



PALADIN RESOURCES LTD

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The Manager
Company Announcements Office
ASX Limited
20 Bridge Street
Sydney NSW 2000

By Electronic Lodgement

Dear Sir/Madam

**Kayelekera Uranium Project, Malawi
Status of Project Electricity Supply**

On the 28th May 2007 an article appeared on the Mineweb website reporting a news article published in Malawi suggesting that the Kayelekera Uranium Project start up date may not be achievable because the Malawi Electricity Supply Company (ESCOM) could not afford to construct major power distribution infrastructure and, to avoid this, Paladin would need to invest a considerable amount of capital on grid power supply.

Due to the identified unreliable grid power supply, the Kayelekera Bankable Feasibility Study (BFS) only considered on-site diesel power generation for its electricity supply and all costings that have been presented in the BFS are calculated on this basis. The Government of the Republic of Malawi was fully appraised of this during the preparation of the BFS. Grid power may be used at a later date if and when ESCOM can deliver required quality and reliability of electricity.

Paladin has already placed an order for its 10MW power generation facility and this is expected to be on site in the scheduled project time frame. This key element is therefore not expected to delay the September 2008 commissioning date that has been set for the project.

Yours faithfully
Paladin Resources Ltd

JOHN BORSHOFF
Managing Director