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By Electronic Lodgement

Dear Sir/Madam

Langer Heinrich Uranium Project Bankable Feasibility Study Finalised Mineral Resource Estimates

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- ❖ **65% of Inferred Resources convert to Measured and Indicated.**
 - ❖ **Mine life of 21 years possible at US\$25/lb U₃O₈ price and 1,000tpa production**
 - ❖ **Additional resource potential in newly discovered palaeochannel**
 - ❖ **Probable project expansion 15 to 18 months from initial mining start-up**
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The previously reported Mineral Resources as estimated by ore resource specialists Hellman & Schofield ("H&S") were not final. This meant that all Measured and Indicated Resources could not be announced until the U₃O₈ grades determined by radiometric down hole logging could be verified with geochemical analysis of the mineralised zones delineated by the 2004 drilling.

Paladin is pleased to announce that the geochemical and down hole radiometric logging grade determinations have been found to correlate well with each other and hence the Mineral Resources for the Langer Heinrich deposit have now been confirmed. The H&S finalised resource estimates based on geochemical analysis of 4,000 x 1m drill samples from the 165 new infill RC holes totalling 6,521m of drilling mainly within Details 1 and 2 are reported below according to the JORC (1999) Code.

The total Mineral Resources (rounded) for the Langer Heinrich Deposit (Details 1 to 7) for the 300ppm and 500ppm cut off categories are now estimated to be as follows:-

300ppm Cut-off	Mt of Ore	Grade % U₃O₈	Tonnes U₃O₈
Measured Resources	15.2	0.07%	11,200
Indicated Resources	9.0	0.07%	5,900
Inferred Resources	22.0	0.07%	15,700
Total	46.2	0.07	32,800
500ppm Cut-off			
Measured Resources	8.2	0.10%	8,500
Indicated Resources	4.2	0.10%	4,050
Inferred Resources	9.8	0.11%	11,100
Total	22.2	0.10	23,700

This drilling has confirmed that the mineralisation is consistent and that a high rate of conversion is possible into the Measured and Indicated Resources categories from the stated Inferred Resources. The size and nature of the resource is also allowing a range of options to be considered in staging the long term development of the Langer Heinrich mining operations to maximise returns.

DETAIL 1 AND 2 AREAS – STAGE I MINING PLAN

In the Mineral Resources announced on 23 November 2004, the Measured and Indicated Resources could only be given for that part of the mineralisation in Details 1 and 2 occurring above the water table and the balance was placed in the Inferred Resource category until all the geochemical verification work could be completed. The adjacent Detail 2 Area is included in the initial mine plan because the pit generated by mining this area will be used for in-pit tailing disposal from the outset. With confirmation of validity of the resource data, the rounded resource estimates in accordance with JORC can now be re-stated as follows:-

300ppm Cut-off	Mt of Ore	Grade % U₃O₈	Tonnes U₃O₈
Measured Resources	13.2	0.08%	10,300
Indicated Resources	7.0	0.07%	4,800
Inferred Resources	5.1	0.07%	3,400
Total	25.3	0.07	18,500

500ppm Cut-off			
Measured Resources	7.7	0.10%	8,100
Indicated Resources	3.5	0.10%	3,500
Inferred Resources	2.5	0.10%	2,400
Total	13.7	0.10	14,000

The infill drilling has succeeded in converting approximately 65% of the previously reported Inferred Resources in Details 1 and 2 into the Measured and Indicated Resource categories. More importantly however, 75% of the contained metal in the Inferred Resources category transferred to the Measured and Indicated Resource categories.

Pit optimisation work by Mining Solutions Consultancy Pty Ltd who are carrying out the mining studies for the Bankable Feasibility Study, was restricted to the Measured and Indicated Resources for the Details 1 and 2 and confirms a robust project is possible. Using a conservative U₃O₈ price of US\$20/lb, ore reserves of 15Mt are defined at an average grade of 0.08% U₃O₈ allowing for a mine life of 11 years at an annual production of 1,000t U₃O₈. At US\$25/lb U₃O₈ ore reserves increase to 21Mt grading 0.07% providing for a mine life of 14 years. The mining studies are currently being finalised for a U₃O₈ price of US\$25/lb based on Measured and Indicated Resources.

DETAILS 3 TO 7 – FOR STAGE II MINING CONSIDERATION

A considerable amount of resources also exist in the areas outside the current mine model plan and is as follows.

300ppm Cut-off	Mt of Ore	Grade % U₃O₈	Tonnes U₃O₈
Measured Resources	2.0	0.05%	1,100
Indicated Resources	2.0	0.05%	1,100
Inferred Resources	16.9	0.07%	12,300
Total	20.9	0.07	14,500

500ppm Cut-off			
Measured Resources	0.5	0.08%	400
Indicated Resources	0.7	0.11%	750
Inferred Resources	7.3	0.12%	8,600
Total	8.5	0.11	9,750

Using the calculated 65% factor for conversion from Inferred into Measured and Indicated Resources shows that future infill drilling by Paladin in the Detail 3 to 7 Areas has the potential to contribute substantially to the resource base that can be considered for future mining.

For upside potential for the Langer Heinrich Uranium Project, when all the Mineral Resources including Inferred category for all the Details (1 to 7) are included, the pit optimisation work defines an in pit resource of 25Mt grading 0.08% U₃O₈ at US\$20/lb U₃O₈ price giving a mine life of 17 years at 1,000t production. At US\$25/lb price the in pit resources increase to 36.5Mt grading 0.07% U₃O₈ allowing a mine life of almost 21 years at 1,000t production to be considered.

The strip ratios for all mining options stated above ranges from 1.88 to 2.07, indicating mining is flexible and does not impose serious mine cost escalation using a variety of cut-offs.

ADDITIONAL RESOURCE POTENTIAL

As previously reported, the 2004 investigation drilling to test for mineralised extensions discovered a previously unknown fertile palaeochannel. This shows potential similar to those palaeochannels carrying the bulk of the Mineral Resources identified to date. A 10,000m drilling program is planned to commence May 2005 to test the potential of this newly defined 4km long resource target.

This drilling is confidently expected to add further to the Mineral Resources that have been currently estimated by H&S. Statistically the Langer Heinrich palaeochannels produce 2,000t to 5,000t of U₃O₈ per km at the 300ppm cut-off level. It is planned to properly assess this new palaeochannel before the Stage II upgrade is considered for implementation. The broad timing of this upgrade is expected to be 15 to 18 months after initial Project start up.

Notwithstanding the above, the currently identified resource base already offers much flexibility in determining the optimal operational scope of the Langer Heinrich Uranium Project both for the start-up phase (Stage I) and the contemplated Stage II upgrade which will be carried out with the benefit of knowledge gained during the start-up production period. Stage II will incorporate the upgraded resource base and will be able to utilise the full benefit of orebody characterisation and a more detailed understanding of water requirements that will be defined by that time.

Yours faithfully
Paladin Resources Ltd



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 Tamer Dincer BSc, MSc, MAusIMM MICA, 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. Mr Princep is a full-time employee of Hellman & Schofield Pty Ltd. Mr Dincer is a full time employee of Mining Solutions Consultancy 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.