



PALADIN RESOURCES LTD

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28 December 2006

The Company Announcements Officer
Australian Stock Exchange Limited
Exchange Centre, 20 Bridge Street
SYDNEY NSW 2000

By Electronic Lodgement

Dear Sir/Madam

LANGER HEINRICH URANIUM PROJECT, NAMIBIA Production Milestone Successfully Achieved

The Directors of Paladin Resources Ltd ("Paladin") are very pleased to advise that the construction and staged commissioning of the Langer Heinrich Uranium Project (LHU) has been successfully achieved with a smooth transition of the project to Paladin's operational staff.

GRD Minproc, the Project Manager, has demobilized the primary construction work force keeping a select team of 50 construction people on site to complete any priority construction rectification work. Worldwide, this is the first complete new conventional uranium mining operation to come into production in a decade. **This historic and extremely significant milestone was achieved within the original schedule and within the specified capital budget.** The Board of Paladin extends its congratulations to the Staff and Management of both Paladin and its wholly owned subsidiary Langer Heinrich Uranium Pty Ltd, including all the contractors involved on the project, for having produced such an outstanding result for Paladin.

The mining operation is well advanced, supplying ore to the crusher. The crushing, scrubbing, attritioning, leaching/heating, CCD's and tails discharge slurry circuit are balanced, providing pregnant liquors to the uranium oxide extraction circuit. This circuit consisting of ion exchange, precipitation, elution and product preparation is fully functional and has produced Paladin's first uranium oxide concentrate commonly known as "yellowcake". **The alkaline leach process is validated and performing to predicted outcome producing drummed uranium oxide product.** Although a number of teething problems have been identified in the plant in the course of commissioning, none are considered major and will be remedied in the coming weeks.

The process of plant optimisation and construction rectification work will now continue as the LHU operational team proceed with the ramp up phase to achieve the name plate production rate for Stage 1 of 2.6 million lbs yellowcake per annum.

The production that will result from Langer Heinrich represents an important step forward in the challenge to meet the rapidly growing demand for uranium in a rejuvenated nuclear industry. With continued positive price outlook expected for a decade or more, timing of Paladin's production is optimal in consolidating the Company as the pre-eminent new producer.

Yours faithfully
Paladin Resources Ltd

JOHN BORSHOFF
Managing Director