



PALADIN RESOURCES LTD

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To: The Company Announcements Officer **From:** John Borshoff

Co.: Australian Stock Exchange Limited **Pages:** 10

Date: 31 July 2003

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➤ **Quarterly Report for period ending 30 June 2003**



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31 July 2003

The Company Announcements Officer
Australian Stock Exchange Limited
Level 10
20 Bond Street
SYDNEY NSW 2000

Dear Sir/Madam

QUARTERLY REPORT FOR PERIOD ENDING - 30 June 2003

HIGHLIGHTS

- *Funding for Langer Heinrich Bankable Feasibility Study Progressing*
 - *Positive Gold Results from Mt Lofty Joint Venture*
 - *International Resource Fund Supports Paladin*
-
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LANGER HEINRICH URANIUM PROJECT

The process for start-up of the Bankable Feasibility Study on its Langer Heinrich Uranium Project in Namibia after the successful completion of the Pre-Feasibility Study has commenced.

Detailed scheduling and costing of the Bankable Feasibility Study has begun with Fluor, the engineers selected to undertake the feasibility study work. Negotiations are also underway with several funding agencies who are offering the possibility of assisting in funding of the Bankable Feasibility Study. To this end Fluor, officials from one of these potential funding parties and Paladin representatives visited Namibia in late May 2003 and met with the Trade and Industry Ministry officials amongst others. This trip also included a site visit.

This trip was successful with the funding group indicating willingness to fund between US\$400,000 to US\$500,000 by way of a non refundable grant. Fluor, in conjunction with Paladin, is now preparing a formal application to secure this grant.

In addition Paladin has received early indication that a major Institution is willing to fund the balance of the Bankable Feasibility Study less Paladin's direct costs. There are certain criteria that Paladin will need to meet to enable this to occur. Nonetheless this is regarded as a major breakthrough and discussions are underway to define the required parameters that

will ensure a firm commitment is forthcoming. It is envisaged that this Institution will then also take up equity in the project assuming a positive Bankable Feasibility Study outcome.

MT LOFTY JOINT VENTURE

The first pass exploration work on the Mt Lofty Joint Venture tenements with Paladin as operator has been achieved, with Absolut Resources Corp. ("Absolut") completing its minimum expenditure of \$60,000 to earn a 10% interest in the project. Absolut can earn a total of 45% on expenditure of a further \$345,000 on EL2863.

Paladin is pleased to advise that the investigations to date involving ground magnetic and soil geochemical surveys, systematic rock chip sampling and mapping have isolated high grade gold mineralisation in the Stockyard Gully area within a 1000m x 100m prospective corridor.

Historical Information

Mineralisation is evident in part from development work at the Para Wirra and Stockyard Gully mines which were worked in the 1930's. At Para Wirra a shaft was sunk to 38m with three lateral drives totalling 85m developed at the 15m, 22m and 38m levels. Underground sampling carried out in this period along the 3 levels identified an ore shoot 25m in strike length between 10m to 40m from surface and open at depth. Mineralisation was continuous assaying 7g/t to 35g/t Au over 1m to 1.5m widths. Several other shafts sunk immediately south in the Stockyard Gully Mine area intersected similar gold values over a length of 200m producing average grades of 12g/t gold over widths of 1.5m. Ore for treatment from both the Para Wirra and Stockyard Gully Mines was mainly derived from the drives, shafts and small declines that were developed and only very limited stoping was carried out, leaving most of the ore that was delineated still in place. Trial treatment of ore produced from those workings gave 283oz of gold from 780t of ore.

The Para Wirra and Stockyard Mine workings define a global resource of approximately 20,000oz of gold at an estimated grade of 15g/t Au and substantial potential exists to increase resources both along strike and at depth within the 1000m long prospective zone that has been delineated by the current investigations.

In the late 1930's the associated copper mineralisation (up to 1%) caused metallurgical and gold recovery problems that should now be overcome by applying the latest flotation, or other applicable technology.

Present Exploration

The gold mineralisation is associated with copper and trace bismuth hosted in 1m to 2m wide zones of intensely sheared, quartz veined altered biotite gneiss. The main alteration is chlorite and magnetite. Structurally the mineralisation is controlled by a combination of shears trending 160° and cross cutting fractures that result in local breccias.

Composite surface rock chip sampling returned 1g/t to 25g/t Au over the more exposed 200m southern section of the prospective zone. To the north, where soil and laterite cover predominate, soil sampling revealed anomalous values across the prospective zone ranging 5ppb Au to 14ppb Au. The orientation ground magnetic work clearly shows a magnetic response associated with the gold mineralisation and has outlined a target approximately 1,000m in length and 100m wide that requires follow up investigation.

Part of the Para Wirra/Stockyard Gully target zone is currently excluded from the joint venture tenement and an application has been lodged with the Mines Department to have the exemption lifted to enable the target to be explored as a whole.

The joint venture partners are highly encouraged with the results of the initial investigations and Paladin, as manager, has proposed further exploration once the exemption has been lifted. The exploration work which is planned will involve drilling 15 RC holes targeted to test both depth extension and lateral continuity of the mineralisation. Two holes drilled in the 1970's to undercut the mineralisation are believed to have been poorly sited as they did not take the north-westerly plunging nature of the ore shoots into consideration. A preliminary metallurgical test programme to show whether a small modern floatation plant can effectively treat the ore is also planned once the drilling is completed.

On progress and indications to date, Paladin is optimistic that the exemption over the 55 hectare area occupying part of the prospective zone will be lifted. The planned exploration and metallurgical testwork over the Para Wirra/Stockyard Gully area is highly justified based on the positive results achieved to date. These results on the Mt Lofty joint venture also further underpins the value of Paladin's database both through its ability to define prospective targets for exploration and to quickly and cheaply establish quality projects.

CORPORATE

International Resource Fund Supports Paladin

As previously advised the Contiguous Millennium Fund ("CMF") a global resource investment hedge fund managed by Global Investments & Econometrics, a US based investment management group, has agreed to enter into a strategic investment relationship with Paladin. The CMF has taken a positive outlook on both nuclear energy and the speculative investment opportunity Paladin represents, being one of the few juniors globally to have a diverse, quality uranium portfolio which includes a short term development possibility in the form of its Langer Heinrich Project in Namibia. CMF has invested in a number of Australian resource companies in the past.

CMF specialises in investments in the mineral resource sector with particular focus on determining opportunities for "early bird" investments and assisting such selected companies to grow. As certain milestones are met, Paladin directors believe its relationship with the CMF opens up the possibility to raise funds via key international capital markets available to this the CMF.

The strategic association with the CMF will be initiated with a small introductory placement of shares, comprising 5,000,000 fully paid shares at 1 cent per share, to be completed immediately following shareholder approval. This will be combined with a 12.5M option package to provide, if all exercised, a further \$150,000 (approximately) within a 30 month period. No commission fees are payable on this transaction.

Over and above this initial small fund raising package, the Paladin directors see the relationship with CMF as an important step, aimed to facilitate growth of the Company by providing the opportunity to access necessary funding for development of its projects, such as Langer Heinrich.

Repayment Schedule for Certain Debts

Agreement was reached between the Company (represented by the independent Director, Dr Leon Pretorius) and other Directors, former Directors and associates of Directors of Paladin in relation to satisfaction of certain debts owed to them principally shown in the accounts for the 6 month ended 31 December 2002 (totalling \$402,836). It was agreed repayment would only be made out of the balance reached by Paladin from sale by Etron Properties Pty Ltd of the property at 5-7 Belmont Avenue Belmont. It is further understood that if Paladin does not receive sufficient monies to satisfy these debts then the balance of those debts shall be forgiven and released in full.

Placement

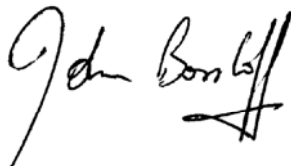
During the period Paladin has finalised a placement of 32,400,000 fully paid shares at an issue price of 0.8 cents to raise \$259,200. The placement was done through JLK Consulting Pty Ltd, a corporate consulting firm based in Melbourne for a fee of 6%.

General Meeting

A General Meeting of the Company will be held at the Celtic Club, 48 Ord Street West Perth on Monday 4 August at 10.00 to consider 4 Resolutions for shareholders approval. These are:-

- Ratification of issue of share to various parties (ordinary resolution)
- Placement of shares and options (ordinary resolution)
- Issue of shares to directors in lieu of services rendered (ordinary resolution)
- Issue of shares to other parties

Yours faithfully
Paladin Resources Ltd



JOHN BORSHOFF
Managing Director

Information in this quarterly report has been compiled by corporate members of the Australian Institute of Mining and Metallurgy who have had more than five years experience in the field of activity reported herein.

Appendix 5B

Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001.

Name of entity

PALADIN RESOURCES LTD

ABN

47 061 681 098

Quarter ended ("current quarter")

30.06.03

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (12 months) \$A'000
1.1 Receipts from product sales and related debtors		
1.2 Payments for (a) exploration and evaluation	(37)	(240)
(b) development		
(c) production		
(d) administration	(78)	(291)
1.3 Dividends received		
1.4 Interest and other items of a similar nature received	1	2
1.5 Interest and other costs of finance paid	(15)	(60)
1.6 Income taxes paid		
1.7 Other (provide details if material) Rent	15	59
Net Operating Cash Flows	(114)	(530)
Cash flows related to investing activities		
1.8 Payment for purchases of: (a) prospects		
(b) equity investments		
(c) other fixed assets		
1.9 Proceeds from sale of: (a) prospects		
(b) equity investments		
(c) other fixed assets		
1.10 Loans to other entities		
1.11 Loans repaid by other entities		
1.12 Other (provide details if material) Fundraising	(20)	(37)
Net investing cash flows	(20)	(37)
1.13 Total operating and investing cash flows (carried forward)	(134)	(567)

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(134)	(567)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	259	373
1.15	Proceeds from sale of forfeited shares		
1.16	Proceeds from borrowings		35
1.17	Repayment of borrowings		
1.18	Dividends paid		
1.19	Other (provide details if material)		
	Net financing cash flows	259	408
	Net increase (decrease) in cash held	125	(159)
1.20	Cash at beginning of quarter/year to date	3	287
1.21	Exchange rate adjustments to item 1.20		
1.22	Cash at end of quarter	128	128

Payments to directors of the entity and associates of the directors

Payments to related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	21
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities		
3.2 Credit standby arrangements		

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	50
4.2 Development	
Total	50

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	128	3
5.2 Deposits at call		
5.3 Bank overdraft		
5.4 Other (provide details)		
Total: cash at end of quarter (item 1.22)	128	3

Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements relinquished, reduced or lapsed	No Change		
6.2	Interests in mining tenements acquired or increased			

Appendix 5B
Mining exploration entity quarterly report

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

		Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1	Preference securities <i>(description)</i>				
7.2	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3	+Ordinary securities	265,585,713	265,585,713		
7.4	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	32,400,000	32,400,000	.8¢	
7.5	+Convertible debt securities <i>(description)</i>				
7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7	Options <i>(description and conversion factor)</i>	4,700,000 62,250,000	62,250,000	<i>Exercise price</i> 15¢ 10¢	<i>Expiry date</i> 30/11/04 21/01/04
7.8	Issued during quarter				
7.9	Exercised during quarter				
7.10	Expired during quarter	52,303,071	52,303,071	15¢	31/05/03
7.11	Debentures <i>(totals only)</i>				
7.12	Unsecured notes <i>(totals only)</i>				

+ See chapter 19 for defined terms.

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act [or other standards acceptable to ASX \(see note 4\)](#).
- 2 This statement does give a true and fair view of the matters disclosed.

Sign here:


(Company secretary)

Date: 31 July 2003

Print name: GILL SWABY

Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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