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23 February 2007

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

By Electronic Lodgement

Dear Sir / Madam

**KAYELEKERA URANIUM PROJECT, MALAWI
Development Agreement Approval**

Paladin Resources Ltd is pleased to announce that through its subsidiary, Paladin (Africa) Ltd it has reached agreement with the Government of Malawi to enter into a Development Agreement for the Kayelekera Uranium Project.

The formal and detailed Development Agreement was approved by the Malawian Cabinet earlier this month and executed on Friday 23rd February 2007. The Development Agreement is a far reaching document providing a stable fiscal regime for at least 10 years from the commencement of production and will provide a high degree of certainty for the Project. Early discussions with Société Générale Australia Branch as the current lead arranger for Paladin's project finance at Langer Heinrich has been assisting Paladin in drafting the completed Development Agreement and discussions have already occurred around finance structures, terms and conditions. The terms of the fiscal regime detailed in the Development Agreement are as follows:-

1. 15% carried equity in project company to be transferred to the Republic of Malawi (in return for 2 and 3 below).
2. Corporate tax rate reduced from 30% to an effective 27.5%.
3. The 10% resource rent tax in Malawi reduced to zero.
4. Reduced royalty rate from 5% to 1.5% (years 1 to 3) and 3% (years 3 plus).
5. No 17.5% import VAT or import duty during the stability period.
6. Immediate 100% capital write off for tax purposes.
7. Paladin to provide social infrastructure in the Kayelekera region, including modern primary and boarding secondary schools and health facilities for the local population most probably funded in the third year of the project life
8. Thin capitalisation (debt:equity) ratio of 80:20 for the Project.
9. Stability period of 10 years – no increases to tax/royalty, regime and a commitment to provide the benefit of any tax/royalty decrease during the period.

The 15% Government shareholding will offer a long term stabilizing element for the Project as it will align the interests of the Company and the Government in the Project, creating a sustainable environment which the Company believes is for the long term benefit of both the Company and Malawi. Paladin's participation will be both via its 85% equity stake in the project company and via interest on the inter-company loans that will provide up to 80% of the funding for the project company.

The Paladin Board is very pleased to have this agreement with the Malawian Government in place which it believes is both fair and equitable and can now look forward to developing its second uranium mine to benefit both the people of Malawi and the Paladin shareholders.

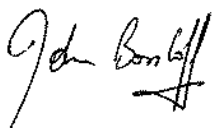
Meanwhile, to ensure that Paladin will be able to meet its stated development schedule, the Company has taken a number of early initiatives. These are:-

- Readiness for immediate commencement of pre-development pioneer works of approximately US\$1M involving local access preparation, preliminary site establishment of an advanced party camp, a secure equipment storage area and a communications facility. This pioneer work planned and scheduled during Q4, 2006 will establish an appropriate forward base from which the main construction work can then be initiated.
- Paladin has also at its own risk and prior to Government approvals for project development secured a core, long lead time item of equipment for the project. It has purchased a second hand 5.03m diameter x 8.54m long Dominion SAG Mill. This was purchased following extensive due diligence commencing Q3, 2006 including a thorough technical review of the mill equipment by reputable independent experts. This step was taken by Paladin primarily to ensure the Kayelekera project will not suffer any project delays due to the exceptionally long lead times currently being experienced in the resource industry for this type and size of equipment (greater than 100 weeks). The mill will be completely refurbished and components have already been shipped to various engineering shops in readiness for commencing rebuild of the mill.

The BFS is now finalised with the fiscal regime as outlined above formally incorporated into the document. The final signed BFS together with the Environmental Impact Assessment package will be submitted to the Commissioner for Mines for grant of the Mining Licence after final Board approval for development go ahead is given.

With the Development Agreement in place this paves the way for Paladin to commence development and construction of this project late Q1/early Q2/07 with a planned mine commissioning still anticipated for September 2008.

Yours faithfully
Paladin Resources Ltd



JOHN BORSHOFF
Managing Director