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Ref: 54288

23 February 2007

Company Announcements Office
Australian Stock Exchange Limited
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By Electronic Lodgement

Dear Sir / Madam

Kayelekera Uranium Project, Malawi BFS Positive and Development Go-ahead Approval

Paladin Resources Ltd (Paladin) is pleased to advise that GRD Minproc (Pty) Ltd ("GRD Minproc") has delivered the Bankable Feasibility Study ("BFS") on Paladin's 85% owned Kayelekera Uranium Project, Malawi. After full management review of the BFS, the Board has today resolved to proceed with development.

Key points to note are:-

- BFS shows Kayelekera Project is financially and technically viable with an 11 year project life.
- Total annual production of 3.3Mlb U₃O₈ over first 7 years vs the 2.3Mlbs U₃O₈ initially envisaged
- Board has approved a CAPEX up to US\$185M for the Project development.
- Mining Licence Application will be submitted to Commissioner of Mines today.
- A Development Agreement is in place which provides essential fiscal and operational stability for the Project.

THE BANKABLE FEASIBILITY STUDY

The BFS concludes that the Kayelekera Uranium Project can be developed into a profitable mining operation.

The BFS document covers all aspects of the Project including resources/reserves detailing, mining, production, tailings disposal and uranium marketing. The BFS is supported by comprehensive environmental studies and management plans. The Project is designed to give an annual production of 3.3Mlbs U₃O₈ processing 1.5Mtpa of sandstone and associated ores by ore beneficiation, acid leaching, counter-current decantation, solvent extraction, precipitation and calcining to produce saleable U₃O₈.

The process plant design including infrastructure and utilities has been developed with capital and operating estimates to ±15% accuracy and also addresses mining, processing, general administration costs and environmental implications.

MINERAL RESOURCES AND RESERVES

The JORC (2004) and NI 43-101 Code compliant Mineral Resource base (comprising both ARKOSE and MUDSTONE components) used for the BFS pit optimisation work has been previously announced and is summarised as follows:-

	Measured			Indicated			Inferred		
Cut off ppm	Tonnes Mt	U ₃ O ₈ ppm	Metal t	Tonnes Mt	U ₃ O ₈ ppm	Metal t	Tonnes Mt	U ₃ O ₈ ppm	Metal t
300	2.20	1,240	2,731	13.11	830	10,884	3.40	600	2,040
600	1.58	1,560	2,459	6.98	1,180	8,235	1.19	930	1,107

The specific ARKOSE and MUDSTONE Resources Estimates are as follows:

- 1) ARKOSE resource at cut off grades relevant to Reserve estimations and mining scenario (300ppm included for reference to quoted resource):

	Measured			Indicated			Inferred		
Cut off ppm	Tonnes Mt	U ₃ O ₈ ppm	Metal t	Tonnes Mt	U ₃ O ₈ ppm	Metal t	Tonnes Mt	U ₃ O ₈ ppm	Metal t
200	1.92	1,260	2,425	13.00	760	9,883	4.18	490	2,046
300	1.78	1,340	2,382	10.83	860	9,310	2.87	610	1,753
400	1.64	1,430	2,345	8.88	980	8,707	2.01	720	1,445

- 2) MUDSTONE resource at cut off grades relevant to reserve and mining scenario (300ppm included for reference to quoted resource):

	Measured			Indicated			Inferred		
Cut off ppm	Tonnes Mt	U ₃ O ₈ ppm	Metal t	Tonnes Mt	U ₃ O ₈ ppm	Metal t	Tonnes Mt	U ₃ O ₈ ppm	Metal t
300	0.42	810	344	2.29	660	1,510	0.53	550	289
400	0.31	990	302	1.53	810	1,237	0.31	680	214
600	0.19	1,280	246	0.83	1,080	894	0.15	890	136

Reserve status, ARKOSE cut off 400ppm, MUDSTONE cut off 600ppm

The finalised BFS results utilising the Measured and Indicated ARKOSE and MUDSTONE resources stated above (using a blend of 83% ARKOSE and 17% MUDSTONE) and run on a uranium price of US\$30/lb U₃O₈ for pit optimisation determined the following Reserves:

	Proven			Probable			Total		
Type	Tonnes Mt	U ₃ O ₈ ppm	Metal t	Tonnes Mt	U ₃ O ₈ ppm	Metal t	Tonnes Mt	U ₃ O ₈ ppm	Metal t
ARKOSE	1.60	1,417	2,267	7.77	983	7,638	9.37	1,057	9,905
MUDSTONE	0.18	1,536	276	0.91	1,314	1,196	1.09	1,351	1,472
Total	1.78	1,429	2,544	8.68	1,018	8,834	10.46	1,088	11,377

Additional marginal material in the pit design expected to be processed at end of mine life (i.e. years 8 to 11) is shown below. This consists of ARKOSE above 200ppm, MUDSTONE above 400ppm and Inferred resources contained within the pit design.

Type	Tonnes Mt	U ₃ O ₈ ppm	Metal t
ARKOSE	5.69	343	1,950
MUDSTONE	0.66	762	503
Total	6.35	386	2,453

BFS RESULTS

The BFS defined ore reserves, generated from the Measured and Indicated Resources, occur within a single open pit. Using the ore reserve base of 10.46Mt at an average grade of 0.11% U₃O₈ the BFS shows a scheduled mine life of 7 years and a process plant life of 11 years (including treatment of marginal material). Based on the mill throughput design of 1.5Mtpa of ore and a 90% recovery the BFS shows an average 1,493tpa (3.3Mlb) U₃O₈ will be produced for the first 7 years from a head feed grade of 0.109% U₃O₈ and 530tpa (1.17Mlb) U₃O₈ over the last 4 years, using the accumulated marginal material stockpile grading 0.039% U₃O₈.

The operating costs range from US\$19.5/lb U₃O₈ (first 7years) to US\$23/lb U₃O₈ over the life of the project. The capital cost of the project ranges up to \$185M depending on the plant layout to be adopted. These costs are inclusive of full on-site power generation for guaranteed availability and reliability. Working capital of US\$45M will also be required to support the project development. The Board has approved project go ahead and stated that management should proceed conservatively in any potential cost cutting and not compromise plant flexibility and performance upside during what is agreed will be a period of continued improving uranium prices expected over the stated life of the project and beyond. The Company is confident it will arrange all funding for development of the Kayelekera project. A portion of the US\$250M raised in the capital markets in December 2006 through the Convertible Bond offering will be available for the project and Paladin will also be seeking a project debt facility in the order of US\$90M through its bankers. Société Générale Australia Branch as the current lead arranger for Paladin's project finance has been assisting Paladin in drafting the completed Development Agreement and discussions have already occurred around finance structures, terms and conditions.

The BFS incorporates a flat real price for U₃O₈ of US\$60/lb over the 11 year period. The BFS financial modelling shows highly attractive returns can be achieved based on using defined reserves only. The BFS model, even with the conservative pricing schedule, is able to pay back initial capital and working capital 30 months after commencement of operations (scheduled for start up in September 2008) emphasising the robust nature of the Project.

With its strong focus on exploration drilling planned to test existing uranium targets in its surrounding tenements over the next 3 to 4 years, Paladin is confident satellite deposits will be discovered, offering the potential to extend the project life of Kayelekera beyond the 11 years currently identified in the BFS.

MINING LICENCE APPLICATION

All documentation for the Kayelekera Mining Licence Application, including the BFS, Environmental Assessment Study and Management Plan, has been prepared and will be presented to the Ministry of Mines and Energy in Malawi for review and approval. The application has been made for the maximum of 25 years. Initial responses have been favourable and approvals to allow the Project to proceed to development and mining are expected toward the end of March 2007.

CONCLUSION

Paladin has achieved its long stated aim to commence activities for development of the Kayelekera Uranium Project following construction of the Langer Heinrich project. In parallel with getting its flagship operations at Langer Heinrich underway, the Company has over a 2 year period finalised a comprehensive BFS and Environmental Impact Assessment on its Kayelekera Project. This is supported by a far reaching Development Agreement which also took almost 2 years to negotiate and establishes an essential, solid fiscal and operational framework with which to proceed once the Mining Licence approval is received.

Kayelekera is the second conventional uranium mining operation to be developed outside Canada in the past 20 years. This is another important milestone for Paladin, enabling the Company to consolidate as an important supplier of uranium in the world markets.

With Langer Heinrich stated to produce 3.7Mlb U_3O_8 per annum in its expanded form (Stage II expanded production expected late 08/early 09) and Kayelekera at 3.3Mlb U_3O_8 per annum, Paladin will have a total annual production of 7Mlbs. This will place the Company in an exceptional position to further capitalise on its marketing endeavours and the pursuit of strategic M&A opportunities.

Yours faithfully
Paladin Resources Ltd



JOHN BORSHOFF
Managing Director

Declaration

The information in this announcement that relates to mineral resources and reserves is based on information compiled by Ed Becker BSc(Hons), MAusIMM, David Princep BSc, MAusIMM for mineral resources and Andrew Hutson BSc, MAusIMM for mineral reserves, each of whom has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity that they are undertaking to qualify as Competent Persons as defined in the 2004 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves and as Qualified Persons within the meaning of Canadian National Instrument NI43-101. Mr Becker is a full-time employee of Paladin Resources Ltd. Mr Princep was at the time a full-time employee of Hellman & Schofield Pty Ltd. Mr Hutson is a full time employee of GRD Minproc. Each of the above named consents to the inclusion of the information in this announcement in the form and context in which it appears.