



PALADIN RESOURCES LTD

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The Manager
Company Announcements Office
ASX Limited
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By Electronic Lodgement

Dear Sir/Madam

Langer Heinrich Uranium Project, Namibia Production Ramp Up Status and Forecast

Paladin Resources Ltd provides the following update on the production ramp up progress at Langer Heinrich further to its 29 March 2007 announcement. The ramp up phase is now in its fifth month and substantial gains continue to be achieved.

Essentially the project is achieving design throughput and issues that still need to be addressed relate to optimising recovery and improving plant efficiencies.

Status of mining, the major plant circuits of crushing/scrubbing, leaching, ion exchange, precipitation/drying, production and shipping/product delivery are as follows:-

Mining

Substantial pre mining grade control drilling work has been completed in the first part of 2007. This included 412 drillholes totalling 9,767m drilled on a 12.5m by 12.5m grid spacing to validate pit designs and resource modelling. This drilling has resulted in modification to the original pit design to reduce waste stripping and has also provided depth extensions to access additional ore.

Crushing and Scrubbing

The crushing/scrubbing area of the plant is now proven to be capable of consistent delivery of the 100% design plant capacity. The feed tonnage varies depending on the characteristics of the ore being processed.

Leaching

Leaching has been both the most evident area of difficulty to overcome and also the area of biggest success. Recent installation of screen protection ahead of the ten spiral heat exchangers and implementing on-site maintenance facilities for the exchangers has resulted in a

major improvement to this section of the plant. The full design delivery of 90 tonnes/hr solids at design slurry temperature to the leaching circuit is now achievable. Mineral extraction in leaching was expected to be a challenge in the new alkaline leaching system but this has proved not to be the case, with leach recoveries proving capable of exceeding the design rate.

Ion Exchange

The elution of the resins in ion exchange is providing higher than design concentrate liquors, with 10 g/l product easily achievable versus design levels of 7.8 g/l. Good clarity liquor from CCD in conjunction with improved backwash capabilities has been valuable in the achievement of design throughputs.

Precipitation and Drying

The precipitation circuits have successfully been tested at or near design levels, including the chemical conversion of sodium diuranate into UO_4 . The dryer circuit has taken longer than expected to optimise however, production levels are not expected to be seriously hampered in the mid term.

Production

Processing of uranium concentrate is progressing on an upward trend, with 200,000lbs of drummed product plus an additional 70,000lbs of dryer stock expected by 30 June. The 130,000lbs shortfall to the anticipated production target of 400,000lbs for the period to the end of June 2007 is the result of the start-up issues that surfaced early in the year and the length of time taken to stabilise the heat exchanger section. Steady resolution of these issues continues with production levels increasing consistently.

Shipping and Product Delivery

Unanticipated delays and seasonal cancellations of vessels from Walvis Bay (Namibia) have caused a temporary misalignment between delivery destinations during the ramp up phase.

Paladin is in the process of making suitable commercial arrangements in accordance with standard industry practice to ensure all delivery obligations are met to our customers' satisfaction.

GOING FORWARD

Exploration

Infill resource drilling of 9,000m (320 holes) in Details 1 and 2 of the orebody is expected to allow the re-classification of significant amounts of currently defined Inferred material to Indicated and Measured. It is expected that an updated resource estimation will follow the completion of the drilling which will commence in July. A further 9,000m is planned to be drilled to establish the full resource potential that exists within the Mining Lease. Paladin's EPL3500, located adjacent to the west of the current Langer Heinrich Mining Licence, received environmental clearance for airborne survey permitting. This work is planned for August and will be followed up with a 3,500m RC drilling program.

Operations

The focus of the operations team will be the continual improvements of all aspects of the mine and plant facilities to achieve design parameters and deliver uranium concentrate as projected in the 2007/2008 plan with an output of 2.6Mlb U_3O_8 .

The slower than anticipated ramp up compared to the revised forecast of the 29 March 2007 announcement can be attributed to equipment failure principally associated with the heat exchangers (caused by the leach tank liner failure and now essentially rectified) and achieving the necessary beneficiation prior reaching the leaching circuit by discarding 40% to 60% of the ROM material to the barren stockpile (being achieved more slowly). These factors will result in a 130,000lbs U_3O_8 deficit from the 400,000lbs production target which was forecast to end June 2007. Management remains confident that the plant is quickly reaching the end of the transitional phase and will move into full production.

Feed stockpiles from the mine are at comfortable levels to ensure optimal conditions for plant ore feed. Extensive work to debottleneck the processing plant has been completed and GRD Minproc are scheduled to be on site shortly to conduct the final performance test and confirm plant capability vs. design. No problems are anticipated to successfully complete this test.

Safety and environmental programs continue to develop as intended and remain fundamental corporate values. Experienced personnel are providing dedicated performance in these operational aspects and are credited with maintaining excellent results. The operation is pursuing accreditation of ISO 14001 in 2007.

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