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The Company Announcements Officer
Australian Stock Exchange Limited
Exchange Centre
20 Bridge Street
SYDNEY NSW 2000

Dear Sir/Madam

Kayelekera Uranium Project
Economic Study Update

Paladin Resources Limited ("Paladin") is pleased to advise that the updating of the Pre-Feasibility Study economic model for the Kayelekera Uranium project, originally undertaken in 2000, has been completed.

This reassessment work, done in the light of increasing uranium prices and a positive global market outlook, has confirmed that Paladin has a second uranium project in hand which offers exciting development prospects in the same manner as its the Langer Heinrich Project.

By the end of August 2004, the spot price of uranium had risen to US$19.25/lb, but more importantly, term contracts for uranium which account for the bulk of uranium sold are now reported to be at US$23.00/lb U_3O_8. This change has had a significant effect on the expected viability of the Kayelekera Project.

Paladin has completed the current update of the Kayelekera Uranium Project at what is now a conservative US$20.00/lb U_3O_8, and the project displays an estimated $NPV_{10\%}$ of US$61M with an IRR of 32%. At $22.50/lb U_3O_8 these key financial parameters increase to US$88M and 43% respectively. All estimates show Kayelekera to be a very robust project and fully justify the need to initiate a Bankable Feasibility Study on this project as soon as the Langer Heinrich Bankable Feasibility Study is completed in March 2005.

Hellman and Schofield Pty Ltd (H & S), mineral resource specialists, have completed new preliminary resource estimates on the Kayelekera Uranium Project as part of the project reassessment. These are reported here according to the JORC (1999) Code.

This evaluation work indicates the total U_3O_8 resources contained in the 100ppm and 500ppm cut off ranges as follows:-

- 12.5Mt ore at 0.092% containing 11,500t U_3O_8 (100ppm cut-off)
- 7Mt ore at 0.14% containing 9,900t U_3O_8 (500ppm cut-off)

These preliminary estimates are reported as Inferred Category Resources at this stage. The aspect restraining classification to the higher resource categories is the required verification of the base data, which is in progress.

Drilling for collection of suitable sample material for ore sorting testwork in preparation for process optimization and planning of the bankable feasibility study is scheduled to commence during September 2004.

Paladin's strategy to acquire advanced uranium projects during a prolonged period of depressed uranium markets is now demonstrating its merits and has the opportunity to make Paladin a significant player in the primary uranium supply sector. This all at a time when nuclear energy is undergoing an almost startling renaissance and uranium supply shortages are predicted, which necessitate further mine production.

Paladin, with its BFS in progress for Langer Heinrich Project in Namibia and the Kayelekera Project in Malawi in waiting, is showing itself as a leader in the group of emerging uranium producer companies worldwide.

At US$20/lb U_3O_8 the combined $NPV_{(10\%)}$ of he Langer Heinrich and Kayelekera Projects stands at US$144M (AUD205M).

Yours faithfully
Paladin Resources Ltd

JOHN BORSHOFF
Managing Director