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Ref:F5722

2 March 2005

Company Announcements Office
Australian Stock Exchange Limited
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PERTH WA 6000

By Electronic Lodgement

Dear Sir/Madam

Langer Heinrich Uranium Project, Namibia, Southern Africa Progress update on near-finalised Bankable Feasibility Study

As previously advised, Paladin expects the Langer Heinrich Uranium Project's Bankable Feasibility Study ("BFS") to be signed off by the Study Engineers, GRD Minproc in mid-April 2005. The BFS is progressing well and according to schedule.

With key elements of the Study identified, the Directors believe sufficient information is now known to be able to provide preliminary indications of the Study's outcomes based on the following key principles:-

- Langer Heinrich is a proven large low to moderate grade uranium resource with significant upside potential.
- Langer Heinrich will provide a minimum of 10 years of consistent and reliable production to meet market demand.
- The reserve estimate is based on a U_3O_8 price of US\$25/lb substantiated by market strength.
- To maximise in-ground resource value over time.

These guiding principles and increase uranium prices have led to an 80% improvement in the Project NPV before tax and finance when compared to the results of the Pre-Feasibility Study.

The revised Langer Heinrich economic model has significantly strengthened the project outcome with a pre tax and finance NPV₁₀ of US\$150M (a substantial increase from the pre-feasibility numbers previously announced). This model considers all currently identified Measured and Indicated Resources and a 50% conversion of the stated Inferred Resources. **When cash flow is fully adjusted for taxes and including the recently announced 5% Namibian ad valorem royalty, the Project NPV₈ is determined to be US\$120M with an IRR of 24%.** The opportunity still remains for further optimisation before the BFS is finalised.

A 15 year mine life has been calculated for Details 1 and 2 only, with reserves based on a U_3O_8 price of US\$25.00/lb. The mining of Details 1 and 2 has been scheduled to deliver consistent production over the first 10 years with production in years 11 to 15 reducing as low grade stocks are fed back. However, with additional high grade ore available from the Indicated and Measured Resources in Details 3 to 7, the conversion of stated Inferred Resources and expected ongoing exploration success, it is expected production from these sources will be either brought forward or the operation expanded, depending on market demand.

The studies to date indicate the optimal processing rate to be 1.5Mt of ore per annum at an average grade of 0.085% U_3O_8 producing 1,150t/yr over the first 10 years of operation. The treatment process will utilise alkaline leaching at 75°C to give an overall metal recovery of 90%. Operating costs over the first 10 years of steady state production are estimated to start at US\$11.50 rising to US\$12.00/lb. Production is planned to commence by September 2006.

The capital estimate for the Project is now expected to be US\$80M. Construction costs have increased from that anticipated 2 years ago in the Pre-feasibility Study due to the 40% increase in plant throughput, strengthening of the Rand and worldwide increase in steel prices and other construction material. The capital costs also include construction of an 80km water pipeline, a 70km 20MW electricity supply line and access roads. The plant has now been designed to allow room for future expansion and increased throughput.

The interim BFS information is clearly showing that a viable, long term uranium mining operation is achievable at Langer Heinrich. The location of the project in Namibia, a stable country with a strong mining economy and long history of uranium production, provides an excellent basis to establish this new and exciting uranium mining operation for Paladin. Banking institutions have indicated a keen willingness to participate in the debt funding component of the Project. Based on the level of project returns, the Company foresees little difficulty in raising the required debt and equity capital to fund the Project.

Paladin's capacity to maximise its market opportunity is enhanced by the appointment of two highly experienced industry professionals to plan and implement the marketing, sales and logistics activities. Mr Dustin J Garrow and Mr James E Eggins have a wealth of uranium industry knowledge and extensive direct experience in the marketing and sales of natural uranium concentrates on a worldwide basis. This marketing team is now in active discussions with a number of utilities in both the USA and Asia.

With critical supply shortages and resultant forecast uranium price increases, the Langer Heinrich Project retains material upside capable of benefiting the Company's shareholders to an even greater extent in the longer term.

Yours faithfully
Paladin Resources Ltd

A handwritten signature in black ink, appearing to read 'John Borshoff', with a stylized flourish at the end.

JOHN BORSHOFF
Managing Director