



PALADIN RESOURCES LTD

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Ref: F5145

2 September 2004

Ms J Panetta
Australian Stock Exchange Limited
Exchange Plaza
2 The Esplanade
PERTH WA 6000

By Fax: 9221 2020

Dear Ms Panetta

Price and Volume Query

With regard to the query made by the ASX today in regard to the Paladin share price movements, we advise as follows:-

1. Apart from the improving uranium price and dramatic change that is occurring with regard to uranium market outlook, Paladin is not aware of any developments which could explain the increased interest in the Paladin stock.

It should be noted that share prices in Canadian uranium companies moved significantly on Wednesday on the back of an improving uranium price where UxC announced a spot uranium price increase to US\$19.25/lb U_3O_8 and term price movement to US\$23/lb U_3O_8 . Canadian uranium companies such as Cameco moved C\$85.75 to C\$88.75, Southern Cross \$1.16 to C\$1.36, UEX \$1.16 to \$1.51 and Denison C\$6.25 to C\$7.10 over and above significant increases over the recent weeks. Junior uranium companies in Canada have market caps ranging from C\$100M to \$350M on what are essentially exploration plays.

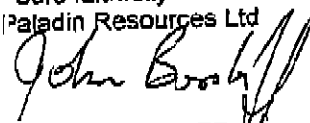
2. Paladin has 3 advanced uranium projects, one of which has a Bankable Feasibility Study in progress (Langer Heinrich in Namibia) and another (Kayelekera Uranium Project in Malawi) on which we have announced in our March and June quarterly that we are replanning the feasibility study on this project in the light of improved uranium outlook and will carry out drilling in this regard for metallurgical testwork. Paladin's market cap of \$85M, has been on a steady rise since November 2003. This is in constant upward adjustment because of the evolving recognition worldwide of the unique position the Company now finds itself amongst its peers.

3. We are aware that there is significant buying and demand of Paladin stock from Canada, US and Europe. This is in recognition of the perceived undervalued nature of Paladin stock in comparison to its counterparts in Canada and we would expect this positive re-valuation to continue.

4. We confirm we are in compliance with the ASX Listing Rules.

Should you require any further clarification please contact the undersigned.

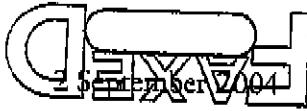
Yours faithfully
Paladin Resources Ltd


JOHN BORSHOFF
Managing Director



ASX

AUSTRALIAN STOCK EXCHANGE



Mr John Borshoff
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Dear Sir

Paladin Resources Limited (the "Company")

RE: PRICE AND VOLUME QUERY

We have noted a change in the price of the Company's securities from \$0.21 on 1 September 2004 to \$0.26 today. We have also noted an increase in the volume of trading in the securities over this period.

In light of the price change and increase in volume, please respond to each of the following questions.

1. Is the Company aware of any information concerning it that has not been announced which, if known, could be an explanation for recent trading in the securities of the Company?
2. If the answer to question 1 is yes, can an announcement be made immediately? If not, why not and when is it expected that an announcement will be made?

Please note, if the answer to question 1 is yes and an announcement cannot be made immediately, you need to contact us to discuss this and you need to consider a trading halt (see below).

3. Is there any other explanation that the Company may have for the price change and increase in volume in the securities of the Company?
4. Please confirm that the Company is in compliance with the listing rules and, in particular, listing rule 3.1.

Your response should be sent to me on facsimile number (08) 9221 2020. It should not be sent to the Company Announcements Office.

Unless the information is required immediately under listing rule 3.1, a response is requested as soon as possible and, in any event, not later than the close of business (ie before 5.00 p.m. (W.S.T) on Friday, 3 September 2004.

The response must be in a form suitable for release to the market. If you have any concern about release of a response, please contact me immediately.

Listing rule 3.1

Listing rule 3.1 requires an entity to give ASX immediately any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities. The exceptions to this requirement are set out in the rule.

In responding to this letter you should consult listing rule 3.1 and the guidance note titled "Continuous disclosure: listing rule 3.1".

If the information requested by this letter is information required to be given to ASX under listing rule 3.1 your obligation is to disclose the information immediately.

Your responsibility under listing rule 3.1 is not confined to, or necessarily satisfied by, answering the questions set out in this letter.

Trading halt

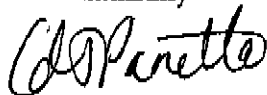
If you are unable to respond by the time requested, or if the answer to question 1 is yes and an announcement cannot be made immediately, you should consider a request for a trading halt in the Company's securities. As set out in listing rule 17.1 and the guidance note titled "Trading halts" we may grant a trading halt at your request. We may require the request to be in writing. We are not required to act on your request. You must tell us each of the following.

- The reasons for the trading halt.
- How long you want the trading halt to last.
- The event you expect to happen that will end the trading halt.
- That you are not aware of any reason why the trading halt should not be granted.
- Any other information necessary to inform the market about the trading halt, or that we ask for.

The trading halt cannot extend past the commencement of normal trading on the second day after the day on which it is granted. If a trading halt is requested and granted and you are still unable to reply to this letter before the commencement of trading, suspension from quotation would normally be imposed by us from the commencement of trading if not previously requested by you. The same applies if you have requested a trading halt because you are unable to release information to the market, and are still unable to do so before the commencement of trading.

If you have any queries regarding any of the above, please let me know.

Yours faithfully



Christine Panetta
Senior Companies Adviser

Direct Line: (08) 9224 0014