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Company Announcements Office
Australian Stock Exchange Limited
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Dear Sir/Madam

LANGER HEINRICH URANIUM PROJECT, NAMIBIA

- Revised Mining Reserves (Details 1, 2, 3 and 5 Areas)
- Inferred Resources - Potential to Extend Project Mine Life
- Resource Drilling Update

Due to the increasing price of uranium (with the Ux spot price now at US\$30.85/lb U₃O₈ and term contracts at US\$32/lb U₃O₈) it has been decided by the Paladin Board and management to proceed with mine design and planning using a US\$30/lb instead of a US\$25/lb U₃O₈ price, as used in the Bankable Feasibility Study (BFS).

Revised Mining Reserves (Details 1, 2, 3 and 5 Areas)

Using the current Measured and Indicated Resources, GRD Minproc Limited has estimated the Proven and Probable Reserves using a price of US\$30/lb. The table below details these new reserves and also compares them against those in the BFS, which used a price of US\$25/lb.

ESTIMATED MINERAL RESERVE (250 ppm Cut-off)									
	Proven Ore Reserve			Probable Ore reserve			Total Ore Reserve		
	Mt	%	t U ₃ O ₈	Mt	%	t U ₃ O ₈	Mt	%	t U ₃ O ₈
New	16.74	0.069	11,590	8.63	0.063	5,451	25.37	0.067	17,041
BFS	14.94	0.072	10,804	7.30	0.067	4,870	22.24	0.070	15,674

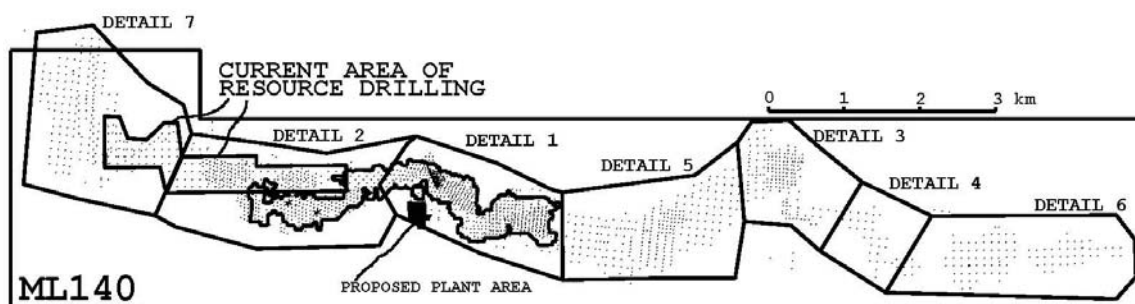
This work has increased the mineral reserve by 14% while reducing the grade by only 4%. These reserves will now form the basis of the detailed mine planning for the Project. This revised mine model will increase mine life from 15 to 17 years, however, it is limited as it does not include any contribution from the considerable amount of Inferred Resources within Detail 1, 2, 3 and 5 Areas (containing the current mining footprint of the Project) and the Detail 4, 6 and 7 Areas outside the current mine footprint.

Inferred Resources - Potential for Increasing Mine Life

The JORC (1999, 2004) mineral resources estimated by Hellman and Schofield (H&S) for the Langer Heinrich BFS (inclusive of the above mineral reserve), contains Inferred Resources of 22.02Mt grading 0.07% containing 15,703t of U₃O at a 300ppm cut off grade which has previously been announced:-

TOTAL ESTIMATED MINERAL RESOURCES									
Cut-off	Measured			Indicated			Inferred		
ppm	Mt	%	t U ₃ O ₈	Mt	%	t U ₃ O ₈	Mt	%	t U ₃ O ₈
300	15.24	0.074	11,208	9.01	0.066	5,900	22.02	0.07	15,703

These mineral resources occur within Details 1 to 7, which extend for approximately 12km along the full length of Mining Lease 140. The Measured and Indicated Resources combine to make up 52% of the total resources and the balance of 48% are Inferred. The mineralisation that defines these mineral resources is consistent and occurs from surface to about 50m in depth. Where infill drilling has been carried out it has converted a substantial portion of the existing Inferred Resources to Indicated and Measured Resources. This trend has been independently verified by H&S and they conclude that infill drilling successfully converted the existing Inferred Resources in Detail 1 to the Measured and Indicated classification at the rate of 77% of the tonnes and 83% of the grade, for a 64% increase in contained U_3O_8 . The infill drilling also defined additional resources.



Based on these positive conversion trends, the 22.02Mt of Inferred Resources presents significant Project upside. This provides the Paladin Board with a strong expectation that the Langer Heinrich resource will support a second stage production increase and also a significantly extended mine life. Whilst construction of phase one of the mining operation (with planned production of 1,180tpa U_3O_8) is already underway, work will continue on planning for a subsequent upgrade in production.

Resource Drilling Programme Update

As previously advised, Paladin is currently conducting a 10,000m RC drilling programme to examine the potential of an untested palaeochannel. The prospective target extends west from Detail 1 towards Detail 7 and lies north of the currently known Detail 2 orebody (see map). This untested target zone is approximately 5km in length and is expected to define additional mineral resources.

This drilling has now tested 85% of the target zone and is producing encouraging results at the same time confirming the existence of a zone of uranium mineralisation within this previously untested palaeochannel. On the basis of these results, the drilling programme will be extended by a further 2,000m to be able to complete necessary infill and extension drilling. This work also allow the JORC (2004) Code compliant mineral resources to be estimated for this new channel area. Drilling is expected to be completed by the end of September and new resource estimates to be available late October.

Yours faithfully
Paladin Resources Ltd

JOHN BORSHOFF
Managing Director

Declaration

The information in this announcement that relates to mineral resources is based on information compiled by Ed Becker BSc (hons), MAusIMM, David Princep BSc MAusIMM for the mineral resources and Ross Oliver BE, MAusIMM for mineral reserves, 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 Oliver is a full time employee of GRD Minproc. Each of the above named consents to the inclusion of the information in this announcement in the form and context in which it appears.

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