



PALADIN ENERGY LTD

ACN 061 681 098

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

By Electronic Lodgement

Dear Sir/Madam

LANGER HEINRICH URANIUM PROJECT, NAMIBIA Substantial Increase to Ore Reserves

- **175% increase in Ore Reserve - now at 65.8Mlb U₃O₈**
- **Allows more than 10 years mine life at expanded Stage III production rates**
- **Remaining Inferred Mineral Resources of 91.6Mlb offers strong potential of further increase with additional drilling**
- **Additional reserve potential from Heap Leach study**

Paladin Energy Ltd is pleased to announce that a revised ore reserve estimate for the Langer Heinrich Deposit conforming to both the JORC and NI 43-101 codes has now been completed and the results are reported below using a 250ppm cut off.

New Ore Reserve Estimate (250ppm U₃O₈ cut off) for Details 1, 2, 3 and 5

250ppm Cut-off	M t	Grade % U₃O₈	t U₃O₈	Mlb U₃O₈
Proved Ore Reserve	30.0	0.06	17,924	39.50
Probable Ore Reserve	20.6	0.06	11,950	26.34
Total Ore Reserve	50.6	0.06	29,874	65.84

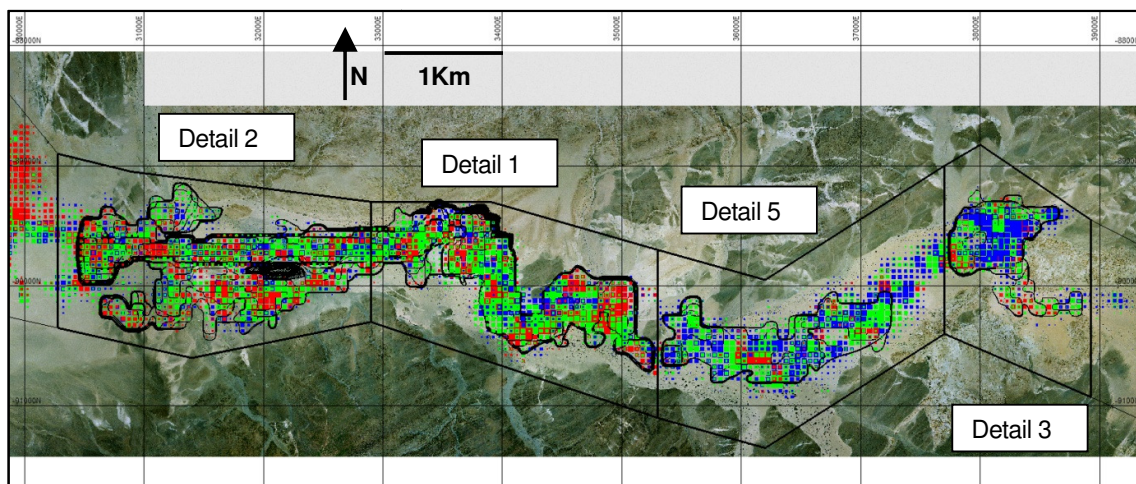
Ore Reserve has been depleted for mining

Compared to the previous ore reserve of 25.6Mlb announced in 2005 (also reported at a 250ppm cut off) the new 2008 reserve estimate outlined herein represents a 175% increase in contained U₃O₈. The Ore Reserve has been estimated from the previously announced Measured and Indicated Mineral Resource of 56.4Mt at a grade of 0.06% U₃O₈. The resource estimate is based on Multi Indicator Kriging and incorporates a specific adjustment based on expected mining parameters. As a result additional dilution and mining recovery are not included in the Ore Reserve estimation.

The cost parameters used in the reserve estimation are now well established and as such their inclusion can be reasonably justified. The revenue rate used in the estimate was US\$60 per lb which is regarded as conservative when compared to the Ux spot price and existing term contracts.

These reserves will form the basis of the detailed mine planning for the Project. The revised mine model will allow a remaining mine life of 11 years, based on the expansion of processing capability to 6.0 million pounds per year. The mine model does not include any contribution from the 91.6Mlb of Inferred Mineral Resources, (as announced 28 August 2008) either from the open pit area (shown below) or Details 4 and 6 (to the east) or Detail 7 (to the west) outside the current pit design. The figure below shows the Ore Reserve pit outline and the underlying Mineral Resource.

The Ore Reserve is quoted exclusive of ROM stockpiles which, at the end of May 2008, contained 3.5M tonnes at a grade of 514ppm U₃O₈ for 1,796t (3.96Mlb) U₃O₈.



In the above figure Blue $\geq 250\text{ppm U}_3\text{O}_8$, Green $\geq 400\text{ppm U}_3\text{O}_8$ and Red $\geq 650\text{ppm U}_3\text{O}_8$ at a $250\text{ppm U}_3\text{O}_8$ cut off

ADDITIONAL POTENTIAL

The potential for increasing the reserve even further within ML140 is regarded as high, as the new revised Ore Reserve estimate represents a 91% conversion from the underlying Mineral Resource, and previous experience with the deposit indicates that the Inferred Resources outside the current pit design could be upgraded at a similar proportion following infill drilling to increase resource confidence.

In the recently revised Mineral Resource there are still 70Mt of Inferred Mineral Resources grading at 0.06% U_3O_8 containing 41,557t (91.6Mlb) U_3O_8 and as such it is believed that a considerable amount of these Inferred Resources will be able to be converted to Measured and Indicated Resources categories with more drilling and then included in future additional reserve estimations. There is a strong expectation therefore that this future reserve estimate will contribute significantly to extending both the minelife of the Project and the subsequent upgrades in production. Additional production is seen as being essential to meet the increasing worldwide demand for Uranium.

This large improvement in ore reserve status and the strong potential for further increase continues to confirm the importance of the Langer Heinrich Deposit on a world scale. The growing uranium mineral resource base in this country as a whole and the involvement of major uranium operators in the region in addition to other project development plans is fast establishing Namibia as the "Kazakhstan" of Africa in terms of government willingness and resource ability to increase contribution to future uranium supply and in which Paladin holds a major position.

Yours faithfully
Paladin Energy Ltd

JOHN BORSHOFF
Managing Director

Declaration

The information in this announcement that relates to mineral resources is based on information compiled by Andrew Hutson BE, M.AusIMM for ore reserve estimates. Mr Hutson has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity that he is undertaking to qualify as Competent Persons as defined in the 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves", and as a Qualified Person as defined in Canadian National Instrument 43-101. Mr Hutson is a full-time employee of Paladin Energy Ltd and consents to the inclusion of the information in relation to Ore Reserves in this announcement in the form and context in which it appears.