



PALADIN RESOURCES LTD

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

By Electronic Lodgement

Dear Sir/Madam

Inaugural Yellowcake Sales Contract for Langer Heinrich

The Directors are pleased to announce that Paladin Resources Ltd ("Paladin") has secured its first sales contract for a portion of its yellowcake (U_3O_8) production from the Langer Heinrich Uranium Mining Operation, scheduled for commissioning in September 2006. This sales arrangement with a major US utility is subject to finalisation of all necessary legal documentation.

The sales contract is for the purchase of 2,145,000lbs U_3O_8 for delivery between 2007 and 2012. Pricing will be market related to be determined at time of each delivery with escalating floor and ceiling price components.

This sales arrangement signifies a very important occasion for Paladin and the uranium supply industry generally. Few new companies have entered into the uranium market in the past 25 years, reflecting a period of dismal outlook and a uranium mining industry essentially in retreat. The timing of new production from Paladin's Langer Heinrich Mine in Namibia, which is expected to be followed into production in 2008 by its Kayelekera Project in Malawi, provides Paladin with a unique window of opportunity.

The price of uranium has been increasing steadily over the past five years and significant upward price pressure remains as a result of forecast shortages of supply. In a situation where new mine production is now essential to meet increasing demand, this places Paladin in an excellent position to become a significant player in the global uranium market.

Yours faithfully
Paladin Resources Ltd

JOHN BORSHOFF
Managing Director