



ASX ANNOUNCEMENT

Issue of Target's Statement Paladin Resources Limited Offer

Valhalla Uranium Ltd advises that it has today lodged a Target's Statement with the Australian Securities Investments Commission in connection with Paladin Resources Ltd's offer to acquire all of the issued and outstanding shares of Valhalla Uranium.

Under the terms of the offer, Valhalla Uranium shareholders will receive one Paladin Resources ordinary share in exchange for every 3.16 Valhalla Uranium shares held. The directors of Valhalla Uranium have unanimously recommended that shareholders accept the Paladin Resources' offer in the absence of a superior offer.

The Target's Statement will be dispatched to Valhalla Uranium shareholders on Friday, 18 August 2006. A copy of the Target's Statement is attached.

A handwritten signature in black ink, appearing to read 'P. Sullivan', is positioned above the printed name of Peter Sullivan.

PETER SULLIVAN
Managing Director

16 August 2006

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TARGET'S STATEMENT

by

VALHALLA URANIUM LIMITED
(ABN 73 116 370 720)

in relation to the offer by

PALADIN RESOURCES LIMITED
(ABN 47 061 681 098)

**TO ACQUIRE YOUR SHARES IN
VALHALLA URANIUM LIMITED**

**Valhalla's Directors Unanimously Recommend
That You**

ACCEPT

**Paladin's Offer
In the absence of a superior offer**

THIS IS AN IMPORTANT DOCUMENT

If you do not understand it or are in doubt as to how to act, you should consult your lawyer, accountant, stockbroker or financial adviser immediately.

IMPORTANT INFORMATION

This is an important document. If you do not understand it or are in doubt as to how to act, you should consult your lawyer, accountant, stockbroker or financial adviser immediately.

Nature of this document

This Target's Statement is dated 16 August 2006 and is given under section 638 of the Corporations Act by Valhalla in response to the Bidder's Statement dated 24 July 2006 and served on Valhalla by Paladin on that date.

ASIC Disclaimer

A copy of this Target's Statement has been lodged with the Australian Securities and Investments Commission. Neither the Australian Securities and Investments Commission nor any of its officers take any responsibility for the content of this Target's Statement.

No account of personal circumstances

The recommendations of the Valhalla Directors obtained in this Target's Statement do not take into account the individual investment objectives, financial situation or particular needs of each Valhalla Shareholder. You may wish to seek independent professional advice before making a decision as to whether to accept or not to accept the Offer.

Defined terms

Various defined terms are used in this Target's Statement. Unless the contrary intention appears, the context requires otherwise or words are defined in section 7 of this Target's Statement, words and phrases in this Target's Statement have the same meaning and interpretation as in the Corporations Act.

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KEY POINTS

- Paladin is offering 1 Paladin Share for every 3.16 of your Valhalla Shares.
- Valhalla's Directors consider that Paladin's Offer for your Valhalla Shares is fair and reasonable and recommend that, in the absence of a superior offer, you **ACCEPT** the Offer.
- Paladin's Offer is subject to a number of conditions, including a requirement that Paladin becomes entitled to proceed to compulsory acquisition of any outstanding Valhalla Shares and that Mt Isa acquires all of the issued shares in Resolute Ltd for an amount not exceeding \$1.00.
- Unless extended or withdrawn beforehand, Paladin's Offer will expire on 8 September 2006.
- Each of Valhalla's Directors intend, in the absence of a superior offer, to accept the Offer for all of the Valhalla Shares in which they have a relevant interest.

IMPORTANT DATES	
Date of Paladin's Bidder's Statement	24 July 2006
Date of Paladin's Offer	2 August 2006
Date of this Target's Statement	16 August 2006
Close of Paladin's Offer Period (unless extended or withdrawn)	5pm (Perth, Western Australia Time) on 8 September 2006

Letter from the Chairman of Valhalla

16 August 2006

Dear Shareholder

On 10 July 2006 Paladin Resources Limited announced a takeover bid for Valhalla Uranium Limited. On 24 July 2006 Paladin delivered its Bidder's Statement to Valhalla. The Bidder's Statement was dispatched to Valhalla Shareholders on or about 2 August 2006.

Paladin's Offer valued a Valhalla Share at \$1.45 based on the closing price of Paladin Shares on 6 July 2006 (the last day prior to the Offer being announced), a premium of approximately 37% to the volume weighted average price ("VWAP") for Valhalla Shares in the 45 days trading prior the Offer being announced.

The Board of Valhalla have made the unanimous decision to recommend the Offer, in the absence of a superior offer. The recommendation is based on a number of factors, including the following:

1. The Offer provides Valhalla Shareholders with an opportunity to become involved with a larger and more advanced uranium company.
2. Paladin's uranium industry experience embracing marketing, development, construction and operation combined with its balance sheet strength will provide the opportunity to significantly grow and develop Valhalla's assets.
3. The Offer represents a significant premium to Valhalla's recent trading value and, if you accept the Offer, provides you with a substantial increase in liquidity of your Shares.

When assessing whether to accept the Offer you should be aware that the Offer is subject to a number of conditions, including a condition that Paladin becomes entitled to compulsorily acquire outstanding Valhalla Shares. Paladin must on 31 August 2006 (or a later day as determined by the Corporations Act if the Offer Period is extended) give a notice on the status of those conditions.

You should also consider the taxation implications of the Offer which are in section 6.1 of this Target's Statement.

To accept the Offer you should carefully follow the instructions in the Bidder's Statement. The Offer is due to close on 8 September 2006.

If you have any questions in relation to your position as a Shareholder I encourage you to seek either financial or legal advice without delay.

Yours faithfully

Peter Huston
Chairman, Valhalla Uranium Limited

1. Recommendations of the Valhalla Directors

1.1 Summary of the Share Offer

The consideration being offered by Paladin under the Offer is 1 Paladin Share for every 3.16 of your Valhalla Shares you own.

The Offer is subject to a number of conditions which are summarised in section 4.2 of this Target's Statement.

Based on a daily VWAP of Paladin Shares on the ASX for 15 August 2006 (being the last available day prior to this Target's Statement) of \$4.40, the value of the scrip consideration is \$1.39 per Valhalla Share.

1.2 Directors' Recommendation

Your Directors unanimously recommend that, in the absence of a superior offer, you accept Paladin's Offer for your Valhalla Shares.

In making this recommendation, your Directors have considered the merits of Paladin's Offer and weighed up the factors for and against acceptance.

The key considerations in favour of accepting the Offer are:

(a) Premium to Valhalla Shareholders

The price being offered by Paladin values a Valhalla Share at \$1.45, based on the closing price of Paladin Shares on 6 July 2006 (being the last trading day prior to the announcement of Paladin's Offer on 10 July 2006), representing a premium of 37% over the VWAP of Valhalla Shares on the ASX over the 45 day period to 6 July 2006. Valhalla's Directors are not aware of any transactions in Valhalla Shares which may have had the effect of inflating these premiums.

(b) Creates a significant uranium company with access to resources for treatment and exploration success

If Paladin's Offer is successful, Valhalla Shareholders will continue to participate in Valhalla's projects through their investment in the Paladin Shares to be issued to them pursuant to the Offer. As shareholders in Paladin, they will also benefit from the continued operation and development of Paladin's assets, including the significant opportunities provided by the ownership of the Langer Heinrich mine and concentrator in Namibia.

Paladin has a management team with a track record and proven experience in the successful and cost-effective development and operation of uranium projects.

(c) Potential for dilution

The continued development of Valhalla's projects in the future will require additional finance through equity or debt or a combination of both. Depending on market conditions at the time, Valhalla may not be able to raise the necessary capital on acceptable terms and any required capital raisings could result in a substantial dilution of existing Shareholders' interest.

(d) No brokerage

Shareholders will not incur any brokerage or other transaction costs in accepting the Offer.

(e) Valhalla Share prices may fall if the Paladin bid does not succeed

If Paladin's Offer lapses (for example, because the compulsory acquisition condition is not achieved), it is possible that the market price and trading volumes of Valhalla Shares will fall, at least in the short term, to levels at which they were trading before the announcement of the Offer.

(f) Valhalla Directors are unaware of a superior offer

The Directors of Valhalla are not aware of any superior offer that may be made to Shareholders.

(g) Increased liquidity of Paladin Shares

The average monthly trading of Paladin Shares on ASX has since Valhalla listed on ASX, outweighed the trading value of Valhalla Shares by approximately sixty six times.

(h) Potential disadvantages if you do not accept

Paladin may become a controlling Shareholder in Valhalla which may make the market for Valhalla Shares less liquid and/or less active, potentially making it more difficult to sell your Valhalla Shares, should you choose to do so. As explained in section 2.6, the specific circumstances of the Offer limit the likelihood of this occurring, and make it more likely that compulsory acquisition occurs. If so, you will still receive the consideration owing to you, but receipt could be delayed for a period of up to six weeks.

The key considerations in favour of not accepting the Offer are as follows:

(a) Reduced exposure to exploration potential of Valhalla assets

Valhalla has significant exploration potential and upside, in which the participation of Shareholders may be diluted if they accept Paladin's Offer. However, this has to be weighed against the dilution which is likely to occur in any event if Valhalla remains an independent company and has to raise working capital to fund its projects through further equity raisings.

(b) Inability to accept superior offer if one were to emerge

Except in the limited circumstances provided for in the Corporations Act, accepting Paladin's Offer will preclude Shareholders from accepting a superior bid from a third party, should one emerge during the Offer Period. As at the date of this Target's Statement, Valhalla's Directors are not aware of a proposal by anyone to make a superior bid.

Accepting the Offer would also preclude a Shareholder from selling their Valhalla Shares on market.

Accepting Paladin's Offer will not, however, deny a Shareholder the benefit of any superior price offered by Paladin which, under the Corporations Act, is required to be extended to all Shareholders, including those who have already

accepted Paladin's Offer. As at the date of this Target's Statement, Paladin has given no indication that it intends to increase its Offer price.

1.3 Directors' intentions in relation to the Offer

Each Valhalla Director who has a relevant interest in Valhalla Shares presently intends, in the absence of a superior offer, to accept the Offer in respect of those Valhalla Shares. The interests of each Valhalla Director in Valhalla Shares are set out in section 5.1 of this Target's Statement.

1.4 Further Developments

Should there be any developments during the Offer Period (for example, the emergence of a superior offer from Paladin or another bidder) which would alter the Directors' recommendations in relation to Paladin's Offer, Shareholders will be notified through a supplementary Target's Statement.

2. Important information for Shareholders to consider

2.1 The Offer

Paladin announced its intention to make a takeover bid for Valhalla on 10 July 2006. A summary of the Offer is in section 5 of this Target's Statement and sections 1 and 12 of the Bidder's Statement. The Offer is open for acceptance until 5pm on 8 September 2006 (WST), unless the Offer is extended or withdrawn.

2.2 Background information on Valhalla

Valhalla is a Western Australian based resource company holding interests in a number of advanced uranium projects acquired from Resolute. Valhalla listed on the ASX in December 2005.

Valhalla's projects are in Queensland and the Northern Territory. The projects include a 50% interest in the Valhalla and Skal uranium deposits in Queensland as well as interests in a series of uranium resources and prospects at various stages of evaluation in the Northern Territory, the Ngalia Basin Projects and the Pine Creek Project.

The most advanced project in the Company's portfolio is the Valhalla project, after which the Company is named. The Valhalla deposit is located 40km north of Mount Isa in Queensland and is managed by Summit. The Valhalla deposit has identified JORC Code Mineral Resources consisting of Measured and Indicated Resources of 8.8Mt grading of 0.147% U_3O_8 for a total of 28.4Mlbs U_3O_8 and Inferred Resources of 2.7Mt grading 0.135% U_3O_8 for a total of 8.0Mlbs U_3O_8 . In addition, Valhalla's partner Summit, has reported incremental historical estimates of 9.0Mt at between 0.08% U_3O_8 and 0.10% U_3O_8 for 20.1Mlbs U_3O_8 .

The Skal uranium deposit, 10km east of Valhalla has also been drill tested with significant contained uranium identified in mineralisation of a similar style to Valhalla. Skal contains a historical estimate (as reported by Summit) of 4.2m tonnes at between 0.10% U_3O_8 and 0.13% U_3O_8 for 11.0Mlbs U_3O_8 .

Valhalla is also a participating partner in a series of uranium projects in the Ngalia Basin and Pine Creek districts of the Northern Territory. The projects include four uranium and vanadium prospects, in which significant volumes of high-grade mineralisation have been identified, as well as a series of prospective radiometric targets.

The most advanced of the Northern Territory projects is at Bigryli (Valhalla 41.7%) where some four hundred and thirteen drill holes have been drilled. The main Bigryli shoot is open at depth and down plunge.

2.3 Current business activities of Valhalla

Valhalla, through its participation in the Mt Isa Joint Venture and Bigryli Joint Venture, is currently exploring for uranium in the Valhalla, Skal and Bigryli projects.

On 5 June 2006 Valhalla's joint venture partner at Bigryli announced a new resource estimate of 1.83Mt of 0.21% U_3O_8 and 0.22 V_2O_5 at a 0.10% cut-off grade.

On 29 June 2006 Valhalla announced that consistent widths and grades of uranium vanadium mineralisation were encountered at Skal in all four drill holes including 13m of 2.21lb/t (0.10%) U_3O_8 and 1.38lb/t (0.06%) V_2O_5 in SKDDH11; 31m of 1.96lb/t

(0.09%) U₃O₈ and 1.25lb/t (0.06%) V₂O₅ in SKDDH12; 7m of 2.99lb/t (0.14%) U₃O₈ and 1.10lb/t (0.05%) V₂O₅ in SKDDH13.

The participants under the Mt Isa Joint Venture are currently preparing updated JORC compliant resource estimates.

2.4 Value of the Offer

Based on a daily VWAP of Paladin Shares on the ASX for 15 August 2006 (being the last available day prior to this Target's Statement) of \$4.40, the value of the scrip consideration is \$1.39 per Valhalla Share.

The Directors have not obtained independent advice on the value of the Offer, and Shareholders are urged to carefully read the Bidder's Statement.

2.5 Resolute

Resolute holds 100,000,000 Valhalla Shares, or 83.3% of the Valhalla Shares on issue. Of these 99,999,999 Shares are subject to escrow under the ASX Listing Rules.

The holders of at least 50% of the non-escrowed Valhalla Shares (i.e. 8.35% of the Valhalla Shares on issue) must (in the absence of agreement by ASX to the contrary) accept the Offer before the Escrowed Shares can be released from escrow.

2.6 Minority ownership consequences

Paladin's Offer is presently subject to a minimum acceptance condition which, if fulfilled (and all the other conditions are fulfilled or freed), will entitle it to compulsorily acquire all outstanding Valhalla Shares. Paladin has the right to free the Offer from this condition, although it has not yet indicated whether it will do so. If Paladin frees the Offer from this condition, but acquires the majority of the Valhalla Shares, there may be a number of possible implications for Valhalla shareholders, including:

- (a) Paladin will be in a position to cast the majority of votes at a general meeting of Valhalla. This will enable it to control the composition of Valhalla's Board and senior management, determine Valhalla's dividend policy and control the strategic direction of the businesses of Valhalla and its subsidiaries;
- (b) the Valhalla Share price may fall immediately following the end of the Offer Period and it is unlikely that Valhalla's Share price will contain any takeover premium;
- (c) liquidity of Valhalla Shares may be lower than at present;
- (d) if the number of Valhalla Shareholders is less than that required by the ASX Listing Rules to maintain an ASX listing then Paladin may seek to have Valhalla removed from the official list of the ASX. If this occurs, Valhalla Shares will not be able to be bought or sold on the ASX;
- (e) a proportion of the synergies referred to by Paladin in the Bidder's Statement may not be achieved; and
- (f) if Paladin acquires 75% or more of the Valhalla Shares it will be able to pass a special resolution of Valhalla. This will enable Paladin to, among other things, change Valhalla's constitution.

However, as explained in section 2.5, the holders of at least 50% of the non-escrowed Valhalla Shares must accept Paladin's Offer before the Escrowed Shares can be released from escrow. As a result, it is unlikely that Paladin will receive Resolute's acceptance in respect of the Escrowed Shares (and therefore gain majority control of Valhalla) but not receive acceptances for more than 90% of the Valhalla Shares, at which time it has stated that it will proceed to compulsory acquisition of the remaining Valhalla Shares on issue.

If Paladin does proceed to compulsory acquisition, then Valhalla shareholders who do not accept the Offer will still be entitled to receive the bid consideration. However, as a result of the need to complete the compulsory acquisition procedures set out in the Corporations Act, there is likely to be a delay of up to six weeks in the provision of that consideration, and therefore in the earliest date on which Paladin shares could be traded. See section 4.13 for further information.

2.7 Dividend issues for Valhalla Shareholders

Valhalla has not paid a dividend to Shareholders since listing on the ASX. As an exploration company, the Directors consider it unlikely that Valhalla will pay dividends in the foreseeable future if the Company continues as a stand alone entity with its current business composition.

2.8 Other alternatives to the Offer

As at the date of this Target's Statement, no offers (other than Paladin's Offer) have been made to acquire your Valhalla Shares.

2.9 Valhalla's Share price absent the Offer

While there are many factors that influence the market price of Valhalla Shares, the Directors anticipate that, following the close of the Offer the market price of Valhalla Shares may fall if Paladin's Offer fails, if Paladin acquires more than 50% (but less than 90%) of the Valhalla Shares or if the Offer is otherwise unsuccessful.

2.10 Taxation consequences of a change in control in Valhalla

The taxation consequences of accepting the Offer depends on a number of factors and will vary depending on your particular circumstances. A general outline of the Australian taxation considerations of accepting the Offer are set out in section 6.1 of this Target's Statement and section 10 of the Bidder's Statement. Valhalla Shareholders should be aware that if they accept the Offer and Paladin declares the Offer unconditional, CGT rollover relief may not be available if Paladin acquires less than 80% of the Valhalla Shares under the Offer (see section 6.1 of this Target's Statement).

You should carefully read and consider the taxation consequences of accepting the Offer. The outline provided in the Bidder's Statement and the Target's Statement is of a general nature only and you should seek your own specific professional advice as to the taxation implications applicable to your circumstances.

2.11 Treatment of overseas Valhalla Shareholders

Any Valhalla Shareholder whose address (as recorded in the register of members of Valhalla provided by Valhalla to Paladin) is in a place outside Australia and New Zealand, will not be issued with Paladin's Shares under the Offer.

Instead, the relevant Paladin Shares (that would otherwise be transferred to such foreign holders) will be allotted to a nominee approved by ASIC who will sell the Paladin Shares and will distribute to each of those foreign holders their proportion of the proceeds of sale net of expenses.

See section 12.7 of the Bidder's Statement for further details.

2.12 Break Fee Agreement

See section 6.3 of this Target's Statement for details of the Break Fee Agreement.

2.13 Material litigation

See section 6.4 of this Target's Statement for details of material litigation.

2.14 Company announcements

Valhalla is a disclosing entity under the Corporations Act. It is subject to regular reporting and disclosure obligations under both the Corporations Act and the Listing Rules of ASX.

Copies of announcements lodged with ASX can be obtained from either the ASX's website (www.asx.com.au) or Valhalla's website (www.valhallauranium.com.au).

3. Your choices as a Valhalla Shareholder

Your Directors recommend that you ACCEPT the Offer (in the absence of a superior proposal).

In considering whether to accept the Offer, the Directors encourage you to seek professional advice if you are unsure as to whether acceptance of the Offer is in your best interests, taking into account your individual circumstances.

The Bidder's Statement contains important information which Shareholders are urged to read carefully. Shareholders should note that Valhalla has not undertaken investigations to verify the accuracy or completeness of the information contained in the Bidder's Statement and neither Valhalla nor its Directors or advisers makes any representation as to the accuracy or completeness of information contained in the Bidder's Statement. To the fullest extent permitted by law, each of those parties disclaims liability to any person who acts in reliance on that information.

Shareholders who would like further information on Valhalla or its projects before making a decision about the Offer are encouraged to exercise their right under the Corporations Act to obtain from ASIC copies of all documents lodged by Valhalla with ASIC or ASX (including Valhalla's 2005 Half Yearly Accounts and the June 2006 Quarterly Report). Alternatively, they can visit Valhalla's website at www.valhallauranium.com.au

During the Offer Period you have the following choices:

ACCEPT the Offer

If you wish to accept the Offer, you should follow the instructions set out in the Bidder's Statement.

Subject to the conditions of the Offer being satisfied (including the 90% minimum acceptance condition), you will receive 1 Paladin Share for every 3.16 of your Valhalla Shares. Note that particular arrangements apply to Valhalla Shareholders whose address is in a place outside Australia and New Zealand, as explained in section 2.11.

You should be aware that once you accept the Offer your acceptance cannot be withdrawn except in the limited circumstances listed in the Corporations Act. You should consider the timing of any acceptance of the Offer in light of the fact that a superior bid by another party may emerge which you would be precluded from accepting if you had already accepted Paladin's Offer. As at the date of this Target's Statement, Valhalla's Directors are not aware of a proposal by anyone to make a superior bid.

Valhalla Shareholders should be aware that if they accept the Offer and Paladin declares the Offer unconditional, CGT rollover relief may not be available if Paladin acquires less than 80% of the Valhalla's Shares under the Offer (see section 6.1 of this Target's Statement).

OR

REJECT the Offer

If you wish to retain your Valhalla Shares, you need take no action in relation to the Offer. Valhalla Shareholders should note that if Paladin acquires 90% of the Valhalla Shares under the Offer, it will be entitled to compulsorily acquire the Valhalla Shares that it does not already own.

OR

SELL your Valhalla Shares on the ASX

You can sell your Valhalla Shares on the ASX. The price you will receive will depend on the prevailing market price of Valhalla Shares at the time of sale. You should be aware that the market price of Valhalla Shares may rise or fall during the Offer Period. You should also note that if you sell your Valhalla Shares on the ASX:

- (a) you are likely to pay brokerage on the sale;
- (b) you would not be eligible for CGT rollover relief (see Section 6.1 of this Target's Statement and section 10 of the Bidder's Statement);
- (c) you will not benefit from any price increase which may be offered by Paladin;
- (d) you will receive payment earlier than if you accept Paladin's Offer (typically, 3 business days after the sale), as opposed to receiving Paladin scrip in accordance with Paladin's Offer which will be at a later time; and
- (e) a sale on the ASX provides certainty, whereas a sale to Paladin by accepting the Offer will be subject to the conditions of the Offer being fulfilled.

In relation to (c) above, you should note that Paladin has given no indication that it intends to increase its Offer consideration.

4. Key features of Paladin's Offer

4.1 Consideration payment to Shareholders who accept the Offer

Under the Offer, the consideration being offered by Paladin is 1 Paladin Share for every 3.16 Valhalla Shares.

4.2 Conditions to the Offer

Paladin's Offer is subject to a number of conditions. Those conditions are set out in full in section 12.8 of the Bidder's Statement. Details of any act, omission, event or fact that would result in any of the conditions to the Offer not being fulfilled by the end of the Offer Period (or 3 business days after the end of the Offer Period in the case of the condition in section 4.2(a)) are set out in Section 4.3 of this Target's Statement.

In summary, the conditions to the Offer are:

- (a) Paladin obtaining any necessary regulatory and shareholder approval, including any approval required under the Foreign Acquisition and Takeovers Act;
- (b) During the Offer Period, no action or investigation is announced, commenced or threatened by any governmental agency or body (other than ASIC or the Takeover Panel) in relation to the Offer and which prohibits or has a material impact on the making of the Offer or requires Paladin to divest any Valhalla Shares or any material assets of Valhalla.
- (c) During or at the end of the Offer Period, Paladin becomes entitled to compulsorily acquire all Valhalla Shares.
- (d) No material adverse change occurs, is announced or otherwise becomes public in the business, assets, liabilities, financial position and performance, material contracts, profitability or prospects of Valhalla or any of its subsidiaries between 23 March 2006 and the expiry of the Offer Period.
- (e) Before the end of the Offer Period, Mt Isa enters into an agreement pursuant to which Mt Isa acquires all of the issued shares in Resolute Limited from Resolute for an amount not exceeding \$1.00 ("Acquisition") and:
 - (i) there are no liabilities assumed by Mt Isa or Resolute Limited under the terms of, or as a result of, that agreement or the Acquisition, in excess of \$1,000;
 - (ii) the Acquisition is completed by the first to occur of 30 September 2006 and the end of the Offer Period; and
 - (iii) Mt Isa does not cease to be a "Related Company" (within the meaning of the Mt Isa Agreement) of Resolute Limited at any time prior to completion of the Acquisition.
- (f) There is no breach by any of the parties to the Mt Isa Agreement of the terms of that agreement and, prior to the end of the Offer Period, no termination of, amendment to the terms of, or waiver of rights under, the Mt Isa Agreement occurring, or being announced or agreed to.

- (g) Between 10 July 2006 and the end of the Offer Period, there is no person having any rights, being entitled to have any rights, alleging an entitlement, or expressing or announcing an intention, as a result of any change of control event in respect of Valhalla (including Paladin acquiring shares in Valhalla) or any of its subsidiaries or assets, to:
 - (i) terminate or alter any contractual relations between any person and Valhalla;
 - (ii) require the termination, modification or disposal of any interest or assets, corporate body, joint venture or other entity; or
 - (iii) accelerate or adversely modify the performance of any obligations of Valhalla under any agreements, contracts or other legal arrangement.
- (h) Before the end of the Offer Period, ASX gives its consent under ASX Listing Rules to release the Escrowed Shares from dealing restrictions.
- (i) The Toronto Stock Exchange consents to the issue and quotation of the Paladin Shares to be issued under the Offer on that exchange on an unconditional basis or subject only to customary conditions.
- (j) Between 10 July 2006 and the end of the Offer Period, Valhalla provides to Paladin with all material information which Paladin may from time to time reasonably request relating to Valhalla or any of its subsidiaries, or their respective assets, liabilities or operations.
- (k) Before the end of the Offer Period, it is announced to ASX by any party to the Mt Isa Agreement that the Valhalla deposit has a JORC-compliant resource of not less than 54 million pounds of uranium oxide (U₃O₈).
- (l) None of the prescribed occurrences in section 652C of the Corporations Act taking place or having taken place during the period commencing on 10 July 2006 and ending the date 3 business days after the end of the expiry of the Offer Period (each inclusive).

Paladin's announcement of the Offer on 10 July 2006 included an additional condition, which was omitted from the Offer. This condition was satisfied prior to the Offer being made.

4.3 Circumstances which may affect conditions

- (a) Acquisition of Resolute Limited

As set out in section 4.2(e), one of the conditions to the Offer is for Mt Isa to enter into an agreement pursuant to which it acquires all of the issued shares in Resolute Limited from Resolute on certain conditions and within a certain period. This condition also requires that Mt Isa does not cease to be a "Related Company" (within the meaning of the Mt Isa Agreement) of Resolute Limited at any time prior to completion of this acquisition.

Mt Isa and Resolute are finalising an agreement pursuant to which Mt Isa will acquire all of the issued shares in Resolute Limited from Resolute on the conditions and within the period required to satisfy this condition. Under this agreement, Resolute and Mt Isa will agree not to do anything that would cause Mt Isa to cease to be a "Related Company" (within the meaning of the Mt Isa

Agreement) of Resolute Limited at any time prior to completion of the Acquisition.

- (b) No breach, termination or variation of the Mt Isa Agreement

As set out in section 4.2(f), one of the conditions to the Offer relates to breaches of the Mt Isa Agreement.

As announced by the Company on 4 August 2006, Summit has issued and served an originating summons in the Supreme Court of Western Australia seeking orders that Resolute Limited and Mr Isa, as potential parties, provide discovery of all documents relating to the disclosure to persons who are not parties to the Mt Isa Agreement of any information concerning the Mt Isa Joint Venture.

Resolute Limited and Mt Isa have complied fully with all of the terms of the Mt Isa Agreement and deny either has breached the agreement in any way.

Mt Isa and Resolute Limited have entered an appearance to the originating summons, and the proceedings have been listed for a special appointment before a Master of the Supreme Court on 4 September 2006.

- (c) Resource of 54 million pounds of uranium oxide (U₃O₈)

As set out in section 4.2(k), a further condition is that a party to the Mt Isa Agreement announce to ASX that the Valhalla deposit has a JORC-compliant resource of not less than 54 million pounds of uranium oxide (U₃O₈).

The participants under the Mt Isa Agreement and Valhalla are each currently preparing an updated JORC compliant resource.

- (d) ASX approval to release the Escrowed Shares

As set out in section 4.2(h), one of the conditions to the Offer is that ASX approve the release of the Escrowed Shares.

Valhalla believes that upon the holders of at least 50% of the non-escrowed Valhalla Shares accepting the Offer this condition will be satisfied.

- (e) Other circumstances which may affect conditions

Unless otherwise disclosed in this Target's Statement, Valhalla is not aware of any act, omission, event or fact that would result in any of the conditions to the Offer not being fulfilled by the end the Offer Period (or 3 business days after the end of the Offer Period in the case of the condition in section 4.2(l)).

4.4 Notice of Status of Conditions

Section 12.12 of the Bidder's Statement states that Paladin will give a Notice of Status of Conditions to the ASX and Valhalla on 31 August 2006. The Notice of Status of Conditions is required by section 630(1) of the Corporations Act.

Paladin is required to set out in its Notice of Status of Conditions:

- (a) whether the Offer is free of any or all of the conditions;
- (b) whether, so far as Paladin knows, any of the conditions have been fulfilled; and

- (c) Paladin's voting power in Valhalla.

If the Offer Period is extended by a period before the time by which the Notice of Status of Conditions is to be given, the date for giving the Notice of Status of Conditions will be taken to be postponed for the same period. In the event of such an extension, Paladin is required, as soon as practicable after the extension, to give a notice to the ASX and Valhalla that states the new date for the giving of the Notice of Status of Conditions.

If a condition is fulfilled (so that the Offer becomes free of that condition) during the Offer Period but before the date on which the Notice of Status of Conditions is required to be given, Paladin must, as soon as practicable, give the ASX and Valhalla a notice that states that the particular condition has been fulfilled.

4.5 Offer Period

Unless Paladin's Offer is extended or withdrawn, it is open for acceptance from 2 August 2006 until 5pm WST on 8 September 2006. The circumstances in which Paladin may extend or withdraw its Offer are set out in sections 4.6 and 4.7 respectively of this Target's Statement.

4.6 Extension of the Offer Period

Paladin may extend the Offer Period at any time before giving the Notice of Status of Conditions.

In addition, there will be an automatic extension of the Offer Period if, within the last 7 days of the Offer Period:

- (a) Paladin improves the consideration offered under the Offer; or
- (b) Paladin's voting power in Valhalla increases to more than 50%.

If either of these two events occurs, the Offer Period is automatically extended so that it ends 14 days after the relevant event occurs.

4.7 Withdrawal of Offer

Paladin may not withdraw the Offer if you have already accepted it. Before you accept the Offer, Paladin may withdraw the Offer with the written consent of ASIC and subject to the conditions (if any) specified in such consent.

4.8 Effect of acceptance

The effect of acceptance of the Offer is set out in section 12.5 of the Bidder's Statement. Valhalla Shareholders should read these provisions in full to understand the effect that acceptance will have on their ability to exercise the Rights attaching to their Shares and the representations and warranties which they give by accepting of the Offer.

4.9 Your ability to withdraw your acceptance

You only have limited rights to withdraw your acceptance of the Offer. You may only withdraw your acceptance of the Offer:

- (a) at any time prior to the Treasurer of the Commonwealth under the Foreign Acquisition and Takeovers Act either issuing a notice to the effect that the

Commonwealth Government does not object to Paladin acquiring 100% of the Valhalla Shares under the Offer or being precluded from making an order in respect of the Offer; or

- (b) if Paladin varies the Offer in a way that postpones, for more than one month, the time when Paladin needs to meet its obligations under the Offer. This will occur if Paladin extends the Offer Period by more than one month and the Offer is still subject to conditions.

4.10 When you will receive your consideration if you accept the Offer

In the usual case, you will be issued your consideration on or before the later of:

- (a) one month after the date the Offer becomes or is declared unconditional; and
- (b) one month after the date you accept the Offer if the Offer is, at the time of acceptance, unconditional,

but, in any event (assuming the Offer becomes or is declared unconditional), no later than 21 days after the end of the Offer Period.

However, there are certain exceptions to the above timetable for the issuing of consideration. Full details of when you will be issued your consideration are set out in section 12.6 of the Bidder's Statement.

4.11 Effect of an improvement in consideration on Shareholders who have already accepted the Offer

If Paladin improves the consideration offered under the Offer, all Valhalla Shareholders, whether or not they have accepted the Offer before that improvement in consideration, will be entitled to the benefit of that improved consideration.

4.12 Lapse of Offer

The Offer will lapse if the Offer conditions are not freed or fulfilled by the end of the Offer Period; in which case, all contracts resulting from acceptance of the Offer and all acceptances that have not resulted in binding contracts are void. In that situation, you will be free to deal with your Valhalla Shares as you see fit.

4.13 Compulsory acquisition

Paladin has indicated in section 7.3(a) of its Bidder's Statement that if it satisfies the required thresholds it intends to compulsorily acquire any outstanding Valhalla Shares. Paladin will be entitled to compulsorily acquire any Valhalla Shares in respect of which it has not received an acceptance of its Share Offer on the same terms as the Share Offer if, during or at the end of the Offer Period:

- (a) Paladin and its associates have a relevant interest in at least 90% (by number) of the Valhalla Shares; and
- (b) Paladin and its associates have acquired at least 75% (by number) of the Valhalla Shares that Paladin offered to acquire (excluding Valhalla Shares in which Paladin or their associates had a relevant interest in at the date of the Offer and also excluding Valhalla Shares issued to an associate of Paladin during the Offer Period).

If these thresholds are met, Paladin will have one month after the end of the Offer Period within which to give compulsory acquisition notices to Valhalla Shareholders who have not accepted the Offer. Valhalla Shareholders have statutory rights to challenge the compulsory acquisition, but a successful challenge will require the relevant Shareholder to establish to the satisfaction of a Court that the terms of the relevant Offer do not represent "fair value" for their Valhalla Shares. If compulsory acquisition occurs, Valhalla Shareholders who have their Valhalla Shares compulsorily acquired are likely to be issued their consideration approximately five to six weeks after the compulsory acquisition notices are dispatched to them.

It is also possible that Paladin will, at some time after the end of the Offer Period, become the beneficial holder of 90% of the Valhalla Shares. Paladin would then have rights to compulsorily acquire Shares not owned by it within six months of becoming the holder of 90%. Paladin's price for compulsory acquisition under this procedure would have to be considered in a report of an independent expert.

5. Information relating to the Directors

5.1 Directors' interests in Valhalla and Paladin Securities

As at the date of this Target's Statement, the Directors of Valhalla have relevant interests in the following Valhalla securities:

Name of Director	Valhalla Shares
Peter Ernest Huston	62,500
Peter Ross Sullivan	107,768
Henry Thomas Stuart Price	72,453

As at the date of this Target's Statement, no Director of Valhalla has a relevant interest in any securities of Paladin.

5.2 Directors' intentions with respect to their own Valhalla Shares

Each of Valhalla's Directors intends, in the absence of a superior offer, to accept the Offer for all of the Valhalla Shares in which they have a relevant interest.

5.3 Transactions in Valhalla and Paladin Securities

There have been no acquisitions or disposals of marketable securities of Valhalla, or Paladin by Valhalla, or any associate of Valhalla, in the period of four months immediately preceding the date on which the Bidder's Statement was served on Valhalla (being 24 July 2006).

5.4 No benefits to Directors

No benefit (other than a benefit permitted under sections 200E or 200F of the Corporations Act) is proposed to be given to a Valhalla Director (or anyone else) in connection with the Director's retirement as a director or executive of Valhalla.

5.5 Other agreements or arrangements with Valhalla Directors

There is no other agreement or arrangement made between a Director of Valhalla and any other person in connection with or conditional upon the outcome of the Offer.

5.6 Interests of Valhalla Directors in contracts with Paladin

No Director of Valhalla has any interest in any contract entered into by Paladin.

6. Other material information

6.1 Taxation implications

The Australian tax implications of Paladin's Offer for Valhalla Shareholders will depend on a number of factors, including:

- (a) whether the Shareholder holds their Valhalla Shares on capital or revenue account for taxation purposes; the nature of the Shareholder (i.e. whether the Shareholder is an individual, company, trust, or complying superannuation fund); and
- (b) the tax residency status of the Shareholder (i.e. Australian resident or not).

The Australian tax consequences of the Offer for Valhalla Shareholders who are residents of Australia for tax purposes are summarised in section 10 of the Bidder's Statement, to which reference should be made for further information. The summary is necessarily general in nature and each Shareholder should seek independent advice relevant to their specific circumstances. However, Valhalla Shareholders who hold their Shares on capital account for taxation purposes may be eligible for tax relief from any capital gain that they may make by accepting Paladin's Offer.

Valhalla Shareholders should be aware that if they accept the Offer and Paladin declares the Offer unconditional, CGT rollover relief may not be available if Paladin acquires less than 80% of the Valhalla Shares under the Offer (see section 6.1 of this Target's Statement and section 10 of the Bidder's Statement for full details).

6.2 Effect of takeover on Valhalla's material contracts

To the best of Valhalla's knowledge, none of the material contracts to which Valhalla is a party contain change of control provisions which may be triggered as a result of, or as a result of acceptances of, the Offer and which may have a material adverse effect on the assets and liabilities, financial position and performance, profits and losses and prospects of Valhalla. See section 4.3(a) of this Target's Statement for details on the transfer of Resolute Limited to Mt Isa.

6.3 Break Fee Agreement

Valhalla has entered into the Break Fee Agreement with Paladin that in certain circumstances provides for a payment of \$1,218,280 to Paladin. Those conditions are as follows:

- (a) a competing transaction is announced and during either the Offer Period or the offer period of the competing transaction, a third party other than Paladin acquires control of Valhalla; or
- (b) no competing transaction is announced, but a Director fails to recommend that Valhalla Shareholders accept Paladin's Offer in the absence of a superior offer or having made such a recommendation, makes a public statement which withdraws, revises or qualifies that recommendation.

Valhalla will not have any liability under the Break Fee Agreement if, in the absence of a successful competing transaction, Valhalla's Shareholders do not accept Paladin's Offer.

6.4 Material litigation

As announced by the Company on 4 August 2006, Summit has issued and served an originating summons in the Supreme Court of Western Australia seeking orders that Resolute Limited and Mr Isa, as potential parties, provide discovery of all documents relating to the disclosure to persons who are not parties to the Mt Isa Agreement of any information concerning the Mt Isa Joint Venture.

Mt Isa and Resolute Limited have entered an appearance to the originating summons, and the proceedings have been listed for a special appointment before a Master of the Supreme Court on 4 September 2006.

6.5 Issued capital

As at the date of this Target's Statement, Valhalla's issued capital consisted of 120,000,000 fully paid ordinary shares.

6.6 Substantial Shareholders

At the date of this Target's Statement, the following shareholders are substantial shareholders of Valhalla:

Valhalla Shareholder	Valhalla Shares	%
Resolute	100,000,000	83.3%

6.7 Consents

This Target's Statement contains statements made by, or statements said to be based on statements made by, Valhalla's Directors. Each of Valhalla's Directors has consented to the inclusion of each statement he has made in the form and context in which the statements appear and has not withdrawn that consent at the date of this Target's Statement.

6.8 No other material information

There is no other information that Shareholders or their professional advisers would reasonably require to make an informed assessment on whether to accept the Offer, being information which:

- (a) is reasonable for Shareholders and their professional advisers to expect to find in this Target's Statement; and
- (b) is known to any of Valhalla's Directors.

In deciding what information should be included in this Target's Statement, Valhalla's Directors have had regard to, amongst other things, the matters which Shareholders (or their professional advisers) may reasonably be expected to know, including information contained in documents previously sent to Shareholders and information available from public sources such as the ASX, ASIC or Valhalla's website at valhallauranium.com.au

7. Authorisation

Dated: 16 August 2006

Peter Sullivan being a director of Valhalla authorised to sign this Target's Statement pursuant to a resolution passed at a meeting of the Directors of Valhalla held on 16 August 2006.

8. Glossary and Interpretation

8.1 Glossary

In this Target's Statement, unless a contrary intention appears, the following expressions have the following meanings:

"ASIC" means Australian Securities and Investment Commission;

"ASX" means Australian Stock Exchange Limited (ACN 008 624 691);

"Bidder's Statement" means the bidder's statement of Paladin dated 24 July 2006 which was served on Valhalla on that date;

"Board" means the board of Directors;

"Break Fee Agreement" means the break fee agreement between Valhalla and Paladin dated 10 July 2006;

"Corporations Act" or "Act" means the Corporations Act 2001 (Cth);

"Director" means a director of Valhalla;

"Escrowed Shares" means the 99,999,999 Shares held by Resolute subject to escrow until 15 December 2007 pursuant to a restriction agreement between Resolute and Valhalla dated 11 November 2005;

"Mt Isa" means Mt Isa Uranium Pty Ltd (ABN 77 064 536 483), a wholly owned subsidiary of Valhalla;

"Mt Isa Agreement" means the joint venture agreement between Summit and Resolute dated 16 January 2001 relating to the Mt Isa Exploration Joint Venture;

"Notice of Status of Conditions" means the notice of status of conditions required by section 630(1) of the Corporations Act;

"Offer" or "Paladin's Offer" means the offer dated 2 August 2006 made by Paladin to acquire Valhalla Shares on the terms and conditions set out in the Bidder's Statement;

"Offer Period" means the period during which the Offer will remain open for acceptance;

"Paladin Share" means a fully paid ordinary share in Paladin;

"Paladin" means Paladin Resources Limited (ACN 061 681 098);

"Public Authority" means any government or any governmental, semi-governmental, statutory or judicial entity, agency or authority, whether in Australia or elsewhere, including (without limitation) any self-regulatory organisation established under statute or otherwise discharging substantially public or regulatory functions, and ASX or any other stock exchange;

"Rights" means all accretions to and rights attaching to the relevant Valhalla Share at or after the date of the Bidders Statement (including, but not limited to, all dividends and all rights to receive dividends and to receive or subscribe for shares, stock units, options or options declared, paid, or issued by Valhalla);

"Resolute" means Resolute Mining Limited;

"Shareholder" or **"Valhalla Shareholder"** means a holder of Valhalla Shares;

"Summit" means Summit Resources (Aust) Pty Ltd (ABN 98 009 188 078), a party to the Mt Isa Agreement;

"Takeover Bid" means Paladin's takeover bid for Valhalla in accordance with the terms of the Offer;

"Takeover Panel" has the same meaning as in the Corporations Act;

"Target's Statement" means this target statement;

"Valhalla" or **"Company"** means Valhalla Uranium Limited (ACN 116 370 720);

"Valhalla Group" means Valhalla and each of its subsidiaries;

"Valhalla Shares" or **"Shares"** means fully paid ordinary shares in Valhalla; and

"VWAP" means volume weighed average price.

8.2 Interpretation

In this Target's Statement:

(a) headings are for convenience only and do not affect interpretation;

and unless the context indicates a contrary intention:

(b) the expression "person" includes an individual, the estate of an individual, a corporation, an authority, an association or a joint venture (whether incorporated or unincorporated), a partnership and a trust;

(c) a reference to any party includes that party's executors, administrators, successors and permitted assigns, including any person taking by way of novation and, in the case of a trustee, includes any substituted or additional trustee;

(d) a reference to any document (including this Target's Statement) is to that document as varied, novated, ratified or replaced from time to time;

(e) a reference to any statute or to any statutory provision includes any statutory modification or re-enactment of it or any statutory provision substituted for it, and all ordinances, by-laws, regulations, rules and statutory instruments (however described) issued under it;

(f) words importing the singular include the plural (and vice versa), and words indicating a gender include every other gender;

(g) references to parties, clauses, schedules, exhibits or annexures are references to parties, clauses, schedules, exhibits and annexures to or of this Target's Statement, and a reference to this Target's Statement includes any schedule, exhibit or annexure to this Target's Statement;

(h) where a word or phrase is given a defined meaning, any other part of speech or grammatical form of that word or phrase has a corresponding meaning;

- (i) the word "includes" in any form is not a word of limitation;
- (j) a reference to "\$" or "dollar" is to Australian currency;
- (k) if any day appointed or specified by this Target's Statement for the payment of any money or doing of any thing falls on a day which is not a Business Day, the day so appointed or specified shall be deemed to be the next Business Day.