



PALADIN RESOURCES LTD

A.C.N. 061 681 098

GRAND CENTRAL 1ST FLOOR, 26 RAILWAY ROAD
SUBIACO WESTERN AUSTRALIA 6008
PO BOX 201, SUBIACO WESTERN AUSTRALIA 6904

TELEPHONE: (+61 8) 9381 4366 FAX: (+61 8) 9381 4978
EMAIL: paladin@paladinresources.com.au
Web: www.paladinresources.com.au

Ref: 39116

28 August 2006

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

Dear Sir / Madam

Plant Commissioning Commences Early at Langer Heinrich

Paladin Resources Ltd ("Paladin") is pleased to advise that progress on construction of the Langer Heinrich project is advancing according to its stated schedule.

The construction schedule announced in May 2005 stated that commissioning would commence during September 2006 (internally 22 September) and project completion handover from GRD Minproc, the EPCM contractors, was planned to occur late December 2006.

Paladin now confirms that commencement of commissioning of the Langer Heinrich plant has been achieved one month earlier than originally planned with the successful commissioning of the crusher and associated conveyers to produce a crushed ore stockpile. Staged commissioning will now progressively continue through the scrubber and attrition, leach and CCD, the uranium precipitation and reagent areas.

The on site high voltage substation and transformers were commissioned and energised early in the month, and water is now flowing along the 85km pipeline from the coast to fill the onsite reservoirs. The contract miner is established on site and has commenced mining the initial pit undertaking topsoil removal and supplying feed for the crusher commissioning while establishing the mine infrastructure

Continual optimisation of the BFS alkaline leach process and subsequent positive confirmatory work by the internationally regarded Australian Nuclear Science and Technology Organisation ("ANSTO") metallurgical laboratories has resulted in several upgrades in the uranium precipitation and reagent areas. Although the enhancements have impacted the construction schedule they are not expected, at this stage, to impact the staged commissioning of the plant or the Project Completion date.

A skilled operational team has been recruited, led by Wyatt Buck (ex Cameco production chief) with necessary business systems and operating processes in place. This group is ready to assist GRD Minproc in the planned commissioning of the plant and then seamlessly accept full responsibility at the operational handover late December 2006. Ramp up to initial annualised design output of 2.6Mlb U₃O₈ remains as planned for 3rd quarter 2007. The first contracted shipment of uranium oxide concentrate is expected to be shipped late 1st quarter 2007.

The Project remains within the stated US\$92M 2005 BFS CAPEX budget.

Paladin is confident the remaining construction work will be finalised in line with the staged commissioning program, and would like to thank the management and the key contractors involved in this project for the tremendous achievements made to date at Langer Heinrich.

Paladin's preparedness and ability to reach its stated objectives both at Langer Heinrich (in production 2007) and Kayelekera (planned to be in construction 2007) in a timely fashion means the Company, with its ongoing M&A strategy, is perfectly positioned to capitalise on the remarkable window of opportunity which has become available in terms of providing new production at what now will be optimal pricing in a highly positive uranium market.

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