



PALADIN RESOURCES LTD

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Company Announcements Office
Australian Stock Exchange Limited
20 Bridge Street
SYDNEY NSW 2000

Dear Sir/Madam

LANGER HEINRICH URANIUM PROJECT, NAMIBIA **On schedule in strong uranium market conditions**

Project Status

Construction of the Langer Heinrich Uranium Mine in Namibia continues on schedule and on budget. Overall work on this Project is now 80% complete and 95% of CAPEX is now committed. Recruitment of all senior level managers and supervisors, most with uranium production experience, has also been completed. Plant commissioning remains on schedule for 22 September 2006 start up.

Legal documentation for the US\$71M Project Finance Facility and Standby Cost Overrun Facility provided by Société Générale Australia Branch (as lead arranger), Nedbank Limited, and Standard Bank of South Africa Ltd., has been executed and drawdown will commence next month after fulfilment of the few remaining conditions precedent usual for this type of funding.

Uranium Contracts

The detailed contractual terms of the inaugural uranium sales contracts previously announced with three major US utilities have been agreed and formal documentation is being executed.

Uranium Market

The Spot and Long-Term uranium prices continue to increase and are now US\$43.00/lb U₃O₈ and US\$43.50/lb U₃O₈ respectively.

Ux Weekly of 22 May (UxC 20-21) commented:

"While there is some concern over supplies for the next five years, some utilities are concerned about security of supply sources out beyond six years, or when the current Russian HEU feed deal is set to expire. This competition for supply has maintained upward pressure on term prices."

With production imminent from its Langer Heinrich Uranium Project and construction expected to commence early 2007 on its Kayelekera Uranium Project in Malawi, Paladin remains a world leader in bringing critical new supply on line. This timing presents an extraordinary opportunity base for the Company's future development.

Yours faithfully
Paladin Resources Ltd

JOHN BORSHOFF
Managing Director