



# PALADIN RESOURCES LTD

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The Company Announcements Officer  
Australian Stock Exchange Limited  
Exchange Centre  
20 Bridge Street  
SYDNEY NSW 2000

Dear Sir/Madam

## **KAYELEKERA URANIUM PROJECT, MALAWI**

- **Bankable Feasibility Study Go Ahead Approved**
- **Metallurgical and Resource Definition Work Starts June**

Paladin is pleased to advise that, in keeping with its stated aim to become a key uranium supplier within the next 3 to 4 years, it has approved the go ahead for a Bankable Feasibility Study (BFS) to progress its Kayelekera Uranium Project in Malawi to its next stage of development.

The BFS study will address resource modelling, mine plan development, process development, infrastructure, environmental issues, tailings, disposal and supply of services. As with its Langer Heinrich Uranium Project, a huge amount of work has been carried out on Kayelekera by previous workers. This included the completion of a comprehensive final feasibility study in 1990 by a major international engineering group, Wright Engineers Ltd. The BFS that will be carried out for Paladin is seen to be largely an exercise of verification and optimisation of previous results. The technical risk factors associated with the project are regarded as being minimal.

## **Study Engineers**

Two engineering groups were invited by Paladin to submit on behalf of Paladin (Africa) Ltd, its wholly owned Malawi subsidiary, a proposal for the completion of a BFS to study the viability of developing the Kayelekera Uranium Deposit in Malawi. Selection of successful Study Engineers is expected to be made by mid May. Proposals outline the full scope of work and estimate completion of the BFS by mid 2006.

## **Paladin Support Activities**

Paladin will undertake in-country logistical and technical support for the BFS. The following programme has been approved.

- In-country establishment

Establishment in May 2005 of a permanent office in Lilongwe manned with a company representative to both liaise with Government Departments and facilitate field activities. A field base will also be established at Karonga (600km north of Lilongwe) to support on-site

activities at Kayelekera to deal with local employees, BFS study activities and provide a main contact point for the surrounding community.

- Drilling

A 4,500m RC drilling programme has been approved commencing in June to better define the mineralisation for pit optimisation purposes, increase the currently stated Indicated and Measured Resource base and undertake some sterilisation work.

600m of diamond drilling will also be carried out to obtain samples for metallurgical studies. Work will involve drilling 6 to 7 holes of HQ core to provide two (2) tonnes of samples for testwork.

The budget approved for the BFS and Paladin support activities totals US\$2.3M. On current scheduling it is anticipated the BFS could be submitted to the Malawi Government early enough to allow for project development approval by the end 2006.

Should Kayelekera proceed to development of a uranium mine it will be the first modern mining operation to be constructed in Malawi and therefore has huge significance for the country. For this reason the Malawi Government is fully committed to the successful development of Kayelekera. Using the Pre-Feasibility Study mine model production rate of 1,000tpa  $U_3O_8$ , Kayelekera has the potential to become the third largest export revenue earning project after the country's tobacco and tea industries, further underpinning the importance of this project to Malawi.

The Kayelekera Project, combined with Langer Heinrich, has the opportunity to take Paladin to an annual production of 4.8Mlb  $U_3O_8$  placing it in a strategic supplier category of significant international importance.

Yours faithfully  
Paladin Resources Ltd



**JOHN BORSHOFF**  
Managing Director