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: 47577

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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
New Lower Royalty Rate Set For Uranium

Paladin Resources Ltd wishes to advise that the long awaited Royalty Framework for the Namibian Mining Industry has been resolved by the Namibian Government. After a long period of consultation with industry, the Namibian Government has now specified that mining operations will be liable to pay to the Mining Commissioner for the benefit of the State Revenue Fund, a royalty levied in accordance with the following rates:-

ROYALTY SCHEDULE	
Group of Minerals	**Percentage of market value of minerals leviable as royalty**
Precious metals	3%
Base and rare metals	3%
Semi-precious stones	2%
Nuclear fuel minerals	**2%**
Industrial minerals	2%
Non-nuclear fuel minerals	3%

The Namibian Government first advised its intentions to introduce a uranium royalty in January 2004 indicating a royalty range up to 5% ad valorem would be considered for implementation. As a conservative measure Paladin incorporated a 5% royalty into its Bankable Feasibility Study (which was completed April 2004) and all financial modelling of Langer Heinrich thereafter have included this higher royalty factor.

The 2% Royalty now specified by the government to be levied on nuclear fuel minerals (includes uranium) has a positive uplift on the project economics when compared against impact of the 5% royalty factor used previously by Paladin.

Yours faithfully
Paladin Resources Ltd

JOHN BORSHOFF
Managing Director