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7 September 2006

The Manager
Company Announcements Office
Australian Stock Exchange

Dear Sir / Madam

Paladin Offer For Valhalla Goes Unconditional

Paladin Resources Limited (ASX: **PDN**) ("Paladin") today declared its takeover for Valhalla Uranium Limited (ASX: **VUL**) ("Valhalla") free of all remaining conditions, after increasing its interest in Valhalla shares to 94.2%. Paladin is now entitled, and intends to proceed, to compulsorily acquire the remaining Valhalla shares on issue. The takeover offer is scheduled to close at 5:00pm (WST) on 15 September 2006 and will not be extended.

Paladin received a strong flow of acceptances from Valhalla shareholders following lodgement of Paladin's Bidder's Statement and Valhalla's Target's Statement recommending the offer on 16 August 2006.

The acquisition represents a significant step forward in Paladin's growth strategy. Paladin welcomes the Valhalla shareholders onto its register and trusts that they will benefit from its strong portfolio of projects.

The acquisition is concluding at a very positive time for the uranium industry. The expanded Paladin will be well placed to pursue both the development of its own assets and other opportunities in the Australian and international uranium sector.

Following completion of the offer, Paladin will continue its primary efforts and focus on completion of the Langer Heinrich project, which has recently commenced commissioning earlier than originally planned, together with completion of the Kayelekera BFS. Paladin, as non operator of the Joint Venture projects it has acquired, will continue to support the current planned exploration and appraisal activities within each of Valhalla's three joint ventures.

Paladin is confident that, now the Valhalla takeover is unconditional, it can establish a good working relationship with its key joint venture partner, Summit Resources Limited ("Summit") to progress the exciting Valhalla/Skal deposits for the benefit of both companies. Paladin is confident that legal proceedings commenced by Summit will be satisfactorily resolved. In any event, as explained in Paladin's First Supplementary Bidder's Statement, Resolute Mining Limited has agreed to indemnify Paladin in relation to certain issues raised by the proceedings.

Yours faithfully
Paladin Resources Ltd

RICK CRABB
Chairman