



PALADIN RESOURCES LTD

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Company Announcements Office
Australian Stock Exchange Limited
20 Bridge Street
SYDNEY NSW 2000

Dear Sir/Madam

Kayelekera Litigation Update Project Proceeding on Schedule

The Board of Directors of Paladin Resources Ltd is pleased to announce that four of the six Malawian Civil Society Organisations ("CSO's") that commenced legal proceedings against Paladin Africa Ltd and the Government of Malawi have settled their action on a positive and amicable basis.

Each Party to the settlement has released each other from all actions and claims associated with the litigation and each Party has agreed to not recommence litigation.

In reaching the settlement, the Parties that have settled engaged in constructive dialogue which was facilitated by The Paramount Chief and the Chiefs of the Karonga Region. Members of Parliament for the Karonga Region assisted in ensuring that the settlement discussions addressed the matters of concern to the people of Karonga.

Notwithstanding that settlement has not as yet been achieved with all CSO's, Paladin is confident that the alleged cause of action which was the basis of the action has now been addressed. Further, the proceedings which were commenced were centred around an affidavit from a member of one of the CSO's that has entered into the settlement.

Paladin's construction of the Kayelekera Uranium Project is to proceed without interruption or modification. Construction is currently on schedule.

Under the settlement arrangements -

1. The Government of Malawi is to establish a working group to:
 - (a) review and make recommendations to amend the Mines and Minerals Act; and
 - (b) develop appropriate legislation with respect to the handling and transport of radioactive substances,

in order to ensure Malawi has in place legislation which is to international best practice by the time mining operations commence at Kayelekera. The CSO's are to be fully engaged in this process in order to obtain their views and opinions.

Paladin readily accepts these arrangements, as they reflect the Company's stated objective to meet international best practice in all its mining operations.

2. The Government of Malawi is to invite representatives of the CSO's to join the monitoring team which is to be established to monitor Paladin's environmental and health obligations.
3. At the request of the Karonga community, the Government and Paladin have agreed to amend the Social Responsibility Programme which had been agreed in the Development Agreement. It is now agreed that US \$8.2 million of the US \$10 million which was to be spent on a school and boarding facilities 3 years after the commencement of production, is to be applied to the upgrading of the community water supply at Karonga. Physical work will commence after detailed planning and tendering has been completed. Paladin has agreed to immediately spend US \$50,000 on emergency repairs.
4. All Parties have agreed that, in going forward they will engage in constructive dialogue so as to ensure that there is a good understanding of the issues affecting each group.

The Paladin Board joins the Government and those of the CSO's that have settled in celebrating that this settlement represents a win for the Nation of Malawi and its people and now the country can look forward to the establishment of an industry which will provide jobs and national wealth generation, whilst operating to international best practice.

Yours faithfully
Paladin Resources Ltd



JOHN BORSHOFF
Managing Director