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Company Announcements Office
Australian Stock Exchange Limited
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Dear Sir / Madam

Kayelekera Uranium Project, Malawi Mineral Resource Estimate Significantly Improved

Paladin Resources Ltd (Paladin) is pleased to advise that infill drilling of the Kayelekera Deposit, has returned very encouraging results. This work has produced a twofold benefit:

- Firstly, the results have added significantly to the presently stated Mineral Resource estimates for Kayelekera; and
- Secondly, have allowed most of these resources to be classified into the Measured and Indicated Resource Categories with a small percentage retained as Inferred Resources.

The drilling programme, which was carried out from August to October 2005 consisted of 120 RC drill holes for a total of 5,394m. Mineral Resource specialists Hellman and Schofield (H&S) have completed and independently verified a revised JORC (2004) Code mineral resource estimate for Kayelekera which also conforms to the NI 43.101 requirements. The updated NI 43.101 report is in preparation and will be submitted to the Canadian authorities by mid February 2006.

The Mineral Resource estimations are based on the use of a combination of analytical assays (XRF) and downhole gamma logging results, following the application of standard practice radiometric calibration methods for U₃O₈. Approximately 50% of the mineralized holes were assayed for U₃O₈ using analytical methods (XRF) for check purposes and to establish disequilibrium parameters for subsequent application to un-assayed radiometrically logged drill hole intervals.

H&S have reported the following resource results.

At 300ppm U₃O₈ Cut-off

	Mt	Grade % U₃O₈	Tonnes U₃O₈
Measured Resources	2.20	0.12	2,730
Indicated Resources	13.11	0.08	10,880
Total	15.31	0.09	13,630
Inferred Resources	3.40	0.06	2,040

At 600ppm U₃O₈ Cut-off

	Mt	Grade % U ₃ O ₈	Tonnes U ₃ O ₈
Measured Resources	1.58	0.16	2,460
Indicated Resources	6.98	0.12	8,240
Total	8.56	0.13	10,690
Inferred Resources	1.19	0.09	1,110

The previously reported mineral resources (at 300ppm cut off) were 9.4Mt of Inferred Resources grading 0.12% U₃O₈ (10,850t of contained U₃O₈). At the time of the previous estimation certain verification work had yet to be completed and none of the resource could be reported by H&S in accordance with the JORC (2004) code and NI 43.101 requirements as Measured or Indicated Resources.

Following the infill drilling and substantiation of the radiometrically determined U₃O₈ grades, now almost all of the deposit reports as Measured and Indicated Resources, giving a very high level of reliability for the mine modelling now underway as part of the Bankable Feasibility Study (BFS).

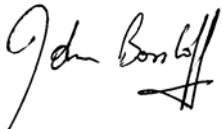
As can be compared from the above, the resources for Kayelekera have been increased substantially. At the 300ppm cut-off limit, total Mineral Resources identified amounts to 18.71Mt grading 0.084% U₃O₈ versus the previously stated 9.4Mt grading 0.12% U₃O₈.

The resource estimates for both the 300ppm and 600ppm U₃O₈ cut-offs are provided herein because at this stage the economic cut-off that will be applied from the mine modelling work is unknown but is expected to be between these two cut-off limits. These results do show, however, that a 10 year mine life producing approximately 1,000t U₃O₈ per year is likely as a minimum and that the possibility exists to extend this mine life and/or annual production depending on the final economics that are determined from the BFS.

The increase in tonnage and decrease in grade from the previously stated resources is due to the fact that the high grade core of the deposit was well defined by previous drilling and the new drilling focussed mostly on defining the peripheral zones of the deposit. Consequently, this work added mainly lower grade material to the resource estimations. In total, however, the new estimate has increased the contained uranium metal in the deposit by 4,820t U₃O₈ or 45%, by Paladin directors which is regarded highly significant.

The 2005 drilling also showed that the mineralisation is not yet fully delineated particularly in the north and south-east and thus potential exists to identify additional resources with future drilling.

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 (Diploma Geologist), MAusIMM and David Princep BSc MAusIMM for the mineral resources 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.