



PALADIN RESOURCES LTD

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

Dear Sir/Madam

Langer Heinrich Uranium Project Bankable Feasibility Study Positive Mineral Resource Estimates

Paladin is pleased to advise that Hellman and Schofield Pty Ltd (H&S), the mineral resource specialists employed for the Langer Heinrich Bankable Feasibility Study, have completed new resource estimates. These are reported here according to the JORC (1999) Code.

H&S's evaluation work has confirmed and significantly increased the total resources previously estimated with the tonnage of contained U_3O_8 increasing by 20% (at a 100ppm U_3O_8 cut-off) and 28% (at 300ppm and 500ppm cut-offs).

Mineral Resources now stand at:-

- 89.3Mt ore at 0.046% U_3O_8 containing 41,200t U_3O_8 (100ppm cut-off)
- 42.7Mt ore at 0.076% U_3O_8 containing 32,300t U_3O_8 (300ppm cut-off)
- 21.2Mt ore at 0.113% U_3O_8 containing 24,100t U_3O_8 (500ppm cut-off)

The new resource estimates have significantly increased the amount of Measured Resources to 10.2Mt from the previous 2.0 Mt.

Details of the new estimates at a 300ppm U_3O_8 cut-off are:

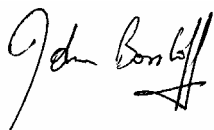
- Measured Resource 10.2Mt ore at 0.067% U_3O_8 (6,900t of contained U_3O_8)
 - Indicated Resource 4.4Mt ore at 0.060% U_3O_8 (2,600t of contained U_3O_8)
 - Inferred Resource 28.1Mt ore at 0.080% U_3O_8 (22,800t of contained U_3O_8)
- TOTAL 42.7Mt ore at 0.076% U_3O_8 (32,300t of contained U_3O_8)**

This evaluation work by H&S has confirmed that a large body of uranium mineralisation exists at Langer Heinrich. These new results and reinterpretation of the existing data by Paladin indicates that, with restricted additional drilling, sufficient Inferred Resources can be converted to an Indicated Resource category in order to achieve a 10 year mine life based on only one open pit within the Detail 1 area, rather than having to develop three pits within Details 1, 2 and 3 as required by the current mine schedule.

It is planned that at least 4,000m of RC drilling will be carried out commencing late August to achieve the above objectives. This work will replace and augment the drilling originally scheduled for November that was to provide fresh mineralised material for the ongoing metallurgical testwork. This expanded programme has the ability to either extend the mine life or allow increased annual uranium production. No delay is expected in the Bankable Feasibility Study completion because of this work.

In light of the improving uranium price outlook and the increased resources that have been estimated by H&S, it is evident that opportunity exists to develop a more robust project than previously indicated.

Yours faithfully
Paladin Resources Ltd

A handwritten signature in black ink, appearing to read 'John Borshoff', with a stylized, cursive script.

JOHN BORSHOFF
Managing Director

Declaration

The information in this report that relates to mineral resources is based on information compiled by Ed Becker BSc (hons), MAusIMM, David Princep BSc MAusIMM and Gary Brabham MSc MAusIMM each of whom have more than five years experience in estimation of mineral resources and ore reserves. Mr Becker is a full-time employee of Paladin Resources Ltd. Messrs Princep and Brabham are full-time employees of Hellman & Schofield Pty Ltd. The work has been reviewed by Arnold van der Heyden BSc MAusIMM who is a full-time employee of Hellman & Schofield Pty Ltd. Messrs Becker and van der Heyden each have sufficient experience relevant to assessment of uranium mineralisation to qualify as Competent Persons as defined in the "Australasian Code for Reporting of Mineral Resources and Ore Reserves". Each of the above named consents to the inclusion of the information in the report in the form and context in which it appears.