



PALADIN ENERGY LTD

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

By Electronic Lodgement

Dear Sir/Madam

New Langer Heinrich and Kayelekera Expansion - Production Increase for 2012 to 2014

Paladin is pleased to announce its uranium production expansion plans for both the Langer Heinrich and Kayelekera Mines beyond the current annual production target of 8.5Mlb U_3O_8 by mid 2012.

A major component of Paladin's stated strategy is focused organic growth through long term commitment and planning. Paladin has a rigorous expansion programme planned which, when complete, is expected to place the Company firmly amongst the Tier 1 uranium producers. This development programme, as outlined below, is expected to result in Paladin having an annual production of approximately 13.8Mlb U_3O_8 by mid 2014 from its African projects alone and will demonstrate a progressive increase in production beyond the Stage 3 expansion at Langer Heinrich (see Paladin news release of 30 June 2009).

Langer Heinrich Stage 4 Expansion

An extensive in-house study has examined a range of expansion options for Langer Heinrich and has determined that an increase in annual production to a level around 10Mlb U_3O_8 is sustainable for the current mineral resources, would add significant value to its flagship asset and bring the project to an optimal performance level.

The Stage 4 investigation, initiated in 2008 during the Stage 3 expansion study period, looked at various production levels taking cognisance of the need to maximise value whilst maintaining a long-term production profile. It is believed that with current resources this balance can best be achieved by an annual plant production level of around the 9Mlb U_3O_8 , and a remaining mine life of 15 years. Investigations to date also suggest that this can be supplemented by a 1Mlb pa U_3O_8 heap leaching facility.

The run of mine operation is planned to crush approximately 8Mtpa at an average grade of 600ppm. This crushed ore will then be upgraded through an expanded scrubbing circuit to give a leach feed grade of around 920ppm. The heap leach feed material is expected to comprise 42Mt of low grade (175ppm) material.

Off-site infrastructure requirements include the installation of a second water supply pipeline and an upgrade to the existing electrical power supply line. Paladin does not believe that there will be any problems associated with sourcing both water and power, because Namibia is planning on increasing the availability of both in the region within the envisaged project development time frame. The key will be to negotiate a reasonable cost base for the additional water and electricity requirements.

To develop the project further, Paladin will undertake a feasibility study, including environmental permitting, to be completed during calendar year 2010 in parallel with in-fill drilling designed to increase the confidence in the current inferred resources and expand the reserve base. This study is not expected to be difficult to complete as there is a vast amount of operational project data and in-house expertise now available across the key technical, environmental and financial areas to ensure its smooth development. This study would be followed by a 6-month approvals period and a 2-year design and construction period targeting mechanical completion by mid 2013. Ramp-up to nameplate production capacity is expected to take 12 months. The flowsheet for the main plant would essentially remain as present with substantial upgrades in all sections of the plant except for final packaging.

Onsite capital expenditure for the main plant has been estimated at +/-US\$300M whilst operating costs are estimated to remain within the US\$25-\$30/lb range of current operations. Infrastructure costs will be determined in the feasibility study and structured financing options with third party ownership will be considered.

The capital cost for the heap leach facility has been estimated at +/-US\$50M with an OPEX of under US\$35/lb, and will undergo a detailed evaluation in parallel with the main feasibility study.

Langer Heinrich is currently in the process of ramping up its Stage 2 expansion to 3.7Mlb pa and implementation of Stage 3 expansion to 5.2Mlb pa is scheduled for completion by late calendar 2010. This latest proposed expansion further emphasises Paladin's determination for organic growth and its long term commitment to uranium mining in Namibia.

Kayelekera Optimisation

In addition to its plans for Langer Heinrich, Paladin is to conduct an optimisation study at Kayelekera whereby it intends exploiting some additional resource by extending the west wall of the current planned pit. This study will be targeting an increased production rate of 3.8Mlb pa (from current 3.3Mlb pa) with minimal capital requirement (estimated at US\$10-\$15M) by utilising existing excess capacity. It is expected this production rate will be achieved by mid calendar 2012.

Paladin's strengthened balance sheet, maturing producer status and strong in-house development capability make an expansion of this nature a realistic and achievable target, based on outstanding performance and a successful track record.

Yours faithfully
Paladin Energy Ltd



JOHN BORSHOFF
Managing Director/CEO

Declaration

Caution Regarding Forward Looking Statements: *The forward-looking statements made in this release are based on management's assumptions and judgments regarding future events and results. Such forward-looking statements, including but not limited to those with respect to the Company's plans for expansions of the Langer Heinrich and Kayelekera mines, involve known and unknown risks, uncertainties and other factors which may cause the Company's actual results, performance or achievements to be materially different from any anticipated future results, performance or achievements expressed or implied by such forward-looking statements. Such factors include, among others, the actual market prices of uranium, changes in project parameters as plans continue to be evaluated, and the possibility of cost overruns, as well as those factors disclosed in the Company's filed documents. There can be no assurance that the expansion of the Langer Heinrich and Kayelekera mines will proceed as planned or be successfully completed within expected time limits and budgets or that, when completed, the expanded facilities will operate as anticipated.*