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

By Electronic Lodgement

Dear Sir/Madam

Langer Heinrich Uranium Project, Namibia Mineral Resource Estimates Increased Significantly

Paladin Resources Ltd (Paladin) is pleased to advise that drilling of the previously untested palaeochannel, extending west from the Detail 1 orebody, has returned very encouraging results. This drilling programme consisted of 245 RC drill holes for a total of 11,534m and was confined to certain areas in Detail 2 and Detail 7 (see map). Mineral resource specialists Hellman and Schofield (H&S) have completed and independently verified a revised JORC (1999, 2000) Code mineral resource estimate of Langer Heinrich using a 300ppm cut off and a 250ppm cut off.

The mineral resource estimations are based on derivation of U_3O_8 grades using downhole gamma logging results and applying standard practice radiometric determination methods for U_3O_8 determination (eU_3O_8). Approximately 20% of the mineralized holes were assayed for U_3O_8 using analytical chemical methods (XRF) for check purposes.

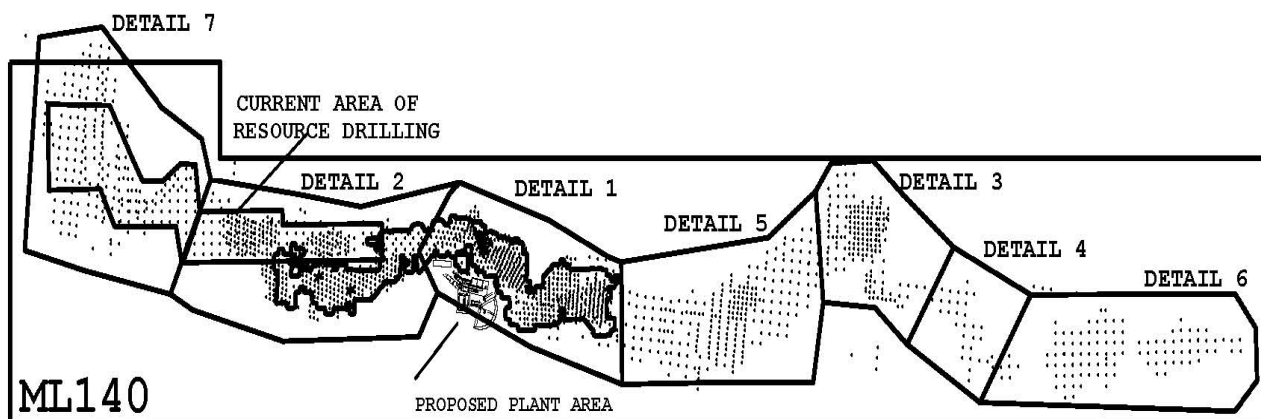
300ppm Cut Off Resource Estimate

Incorporating the newly defined mineralization H&S have reported the following resource results.

All Details: 1 to 7 (including new channel drilling):-

300ppm Cut-off	Mt	Grade % U_3O_8	Tonnes U_3O_8
Measured Resources	16.7	0.07	12,350
Indicated Resources	10.1	0.06	6,300
Total	26.8	0.07	18,650
Inferred Resources	32.3	0.07	21,600

The previously reported mineral resources at 300ppm cut off were 24.2Mt of Measured and Indicated Resources grading 0.07% U_3O_8 (17,100t of contained U_3O_8) and 22Mt of Inferred Resources grading 0.07% U_3O_8 (15,700t of contained U_3O_8).



250ppm Cut Off Resource Estimate

In previous Paladin market releases, when reporting Measured, Indicated and Inferred resources, a 300ppm cut off has been used, however the Mining Reserves have been calculated using a 250ppm cut-off. Estimations of Measured, Indicated and Inferred Resources will in future use the 250ppm cut off, to fully conform with the cut off grade used for reporting Proven and Probable ore reserves. The 300ppm cut off reported above has only been given here to allow comparisons to be made with the earlier market releases (dated 12 February 2005 and 19 September 2005).

The Mineral Resource estimation using a 250ppm cut-off has been calculated by H&S as follows:-

All Details: 1 to 7 (including new channel drilling)

250ppm Cut-off	Mt	Grade % U₃O₈	Tonnes U₃O₈
Measured Resources	19.9	0.07	13,250
Indicated Resources	12.4	0.06	6,950
Total	32.3	0.07	20,200
Inferred Resources	40.0	0.06	23,800

Compared to the previously reported Mineral Resources (estimated with the 300ppm cut off) the new resource estimates at 250ppm cut off represents an increase in contained U₃O₈ as follows:

- **A 24% increase in the Measured and Indicated Resources (from 17,100t to 20,200t U₃O₈).**
- **A 52% increase in the Inferred Resources (from 15,700t to 23,800t contained U₃O₈).**

Additional Resource Potential

The potential for increasing the resource base even further within ML140 is regarded as high. Details 3, 4, 5 and 6 contain mineralization which remains open and future drilling will concentrate in evaluating these areas.

Conclusion

The latest resource drilling work has resulted in a substantial increase in the mineral resources of Langer Heinrich project. Applying a 250ppm cut off has contributed additionally to the resource base of the deposit, with a total of 20,200t of contained U₃O₈ now identified in the Measured and Indicated Resources categories. There are also 40Mt of Inferred Resources grading 0.06% U₃O₈ containing 23,800t U₃O₈ and this represents a substantial upside. The Directors believe a considerable amount of these Inferred Resources can be converted to Measured and Indicated Resources categories following additional drilling. The Langer Heinrich Deposit can now be regarded as a very significant uranium deposit in resource terms.

There is strong expectation therefore that these new resource estimates will contribute significantly to extending both the minelife and an upgrade in production. Additional mine production is regarded as being essential to meet increasing worldwide demand. The opportunity to readily and substantially expand production of the Langer Heinrich mining operation (now under construction) therefore puts Paladin in an excellent position to capitalize on the market opportunities and further benefit its shareholders.

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 and mineral resource estimation by David Princep BSc MAusIMM, 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. Each of the above named consents to the inclusion of the information in this announcement in the form and context in which it appears.