PALADIN RESOURCES LTD
A.C.N. 061 681 098

245 CHURCHILL AVE, SUBIACO WESTERN AUSTRALIA 6008
PO BOX 201, SUBIACO WESTERN AUSTRALIA 6904

TELEPHONE: (+61 8) 9381 4366 FAX: (+61 8) 9381 4978
EMAIL: paladin@paladinresources.com.au
Web: www.paladinresources.com.au

Ref:F5474

30 September 2004

Australian Stock Exchange Limited
Exchange Centre
20 Bridge Street
SYDNEY NSW 2000

Dear Sir/Madam

Société Générale Loan Facility

The Directors of Paladin Resources Ltd ("Paladin") are pleased to advise that the A$2,000,000 loan facility agreement with the international banking group Société Générale Australian Bank ("SG") has been finalised.

This back-up funding facility has been set in place to support additional funding requirements which may be required to support either the currently ongoing Langer Heinrich Bankable Feasibility Study or the Kayelekera Bankable Feasibility Study anticipated for start up in the 2nd quarter 2005.

<u>Issue of Options Pursuant to Agreement</u>

Paladin will drawdown a minimum of A$500,000 upon signing and the balance can be drawn down at the Company's discretion.

Under the terms previously announced and approved by the shareholders on 19 February 2004, Paladin is required to grant to SG at the time the A$500,000 is drawn down, a total of 10,000,000 unlisted options exercisable at 5.5 cents each on or before 3 years from the date of grant. When Paladin negotiated the principal terms of agreement with SG the Paladin share price was trading in the 2 to 3 cent range and the confidence SG showed at that time both in the Langer Heinrich Project and Paladin by making this loan facility available crystallised positive interest in the Company, nationally and internationally.

<u>Project Debt Funding</u>

Finalisation of this agreement has taken 8 months to complete because of international legal complexities and has effectively cleared many of the hurdles the Company will confront when negotiating the debt funding for the Langer Heinrich Project. In this regard Paladin is pleased to advise that it is in discussion with SG regarding project debt funding, made possible only because of the comforts the now signed Loan Facility Agreement has realised. Although finalisation of project funding is subject to positive completion of the Bankable Feasibility Study expected to be in March 2005, the Directors are confident that debt financing can now be finalised much earlier than would otherwise be possible. This is regarded as a huge advantage for the Company.

Modified Terms for Drawdown of Balance of Loan Facility

SG has also agreed that any drawdown over and above A$500,000 to the A$2,000,000 maximum will **not** require the grant of any further options as was previously the case (previously shareholders had approved the grant of up to an additional 29,333,340 options on the same terms should the full facility be utilised).

Further SG has indicated a willingness to extend the Loan Facility to the Kayelekera Uranium Project Bankable Feasibility Study, should this be considered necessary giving the Company additional funding flexibility.

The Paladin Directors are very pleased with the relationship that has developed with SG and the confidence SG has shown in the Company's activities. In this regard SG represents a key plank in the process to enable Paladin to achieve its stated project development objectives both at Langer Heinrich and Kayelekera in a timely fashion.

Increase in Uranium Price

The spot price of uranium announced by UxC rose to US$20/lb this week reaching a key psychological barrier and confirming the highly positive uranium market outlook.

Yours faithfully
Paladin Resources Ltd

JOHN BORSHOFF
Managing Director