee as a casual or additional director of the NGM Board until the next annual general meeting of NGM and (ii) upon such appointments becoming effective, the other directors of the NGM Board and the then directors of NGM's subsidiaries resign.

### 3. TAKEOVER OFFER

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#### 3.1 Variation

Paladin may vary the terms of the Bid in any manner permitted by the Corporations Act provided the varied terms are no less favourable than the Agreed Bid Terms.

Paladin may adjust the offer price under the Bid by the amount of any dividends or distributions paid to holders of NGM Shares after the Announcement Date.

#### 3.2 Waiver of conditions and extension

Subject to the Corporations Act, Paladin may declare the Bid to be free from any Bid Condition or extend the Bid at any time.

### 4. UNDERTAKING TO PAY COMPENSATING AMOUNT

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#### 4.1 Undertaking

Subject to Paladin having released the Agreed Announcement in accordance with this document, NGM undertakes to pay the Compensating Amount to Paladin if:

- (a) NGM accepts or enters into or offers to accept or enter into, any agreement arrangement or understanding regarding a Competing Proposal or any other transaction that may reduce the likelihood of success of the Bid;
- (b) any NGM director does not recommend the Bid or withdraws or adversely modifies an earlier recommendation or approves or recommends or makes an announcement in support of a Competing Proposal or any other transaction that may reduce the likelihood of success of the Bid or announces an intention to do any of these acts, except if the sole reason that the NGM director does so is because the closing price of Paladin Shares on ASX falls below \$2.50 per Paladin Share for any 5 consecutive trading days in the period after the release of the Agreed Announcement;
- (c) NGM or any of its directors does (or omits to do) anything (whether or not it may be permitted by the terms of this document) which results in any of the Bid Conditions set out in sections b, c, d, e, g, h, i, j, k, m, n, r, s, t and u of Appendix 1 to the Agreed Announcement being breached and Paladin does not declare the Bid Offer free of the breached condition (which Paladin is under no obligation to do); or
- (d) there is a breach of clause **Error! Reference source not found.** by NGM.

#### 4.2 Compensating Amount

The Compensating Amount is \$400,000 plus the amount of any GST payable.

#### 4.3 NGM acknowledgment

NGM acknowledges that:

- (a) the Compensating Amount is reasonable in the context of the Bid; and
- (b) significant benefits will flow to NGM and holders of NGM Shares from Paladin making the Bid.

**4.4 Paladin warranty**

Paladin warrants that NGM's entering into this document is necessary to induce Paladin to make the Bid.

**4.5 Demand for payment**

Any demand by Paladin for payment of the Compensating Amount must be in writing stating the circumstances giving rise to the payment and NGM must pay the Compensating Amount to Paladin within 5 Business Days of receipt of the demand and Paladin being entitled to the Compensating Amount under clause 4.1.

**4.6 Repayment**

Despite any event in clause 4.1 occurring, if Paladin ultimately acquires beneficial ownership of not less than 100% of NGM Shares within 12 months after the date of this document, Paladin must repay to NGM any amount received under clause 4.1 which has not already been refunded under clause 4.7.

**4.7 Compliance with law**

- (a) **Unlawful Amount** means all or any part of the payment required to be made under clause 4.1 that is found by the Takeovers Panel or a court to be unlawful, involve a breach of director's duties or to constitute Unacceptable Circumstances.
- (b) If the Takeovers Panel or a court finds an Unlawful Amount, and the period for lodging an application for review or a notice of appeal of that decision has expired without such application or notice having been lodged or if an application for review or a notice of appeal has been lodged with the Takeovers Panel or a court within the prescribed period and the relevant review Panel or court finds an Unlawful Amount, then:
  - (i) the undertaking under clause 4.1 does not apply to the extent of the Unlawful Amount; and
  - (ii) Paladin must within 3 Business Days refund any Unlawful Amount paid to Paladin under this document.

**5. EXCLUSIVITY**

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**5.1 No solicitation and no discussions**

Subject to clause 5.6, for the period of 5 months after the date of this document or the end of the Bid Offer Period (whichever is earlier), NGM must not and must ensure that its employees, officers and (to the extent it is reasonably able to influence them), its Associates, do not and NGM must not require any adviser or agent to:

- (a) directly or indirectly solicit, initiate or encourage any inquiries, proposals or discussions regarding any Competing Proposal or any other transaction that may reduce the likelihood of success of the Bid (whether from a person with whom NGM has previously been in discussions or not);
- (b) directly or indirectly participate in any discussions or negotiations regarding a Competing Proposal or any other transaction that may reduce the likelihood of success of the Bid;
- (c) accept or enter into, or offer to accept or enter into, any agreement, arrangement or understanding regarding a Competing Proposal or any other transaction that may reduce the likelihood of success of the Bid;

- (d) approve or recommend a Competing Proposal or any other transaction that may reduce the likelihood of success of the Bid or announce an intention to do so; or
- (e) disclose any information about the businesses or affairs of NGM to a third party (other than a government agency or auditors) other than in the ordinary course of business or as required under NGM's existing contractual obligations to the extent those obligations have been specifically disclosed by NGM to Paladin and cannot be terminated by NGM with a view to obtaining a Competing Proposal.

**5.2 Cease existing discussions**

NGM must cease any existing discussions or negotiations relating to:

- (a) any Competing Proposal; or
- (b) any transaction that may reduce the likelihood of the success of the Bid.

**5.3 Return of confidential information**

To the extent it is entitled to do so, NGM must immediately require all persons (other than Paladin or its Associates) to whom it has provided non public information prior to the date of this document in connection with an activity referred to in clause 5.1(a), to return and delete from retrieval systems and data bases all such information.

**5.4 NGM to notify Paladin**

NGM must immediately notify Paladin of any approach or attempt to initiate discussions or negotiations regarding a Competing Proposal prior to the end of the Bid Offer Period.

**5.5 Equal access to information**

Where NGM or any of its Representatives provides pursuant to clause 5.6, any information relating to NGM or any of its subsidiaries or any of their businesses or operations to any person in connection with or for the purposes of a current or future Competing Proposal, it must promptly provide to Paladin a copy of that information.

**5.6 Fiduciary exception**

- (a) Nothing in clauses 5.1(b), 5.1(c), 5.1(d), 5.1(e) or 5.4 requires NGM or the NGM Board to do or refrain from doing anything where doing or refraining from doing that thing would, in the reasonable opinion of the NGM Board, be likely to involve a breach of the duties of the directors of NGM. The reasonable opinion of the NGM Board must be based on specific written legal and any other appropriate advice.
- (b) This clause 5.6 does not apply in respect of a Competing Proposal resulting from a breach of clause 5.1(a).

**5.7 Exclusivity period ceases**

NGM has no obligation under clause 5.1, 5.4 or 5.5 where:

- (a) Paladin has not by 19 September 2010 (or such extended time as permitted by the Corporations Act or ASIC) served on NGM a bidder's statement relating to the Bid;
- (b) offers under the Bid are not despatched to holders of NGM Shares on or before 19 September 2010 (or such extended time as permitted by the Corporations Act or ASIC);

- (c) Paladin withdraws the Bid after the Bid is made; or
- (d) the Bid closes.

## **6. ANNOUNCEMENTS**

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### **6.1 No Announcement**

Neither party may make an announcement relating to the subject matter of this document or its termination or make public this document (or any of its terms) unless the announcement or publication:

- (a) is required by this document;
- (b) has the prior approval of the other party; or
- (c) is required to be made by any applicable law or the listing rules applicable to the party.

### **6.2 Notice of Announcement**

If a party is required to make an announcement under clause 6.1(c), it must, to the extent practicable without that party breaching any applicable law, give to the other party:

- (a) such notice as is reasonable in the circumstances of its intention to make the announcement; and
- (b) a draft of the announcement and an opportunity, which is reasonable in the circumstances, to comment on the contents of the draft announcement.

## **7. AMENDMENT AND ASSIGNMENT**

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### **7.1 Amendment**

This document can only be amended or replaced by another document executed by the parties.

### **7.2 Assignment**

A party may only assign, declare a trust over or otherwise deal with its rights under this document with the written consent of the other party.

## **8. GENERAL**

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### **8.1 Governing law**

- (a) This document is governed by the law of Western Australia.
- (b) Each party submits to the jurisdiction of the courts of Western Australia, and any court that may hear appeals from any of those courts, for any proceedings in connection with this document.

### **8.2 Liability for expenses**

Each party must pay its own expenses incurred in negotiating, executing, stamping and registering this document.

### 8.3 Operation of this document

- (a) This document contains the entire agreement between the parties about its subject matter. Any previous understanding, agreement, representation or warranty relating to that subject matter is replaced by this document and has no further effect.
- (b) Any provision of this document which is unenforceable or partly unenforceable is, where possible, to be severed to the extent necessary to make this document enforceable, unless this would materially change the intended effect of this document.

### 8.4 GST on claims

- (a) Words defined in *A New Tax System (Goods and Services Tax) Act 1999* (Cth) have the same meaning in this clause.
- (b) If NGM pays Paladin the Compensating Amount under this document and that gives rise to a liability for GST, NGM must pay and indemnify Paladin on demand against the amount of that GST.
- (c) If a party provides a payment for or any satisfaction of a claim or a right to claim under or in connection with this document (for example, for a breach of any warranty or under an indemnity) that gives rise to a liability for GST, the provider must pay, and indemnify the recipient on demand against, the amount of that GST.
- (d) If a party has a claim under or in connection with this document for a cost on which that party must pay an amount for GST, the claim is for the cost plus the amount for GST (except any amount for GST for which that party is entitled to an input tax credit).

### 8.5 Counterparts

This document may be executed in counterparts.

## 9. INTERPRETATION

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### 9.1 Definitions

The following definitions apply in this document.

**Agreed Announcement** means the announcement in the terms set out in **Error! Reference source not found.** or in other terms agreed to by the parties.

**Agreed Bid Terms** means the terms set out in **Error! Reference source not found.**

**Announcement Date** means the date of release of the Agreed Announcement.

**ASIC** means the Australian Securities and Investments Commission.

**Associate** has the meaning given in section 12(2) of the Corporations Act.

**ASX** means ASX Limited.

**ASX Listing Rules** means the listing rules of the ASX.

**Bid** means a takeover bid under Chapters 6 to 6C of the Corporations Act under which Paladin offers to acquire all NGM Shares (that it does not already own) on terms no less favourable than the Agreed Bid Terms.

**Bid Conditions** means the conditions set out in Appendix 1 to the Agreed Announcement.

**Bid Offer** means each offer to acquire NGM Shares to be made by Paladin to each NGM Shareholder under the Bid on terms consistent with this document.

**Bid Offer Period** means the period during which the Bid Offer is open for acceptance.

**Business Day** means a day (other than Saturday, Sunday or public holiday) on which banks are open for general banking business in Perth, Western Australia.

**Compensating Amount** has the meaning given to it in clause 4.2.

**Competing Proposal** means any proposal (including a scheme of arrangement) or offer that would if completed substantially in accordance with its terms, result in:

- (a) any person or persons other than Paladin or one of Paladin's Associates acquiring:
  - (i) an interest in all or a substantial part of the assets of NGM (including, for the avoidance of doubt, an interest in NGM's assets in Niger or Madagascar);
  - (ii) a relevant interest in more than 10% of the voting shares of NGM; or
  - (iii) control of NGM; or
- (b) NGM and another person or persons (other than Paladin or one of Paladin's Associates) operating under a dual listed company, or similar structure.

**Confidentiality Deed** means the confidentiality deed dated 26 March 2010 between Paladin and NGM.

**Corporations Act** means the *Corporations Act 2001* (Cth) as modified by any relevant exemption or declaration by ASIC.

**NGM Board** means the board of directors of NGM.

**NGM Constitution** means the constitution of NGM.

**NGM Incentive Shares** means the convertible incentive shares in the capital of NGM.

**NGM Option** means an option to subscribe for a NGM Share granted by NGM.

**NGM Option Consideration** means the consideration to be offered by Paladin to acquire NGM Options as agreed between the holders of the NGM Options and Paladin.

**NGM Share** means an ordinary share in the capital of NGM.

**NGM Shareholder** means a holder of a NGM Share.

**Paladin Share** means an ordinary share in the capital of Paladin.

**Representatives** means in relation to a party:

- (a) each of that party's subsidiaries; and
- (b) each of the directors, officers, employees and advisers of that party or any of its subsidiaries.

**Superior Proposal** means a Competing Proposal that in the determination of the NGM Board acting in good faith:

- (a) is reasonably capable of being valued and completed, taking into account both the nature of the Competing Proposal and the person or persons making it; and
- (b) offers consideration that is higher than the consideration offered under the Bid,

provided that an independent financial adviser has provided a written opinion to the NGM Board which supports the determination of the matters in paragraphs (a) and (b) above.

**Unacceptable Circumstances** has the meaning given in section 657A of the Corporations Act.

## 9.2 Rules for interpreting this document

Headings are for convenience only, and do not affect interpretation. The following rules also apply in interpreting this document, except where the context makes it clear that a rule is not intended to apply.

- (a) Words and phrases which are defined by the Corporations Act have the same meaning in this document. If a special meaning is given for the purposes of Chapter 6 or 6A or a provision of Chapter 6 or 6A of the Corporations Act the word or phrase has that meaning.
- (b) A reference to:
  - (i) a legislative provision or legislation (including subordinate legislation) is to that provision or legislation as amended, re-enacted or replaced, and includes any subordinate legislation issued under it;
  - (ii) a document (including this document) or agreement, or a provision of a document (including this document) or agreement, is to that document, agreement or provision as amended, supplemented, replaced or novated;
  - (iii) a party to this document or to any other document or agreement includes a successor in title, permitted substitute or a permitted assign of that party;
  - (iv) a person includes any type of entity or body of persons, whether or not it is incorporated or has a separate legal identity, and any executor, administrator or successor in law of the person;
  - (v) anything (including a right, obligation or concept) includes each part of it; and
  - (vi) a reference to \$ is to the lawful currency in Australia unless otherwise stated.
- (c) A singular word includes the plural, and vice versa.
- (d) A word which suggests one gender includes the other genders.
- (e) If a word or phrase is defined, any other grammatical form of that word or phrase has a corresponding meaning.

- (f) If an example is given of anything (including a right, obligation or concept), such as by saying it includes something else, the example does not limit the scope of that thing.

# Schedule 1

## AGREED ANNOUNCEMENT

MEDIA RELEASE

21 JULY 2010

### A\$27.0 MILLION RECOMMENDED TAKEOVER OFFER BY PALADIN ENERGY LTD FOR NGM RESOURCES LIMITED

Paladin Energy Ltd (**ASX: PDN, TSX: PDN, NSX: PDN**) (“**Paladin**”) and NGM Resources Limited (**ASX: NGM**) (“**NGM**”) are pleased to announce that Paladin intends to make an off-market scrip takeover offer (“**Offer**”) for the shares it does not already own in ASX listed minerals exploration company NGM. Paladin currently holds approximately 22.5% of NGM’s ordinary shares on issue, having recently acquired 4.3 million NGM shares at \$0.09 per share.

The consideration under the Offer will comprise one fully paid ordinary Paladin share for every 23.9 fully paid ordinary NGM shares that Paladin does not already own, implying a price of A\$0.15 per NGM share based on the closing price of Paladin shares on the ASX on 20 July 2010 (being the last trading day prior to announcement of the Offer) of A\$3.58.

The Offer values NGM at approximately A\$27.0 million and provides an attractive premium of 54% to the 5 day volume-weighted average price of NGM shares on the ASX on 16 July 2010 (being the last trading day in NGM shares prior to the announcement of the Offer). The Offer is subject to a number of conditions, which are set out in full in Appendix 1 to this announcement.

NGM’s directors have **unanimously recommended** that NGM shareholders accept the Offer, in the absence of a superior offer. They have also indicated that they intend to accept the Offer in respect of their own shareholdings, in the absence of a superior offer.

NGM Director Robert Kirtlan said shareholders would retain exposure to any future success of the NGM projects, as well as benefit from Paladin’s broader portfolio of uranium projects in Australia and Africa.

“Paladin is well positioned with a strong balance sheet and management expertise to fully exploit the world-class location of NGM’s uranium assets,” Mr Kirtlan said.

NGM is a minerals exploration company with a significant land position in Niger’s uranium rich Tim Mersoï Basin, a region which has a long history of uranium production and hosts some of the world’s largest and highest grade uranium deposits. NGM holds three uranium exploration concessions, covering an area of approximately 1,500km<sup>2</sup>.

NGM’s most advanced project is the Takardeit Project for which NGM announced, on 28 January 2010, a maiden inferred resource of 23 million tonnes at a grade of 210ppm, with an estimate of 11 million pounds of uranium oxide (U<sub>3</sub>O<sub>8</sub>) at 120ppm cut off. The announcement of the maiden resource followed a drilling programme

undertaken in the last quarter of 2009, which identified supergene mineralisation over an area of 2.7km by 2.1km. The mineralisation is shallow to a depth of 30m and remains open to the south and south west.

**The proposed acquisition will represent a significant addition to Paladin's portfolio of early stage uranium exploration projects and importantly will give Paladin a presence in a country with a long history of uranium production.** The potential acquisition of a large, under-explored land holding within the highly prospective Tim Mersoï Basin will provide Paladin with the opportunity to potentially unlock significant value by applying its proven uranium exploration and development capabilities. Importantly the dilution to Paladin shareholders is less than 1% and given the relative size of the companies, Paladin believes that NGM can be easily integrated allowing Paladin to continue to focus on its other strategic growth initiatives.

If the Offer is successfully completed, NGM shareholders will:

- retain the exploration upside associated with NGM's projects;
- benefit from becoming shareholders in a uranium producing company, and inherit a management team and board with the requisite skills and demonstrated ability to bring a uranium project into production; and
- obtain increased liquidity of their investment through owning Paladin shares.

Paladin and NGM have entered into a bid implementation agreement, a copy of which is included in Appendix 2 to this announcement.

NGM has agreed to pay Paladin a break fee of A\$400,000 in certain circumstances, including if NGM enters into a competing proposal or if the NGM directors withdraw or adversely modify their recommendation of the Offer. NGM has also agreed to customary exclusivity arrangements in regards to solicitation of alternative transactions. Further details are set out in Appendix 2.

Paladin's financial adviser in respect of the proposed acquisition is Azure Capital and its legal adviser is Blake Dawson. NGM's financial adviser is Hartleys Limited and legal adviser is Corrs Chambers Westgarth.

### **Indicative Timetable**

Paladin's Bidder's Statement and NGM's Target's Statement are both expected to be available in three to four weeks and despatched to NGM shareholders as soon as possible thereafter.

### **Background Information – Paladin Energy Limited**

Paladin is listed on the Australian Securities Exchange, the Toronto Stock Exchange and the Namibian Stock Exchange under the symbol “PDN”. Paladin is a uranium production company with two operating mines in Africa, exploration projects in Australia and a strategy to become a major uranium mining house. Since 1998, during a period of sustained downturn in global uranium markets, Paladin acquired a quality portfolio of advanced uranium projects having production potential.

The Langer Heinrich Mine in Namibia is now operational with a targeted annual production of 5.2Mlb U<sub>3</sub>O<sub>8</sub> and a mine life of approximately 20 years. The Kayelekera Mine in Malawi was officially opened in April 2009 and has been successfully commissioned with the plant showing full capacity to operate throughout its flowsheet with yellowcake produced during this phase. The project has a nameplate capacity of 3.3Mlb pa and has recently achieved commercial production.

### **Background Information – NGM Resources Limited**

NGM Resources Limited (ASX: NGM) is a diversified mineral exploration company focused on uranium and base metals. Headquartered in Perth, Western Australia, the company has uranium exploration projects in Niger, West Africa, and metal exploration projects in Madagascar, Southern Africa. NGM’s major shareholders include Paladin, which holds approximately 22.5% of the ordinary shares in NGM.

The Company has a significant land position in Niger’s uranium rich Tim Mersoï Basin, a region which has a long uranium production history and hosts some of the world’s largest and highest grade uranium mines. NGM holds three uranium exploration concessions, covering an area of approximately 1,500km<sup>2</sup> in the region.

In Madagascar, itabirite iron ore and mineral sand prospects have been identified, and exploration at the Analalava and Mahanoro projects is ongoing.

## Appendix 1 – Offer Conditions

The Offer is subject to the fulfilment of the following conditions:

**(a) Minimum acceptance condition**

During, or at the end of, the Offer Period the number of NGM Shares in which Paladin and its associates together have relevant interests (disregarding any relevant interest that Paladin has merely because of the operation of section 608(3) of the Corporations Act) is at least 90% of all the NGM Shares.

**(b) No prescribed occurrences**

None of the following events happens during the period beginning on the date the bidder's statement is given to NGM and ending at the end of the Offer Period:

- (i) NGM converts all or any of its shares into a larger or smaller number of shares;
- (ii) NGM or a subsidiary of NGM resolves to reduce its share capital in any way;
- (iii) NGM or a subsidiary of NGM:
  - (A) enters into a buy-back agreement; or
  - (B) resolves to approve the terms of a buy-back agreement under section 257C(1) or 257D(1) of the Corporations Act;
- (iv) NGM or a subsidiary of NGM issues shares (other than NGM Shares upon the exercise of NGM Options or conversion of NGM Incentive Shares) or grants an option over its shares, or agrees to make such an issue or grant such an option;
- (v) NGM or a subsidiary of NGM issues, or agrees to issue, convertible notes;
- (vi) NGM or a subsidiary of NGM disposes, or agrees to dispose, of the whole, or a substantial part, of its business or property;
- (vii) NGM or a subsidiary of NGM charges, or agrees to charge, the whole, or a substantial part, of its business or property;
- (viii) NGM or a subsidiary of NGM resolves to be wound up;
- (ix) the appointment of a liquidator or provisional liquidator of NGM or of a subsidiary of NGM;

- (x) a court makes an order for the winding up of NGM or of a subsidiary of NGM;
- (xi) an administrator of NGM, or of a subsidiary of NGM, is appointed under section 436A, 436B or 436C of the Corporations Act;
- (xii) NGM or a subsidiary of NGM executes a deed of company arrangement; or
- (xiii) a receiver, or a receiver and manager, is appointed in relation to the whole, or a substantial part, of the property of NGM or of a subsidiary of NGM.

**(c) No prescribed occurrences between Announcement Date and service**

None of the events listed in sub-sections (i) to (xiii) of section 1.1(b) happens during the period beginning on the Announcement Date and ending at the end of the day before the bidder's statement is given to NGM.

**(d) No action by Public Authority adversely affecting the Takeover Bid**

During the Condition Period:

- (i) there is not in effect any preliminary or final decision, order or decree issued by a Public Authority;
- (ii) no action or investigation is instituted, or threatened by any Public Authority with respect to NGM or any subsidiary of NGM; or
- (iii) no application is made to any Public Authority (other than an application by Paladin or any company within the Paladin Group, an application under section 657G of the Corporations Act, or an application commenced by a person specified in section 659B(1) of the Corporations Act in relation to the Takeover Bid),

in consequence of, or in conjunction with, the Takeover Bid, which restrains or prohibits or threatens to restrain or prohibit, or may otherwise materially adversely impact upon, the making of the Takeover Bid or the completion of any transaction contemplated by the bidder's statement (including implementing the intentions expressed therein) or seeks to require the divestiture by Paladin of any NGM Shares, or the divestiture of any assets by NGM or by any subsidiary of NGM or by any company within the Paladin Group.

**(e) Approvals by Public Authorities**

During the Condition Period, Paladin receives all Approvals which are required by law or by any Public Authority:

- (i) to permit the Offers to be made to and accepted by NGM shareholders; or
- (ii) as a result of the Offers or the successful acquisition of the NGM Shares and which are necessary for the continued operation of the business of NGM and its subsidiaries or of Paladin and its subsidiaries,

and those Approvals are on an unconditional basis and remain in force in all respects and there is no notice or indication of intention to revoke, suspend, restrict, modify or not renew those Approvals.

**(f) S&P ASX200 index**

During the Condition Period, the S&P ASX200 index does not close below 3,743.06 for 5 or more consecutive trading days.

**(g) No material acquisitions, disposals, etc.**

Except for any proposed transaction publicly announced by NGM before the Announcement Date, none of the following events occur during the period from that date to the end of the Offer Period without the written consent of Paladin:

- (i) NGM, or any subsidiary of NGM, acquires, offers to acquire or agrees to acquire one or more companies or assets (or an interest in one or more companies or assets) for an amount in aggregate greater than \$100,000 or makes an announcement about such an acquisition;
- (ii) NGM, or any subsidiary of NGM, disposes, offers to dispose or agrees to dispose of, or creates, or offers to create an equity interest in one or more companies or assets (or an interest in one or more companies or assets) for an amount in aggregate greater than \$100,000 or makes an announcement about such a disposal;
- (iii) NGM, or any subsidiary of NGM, enters into, offers to enter into or announces that it proposes to enter into any joint venture or partnership involving a commitment of greater than \$100,000 or dual listed company structure, or makes an announcement about such a commitment; or
- (iv) NGM, or any subsidiary of NGM, incurs or commits to, or grants to another person a right the exercise of which would involve NGM or any subsidiary of NGM incurring or committing to any capital expenditure or liability for one or more related items of greater than \$100,000 or makes an announcement about such a commitment.

**(h) No material failings in filings**

Paladin does not become aware, during the Condition Period, that any document filed by or on behalf of NGM with ASX or ASIC contains a statement which is incorrect or misleading in any material particular or from which there is a material omission.

**(i) No break fees**

(i) Subject to section 1.1(i)1.1(i)(ii), during the Condition Period none of NGM, and any body corporate which is or becomes a subsidiary of NGM, pays or provides or agrees (whether conditionally or contingently) to pay or provide any benefit to any person, or foregoes or otherwise reduces any payment or benefit or agrees to forgo or reduce any payment or benefit to which it would otherwise be entitled, in connection with any person making or agreeing to participate in, or enter into negotiations concerning:

- (A) a takeover offer for NGM or any body corporate which is or becomes a subsidiary of NGM; or
- (B) any other proposal to acquire any interest (whether equitable, legal, beneficial or economic) in shares in, or assets of, NGM or any body corporate which is or becomes a subsidiary of NGM, or to operate NGM as a single economic entity with another body corporate.

(ii) Section 1.1(i)1.1(i)(i) does not apply to a payment, benefit or agreement:

- (A) for providing professional advisory services to NGM;
- (B) which is approved in writing by Paladin;
- (C) which is approved by a resolution passed at a general meeting of NGM; or
- (D) which is made to, provided to, owed by or made with Paladin.

**(j) Non-existence of certain rights**

No person has any right (whether subject to conditions or not) as a result of Paladin acquiring NGM Shares to:

(i) acquire, or require NGM or a subsidiary of NGM to dispose of, or offer to dispose of, any material asset of NGM or a subsidiary of NGM;

- (ii) terminate or vary any material agreement with NGM or a subsidiary of NGM; or
- (iii) accelerate or adversely modify the performance of any obligations of NGM or any of its subsidiaries in a material respect under any material agreements, contracts or other legal arrangements.

**(k) Conduct of NGM's business**

During the Condition Period, none of NGM, or any body corporate which is or becomes a subsidiary of NGM, without the written consent of Paladin:

- (i) declares, or distributes any dividend, bonus or other share of its profits or assets;
- (ii) issues or grants options over, or agrees to issue or grant options over, or otherwise makes any commitments regarding any shares or other securities, or alters its capital structure or the rights attached to any of its shares or other securities, or issues or agrees to issue any convertible notes, other than the issue of NGM Shares upon the exercise of NGM Options or conversion of NGM Incentive Shares;
- (iii) makes any changes in its constitution or passes any special resolution;
- (iv) gives or agrees to give any Encumbrance over any of its assets otherwise than in the ordinary course of business;
- (v) borrows or agrees to borrow any money (except for temporary borrowing from its bankers in the ordinary course of business);
- (vi) releases, discharges or modifies any substantial obligation to it of any person, firm or corporation or agrees to do so;
- (vii) has appointed any additional director to its board of directors whether to fill a casual vacancy or otherwise;
- (viii) enters or agrees to enter into any contract of service or varies or agrees to vary any existing contract of service with any director or manager, or pays or agrees to pay any retirement benefit or allowance to any director, manager or other employee, or makes or agrees to make any substantial change in the basis or amount of remuneration of any director, manager or other employee (except as required by law or provided under any superannuation, provident or retirement scheme as in effect on the Announcement Date);

- (ix) conducts its business otherwise than in the ordinary course;
- (x) has threatened or commenced against it any material claims or proceedings in any court or tribunal (including a petition for winding up or an application for appointment of a receiver or receiver and manager); or
- (xi) executes a deed of company arrangement or passes any resolution for liquidation, or has appointed or becomes susceptible to the appointment of an administrator, a receiver, a receiver and manager or a liquidator, or becomes subject to investigation under the *Australian Securities and Investments Commission Act 2001* (Cth) or any corresponding legislation.

**(l) No force majeure event**

During the Condition Period, no outbreak of hostilities (whether war is declared or not) or terrorism, mobilisation of armed forces, civil or political unrest or labour disturbance, fire or natural disaster, material increase in the intensity of any of the above events or other event beyond the control of NGM or the relevant subsidiary occurs which affects or is likely to affect the assets, liabilities, financial position, performance, profitability or prospects of NGM or any of its subsidiaries.

**(m) No material adverse change to NGM**

During the Condition Period, no change occurs, is discovered or becomes public which has or could reasonably be expected to have a materially adverse effect on the:

- (i) assets, liabilities, financial position, performance, profitability or prospects of NGM and its subsidiaries taken as a whole or of any of them; or
- (ii) status or terms of any material Approvals from Public Authorities applicable to NGM or any of its subsidiaries,

including:

- (iii) any creditor demanding repayment of a debt of \$100,000 or more;
- (iv) NGM or a subsidiary of NGM entering into an agreement (including an option agreement) in relation to acquiring or disposing of assets the price or aggregate unencumbered value of which is \$100,000 or more;
- (v) any person accelerating or adversely modifying the performance of any obligations of NGM or any of its subsidiaries under any agreements, contracts or other legal arrangements;

- (vi) any of the Niger Tenements (or the extension of any of these tenements for a period of 27 months ending December 2012) is discovered to be not valid or binding.

**(n) Niger Tenements**

Prior to 11 September 2010, NGM or its subsidiary, Indo Energy Ltd, receives in writing all necessary approvals from relevant Public Authorities for the valid extension of the Niger Tenements for a period of 27 months ending December 2012, and otherwise without any material variation to any other terms or conditions of the Niger Tenements, and provides a copy of all such approvals to Paladin.

**(o) Restriction on others acquiring shares in NGM**

During the Condition Period, no person other than:

- (i) Paladin or an associate of Paladin (as defined in section 12(2) of the Corporations Act) or
- (ii) an entity which, immediately prior to the Announcement Date, held 10% or more of the voting power in NGM,

obtains 10% or more of voting power in NGM.

**(p) Consent to Quotation**

The TSX consents to the issue and quotation of the Paladin Shares to be issued under the Offer on that exchange on an unconditional basis or subject only to customary conditions.

**(q) Lender's consent**

The Société Générale, Australia Branch (ABN 71 092 516 286), in its capacity as agent under the Common Terms Agreements:

- (i) irrevocably and unconditionally consents to the acquisition by Paladin of some or all the NGM Shares pursuant to the Offer for the purposes of the Common Terms Agreements; and
- (ii) irrevocably and unconditionally waives any default under the Common Terms Agreements which has arisen, or may arise, solely as a result of the announcement or completion of the Offer by Paladin.

**(r) NGM Options**

During the Condition Period, either:

- (i) all NGM Options have been exercised, cancelled or transferred to Paladin or agreement has been reached between Paladin, NGM and the holders of the NGM Options to do so; or

- (ii) Paladin is entitled to compulsorily acquire all outstanding NGM Options in accordance with Chapter 6A of the Corporations Act.

**(s) NGM Incentive Shares**

During the Condition Period, all NGM Incentive Shares have been converted into NGM Shares, cancelled or transferred to Paladin, and if converted into NGM Shares, the holders of all NGM Shares arising upon conversion, have accepted the Offer in respect of all such shares.

**(t) Access to Information**

Between the Announcement Date and the end of the Offer Period, NGM promptly, and in any event within two business days, provides to Paladin a copy of all material information which Paladin may from time to time reasonably request, relating to NGM or any of its subsidiaries, or their respective assets, liabilities or operations.

**(u) BVI Subsidiaries**

Prior to 11 September 2010, NGM provides to Paladin certificates issued by Mossack Fonseca, the registered agent of Indo Energy Ltd and NGM Universal Limited (**BVI Subsidiaries**), confirming that each of the BVI Subsidiaries is in good standing, is wholly-owned by NGM and there are no charges registered against any of them.

**Definitions**

**Announcement Date** means the date of this announcement.

**Approval** means a licence, authority, consent, approval, order, exemption, waiver, ruling or decision.

**ASIC** means the Australian Securities and Investments Commission.

**ASX** means ASX Limited.

**Common Terms Agreements** means:

- (a) the common terms agreement and the interpretation agreement dated 31 March 2009 between, amongst others, Paladin (Africa) Ltd (as borrower), Paladin Energy Minerals NL (as guarantor), Paladin Energy Ltd (as sponsor) and Société Générale Australia Branch (as the intercreditor agent and security trustee), under which the loan facilities for the Kayelekera Project are provided; and
- (b) the common terms agreement and the interpretation agreement dated 25 May 2006 between, amongst others, Paladin Finance Pty Ltd (as borrower), Paladin Energy Ltd (as guarantor and sponsor) and Société Générale Australia Branch (as agent and

security trustee), under which the loan facilities for the Langer Heinrich Project are provided.

**Condition Period** means the period beginning on the Announcement Date and ending at the end of the Offer Period.

**Corporations Act** means the *Corporations Act 2001* (Cth).

**Encumbrance** means:

- (a) a mortgage, charge, pledge, lien, hypothecation or a title retention arrangement;
- (b) a notice under section 255 of the *Income Tax Assessment Act 1936* (Cth), subdivision 260-A in schedule 1 to the *Taxation Administration Act 1953* (Cth) or any similar legislation;
- (c) any other interest in or right over property (including a right to set off or withhold payment of a deposit or other money);
- (d) any other thing that prevents, restricts or delays the exercise of a right over property, the use of property or the registration of an interest in or dealing with property; or
- (e) an agreement to create anything referred to above or to allow any of them to exist.

**Offer** means the offer to acquire NGM Shares to be made by Paladin to NGM shareholders.

**Offer Period** means the period during which the Offer will remain open for acceptance.

**NGM** means NGM Resources Limited ACN 107 131 653.

**NGM Incentive Shares** means convertible incentive shares issued in the capital of NGM.

**NGM Options** means options to subscribe for NGM Shares.

**NGM Shares** means fully paid ordinary shares issued in the capital of NGM.

**Niger Tenements** means the following mining licences granted by the Republic of Niger to Indo Energy Ltd:

- (a) Terzemazour I (Decret No. 2007-165/PRN/MME);
- (b) Toulouk I (Decret No. 2007-166/PRN/MME); and
- (c) Tagait IV (Decret No. 2007-167/PRN/MME).

**Paladin** means Paladin Energy Ltd ACN 061 681 098.

**Paladin Group** means Paladin and its related bodies corporate (as defined in the Corporations Act).

**Public Authority** means any government or any governmental, semi-governmental, administrative, statutory or judicial entity or authority, or any minister, department, office or delegate of any government, whether in Australia or elsewhere. It also includes any self-regulatory organisation established under statute and any stock exchange.

**S&P ASX 200 index** means the index of that name published by Standards & Poor's (or any successor or replacement for that index).

**Takeover Bid** means the takeover bid constituted by the Offers.

**TSX** means the Toronto Stock Exchange.

## Schedule 2

### AGREED BID TERMS

1. **Offer Price**

Paladin offers to issue one fully paid ordinary share in Paladin for every 23.9 NGM Shares.

2. **Conditions**

The offer by Paladin under the Bid may be subject only to conditions:

- (a) that are the same or substantially the same as the conditions described in Appendix 1 to the Agreed Announcement; or
- (b) that are no less favourable to NGM Shareholders than those described in Appendix 1 to the Agreed Announcement.

**Executed as a deed**

**EXECUTED by NGM Resources Limited** ACN 107 131 653 pursuant to section 127 of the *Corporations Act 2001* (Cth) in the presence of:

\_\_\_\_\_  
Signature of director

\_\_\_\_\_  
Signature of director/secretary

\_\_\_\_\_  
Name

\_\_\_\_\_  
Name

**EXECUTED by Paladin Energy Limited** ACN 061 681 098 pursuant to section 127 of the *Corporations Act 2001* (Cth) in the presence of:

\_\_\_\_\_  
Signature of director

\_\_\_\_\_  
Signature of director/secretary

\_\_\_\_\_  
Name

\_\_\_\_\_  
Name