



PALADIN RESOURCES LTD

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eLodgement

To: The Company Announcements Officer **From:** Gill Swaby

Co.: Australian Stock Exchange Limited **Pages:** 76

Date: 30 September 2003

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➤ **Annal Report and Concise Report**



PALADIN RESOURCES LTD

ACN 061 681 098

ANNUAL

REPORT

2003

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The financial report covers both Paladin Resources Ltd as an individual entity and the consolidated entity consisting of Paladin Resources Ltd and its controlled entities.

Paladin Resources Ltd is a company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

***Paladin Resources Ltd
1st Floor, 245 Churchill Avenue
SUBIACO WA 6008***

A description of the nature of the consolidated entity's operations and its principal activities is included in the review of operations and activities on pages 7-11 and in the directors' report on pages 13-17.

Through the use of the internet, we have ensured that our corporate reporting is timely, complete, and available globally at minimum cost to the company. All press releases, financial statements and other information is available on our website www.paladinresources.com.au.

CORPORATE DIRECTORY

DIRECTORS

Chairman
Mr Rick Crabb

Managing Director
Mr John Borshoff

Director
Dr Leon Pretorius

COMPANY SECRETARY

Ms Gillian Swaby

REGISTERED OFFICE

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SOLICITORS TO THE COMPANY

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CHAIRMAN'S LETTER

Dear Shareholder

This year has in many ways been an important watershed year for Paladin and one which has seen both consolidation and rationalisation.

Consolidation has occurred with focus on our exciting Langer Heinrich Uranium Project in Namibia which gave a positive Pre-Feasibility Study and efforts are now underway to secure funding for the 12 month Bankable Feasibility Study. The uranium price is nearing a 5 year high, having cracked the critical US\$10/lb U_3O_8 barrier early in the year, now at US\$12.00/lb and seemingly poised to go higher. The timing is well set for the next stage on development for the Langer Heinrich Project. Financial modelling at a conservative long term contract price for uranium of US\$14.00/lb U_3O_8 a project producing 1,000t U_3O_8 over 10 years shows an NPV10% of US\$50M. To better understand the scope of the Langer Heinrich Deposit, it has the equivalent in mineable resource of 968,000 oz of gold, would produce the equivalent of 88,000 oz of gold per year and would have a mining operating cost of US\$163/oz in equivalent gold terms. Several organisations are indicating interest in supporting the BFS funding and these are currently being pursued.

The other uranium projects of the Company, Kayelekera and Manyingee, will remain on hold while Langer Heinrich is being evaluated, although with improving uranium price interest may expand into the Kayelekera project earlier.

In terms of our non uranium activities, Marengo, the gold company which Paladin spun out, is making a second serious effort to list on the ASX. An updated prospectus is prepared incorporating an additional gold project from the prospective Laverton region and should assist greatly in the listing of this company. Also Paladin, through its database, has identified a gold resource in the Mt Lofty Ranges east of Adelaide. A resource of some 20,000ozs already exists and results to date indicate these resources can be expanded to hopefully allow a small but profitable underground mining operation. Absolut Resources Corp, our joint venture partner, has indicated it will fund the next stage of the evaluation as part of its earn-in.

Most of you will have been aware of the shareholder dissent which occurred early this year and which unfortunately created an enormous distraction both to the Board and staff at a critical time in the Langer Heinrich pre-feasibility evaluation. The resolutions presented at the Extraordinary General Meeting to remove the Board were soundly defeated, however to accommodate renewed emphasis on the African projects and introduce new blood, Doug Dunnet and Gillian Swaby resigned as directors. We are pleased to have Leon Pretorius as the new director and believe his African and technical experience will be invaluable for the Langer Heinrich Project. I would like to again sincerely thank Doug and Gill for their dedicated contribution as directors since listing of the Company in 1994.

Paladin's interest in Coretel was successfully disposed of after Coretel went into voluntary administration. Unfortunately our original Coretel investment did not achieve the desired objectives due principally to the severe downturn in the telco sector. Coretel was merged with eSpan Solutions, in which Paladin can have a 30% equity interest through its \$800,000 convertible note. This note matures in 2006 accruing a 5% annual compounding interest. There is also a fully funded litigation against Coretel's equipment supplier, Nortel and Paladin will receive 30% of any damages claim found against that company. Considering many companies which divested into hi tech lost all value in their assets, we believe, under the circumstances, Paladin has done well to redeem part of the funds it invested in Coretel.

It is indeed pleasing to see general renewed investor interest in the resource sector. This has combined with the rising uranium price to improve Paladin's share price. If, as is expected, this important investment and climate continues I feel sure Paladin has an exciting year ahead.

Rick Crabb
CHAIRMAN

SUMMARY

Paladin has two key asset sets; a portfolio of quality uranium projects spearheaded by its Langer Heinrich Project and the potential of an extensive exploration database that has still to be fully exploited.

Uranium

The objective of the Company is to develop into a southern African junior energy company centered on its Langer Heinrich Uranium Project in Namibia. A positive Pre-Feasibility Study completed by Paladin during the year confirmed the justification to take this project to a Bankable Feasibility Study ("BFS"). This is estimated to cost approximately A\$3M-A\$3.5M and take 12 months to complete. The Company is currently in discussions with its engineers (Fluor Daniel) to obtain the detailed scheduling and costing for the BFS and is discussing funding options for it with several interested parties.

Paladin's uranium portfolio also contains the Kayelekera, Manyingee and Oobagooma Projects and, whilst Langer Heinrich is the first choice, the others offer development possibilities for the future. With uranium prices at a 5 year high (US\$12.00/lb September 2003), Paladin is one of few juniors globally that can offer attractive speculative possibilities for this commodity giving investors the possibility of strong upside.

In accumulating its uranium assets, consideration was always given by the Company to acquiring projects with the potential to be low cost operations and suitable for smaller companies to develop.

Database

A further objective of the Company is to continue taking advantage of its extensive database and utilise third party funds for exploration (via joint venture farm-out). The Australian database continues to generate project possibilities. An example of this has been the Mt Lofty Joint Venture where a gold resource has been identified.

Uranium Project Summaries

CRITERIA	LANGER HEINRICH	KAYELEKERA	MANYINGEE	OOBAGOOMA
Paladin equity	100%	90%	100%	100%
Location	Namibia, southern Africa	Malawi, southern Africa	West Pilbara, West Australia	West Kimberley, West Australia
Deposit Type	Calcrete	Sandstone	Sandstone	Sandstone
Resources tonnes U ₃ O ₈	11,000t U ₃ O ₈ @ 0.11% (additional potential available)	11,547t U ₃ O ₈ @ 0.15%	7,860t U ₃ O ₈ @ 0.12%	9,950t U ₃ O ₈ @ 0.14%
Mining Method	Conventional open pit	Conventional open pit	In-Situ Leach	In-Situ Leach
Previous Owners	Gencor Limited (South African Mining group) Acclaim (WA Company)	Central Electricity Generating Board (UK utility)	Cogema (French utility)	Cogema (French utility)
Past Expenditure	A\$20M	A\$9M	A\$16M	A\$5M
Activity/Status	1973-1980, 1999 to present – Active	1982 – 1990 On hold	1979-1988 On hold	1982-1985 On hold
Project Significance	Large resource, good infrastructure with good potential for development	Revised mining concept positive indicating potential for development	One of only three Australian advanced ISL projects	Large resource potential
Timeframe	1 year BFS 1 year construction 10 year (at least) mine life	18 months BFS 1 year construction 10 year mine life	3 year staged feasibility study 1 year construction 10 year mine life	2 year reserve / resource drilling 3 year feasibility study

URANIUM UPTURN FOR CLEAN ELECTRICITY

The price of uranium is rising steadily due to emerging positive supply/demand fundamentals. The increasing awareness of customers, suppliers and governments that nuclear energy must maintain a key role in the supply of electricity both on economic and environmental grounds is placing clear upward pressure on the uranium market. Some important developments reinforcing this trend are:-

- The recent temporary failure of a major uranium mine causing immediate increase in the uranium price reflecting a market fragility and vulnerability in terms of supply and the critical need to establish diversity in supply sources for the mid to long term.
- In the US, the Senate is considering a comprehensive energy bill which includes substantial support for nuclear energy. This includes funding support for the construction of a high temperature nuclear reactor for hydrogen production to advance the development of the hydrogen fuel cell technology and enable the US to maintain industrial supremacy. If implemented this technology would require massive input from sustainable energy sources namely nuclear power.
- In recognition of its very low environmental effects the Ontario Government (Canada) has extended tax concessions from renewables (hydro, wind) to now also include nuclear power, making this technology even more competitive. Similar concessions are expected to eventually be provided to the nuclear industry at large to combat vital greenhouse gas emission issues giving added impetus for increased nuclear power utilisation.
- In the European Union (EU) an extensive EU-wide study on energy carried out in 2002 made it clear that nuclear energy which provides 35% of EU electricity is already an important means of reducing greenhouse emissions and is fundamental in the EU's ability to meet stipulated Kyoto targets. EU states are not expected to jeopardise the significant contribution that nuclear power provides in this regard.
- In Europe Switzerland, Finland and Sweden have strengthened their resolve to maintain and/or increase their dependency on nuclear power. Bulgaria, Czechoslovakia, Ukraine and Rumania are all moving forward to construct additional nuclear generating capacity.
- In Asia China, India, South Korea, Taiwan and Japan are maintaining their imperatives to increase dependency on nuclear power for generation of clean electricity.

With its quality advanced uranium projects, Paladin is well placed to benefit and advantage its shareholders from this improving uranium outlook.

REVIEW OF OPERATIONS

LANGER HEINRICH URANIUM PROJECT

In August 2002 Paladin announced the purchase of the Langer Heinrich Uranium Deposit located in Namibia, Southern Africa, from Aztec Resources Ltd ("Aztec" – formerly Acclaim Uranium NL). The purchase consideration was \$15,000 together with a very soft production royalty of 12 cents per kilogram of yellowcake product sold and delivered to a buyer. Aztec sold this Project after the company changed corporate management and direction to pursue other interests.

The Langer Heinrich Uranium Project is 100% owned by Paladin through its wholly owned Namibian subsidiary (Langer Heinrich Uranium (Pty) Ltd). The Langer Heinrich deposit was discovered in 1973 by Gencor Limited, a major South African Mining House (now part of BHP Billiton). This is a calcrete type deposit containing a global resource of 34,000t U₃O₈ at a grade of 0.055% contained in 7 discrete mineralised zones along 15km length within an extensive paleodrainage system. The deposit is located in the Namib Desert, 80km east of the major seaport of Walvis Bay.

The Paladin Directors decided to acquire the Langer Heinrich Project for the following principal reasons: -

- The improving market outlook worldwide for the use of nuclear energy for production of electricity.
- Uranium Oxide spot price continues to improve (up 22% in 12 months and now US\$12.00 per pound). Market analysts are predicting substantial increases in the price of this commodity in the mid-term.
- Langer Heinrich has the capacity to be a very low cost uranium producer.

In March 2003 Paladin completed the Pre-Feasibility Study, the results showing clearly that the project should be taken to final feasibility determination.

The Mineable Resource at the 344ppm U₃O₈ cut off is estimated at 10,114,000t of ore grading 0.11% U₃O₈ containing 11,155t U₃O₈ and this resource is the basis of the project Pre-Feasibility assessment and financial modelling. Paladin has estimated a geological resource for the deposit of 50Mt at 0.06% containing 29,900t U₃O₈ at a cut off of 200ppm U₃O₈. Opportunity exists for additional mineralisation to be found within the existing tenement as indicated by open-ended drilling.

Current analysis indicates the project is robust and able to support a 10 year mine life producing 1,000tpa uranium oxide at a low operating cost. The cost of the proposed BFS is estimated to be in the vicinity of A\$3M and is expected to take 12 months to complete. Fluor Daniel has been selected as the engineers to manage the BFS.

With the improving uranium price and the feature that a premium in the vicinity of 20%-25% can typically be negotiated above the spot price for U₃O₈ sold under long term sales contracts, it is anticipated that long term sale contracts in the vicinity of US\$13.00-US\$15.00/lb U₃O₈ will be possible for 2003/4 and beyond when the project starts production. Financial modelling shows that with a base annual production of 1,000t U₃O₈ using and an example sale price of US\$14.00/lb U₃O₈, midway in this range, the project, over its 10 year mine life, is capable of producing strong returns as shown by the following key performance indicator table:-

Key Project Performance Indicators US\$	
Total Operating Surplus	\$167M
Cash Positive	Year 3
Project NPV (10%)	\$50M
Project IRR	35%
Debt/Equity Ratio	0.60
Operating Costs US\$/t	
Mining	\$4.47

Processing	\$6.81
Admin	\$3.00
	\$14.28/t
Total OPEX	Or \$6.54/lb U₃O₈
Capital Costs US\$M	
Equipment	\$20M
Facilities & Infrastructure	\$6.2M
Project Development	\$7.3M
Contingencies	\$3.4M
Total CAPEX	\$36.9M

Estimated production costs of US\$6.54/lb U₃O₈ place the Project favourably in the lower quartile for cost of production. At this stage of determination, capital costs for establishment of the operation are estimated to be US\$37M.

The results to date show that Paladin has acquired a premier project in Langer Heinrich, capable of taking the Company to its next stage of development.

Detailed scheduling and costing of the Bankable Feasibility Study has begun with Fluor. Negotiations are also underway with several funding agencies who are offering the possibility of assistance in funding of the BFS. One of these funding groups has indicated willingness to fund in the order of US\$400,000 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 BFS 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 BFS outcome.

The development schedule for the Project is envisaged as follows:-

Task	Year									
	2004				2005				2006	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
BFS	■	■	■	■						
EIS	■	■	■	■						
Reserves	■	■	■							
Sampling	■	■								
Testwork		■	■							
Engineering			■	■						
Financial Analysis				■						
Project Commitment					■	■	■			
Construction						■	■	■	■	■
Implementation										→

KAYELEKERA PROJECT

The Kayelekera Uranium Project is located in the northern part of Malawi in Southern Africa, 8km south of the main road that connects the townships of Karonga and Chitipa. It is 40km to the west of the provincial town of Karonga. Exclusive Prospecting Licence "EPL 070" covers the Kayelekera deposit.

A final feasibility study is required on this Project before decision to develop can be made and this work will be largely based on, and assisted by, the extensive feasibility studies carried out by its previous owners in the period 1982-1990.

The Kayelekera Uranium Project is owned 90% by Paladin through its wholly owned Malawi subsidiary (Paladin Africa Ltd). This project has had A\$9M spent by previous owners, culminating in completion of a final feasibility study in 1990 which showed the project to be uneconomic on the

parameters then utilised. Modelling of a new mining concept by Paladin indicates that the project can be optimised with a positive financial outcome. Approximately US\$2.7M is required for a new updated bankable feasibility study. The Project is currently on hold while the Langer Heinrich Project is being advanced.

The Kayelekera Project presents an ideal platform for initiation of a much needed modern mining industry in Malawi and may therefore be viewed sympathetically by international funding organisations.

MANYINGEE PROJECT

The Manyingee Uranium Project is located in the northwest of Western Australia, 85km inland from the coastal township of Onslow. Good access to the site exist, either via the North West Coastal Highway (39km) or the Barradale-Onslow road 22km to the west. The Tubridgi Natural Gas Pipeline passes 500 metres east of the licence area. The property is protected by 3 Mining Leases totalling 13km².

The Project contains an indicated and inferred resource of 6.4Mt of ore at a grade of 0.12% U₃O₈ containing 7,680t of U₃O₈ in permeable sandstone and previous trial test work indicates the deposit is amenable to In-situ Leach Mining (ISL).

The Project is currently mothballed and no field work was carried out on the project during the year, with the Southern African projects being given priority for development.

OOBAGOOMA PROJECT

The Oobagooma Project is located 75km north east of Derby in the Kimberley Region of Western Australia on freehold land owned by the Commonwealth and used by the military. The area is covered by two EL applications covering 392km². The project was explored by Afmeco from 1983 to 1986 during which time extensive zones of uranium mineralisation were discovered. Afmeco calculated total geological resources of 8.2Mt of ore at a grade of 0.12% U₃O₈ containing 9,950t U₃O₈ using geostatistical methods employing a 0.03% U₃O₈ cut off.

No work was carried out on this project during the year. The main exploration effort, once the tenements have been granted, will be to confirm continuity of the uranium mineralisation by infill drilling concentrating on mineralised redox fronts as re-interpreted and further develop the reserves for consideration of a future ISL mining operation.

QUASAR-PALADIN JOINT VENTURE

Paladin has a joint venture in South Australia on EL3001 and EL3078 with Quasar Resources Pty Ltd, a wholly owned subsidiary of Heathgate Resources Ltd, owner of the Beverley ISL uranium mining operation in the Frome Basin which reached full production in 2001. Heathgate Resources is an Australian affiliate of General Atomics of the USA.

The two tenements cover 1,500km² and are located immediately north of the Beverley Mine tenements. Heathgate can earn an 80% interest in these properties with Paladin retaining a free carried interest of 20% and 15% respectively until completion of a bankable feasibility study and a decision to mine.

Heathgate carried out an electromagnetic airborne TEMPEST survey over the properties to identify prospective palaeochannels. The data delineated numerous targets and rotary mud drilling has commenced to test these prospective zones.

Ground magnetic, gravity surveys, geological mapping, soil and rock chip sampling were also conducted over an area of approximately 6km² in the Woolatchi Creek area of EL3001 at a location NW from Moolawatana homestead. An elongated magnetic anomaly approximately 1800m by 300m

was located along with a number of small intense bullseye features in part coincident with a TEMPEST anomaly located by the regional airborne survey previously carried out. A number of small residual gravity features are also present. This may represent iron oxide/copper/gold prospect located within an eastern extension of the Mt Baddage Block containing Mesoproterozoic granitic, volcanic and metasedimentary rocks beneath a thin Cretaceous sedimentary cover. Modelling of the magnetic data has identified a number of steeply dipping magnetic horizons warranting further assessment. Drill testing is planned following receipt of soil and rock chip sampling results and completion of heritage surveys.

NON URANIUM ACTIVITIES

MT LOFTY PROJECT

The first pass exploration work on the Mt Lofty Joint Venture tenements with Paladin as operator has been undertaken, 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. The investigations to date involving ground magnetic and soil geochemical surveys, systematic rock chip sampling, surface mapping and evaluation of old mine data have isolated high grade gold mineralisation in the Stockyard Gully area.

The joint venture partners are encouraged with the results of the first pass investigations. Paladin, has proposed further exploration once the small exemption area within the prospective zone has been lifted by the Mines Department and access clearance has been achieved to carry out drilling in the Forest Reserve area. Absolute has agreed to fund the next stage of evaluation subject to the approval of its placement with the TSX Venture Exchange and continue earning further equity in the joint venture. The exploration work which is planned will involve RC drilling targeted to test both depth extension and lateral continuity of the identified mineralisation.

OTHER INVESTMENTS

CORETEL PTY LTD

The Deed of Company Arrangement (DOCA) for Coretel entered into by the Avanti Group International Pty Ltd was finalised 22 November 2002.

Coretel has been successfully merged with e-span Solutions Pty Ltd (e-span). This Telco business is operating from the existing Coretel premises at Belmont.

Paladin retains a convertible note of \$800,000 with a term of 4 years. The convertible note will accrue interest at a rate of 5% per annum payable at maturity. On the present corporate structure Paladin has the right to a 30% equity in this new merged group via its convertible note facility and this conversion is at Paladin's discretion. Pursuant to Coretel's DOCA, Paladin will also receive 30% of the net proceeds from the damages claim which is currently underway against Nortel (equipment supplier to Coretel). This action is fully funded by an independent insurance litigator.

COMMERCIAL PROPERTY

Negotiations are currently underway for the sale of this building.

Additionally Etron has the opportunity of receiving a further \$40,000 from one of the tower lessees to be paid on completion of construction of their facility on the property.

MARENGO MINING LIMITED

As reported last year, Paladin spun off this new gold exploration company as a consequence of its database with specific focus on the prospective Ashburton region of Western Australia and a view to list this on the Australian Stock Exchange (ASX) mid 2002. Unfortunately the ensuing downturn in equity markets has to date not afforded Marengo this opportunity.

With renewed market interest in the resources sector, the Directors of Marengo have advised that consideration is again being given to seek a listing on the ASX. This is scheduled to occur during the 4th quarter 2003. Marengo's 100% ownership of a significant portion of the Ashburton Structural Corridor, gives it an excellent opportunity to discover Carlin style gold deposits in a region which already hosts one very successful gold mining operation and is the focus for aggressive exploration programmes by major resource companies. Also the recent acquisition by Marengo of a new project in the Laverton area of WA gives the company prime exploration ground in a proven gold producing region.

Marengo currently has only 13.6 million shares on issue and with cash at bank of some \$300,000 is well positioned to take advantage of a market upturn to gain ASX listing.

CORPORATE GOVERNANCE STATEMENT

Corporate Governance

The Board is responsible for the overall Corporate Governance of the Group (“the Group”) including the strategic direction, establishing goals for management and monitoring the achievement of these goals. The Board has also established a framework for the management of the Group including setting levels of remuneration for Executive Directors, Managers and senior personnel, an overall framework of internal control and the establishment of appropriate ethical standards.

The Board regularly reviews operational and financial performance and reviews and approves detailed budgets and investment opportunities. Being a small company at present, the Board works closely with executive management to identify and manage operational, financial and legislative risk. Whilst the Corporate Governance policies and procedures have been in place since the incorporation of the Company, they were formally adopted by the Board in May 1996.

Audit Committee

The Company is not of a size which justifies having a separate Audit Committee, however, matters typically dealt with by such a committee are dealt with by the full Board.

Composition of the Board

The composition of the Board is determined using the following principles:

- The Board should comprise three Directors. This number may be increased where it is felt that additional expertise is required in specific areas, or when an outstanding candidate materialises.
- The Chairman of the Board should be a Non-Executive Director.
- The Board should comprise Directors with a broad range of expertise.

When a vacancy exists, through whatever cause, or where it is considered that the Board would benefit from the services of a new director with particular skills, the Board selects a candidate or panel of candidates with the appropriate expertise and experience. The Board then appoints the most suitable candidate who must stand for election at the next general meeting of shareholders. The Company does not have a formal Nomination Committee.

Independent Professional Advice

Each Director has the right to seek independent professional advice at the Group’s expense. However, prior approval of the Chairman is required, which may not be unreasonably withheld.

Remuneration

Remuneration levels are set by the Board in accordance with industry standards to attract suitably qualified and experienced Directors and senior executives. The Board obtains independent advice on the appropriateness of remuneration packages.

Ethical Standards

All Directors, managers and employees are to act with the utmost integrity and objectivity, striving at all times to enhance the reputation and performance of the Group.

DIRECTORS' REPORT

The Directors present their report on the consolidated entity consisting of Paladin Resources Ltd and the entities it controlled at the end of, or during, the year ended 30 June 2003.

Directors

The Directors in office at the date of this report are:

Mr Rick W. Crabb (Chairman)
B. Juris (Hons), LLB, MBA

Mr Crabb is a partner with the legal practice, Blakiston and Crabb and a Director of the investment bank, Chatsworth Stirling Pty Ltd. He holds degrees of Bachelor of Jurisprudence (Honours), Bachelor of Laws and Master of Business Administration from the University of Western Australia. He has practised as a solicitor since 1980 and was previously a partner with a major law firm. He specialises in mining, corporate and commercial law. Mr Crabb is also a director of Port Bouvard Limited Holdings Limited, Ashburton Minerals NL, Alcaston Mining NL, ST Synergy Ltd, Thundelarra Exploration Ltd, Chatsworth Stirling Pty Ltd and Deep Yellow Limited.

Mr John Borshoff (Managing Director)
B.Sc. F.AusIMM

Mr Borshoff is a geologist who has been involved in the Australian exploration and mining industry for 26 years. Mr Borshoff worked for International Nickel and Canadian Superior Mining before joining a German mining group, Uranerz from 1976 to 1991. He became Chief Geologist/Exploration Manager during the period 1981-1986 and served as its chief executive from 1987 to mid 1991 when the German parent of Uranerz made the decision to close its Australian operations. Uranerz primary focus was for the search and development of uranium projects with the company operating extensively throughout Australia, North America and Africa.

Mr Borshoff has extensive experience in uranium, gold and base metal exploration, company management and administration.

Dr Leon Pretorius (Director - Non-Executive)
BSc(Hons), MSc, PhD, FAusIMM (CP), MAIG, PrSciNat

Dr Pretorius is a geochemist with 30 years experience working both in Australia and Africa. He has extensive experience in uranium, gold, base metal and industrial mineral exploration and has a sound knowledge of opencast mining operations in Sub-Saharan Africa. From 1984 to 1990 Dr Pretorius was Managing Director of Australian publicly listed company Keela-Wee Exploration Ltd and since has been actively involved in the resource sector both in Australia and Southern Africa.

Dr Pretorius was appointed a director on 27 March 2003.

DIRECTORS' REPORT (Contd)

Principal Activity

The principal activity of the economic entity constituted by Paladin Resources Ltd and the entities it controlled during the financial year was mineral exploration.

Results of Operations

The economic entity's policy is to write off acquisition and exploration costs associated with abandoned or non-commercial areas and to this extent an amount of \$41,272 (2002: \$96,079) was written off. Expenditure totalling \$3,166,276 (2002: \$2,808,937) has been carried forward on other areas where operations are continuing. The consolidated results are as follows:

	2003	2002
	\$	\$
Operating loss after income tax	<u>571,633</u>	<u>2,226,113</u>

Dividends

No dividend has been paid during the financial year and no dividend is recommended for the current year.

Review of Operations

A detailed review of the economic entity's operations is set out on pages 7 to 12 of this report.

Significant Changes in the State of Affairs

There were no significant changes in the state of affairs of the economic entity during the financial year not otherwise dealt with in this report.

Matters Subsequent to the End of the Financial Year

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors of the Company, to affect substantially the operations of the economic entity, the results of these operations or the state of affairs of the economic entity in subsequent financial years with the exception of those matters disclosed in Note 29 of the financial statements.

Environmental Regulations

The consolidated entity is subject to significant environmental regulation in respect to its exploration

The Company aims to ensure the appropriate standard of environmental care is achieved, and in doing so, that it is aware of and is in compliance with all environmental legislation. The Directors of the Company reviewed the Company's projects during the year and are not aware of any breach of environmental legislation for the financial year under review.

Likely Developments

Likely developments in the operations of the economic entity constituted by Paladin Resources Ltd and the entities it controls from time to time are set out in the attached review of operations.

DIRECTORS' REPORT (Contd)

Options over Unissued Capital

Number of Options 2003 2002

Unlisted Options

- (i) Exercisable at 15 cents, on or before 30 November 2004.

Balance at 1 July 2002	4,700,000	-
Issued during year	-	4,700,000
Balance at date of this report	4,700,000	4,700,000

Listed Options

- (ii) Exercisable at 10 cents, on or before 21 January 2004

Balance at 1 July 2002	62,250,000	-
Issued during year	750,000	62,250,000
Balance at date of this report	63,000,000	62,250,000

- (iii) Exercisable at 15 cents, on or before 31 May 2003

Balance 1 July 2002	52,303,071	52,203,071
Issued during year	-	100,000
Less expired during year	(52,303,071)	-
Balance at date of this report	-	52,303,071

Directors' Interests

2003

	Fully Paid Shares	Options*	Options**
R W Crabb	5,964,746	566,940	1,000,000
J Borshoff	12,458,394	1,778,345	1,500,000
L Pretorius	8,000,000	750,000	-

The particulars of Directors' interests in shares and options are as at the date of this report.

* Listed and exercisable at 10 cents on or before 21 January 2004

** Unlisted and exercisable at 15 cents on or before 30 November 2004

Directors' and Executives' Emoluments

Remuneration levels are set by the Board in accordance with industry standards to attract suitably qualified and experienced Directors and senior executives and is not performance linked.

Non-executive Directors of Paladin Resources Ltd

Name	Directors' Fees		Consulting Fees		Options		Total	
	\$		\$		\$		\$	
	2003	2002	2003	2002	2003	2002	2003	2002
R Crabb	12,000	15,000	28,576	-	-	6,000	40,576	21,000
D Dunnet	30,000	20,000	-	11,097	-	6,000	30,000	37,097
D R Kennedy	4,000	-	-	-	-	-	4,000	-
L Pretorius+	3,000	-	20,000	-	1,500	-	24,500	-

DIRECTORS' REPORT (Contd)

Executive Directors of Paladin Resources Ltd

Name	Directors' Fees		Consulting Fees		Options		Total	
	\$		\$		\$		\$	
	2003	2002	2003	2002	2003	2002	2003	2002
J Borshoff	12,000	15,000	153,500	144,375	-	9,000	165,500	168,375
G Swaby	7,000	15,000	52,000	70,800	-	7,200	59,000	93,000

D Dunnet resigned 10 December 2002

D R Kennedy was appointed 10 December 2002 and resigned on 27 March 2003

L Pretorius was appointed on 27 March 2003

G Swaby resigned on 1 February 2003

+The \$20,000 consulting fees was paid through the issue of 1,000,000 fully paid shares at \$0.02 each and 750,000 options at \$0.002 each in the Company.

There are no other executives in the Company.

The amounts disclosed above for remuneration relating to options are the assessed fair values of options at the date they were granted during the year ended 30 June 2003. Fair values have been assessed using the Black Scholes option pricing models. This value has not been included in the statement of Financial Performance.

As at 30 June 2003, a total of \$427,606 due to directors, former directors and their companies was included in trade creditors:

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 the satisfaction of debts 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.

Meetings of Directors

The following table sets out the number of meetings of the Company's Directors held during the year ended 30 June 2003 and the number of meetings attended by each Director.

Number of meetings held:	12	
Number of meetings attended by:		Number of meetings entitled to attend:
R W Crabb	12	12
J Borshoff	12	12
L Pretorius	2	2
G Swaby	8	8
D Dunnet	6	6
D R Kennedy	3	4

DIRECTORS' REPORT (Contd)

Insurance of Officers

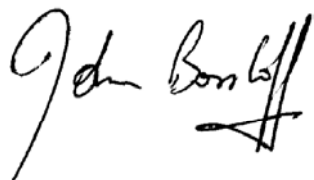
During the financial year, the Company has paid premiums to insure each of the following persons against certain liabilities arising out of their conduct while acting in the capacity of officer of the company.

R. Crabb
J. Borshoff
L. Pretorius
G. Swaby
D. Dunnet
D. R. Kennedy

Under the terms of the insurance contract, the nature of liabilities insured against and the premium paid cannot be disclosed.

DATED at Perth this 30th day of September 2003

Signed in accordance with a resolution of Directors.

A handwritten signature in black ink, appearing to read 'John Borshoff', written over a horizontal line.

J Borshoff (Director)

PALADIN RESOURCES LTD AND CONTROLLED ENTITIES
STATEMENTS OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 30 JUNE 2003

	Notes	CONSOLIDATED		PARENT ENTITY	
		2003	2002	2003	2002
		\$	\$	\$	\$
Revenue from ordinary activities	2	148,905	258,724	25,857	325,858
Exploration costs written off	3	(41,272)	(96,079)	(16,807)	(37,326)
Borrowing costs	3	(59,503)	(51,585)	-	-
General and administration		(556,971)	(489,268)	(510,020)	(501,771)
Bad debts written off	3	(81,800)	-	(29,227)	-
Write down of investments	3	-	(1,445,000)	(466,974)	(1,574,531)
Write back of investments	3	256,000	-	256,000	-
Written down value of exploration property sold		-	-	-	(57,470)
Share of net loss of associate accounted for using the equity method		(236,992)	(402,905)	-	-
Loss from ordinary activities before income tax		571,633	2,226,113	741,171	1,845,240
Income tax expense	4	-	-	-	-
Total changes in equity other than those resulting from transactions with owners as owners	21	571,633	2,226,113	741,171	1,845,240
Basic and diluted earnings per share (cents)	32	(0.27)	(1.05)		

The above statements of financial performance should be read in conjunction with the accompanying notes.

PALADIN RESOURCES LTD AND CONTROLLED ENTITIES
STATEMENTS OF FINANCIAL POSITION
AS AT 30 JUNE 2003

	Notes	CONSOLIDATED		PARENT ENTITY	
		2003	2002	2003	2002
		\$	\$	\$	\$
CURRENT ASSETS					
Cash	5	121,829	286,890	115,178	175,509
Receivables	6	171,279	210,158	145,159	183,931
Property Plant & Equipment	7	1,132,955	-	-	-
TOTAL CURRENT ASSETS		1,426,063	497,048	260,337	359,440
NON CURRENT ASSETS					
Receivables	8	24,438	-	3,343,918	3,039,009
Investments in associate	9	-	236,991	589,735	1,056,709
Other financial assets	10	800,000	544,000	1,417,178	1,241,953
Property, plant & equipment	11	318,871	1,566,997	12,654	23,469
Other	12	3,166,276	2,808,937	-	-
TOTAL NON CURRENT ASSETS		4,309,585	5,156,925	5,363,485	5,361,140
TOTAL ASSETS		5,735,648	5,653,973	5,623,822	5,720,580
CURRENT LIABILITIES					
Accounts payable	13	471,188	236,517	456,265	230,333
Provisions	14	37,097	32,610	37,097	32,610
Interest bearing liabilities	15	731,943	-	-	-
Other	16	50,000	-	50,000	-
TOTAL CURRENT LIABILITIES		1,290,228	269,127	543,362	262,943
NON CURRENT LIABILITIES					
Interest bearing liabilities	17	-	731,787	-	-
Other	18	20,000	20,000	-	-
TOTAL NON CURRENT LIABILITIES		20,000	751,787	-	-
TOTAL LIABILITIES		1,310,228	1,020,914	543,362	262,943
NET ASSETS		4,425,420	4,633,059	5,080,460	5,457,637
PARENT ENTITY INTEREST EQUITY					
Contributed equity	19	19,470,094	19,099,393	19,470,094	19,099,393
Reserves	20	174,463	181,170	174,463	181,170
Accumulated losses	21	(15,219,137)	(14,647,504)	(14,564,097)	(13,822,926)
TOTAL EQUITY	23	4,425,420	4,633,059	5,080,460	5,457,637

The above statements of financial position should be read in conjunction with the accompanying notes.

PALADIN RESOURCES LTD AND CONTROLLED ENTITIES
STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2003

	Notes	CONSOLIDATED		PARENT ENTITY	
		2003 \$	2002 \$	2003 \$	2002 \$
Cash flows from operating activities					
Payments to suppliers and employees		(346,710)	(521,486)	(275,215)	(468,157)
Interest received		1,793	6,275	1,793	6,242
Interest paid		(59,503)	(51,585)	(61)	-
Rental income		122,674	82,833	-	-
Net cash outflow from operating activities	30	(281,746)	(483,963)	(273,483)	(461,915)
Cash flows from investing activities					
Payments for property, plant and equipment		(235)	(19,805)	(235)	(4,749)
Exploration and evaluation expenditure		(256,525)	(299,537)	(16,807)	(94,796)
Payments for investments		-	(386,422)	-	(386,422)
Loans to controlled entities		-	-	(147,900)	(210,497)
Sale proceeds on investments		-	42,066	-	42,066
Payment for controlled entities net of cash acquired	10	(4,649)	-	-	-
Net cash outflow from investing activities		(261,409)	(663,698)	(164,942)	(654,398)
Cash flows from financing activities					
Share placement		366,050	867,650	366,050	867,650
Fundraising costs		(37,956)	(153,078)	(37,956)	(153,078)
Repayment of borrowings		-	(3,305)	-	-
Mortgage funding		-	146,443	-	-
Loan funding		50,000	-	50,000	-
Net cash inflow from financing activities		378,094	857,710	378,094	714,572
Net decrease in cash held		(165,061)	(289,951)	(60,331)	(401,741)
Cash at the beginning of the financial year		286,890	576,841	175,509	577,250
Cash at the end of the financial year	5	121,829	286,890	115,178	175,509
Non-cash financing and investing activities	31				

The above statements of cash flows should be read in conjunction with the accompanying notes.

PALADIN RESOURCES LTD AND CONTROLLED ENTITIES
NOTES TO AND FORMING PART OF THE
FINANCIAL REPORT
30 JUNE 2003

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(A) BASIS OF ACCOUNTING

The financial report has been prepared on the basis of accounting principles applicable to a going concern, which assumes the commercial realisation of the future potential of the Company's and consolidated entity's assets and the discharge of their liabilities in the normal course of business.

The Board considers that the Company is a going concern and recognises that additional funding is required to ensure that the Company can continue to fund its and the consolidated entity's operations for the twelve month period from the date of this financial report. Such additional funding, as occurred during the year ended 30 June 2003 as disclosed in Note 19 and has occurred subsequent to balance date as discussed in Note 29, can be derived from either one or a combination of the following:

- The Belmont commercial property is currently under negotiation for sale; the sale of which should release additional working capital after repayment of debts;
- Marengo Mining Pty Ltd is expected to list on the ASX in the December 2003 quarter, crystallizing reimbursement payments to Paladin of \$132,000;
- Absolut Resources will fund 100% of the exploration on the Mt Lofty Joint Venture during earn-in and this will partially offset Paladin operating costs;
- The strategic investment relationship entered into with the Contiguous Millennium Fund, a global resource investment fund, provides the opportunity to access necessary funding for ongoing working capital. In addition, the Company is currently in discussion with a number of parties in relation to funding of the Langer Heinrich Bankable Feasibility Study; and
- The placement of securities under ASX Listing Rule 7.1 or an excluded offer pursuant to the Corporations Act 2001.

In consideration of the foregoing factors, the Directors believe it is appropriate to adopt the going concern basis of accounting in the preparation of this financial report.

This general purpose financial report has also been prepared in accordance with Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Consensus View, the Corporations Act 2001 and the historical cost convention, except for certain assets which, as noted, are at valuation. Unless otherwise stated, the accounting policies adopted are consistent with those of the previous year. Comparative information is reclassified where appropriate to enhance comparability.

(B) PRINCIPLES OF CONSOLIDATION

The consolidated accounts incorporate the assets and liabilities and results of all entities controlled by Paladin Resources Ltd as at 30 June 2003 and the results of all controlled entities for the year then ended. Paladin Resources Ltd and its controlled entities together are referred to in this financial report as the economic entity. The effects of inter-entity transactions have been eliminated from the consolidated accounts. Where controlled entities are acquired during the year, their results are included only from the date control commences.

On acquisition of some or all of the shares in a controlled entity, the identifiable net assets acquired are measured at their fair value. The excess of the fair value of the purchase consideration over the fair value of identifiable assets acquired (ie: goodwill) is

amortised over a period of twenty years. Where a discount on acquisition arises, that discount is accounted for by reducing proportionately the fair value of the non monetary assets acquired until the discount is eliminated. Any residual discount is immediately recognised in the statement of financial performance.

Investments in associates are accounted for in the consolidated financial statements using the equity method. Under this method, the consolidated entity's share of the profits or losses of associates is recognised as revenue in the consolidated statement of financial performance and its share of movements in reserves is recognised in consolidated reserves. Associates are those entities over which the consolidated entity exercises significant influence, but not control.

(C) EXPLORATION, EVALUATION AND DEVELOPMENT EXPENDITURE

Costs incurred during the exploration, evaluation and development stages of specific areas of interest are accumulated. Such costs are written off unless the Directors consider that the costs are expected to be fully recouped through the successful development of the area, or where activities to date have not reached a stage to allow reasonable assessment regarding existence of economically recoverable reserves.

Costs are written off as soon as an area has been abandoned or is considered to be non-commercial.

Expenditure is not carried forward in respect of any area of interest/mineral resource unless the Company's rights of tenure to that area of interest are current. Once production commences, expenditure accumulated in respect of areas of interest will be amortised on a unit of production basis against the economically recoverable mineral resources.

(D) EARNINGS PER SHARE

(i) Basic Earnings per share

Basic earnings per share is determined by dividing net profit after income tax attributable to members of the company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year.

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

(E) CASH

For the purposes of the statements of cash flows, cash includes deposits which are readily convertible to cash on hand and which are used in the cash management function on a day-to-day basis, net of outstanding bank overdrafts.

(F) DATABASES

(i) Project Generation Database

The project generation database, consists of unpublished and generally unavailable exploration, geological and other data. The cost of this database is amortised on a straight line basis over a period of 10 years.

PALADIN RESOURCES LTD AND CONTROLLED ENTITIES
NOTES TO AND FORMING PART OF THE
FINANCIAL REPORT (Contd)
30 JUNE 2003

1. STATEMENT OF ACCOUNTING POLICIES (Contd)

(F) DATABASES (Contd)

(ii) Technical Database

The technical database includes an extensive technical library and published exploration data. The Directors consider that this information diminishes in value over time and accordingly periodic amortisation charges are raised on a straight line basis over a period of 10 years.

(G) VALUATION OF NON-CURRENT ASSETS

The carrying amounts of non-current assets are reviewed to determine whether they are in excess of their recoverable amounts at balance date. If the carrying amount of a non-current asset exceeds the recoverable amount, the asset is written down to the lower amount. Unless otherwise stated, in assessing recoverable amounts, the relevant cash flows have not been discounted to their present value.

(H) ACQUISITION OF ASSETS

The purchase method of accounting is used for all acquisitions of assets regardless of whether equity instruments or other assets are acquired. Cost is measured as the fair value of the assets given up, shares issued or liabilities undertaken at the date of acquisition plus incidental costs directly attributable to the acquisition. Where equity instruments are issued in an acquisition, the value of the instruments is at the value agreed between the parties. Transaction costs arising on the issue of equity instruments are recognised directly in equity.

(I) INCOME TAX

Tax effect accounting procedures are followed whereby the income tax expense in the statement of financial performance is matched with the accounting profit after allowing for permanent differences. The future tax benefit relating to tax losses is not carried forward as an asset unless the benefit is virtually certain of realisation. Income tax on cumulative timing differences is set aside to the deferred income tax or the future income tax benefit accounts at the rates which are expected to apply when those timing differences reverse.

(J) RECEIVABLES

All trade debtors are recognised at the amounts receivable as they are due for settlement no more than 30 days.

Collectibility of trade debtors is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. A provision for doubtful debts is raised when some doubt as to collection exists.

(K) INVESTMENTS

Interests in listed and unlisted securities, other than controlled entities and associates in the consolidated financial statements, are brought to account at cost and dividend income is recognised in the statement of financial performance when receivable. Controlled entities and associates are accounted for in the consolidated financial statements as set out in note 1(a).

PALADIN RESOURCES LTD AND CONTROLLED ENTITIES
NOTES TO AND FORMING PART OF THE
FINANCIAL REPORT (Contd)
30 JUNE 2003

1. STATEMENT OF ACCOUNTING POLICIES (Contd)

(L) TRADE AND OTHER CREDITORS

These amounts represent liabilities for goods and services provided to the consolidated entity prior to the end of the financial year and which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

(M) BORROWING COSTS

Borrowing costs are recognised as expenses in the period in which they are incurred.

Borrowing costs include interest on bank overdrafts and short-term and long-term borrowings.

PALADIN RESOURCES LTD AND CONTROLLED ENTITIES
NOTES TO AND FORMING PART OF THE
FINANCIAL REPORT (Contd)
30 JUNE 2003

	CONSOLIDATED		PARENT ENTITY	
	2003	2002	2003	2002
	\$	\$	\$	\$
2. REVENUE				
Revenue from outside the operating activities				
Interest	26,231	6,275	25,857	6,242
Property rental	122,674	104,333	-	-
Proceeds on sale of investments	-	42,116	-	42,116
Building contribution	-	10,000	-	-
Reversal of accrual for Directors' fees	-	96,000	-	96,000
Proceeds from sale of exploration property	-	-	-	181,500
	148,905	258,724	25,857	325,858
3. OPERATING LOSS				
Loss from ordinary activities before income tax expense includes the following specific net gains and expenses:				
Net gains				
Net gain on disposal				
- investments	-	13,462	-	13,462
- exploration properties	-	-	-	124,030
- subsidiary	-	124,030	-	-
Loan forgiven	-	10,000	-	-
Expenses:				
Depreciation				
- property, plant and equipment	11,050	17,087	11,050	17,087
- buildings	18,713	11,903	-	-
Total depreciation	29,763	28,990	11,050	17,087
Amortisation				
- technical database	26,250	26,250	-	-
- project generation database	59,393	59,393	-	-
Total amortisation	85,643	85,643	-	-

PALADIN RESOURCES LTD AND CONTROLLED ENTITIES
NOTES TO AND FORMING PART OF THE
FINANCIAL REPORT (Contd)
30 JUNE 2003

	CONSOLIDATED		PARENT ENTITY	
	2003	2002	2003	2002
	\$	\$	\$	\$
3. OPERATING LOSS (Contd)				
Other charges against assets:				
Provision for non-recovery of				
- convertible notes and unsecured loan	-	1,445,000	-	1,445,000
- intercompany loan	-	-	85,642	87,397
- investment in controlled entity	-	-	-	42,134
- investment in associate	-	-	466,974	-
Exploration expenditure written off	41,272	96,079	16,807	37,326
Bad debts written off	81,800	-	29,227	-
Write back of provision for non-recovery of convertible notes	(256,000)	-	(256,000)	-
Other provisions:				
Employee entitlements	4,487	(2,701)	4,487	(2,701)
Borrowing costs:				
Interest paid/payable	59,503	51,585	61	-

4. INCOME TAX

The aggregate amount of income tax attributable to the financial year differs from the amount calculated on the operating loss. The differences are reconciled as follows:

Operating loss before income tax	(571,633)	(2,226,113)	(741,171)	(1,845,240)
Income tax (benefit) calculated at 30% (2002: 30%)	(171,490)	(667,834)	(222,351)	(553,572)
Tax effect of permanent differences:				
Non-deductible expenditure	32,615	579,086	6,922	472,359
	(138,875)	(88,748)	(215,429)	(81,213)
Tax benefit not recognised	138,875	88,748	215,429	81,213
Income tax attributable to operating loss	-	-	-	-
The Directors estimate that the potential future income tax benefit at 30 June 2003 in respect of tax losses not brought to account is:	1,892,004	1,753,129	1,363,267	1,147,838

This benefit for tax losses will only be obtained if:

- (i) the economic entity derives future assessable income of a nature and of an amount sufficient to enable the benefit from the deductions for the losses to be realised;
- (ii) the economic entity continues to comply with the conditions for deductibility imposed by tax legislation; and
- (iii) no changes in tax legislation adversely affect the economic entity in realising the benefit from the deductions for the losses.

5. CASH

Cash at bank and on hand	121,829	286,890	115,178	175,509
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PALADIN RESOURCES LTD AND CONTROLLED ENTITIES
NOTES TO AND FORMING PART OF THE
FINANCIAL REPORT (Contd)
30 JUNE 2003

	CONSOLIDATED		PARENT ENTITY	
	2003	2002	2003	2002
	\$	\$	\$	\$
6. CURRENT RECEIVABLES				
Sundry debtors	171,279	210,158	145,159	183,931
7. CURRENT PROPERTY PLANT & EQUIPMENT				
Land and buildings - at cost	1,175,474	-	-	-
Less provision for depreciation	(42,519)	-	-	-
	1,132,955	-	-	-

The land and building at 5 to 7 Belmont Avenue has been classified as a current asset in light of active negotiations to sell the property.

Reconciliations

Reconciliations of the carrying amounts of land and buildings at the beginning and end of the year are set out below:

	\$	\$
Consolidated – 2003		
Carrying amount at start of year	1,151,668	-
Depreciation(Note 3)	(18,713)	-
Carrying amount at end of year	1,132,955	-

8. NON CURRENT RECEIVABLES

Loan to controlled entities				
- unsecured	-	-	6,259,283	5,973,945
Less provision for non-recovery	-	-	(2,939,803)	(2,934,936)
Sundry debtors (i)	24,438	-	24,438	-
	24,438	-	3,343,918	3,039,009

- (i) This represents interest at 5% per annum on the \$800,000 Convertible Notes, effective from 22 November 2002. (Note 10)

PALADIN RESOURCES LTD AND CONTROLLED ENTITIES
NOTES TO AND FORMING PART OF THE
FINANCIAL REPORT (Contd)
30 JUNE 2003

	CONSOLIDATED		PARENT ENTITY	
	2003	2002	2003	2002
	\$	\$	\$	\$
9. NON CURRENT INVESTMENTS – ACCOUNTED FOR USING THE EQUITY METHOD				
Shares in associate	-	236,991	589,735	1,056,709

Shares in associate

Investments in associates are accounted for in the consolidated financial statements using the equity method of accounting and are carried at cost by the parent entity.

Investment in associate

Name	Principal Activity	Ownership Interest		Consolidated Carrying Amount		Parent Entity Carrying Amount	
		2003	2002	2003	2002	2003	2002
Traded*				\$	\$	\$	\$
ST Synergy Ltd	Knowledge Management Software	23%	23%	-	236,991	1,056,709	1,056,709
Less provision for non-recovery of investment						466,974	-
						589,735	1,056,709

A total of 5,897,353 fully paid shares are held in ST Synergy Ltd and are quoted on Australian Stock Exchange Ltd. At 30 June 2003, the shares traded at 22 cents per share. At year end, the Directors made a provision for write down in the value of the investment of \$466,974. Whilst a small volume of shares traded at 22 cents at year end, this does not reflect the recent trading history of the stock. In valuing Paladin's equity in the company, the Directors are of the opinion that a value of 10 cents per share is more appropriate.

Movements in carrying amount
of investment in associate

Carrying amount at start of year	236,991	639,896	-	-
Amortisation of goodwill	(200,000)	(200,000)	-	-
Share of operating loss	(36,991)	(202,905)	-	-
Carrying amount at the end of the financial year	-	236,991	-	-

Summary of the performance
and financial position of associate

The aggregate losses, assets and liabilities of associates are:

Losses from ordinary activities	636,752	882,197
Assets	1,130,864	1,524,085
Liabilities	133,655	278,162

PALADIN RESOURCES LTD AND CONTROLLED ENTITIES
NOTES TO AND FORMING PART OF THE
FINANCIAL REPORT (Contd)
30 JUNE 2003

	CONSOLIDATED		PARENT ENTITY	
	2003	2002	2003	2002
	\$	\$	\$	\$
10. OTHER FINANCIAL ASSETS				
Shares at cost – controlled entities (i)	-	-	1,961,605	1,961,605
Less provision for non-recovery	-	-	(1,344,427)	(1,263,652)
Convertible notes (ii)	800,000	1,635,000	800,000	1,635,000
Loan-unsecured	-	354,000	-	354,000
Less provision for non-recovery	-	(1,445,000)	-	(1,445,000)
	800,000	544,000	1,417,178	1,241,953

(i) Investments in Controlled Entities

NAME	COUNTRY OF INCORPORATION	PERCENTAGE INTEREST HELD		COST OF PARENT ENTITY'S INVESTMENT	
		2003	2002	2003	2002
				\$	\$
Eden Creek Pty Ltd *	Australia	100%	100%	1,700,002	1,700,002
Paladin Energy Minerals NL *	Australia	100%	100%	1	1
Etron Properties Pty Ltd *	Australia	100%	100%	261,602	261,602
Paladin (Africa) Ltd	Malawi	100%	100%	-	-
Lahndrik Holdings SA #	Luxembourg	100%	-	-	-
Langer Heinrich Uranium (Pty) Ltd +	Namibia	100%	-	-	-
				1,961,605	1,961,605
Less provision for non-recovery of investment – Eden Creek Pty Ltd				(1,344,427)	(1,263,652)
				617,178	697,953

All investments comprise ordinary shares and all shares held are unquoted.

* These entities are not required to prepare or lodge audited accounts.

Held by Paladin Energy Minerals NL

+ Held by Lahndrik Holdings SA

Acquisition of controlled entities

2002

On the 6 February 2002 the parent entity incorporated Paladin Exploration Pty Ltd with \$1 issued capital.

In May 2002, Paladin Exploration Pty Ltd converted its status to that of a public company and changed its name to Marengo Mining Limited. In May 2002, Paladin was issued with a total of 9,438,684 shares at a total issue price of \$94. In April 2002, Paladin sold its Ashburton tenement interests to Marengo for \$181,500 by way of an issue of 9,361,315 shares that were issued in May 2002. The Ashburton tenements were originally represented by eight applications for exploration licences and since the applications were made, four had been converted into full exploration licences. Paladin is also entitled to reimbursement of costs of \$132,122 that will be paid out of the proceeds of the public issue pursuant to the prospectus issued by Marengo.

PALADIN RESOURCES LTD AND CONTROLLED ENTITIES
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10 OTHER FINANCIAL ASSETS (Contd)

Acquisition of controlled entities (contd)

Through an in specie distribution involving Paladin and the shareholders of Paladin, Paladin in June 2002 distributed the 18,800,000 shares held in Marengo to the Paladin shareholders as a return of capital/in specie distribution. The in specie distribution was on a one for twelve basis (one Marengo share for every 12 shares held in Paladin).

On 29 May 2002 Paladin granted Marengo an exclusive licence to use for mineral exploration, mining and development all information which has been collected, captured collated, organised and arranged by Paladin in relation to a defined area of influence in the Ashburton region.

As consideration for the grant of the licence, Paladin received 2,500,000 unlisted share options in Marengo, exercisable at 20 cents per share, on or before 28 February 2008.

Marengo currently has only 13.6 million shares on issue and with cash at bank of some \$300,000 is well positioned to take advantage of a market upturn to gain ASX listing.

2003

On 9 September 2003, Paladin Energy Minerals NL acquired 100% of the issued capital of Lahndrik Holdings SA ("LH") which in turn holds 100% of the issued capital of Langer Heinrich Uranium (Pty) Ltd ("LHU").

The purchase price was \$15,000 and a production royalty of 12 cents per kilogram of yellowcake product sold and delivered to a buyer. The company effectively acquired the rights to the Langer Heinrich Uranium Deposit and cash to the value of \$10,351.

	CONSOLIDATED		PARENT ENTITY	
	2003	2002	2003	2002
	\$	\$	\$	\$
Outflow of cash to acquire controlled entity, net of cash acquired				
Cash consideration	15,000	-	-	-
Less: balances acquired				
Cash	10,351	-	-	-
Outflow of cash	4,649	-	-	-

(ii) **Convertible Notes**

The Deed of Company Arrangement (DOCA) for Coretel entered into by the Avanti Group International Pty Ltd was finalised 22 November 2002. Coretel has been successfully merged with e-span Solutions Pty Ltd (e-span).

Paladin retains a convertible note of \$800,000 with a term of 4 years. The convertible note will accrue interest at a rate of 5% per annum payable at maturity. On the present corporate structure Paladin has the right to a 30% equity in this new merged group via its convertible note facility and this conversion is at Paladin's discretion.

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	CONSOLIDATED		PARENT ENTITY	
	2003	2002	2003	2002
	\$	\$	\$	\$
11. NON CURRENT PROPERTY PLANT & EQUIPMENT				
Land and buildings - at cost	-	1,175,474	-	-
Less provision for depreciation	-	(23,806)	-	-
	-	1,151,668	-	-
Plant and equipment – at cost	401,091	400,856	401,091	400,856
Less provision for depreciation	(388,437)	(377,387)	(388,437)	(377,387)
	12,654	23,469	12,654	23,469
Technical database – at cost	262,500	262,500	-	-
Less amortisation	(253,714)	(227,464)	-	-
	8,786	35,036	-	-
Project generation database – at cost	593,932	593,932	-	-
Less amortisation	(296,501)	(237,108)	-	-
	297,431	356,824	-	-
	318,871	1,566,997	12,654	23,469

Reconciliations

Reconciliations of the carrying amounts of each class of property, plant and equipment at the beginning and end of the year are set out below:

	Total	Plant & Equipment	Database
	\$	\$	\$
Consolidated – 2003			
Carrying amount at start of year	415,329	23,469	391,860
Additions	235	235	-
Depreciation/amortisation expense (Note 3)	(96,693)	(11,050)	(85,643)
Carrying amount at end of year	318,871	12,654	306,217
Parent Entity - 2003			
Carrying amount at start of year	23,469	23,469	-
Additions	235	235	-
Depreciation/amortisation expense (Note 3)	(11,050)	(11,050)	-
Carrying amount at end of year	12,654	12,654	-

PALADIN RESOURCES LTD AND CONTROLLED ENTITIES
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	CONSOLIDATED		PARENT ENTITY	
	2003	2002	2003	2002
	\$	\$	\$	\$
12. NON CURRENT ASSETS				
- OTHER				
(a) Exploration Expenditure				
Carrying amount at start of year	2,808,937	2,574,398	-	-
Movements:				
Direct expenditure for year	398,611	388,088	16,807	94,796
Sale of tenements	-	-	-	(132,122)
Deconsolidation of subsidiary	-	(57,470)	-	-
Expenditure (written off)/written back	(41,272)	(96,079)	(16,807)	37,326
	3,166,276	2,808,937	-	-

13. ACCOUNTS PAYABLE

Trade creditors and accruals	469,213	236,517	454,290	230,333
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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 the satisfaction of debts 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.

14. CURRENT PROVISIONS

Employee entitlements (See Note 33)	37,097	32,610	37,097	32,610
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**15. CURRENT INTEREST
BEARING LIABILITIES**

Secured				
Bank loans	731,943	-	-	-
Total secured current interest bearing liabilities	731,943	-	-	-

The bank loans used to finance the purchase of 5 to 7 Belmont Avenue has been classified as a current liability in light of active negotiations to sell the property and then repay the bank loan.

16. OTHER CURRENT LIABILITIES

Loans - related parties (unsecured)	45,000	-	45,000	-
Loans – non related parties (unsecured)	5,000	-	5,000	-
	50,000	-	50,000	-

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	CONSOLIDATED		PARENT ENTITY	
	2003	2002	2003	2002
	\$	\$	\$	\$
17. NON CURRENT INTEREST BEARING LIABILITIES				
Secured				
Bank loans	-	731,787	-	-
Total secured non-current interest bearing liabilities	-	731,787	-	-

The bank loans referred to in Notes 15 and 17 above of the controlled entity are secured by a first mortgage over the controlled entity's freehold land and buildings, being charged interest at the rate of 7.2% on \$260,000 and 8.35% on \$472,500 (2002: 7.2% on \$260,000 and 8.35% on \$472,500).

Assets pledged as security

The carrying amounts of non-current assets pledged as security are:

First mortgage				
Freehold land and buildings	1,132,955	1,151,668	-	-

18. OTHER NON CURRENT LIABILITIES

Loan from non-related party (unsecured)	20,000	20,000	-	-
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	CONSOLIDATED		PARENT ENTITY	
	2003	2002	2003	2002
	Shares	Shares	\$	\$

19. CONTRIBUTED EQUITY

(a) Share Capital

Ordinary shares Fully paid	265,585,713	226,744,825	19,470,094	19,099,393
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Date	(b) Movements in ordinary share capital:	Number of Shares	Issue Price ¢	Total \$
	Balance at 1 July 2001	201,194,825		18,565,369
July 2001	Issue to acquire joint venture interest	1,000,000	5¢	50,000
December 2001	Placement	1,500,000	2¢	30,000
January 2002	Placement	12,500,000	2¢	250,000
March 2002	Placement	10,550,000	3.8¢	400,900
	Less: Transaction costs arising on share issues	-		(147,498)
	Capital reduction			(49,378)
	Balance 30 June 2002	226,744,825		19,099,393

PALADIN RESOURCES LTD AND CONTROLLED ENTITIES
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19. CONTRIBUTED EQUITY (Contd)

Date	(b) Movements in ordinary share capital (contd):	Number of Shares	Issue Price ¢	Total \$
September 2002	Issue in lieu of fees	1,795,000	2¢	35,900
October 2002	Share Purchase Plan	4,645,888	2.3¢	106,850
May 2003	Placement	32,400,000	.08¢	259,200
	Less: Transaction costs arising on share issue			(31,249)
	Balance 30 June 2003	265,585,713		19,470,094

(c) Issued Options

	Number of Options	
	2003	2002
(i) Unlisted and exercisable at 15 cents, on or before 30 November 2004		
Balance at 1 July 2002	4,700,000	-
Issued during year	-	4,700,000
Balance at 30 June 2003	4,700,000	4,700,000
(ii) Listed and exercisable at 10 cents, on or before 21 January 2004		
Balance at 1 July 2002	62,250,000	-
Issued during year	750,000	62,250,000
Balance at 30 June 2003	63,000,000	62,250,000
(iii) Exercisable at 15 cents, on or before 31 May 2003		
Balance 1 July 2002	52,303,071	52,203,071
Issued during year	-	100,000
Less expired during year	(52,303,071)	-
Balance at 30 June 2003	-	52,303,071

(d) Ordinary Shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of and amounts paid on the shares held.

On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

PALADIN RESOURCES LTD AND CONTROLLED ENTITIES
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	CONSOLIDATED		PARENT ENTITY	
	2003	2002	2003	2002
	\$	\$	\$	\$
20. RESERVES				
Option Application Reserve				
Balance brought forward	181,170	-	181,170	-
Issue of 62,250,000 options at \$0.003	-	186,750	-	186,750
Less expenses of issue	(6,707)	(5,580)	(6,707)	(5,580)
	174,463	181,170	174,463	181,170

21. ACCUMULATED LOSSES

Accumulated losses at beginning of financial year	14,647,504	12,421,391	13,822,926	11,977,686
Net loss attributable to members of Paladin Resources Ltd	571,633	2,226,113	741,171	1,845,240
Accumulated losses at the end of the financial year	15,219,137	14,647,504	14,564,097	13,822,926

22. COMMITMENTS AND CONTINGENT LIABILITIES

There were no outstanding commitments or contingent liabilities, which are not disclosed in the financial statements of the economic entity and the Company as at 30 June 2003 other than:

(a) Exploration Tenement Leases

In order to maintain the tenements in which the Company and other parties are involved, all parties are committed to meet the conditions under which the tenements were granted in accordance with the relevant mining legislation in Australia. These commitments relate to tenement lease rentals and the minimum expenditure requirements of the Western Australian, Northern Territory and South Australian Mines Departments attaching to the tenements and are subject to re-negotiation upon expiry of the exploration leases or when application for a mining licence is made. In 2003/2004, estimated outlays by the Company and the economic entity are \$191,876 (2002: \$295,200). Commitments beyond 2003/2004 are dependent upon whether existing rights of tenure are renewed or new rights of tenure are acquired.

(b) Acquisition Costs

The economic entity acquired a call option on 19 June 1998 in relation to the purchase of the Oobagooma Uranium Deposit. As a condition to the option contract, the economic entity granted a put option to the current holder of the Oobagooma Uranium Deposit. Both the call and put options have an exercise price of \$750,000. Both of the options are subject to the Department of Minerals & Energy granting tenements comprising 2 exploration licence applications. The \$750,000 is payable by the economic entity within 10 business days of the later of the grant of the tenements or the exercise of either the call or put option. The options will expire 3 months after the date on which either of the tenements are granted.

In relation to the Manyingee Uranium Project, the re-negotiated acquisition terms provide for a payment of \$750,000 to the vendors only if all project development approvals have been obtained.

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23. EQUITY

	CONSOLIDATED		PARENT ENTITY	
	2003	2002	2003	2002
	\$	\$	\$	\$
Total equity at beginning of financial year	4,633,059	6,143,978	5,457,637	6,587,683
Total changes in equity recognised in the statement of financial performance	(571,633)	(2,226,113)	(741,171)	(1,845,240)
Transactions with owners as owners:				
Contributions of equity, net of transaction costs	363,994	764,572	363,994	764,572
Capital reduction	-	(49,378)	-	(49,378)
Total equity at the end of the financial year	4,425,420	4,633,059	5,080,460	5,457,637

24. AUDITOR'S REMUNERATION

Remuneration for audit or review of the financial reports of the parent entity or any entity in the economic entity:

Auditors of parent entity	9,000	22,050	9,000	22,050
Taxation and other advisory services	13,810	12,460	13,810	12,460
	22,810	34,510	22,810	34,510

25. REMUNERATION OF DIRECTORS

	Directors of Entities in the Economic Entity		Directors of Parent Entity	
	2003	2002	2003	2002
	\$	\$	\$	\$
Income paid or payable, or otherwise made available to directors by entities in the economic entity and related parties	323,576	319,472	323,576	319,472

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	Directors of Entities in the Economic Entity 2003	2002	Directors of Parent Entity 2003	2002
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25. REMUNERATION OF DIRECTORS (Contd)

Number of parent entity Directors whose total income from the parent entity or related parties was within the following bands:

\$0	to	\$ 9,999	1	-	1	-
\$20,000	to	\$29,999	1	1	1	1
\$30,000	to	\$39,999	1	1	1	1
\$40,000	to	\$49,999	1	-	1	-
\$50,000	to	\$59,999	1	-	1	-
\$90,000	to	\$99,999	-	1	-	1
\$160,000	to	\$169,999	1	1	1	1

Included in the above are directors fees, consulting fees and the fair value of options granted to directors. Consulting fees in the form of management fees and geological fees were paid during the year in the normal course of business to firms of consultants, of which Directors are the principals (refer Note 28). The amounts disclosed above for remuneration relating to options are the assessed fair values of options at the date they were granted during the year ended 30 June 2003. Fair values have been assessed using the Black Scholes option pricing models. This value has not been included in the statement of Financial Performance.

26. REMUNERATION OF EXECUTIVES

One executive, being a director, received \$153,500 during the year ended 30 June 2003 (2002: 1 executive \$168,375). The remuneration relating to options are the assessed fair values of options at the date they were granted during the year ended 30 June 2003. Fair values have been assessed using the Black Scholes option pricing models. This value has not been included in the statement of Financial Performance.

PALADIN RESOURCES LTD AND CONTROLLED ENTITIES
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27. SEGMENT REPORTING

Business segments

The consolidated entity operates in the following segments:-

Resources

Strong resource focus on uranium together with a proprietary database covering gold, copper and platinum.

Software

23% investment in ST Synergy Ltd, a Knowledge Management software company listed on ASX.

Telecommunications

Convertible notes totalling \$800,000 with a 4 year term, accruing interest at 5% per annum. These arise from the Company's original investment in Coretel Pty Ltd, a niche telecommunications company.

Property

Commercial premises located in Belmont, Perth, Western Australia.

**Industry Segments
2003**

	Resources	Soft-ware	Tele-communications	Property	Consolidated
	\$	\$	\$	\$	\$
Other revenue	25,857	-	-	123,048	148,905
Total segment revenue	25,857	-	-	123,048	148,905
Loss from ordinary activities before income tax expense	(554,663)	(236,992)	256,000	(35,978)	(571,633)
Income tax expense	-	-	-	-	-
Loss from ordinary activities after income tax expense	(298,663)	(236,992)	256,000	(35,978)	(571,633)
Total assets	3,772,267	-	800,000	1,163,381	5,735,648
Segment liabilities	151,047	-	-	731,943	882,990
Unallocated liabilities					427,238
Total liabilities					1,310,228
Acquisitions of property, plant and equipment, and other non-current segment assets	398,846	-	-	-	398,846
Depreciation and amortisation expense	96,693	-	-	18,713	115,406
Other non-cash expenses	-		(256,000)	81,800	(174,200)

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27. SEGMENT REPORTING (Contd)

Industry Segments
2002

	Resources	Soft-ware	Tele-communications	Property	Consolidated
	\$	\$	\$	\$	\$
Other revenue	48,391	-	-	114,333	162,724
Unallocated revenue					96,000
Total segment revenue					258,724
Profit/(loss) from ordinary activities before income tax expense	(411,254)	(402,905)	(1,445,000)	33,046	(2,226,113)
Income tax expense	-	-	-	-	-
Loss from ordinary activities after income tax expense	(411,254)	(402,905)	(1,445,000)	33,046	(2,226,113)
Total assets	3,583,707	236,991	544,000	1,289,275	5,653,973
Segment liabilities	262,941	-	-	-	262,941
Unallocated liabilities					757,973
Total liabilities					1,020,914
Investment in associate	-	236,991	-	-	236,991
Acquisitions of property, plant and equipment, and other non-current segment assets	392,837	-	-	15,056	407,893
Depreciation and amortisation expense	102,730	-	-	11,903	114,633
Other non-cash expenses	23,957	-	1,445,000	-	1,468,957

Geographical Segments

	Segment revenues		Segment assets		Acquisitions of property, plant and equipment, and other non-current segment assets	
	2003	2002	2003	2002	2003	2002
	\$	\$	\$	\$	\$	\$
Australia	148,905	258,724	4,597,412	4,856,707	17,042	336,314
Africa	-	-	1,138,236	797,266	381,804	71,579
	148,905	258,724	5,735,648	5,653,973	398,846	407,893

PALADIN RESOURCES LTD AND CONTROLLED ENTITIES
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28. RELATED PARTIES

Related parties of Paladin Resources Ltd fall into the following categories:

Directors

- (a) The following persons were Directors of Paladin Resources Ltd during the financial year:
D Dunnet (resigned 10 December 2003)
J Borshoff
G Swaby (resigned 1 February 2003)
R W Crabb
D R Kennedy (appointed 10 December 2002 and resigned 27 March 2003)
L Pretorius (appointed 27 March 2003)

- (b) Remuneration of Directors is disclosed in Note 25 and the Directors' Report.

(c) Transactions with director-related entities

The following transactions with Directors and director-related entities occurred during the year on normal commercial terms and conditions:

- (i) Fees for geological and consulting services totalling \$153,500 (2002: \$144,375) were paid/payable (balance outstanding at 30 June 2003 and included in trade creditors \$204,760 (2002: \$75,625)) to a company in which J Borshoff is a director and shareholder;
- (ii) Fees for geological and consulting services totalling \$Nil (2002: \$11,097) were paid/payable (balance outstanding at 30 June 2003 and included in trade creditors \$4,257 (2002: \$4,257)) to a company in which D Dunnet is a director and shareholder;
- (iii) Fees for company secretarial and consulting services totalling \$52,000 were paid/payable (balance outstanding at 30 June 2003 and included in trade creditors \$56,000 (2002: \$8,800)) to a company in which G Swaby is a director and shareholder;
- (iv) Fees for legal services totalling \$28,576 (2002: \$25,969) were paid/payable (balance outstanding at 30 June 2003 and included in trade creditors \$23,001 (2002: \$8,459)) to Blakiston and Crabb, Solicitors, a firm in which R Crabb is a partner; and
- (v) Fees for geological and consulting services totalling \$20,000 were paid/payable (balance outstanding at 30 June 2003 and included in trade creditors: Nil) to Dr L Pretorius through the issue of 1,000,000 fully paid shares at \$0.02 each and 750,000 options at \$0.002 each in the Company.

All of the above have been included in Directors' remuneration in Note 25. Arrangements in relation to the repayment of outstanding fees are referred to in Note 13.

(d) Directors' holdings

Aggregate number of shares and share options of Paladin Resources Ltd held directly, indirectly or beneficially by directors of their director related entities at balance date:

	2003			
	Number			
	Shares	Options*	Options**	Options ***
R W Crabb	5,964,746	-	566,940	1,000,000
J Borshoff	12,458,394	-	1,778,345	1,500,000
L E Pretorius	5,000,000	-	750,000	-

PALADIN RESOURCES LTD AND CONTROLLED ENTITIES
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28. RELATED PARTIES (Contd)

(d) Directors' holdings (Contd)

		2002		
	Shares	Options*	Number	Options**
D Dunnet	6,087,828	376,367		645,201
J Borshoff	12,458,394	776,263		1,779,774
G Swaby	1,595,515	132,960		227,931
R W Crabb	3,848,572	322,381		566,940
				Options ***
				1,000,000
				1,500,000
				1,200,000
				1,000,000

The particulars of Directors' interests in shares and options are as at the date of this report.

* Listed and exercisable at 15 cents on or before 31 May 2003

** Listed and exercisable at 10 cents on or before 21 January 2004

*** Unlisted and exercisable at 15 cents on or before 30 November 2004

Wholly-owned Group Transactions

The wholly-owned group consists of Paladin Resources Ltd, the ultimate parent entity and the wholly-owned controlled entities set out in Note 10 Transactions between Paladin Resources Ltd and its controlled entities consist of the transfer of funds amongst the companies for day to day financing. Inter-company balances are unsecured and are not interest bearing. The balance in respect of inter-group loans is set out in Note 8

29. EVENTS SUBSEQUENT TO BALANCE DATE

There has not arisen since the end of the financial year any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors of the Company, to affect substantially the operations of the economic entity in subsequent financial years with the exception of:-

Issue of Shares and Options

On 12 August 2003, the Company issued 5,000,000 fully paid shares at 1 cent per share to Contiguous Millennium Fund together with the following unlisted options to provide additional working capital:

<u>Number of Options</u>	<u>Exercise Price</u>	<u>Expiry Date</u>
4,500,000	1.1 cents	31 March 2004
4,200,000	1.2 cents	31 December 2004
3,800,000	1.3 cents	30 November 2005

In addition, on 4 September 2003, 3,000,000 fully paid shares at 1 cent per share were issued to Dr L Pretorius, a director, in lieu of consulting services.

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30. RECONCILIATION OF NET CASH OUTFLOW FROM OPERATING ACTIVITIES TO OPERATING LOSS AFTER INCOME TAX

	CONSOLIDATED		PARENT ENTITY	
	2003	2002	2003	2002
	\$	\$	\$	\$
Operating loss after income tax	571,633	2,226,113	741,171	1,845,240
Non cash items:				
Depreciation and amortisation	(115,406)	(114,633)	(11,050)	(17,087)
Exploration expenditure written off	(41,272)	(96,079)	(16,807)	(37,326)
Provision for non-recovery of intercompany loan	-	-	(85,642)	(87,397)
Provision for non-recovery of investments	-	(1,445,000)	(466,974)	(1,487,134)
Write back of provision for non-recovery of convertible note	256,000	-	256,000	-
Profit on sale of exploration	-	-	-	124,030
Gain on disposal of subsidiary	-	124,030	-	-
Profit on sale of investments	-	13,462	-	13,462
Bad debts written off	(81,800)	-	(29,227)	-
Share of loss in associate using equity method	(236,992)	(402,905)	-	-
Liabilities forgiven	-	106,000	-	-
Change in operating assets and liabilities:				
Increase (Decrease) in trade debtors	61,850	54,944	(9,545)	29,309
(Increase)Decrease in operating liabilities	(132,267)	26,561	(104,443)	87,348
Decrease in prepayments	-	(8,530)	-	(8,530)
Net cash outflow from operating activities	281,746	483,963	273,483	461,915

31. NON CASH FINANCING AND INVESTMENT ACTIVITIES

Acquisition of mining tenements satisfied by issue of shares	-	50,000	-	-
Increase in receivable from controlled entity due to issuance of shares	-	-	-	50,000
Reduction in capital due to in-specie distribution of subsidiary	-	49,378	-	49,378
Issue of shares in lieu of technical consulting fees	35,900	-	35,900	-

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32. EARNINGS PER SHARE

	CONSOLIDATED	
	2003	2002
	(cents)	(cents)
(a) Basic and diluted Loss Per Share	(0.27)	(1.05)
Weighted average number of ordinary shares on issue during the year used as the denominator in calculating basic earnings per share	\$ 208,280,686	\$ 211,336,743
Earnings used in calculating diluted and basic earnings per share	(571,633)	(2,226,113)

(b) Diluted Earnings Per Share

Diluted earnings per share is the same as basic earnings per share as there are no potential ordinary shares that are dilutive.

33. EMPLOYEE ENTITLEMENTS

	PARENT ENTITY	
	2003	2002
	\$	\$
Provision for Annual Leave & Long Service Leave		
Aggregate employment entitlement liability	37,097	32,610
Employee numbers	Number	Number
Average number of employees during the financial year	4	4

Superannuation

The Company contributes to employees' superannuation plans in accordance with the requirements of Occupational Superannuation Legislation. Contributions by the parent entity represent a defined percentage of each employee's salary. Employee contributions are voluntary.

34. FINANCIAL INSTRUMENTS**(a) Credit Risk Exposure**

The credit risk of financial assets of the consolidated entity which have been recognised on the statement of financial position is generally the carrying amount, net of any provisions for doubtful debts.

(b) Interest Rate Risk Exposure

The consolidated entity's exposure to interest rate risk is limited to the floating market rate for the cash deposit, convertible debt and a property mortgage. All other financial assets and liabilities are non-interest bearing. The weighted average interest rate on cash deposits, convertible debt and property mortgage is 1.5%, 5.0% and 8.1%, respectively.

(c) Net Fair Value of Financial Assets and Liabilities.

The net fair value of cash, convertible debt and non-interest bearing monetary financial assets and financial liabilities of the consolidated entity approximates their carrying value.

DIRECTORS' DECLARATION

The Directors declare that the financial statements and notes set out on pages 18 to 43.

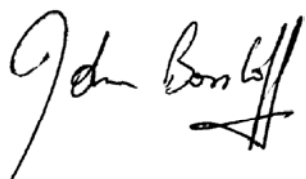
- a) comply with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
- b) give a true and fair view of the Company's and consolidated entity's financial position as at 30 June 2003 and of their performance, as represented by the results of their operations and their cash flows, for the financial year ended on that date.

In the Directors' opinion

- (a) the financial statements and notes are in accordance with the Corporations Act 2001; and
- (b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable; and

This declaration is made in accordance with a resolution of the Directors.

Signed at Perth this 30th day of September 2003 in accordance with a resolution of the Directors.

A handwritten signature in black ink, appearing to read 'J Borshoff', is written over a horizontal line.

J Borshoff (Director)

RSM Bird Cameron Partners

Chartered Accountants

8 St Georges Terrace Perth WA 6000
GPO Box R1253 Perth WA 6844
T +61 8 9261 9100 F +61 8 9261 9101
www.rsmi.com.au

INDEPENDENT AUDIT REPORT TO THE MEMBERS OF PALADIN RESOURCES LTD

Scope

We have audited the financial report of Paladin Resources Ltd (the Company) for the financial year ended 30 June 2003 as set out on pages 18 to 44. The financial report includes the consolidated financial statements of the consolidated entity comprising the Company and the entities it controlled at the year's end or from time to time during the financial year. The Company's directors are responsible for the financial report. We have conducted an independent audit of this financial report in order to express an opinion on it to the members of the Company.

Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance as to whether the financial report is free of material misstatement. Our procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial report, and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion as to whether, in all material respects, the financial report is presented fairly in accordance with Accounting Standards, other mandatory professional reporting requirements in Australia and statutory requirements so as to present a view which is consistent with our understanding of the Company's and the consolidated entity's financial position and performance as represented by the results of their operations and their cash flows.

The audit opinion expressed in this report has been formed on the above basis.

Audit Opinion

In our opinion, the financial report of the Company is in accordance with:

- (a) the Corporations Act 2001, including:
 - (i) giving a true and fair view of the Company's and consolidated entity's financial position as at 30 June 2003 and of their performance for the financial year ended on that date; and
 - (ii) complying with Accounting Standards in Australia and the Corporations Regulations 2001; and
- (b) other mandatory professional reporting requirements in Australia.



RSM BIRD CAMERON PARTNERS
Chartered Accountants



S C CUBITT
Partner

Perth, WA
Dated:



PALADIN RESOURCES LTD

ACN 061 681 098

**ANNUAL CONCISE
REPORT**

30 JUNE 2003

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This concise report has been derived from the full financial report for the year ended 30 June 2003. The full financial report and auditor's report will be sent to members on request, free of charge. Please call 08 9381 4366 and a copy will be forwarded to you. Alternatively, you can access both the full financial report and the concise report via the internet at our website: www.paladinresources.com.au.

The concise financial report cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of Paladin Resources Ltd and its controlled entities as the full financial report.

The financial report covers both Paladin Resources Ltd as an individual entity and the consolidated entity consisting of Paladin Resources Ltd and its controlled entities.

Paladin Resources Ltd is a company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

***Paladin Resources Ltd
1st Floor, 245 Churchill Avenue
SUBIACO WA 6008***

A description of the nature of the consolidated entity's operations and its principal activities is included in the review of operations and activities on pages 7 to 11 and in the Directors' Report on pages 13 to 17.

Through the use of the internet, we have ensured that our corporate reporting is timely, complete, and available globally at minimum cost to the company. All press releases, financial statements and other information is available on our website www.paladinresources.com.au.

CORPORATE DIRECTORY

DIRECTORS

Chairman
Mr Rick Wayne Crabb

Managing Director
Mr John Borshoff

Director
Dr Leon Pretorius

COMPANY SECRETARY

Ms Gillian Swaby

REGISTERED OFFICE

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AUDITORS

RSM Bird Cameron
8 St Georges Terrace
Perth Western Australia 6000

SOLICITORS TO THE COMPANY

Blakiston & Crabb
1202 Hay Street
West Perth Western Australia 6005

CHAIRMAN'S LETTER

Dear Shareholder

This year has in many ways been an important watershed year for Paladin and one which has seen both consolidation and rationalisation.

Consolidation has occurred with focus on our exciting Langer Heinrich Uranium Project in Namibia which gave a positive Pre-Feasibility Study and efforts are now underway to secure funding for the 12 month Bankable Feasibility Study. The uranium price is nearing a 5 year high, having cracked the critical US\$10/lb U_3O_8 barrier early in the year, now at US\$12.00/lb and seemingly poised to go higher. The timing is well set for the next stage on development for the Langer Heinrich Project. Financial modelling at a conservative long term contract price for uranium of US\$14.00/lb U_3O_8 a project producing 1,000t U_3O_8 over 10 years shows an NPV10% of US\$50M. To better understand the scope of the Langer Heinrich Deposit, it has the equivalent in mineable resource of 968,000 oz of gold, would produce the equivalent of 88,000 oz of gold per year and would have a mining operating cost of US\$163/oz in equivalent gold terms. Several organisations are indicating interest in supporting the BFS funding and these are currently being pursued.

The other uranium projects of the Company, Kayelekera and Manyingee, will remain on hold while Langer Heinrich is being evaluated, although with improving uranium price interest may expand into the Kayelekera project earlier.

In terms of our non uranium activities, Marengo, the gold company which Paladin spun out, is making a second serious effort to list on the ASX. An updated prospectus is prepared incorporating an additional gold project from the prospective Laverton region and should assist greatly in the listing of this company. Also Paladin, through its database, has identified a gold resource in the Mt Lofty Ranges east of Adelaide. A resource of some 20,000ozs already exists and results to date indicate these resources can be expanded to hopefully allow a small but profitable underground mining operation. Absolut Resources Corp, our joint venture partner, has indicated it will fund the next stage of the evaluation as part of its earn-in.

Most of you will have been aware of the shareholder dissent which occurred early this year and which unfortunately created an enormous distraction both to the Board and staff at a critical time in the Langer Heinrich pre-feasibility evaluation. The resolutions presented at the Extraordinary General Meeting to remove the Board were soundly defeated, however to accommodate renewed emphasis on the African projects and introduce new blood, Doug Dunnet and Gillian Swaby resigned as directors. We are pleased to have Leon Pretorius as the new director and believe his African and technical experience will be invaluable for the Langer Heinrich Project. I would like to again sincerely thank Doug and Gill for their dedicated contribution as directors since listing of the Company in 1994.

Paladin's interest in Coretel was successfully disposed of after Coretel went into voluntary administration. Unfortunately our original Coretel investment did not achieve the desired objectives due principally to the severe downturn in the telco sector. Coretel was merged with eSpan Solutions, in which Paladin can have a 30% equity interest through its \$800,000 convertible note. This note matures in 2006 accruing a 5% annual compounding interest. There is also a fully funded litigation against Coretel's equipment supplier, Nortel and Paladin will receive 30% of any damages claim found against that company. Considering many companies which divested into hi tech lost all value in their assets, we believe, under the circumstances, Paladin has done well to redeem part of the funds it invested in Coretel.

It is indeed pleasing to see general renewed investor interest in the resource sector. This has combined with the rising uranium price to improve Paladin's share price. If, as is expected, this important investment and climate continues I feel sure Paladin has an exciting year ahead.

Rick Crabb
CHAIRMAN

SUMMARY

Paladin has two key asset sets; a portfolio of quality uranium projects spearheaded by its Langer Heinrich Project and the potential of an extensive exploration database that has still to be fully exploited.

Uranium

The objective of the Company is to develop into a southern African junior energy company centered on its Langer Heinrich Uranium Project in Namibia. A positive Pre-Feasibility Study completed by Paladin during the year confirmed the justification to take this project to a Bankable Feasibility Study ("BFS"). This is estimated to cost approximately A\$3M-A\$3.5M and take 12 months to complete. The Company is currently in discussions with its engineers (Fluor Daniel) to obtain the detailed scheduling and costing for the BFS and is discussing funding options for it with several interested parties.

Paladin's uranium portfolio also contains the Kayelekera, Manyingee and Oobagooma Projects and, whilst Langer Heinrich is the first choice, the others offer development possibilities for the future. With uranium prices at a 5 year high (US\$12.00/lb September 2003), Paladin is one of few juniors globally that can offer attractive speculative possibilities for this commodity giving investors the possibility of strong upside.

In accumulating its uranium assets, consideration was always given by the Company to acquiring projects with the potential to be low cost operations and suitable for smaller companies to develop.

Database

A further objective of the Company is to continue taking advantage of its extensive database and utilise third party funds for exploration (via joint venture farm-out). The Australian database continues to generate project possibilities. An example of this has been the Mt Lofty Joint Venture where a gold resource has been identified.

Uranium Project Summaries

CRITERIA	LANGER HEINRICH	KAYELEKERA	MANYINGEE	OOBAGOOMA
Paladin equity	100%	90%	100%	100%
Location	Namibia, southern Africa	Malawi, southern Africa	West Pilbara, West Australia	West Kimberley, West Australia
Deposit Type	Calcrete	Sandstone	Sandstone	Sandstone
Resources tonnes U ₃ O ₈	11,000t U ₃ O ₈ @ 0.11% (additional potential available)	11,547t U ₃ O ₈ @ 0.15%	7,860t U ₃ O ₈ @ 0.12%	9,950t U ₃ O ₈ @ 0.14%
Mining Method	Conventional open pit	Conventional open pit	In-Situ Leach	In-Situ Leach
Previous Owners	Gencor Limited (South African Mining group) Acclaim (WA Company)	Central Electricity Generating Board (UK utility)	Cogema (French utility)	Cogema (French utility)
Past Expenditure	A\$20M	A\$9M	A\$16M	A\$5M
Activity/Status	1973-1980, 1999 to present – Active	1982 – 1990 On hold	1979-1988 On hold	1982-1985 On hold
Project Significance	Large resource, good infrastructure with good potential for development	Revised mining concept positive indicating potential for development	One of only three Australian advanced ISL projects	Large resource potential
Timeframe	1 year BFS 1 year construction 10 year (at least) mine life	18 months BFS 1 year construction 10 year mine life	3 year staged feasibility study 1 year construction 10 year mine life	2 year reserve / resource drilling 3 year feasibility study

URANIUM UPTURN FOR CLEAN ELECTRICITY

The price of uranium is rising steadily due to emerging positive supply/demand fundamentals. The increasing awareness of customers, suppliers and governments that nuclear energy must maintain a key role in the supply of electricity both on economic and environmental grounds is placing clear upward pressure on the uranium market. Some important developments reinforcing this trend are:-

- The recent temporary failure of a major uranium mine causing immediate increase in the uranium price reflecting a market fragility and vulnerability in terms of supply and the critical need to establish diversity in supply sources for the mid to long term.
- In the US, the Senate is considering a comprehensive energy bill which includes substantial support for nuclear energy. This includes funding support for the construction of a high temperature nuclear reactor for hydrogen production to advance the development of the hydrogen fuel cell technology and enable the US to maintain industrial supremacy. If implemented this technology would require massive input from sustainable energy sources namely nuclear power.
- In recognition of its very low environmental effects the Ontario Government (Canada) has extended tax concessions from renewables (hydro, wind) to now also include nuclear power, making this technology even more competitive. Similar concessions are expected to eventually be provided to the nuclear industry at large to combat vital greenhouse gas emission issues giving added impetus for increased nuclear power utilisation.
- In the European Union (EU) an extensive EU-wide study on energy carried out in 2002 made it clear that nuclear energy which provides 35% of EU electricity is already an important means of reducing greenhouse emissions and is fundamental in the EU's ability to meet stipulated Kyoto targets. EU states are not expected to jeopardise the significant contribution that nuclear power provides in this regard.
- In Europe Switzerland, Finland and Sweden have strengthened their resolve to maintain and/or increase their dependency on nuclear power. Bulgaria, Czechoslovakia, Ukraine and Rumania are all moving forward to construct additional nuclear generating capacity.
- In Asia China, India, South Korea, Taiwan and Japan are maintaining their imperatives to increase dependency on nuclear power for generation of clean electricity.

With its quality advanced uranium projects, Paladin is well placed to benefit and advantage its shareholders from this improving uranium outlook.

REVIEW OF OPERATIONS

LANGER HEINRICH URANIUM PROJECT

In August 2002 Paladin announced the purchase of the Langer Heinrich Uranium Deposit located in Namibia, Southern Africa, from Aztec Resources Ltd ("Aztec" – formerly Acclaim Uranium NL). The purchase consideration was \$15,000 together with a very soft production royalty of 12 cents per kilogram of yellowcake product sold and delivered to a buyer. Aztec sold this Project after the company changed corporate management and direction to pursue other interests.

The Langer Heinrich Uranium Project is 100% owned by Paladin through its wholly owned Namibian subsidiary (Langer Heinrich Uranium (Pty) Ltd). The Langer Heinrich deposit was discovered in 1973 by Gencor Limited, a major South African Mining House (now part of BHP Billiton). This is a calcrete type deposit containing a global resource of 34,000t U₃O₈ at a grade of 0.055% contained in 7 discrete mineralised zones along 15km length within an extensive paleodrainage system. The deposit is located in the Namib Desert, 80km east of the major seaport of Walvis Bay.

The Paladin Directors decided to acquire the Langer Heinrich Project for the following principal reasons: -

- The improving market outlook worldwide for the use of nuclear energy for production of electricity.
- Uranium Oxide spot price continues to improve (up 22% in 12 months and now US\$12.00 per pound). Market analysts are predicting substantial increases in the price of this commodity in the mid-term.
- Langer Heinrich has the capacity to be a very low cost uranium producer.

In March 2003 Paladin completed the Pre-Feasibility Study, the results showing clearly that the project should be taken to final feasibility determination.

The Mineable Resource at the 344ppm U₃O₈ cut off is estimated at 10,114,000t of ore grading 0.11% U₃O₈ containing 11,155t U₃O₈ and this resource is the basis of the project Pre-Feasibility assessment and financial modelling. Paladin has estimated a geological resource for the deposit of 50Mt at 0.06% containing 29,900t U₃O₈ at a cut off of 200ppm U₃O₈. Opportunity exists for additional mineralisation to be found within the existing tenement as indicated by open-ended drilling.

Current analysis indicates the project is robust and able to support a 10 year mine life producing 1,000tpa uranium oxide at a low operating cost. The cost of the proposed BFS is estimated to be in the vicinity of A\$3M and is expected to take 12 months to complete. Fluor Daniel has been selected as the engineers to manage the BFS.

With the improving uranium price and the feature that a premium in the vicinity of 20%-25% can typically be negotiated above the spot price for U₃O₈ sold under long term sales contracts, it is anticipated that long term sale contracts in the vicinity of US\$13.00-US\$15.00/lb U₃O₈ will be possible for 2003/4 and beyond when the project starts production. Financial modelling shows that with a base annual production of 1,000t U₃O₈ using and an example sale price of US\$14.00/lb U₃O₈, midway in this range, the project, over its 10 year mine life, is capable of producing strong returns as shown by the following key performance indicator table:-

Key Project Performance Indicators US\$	
Total Operating Surplus	\$167M
Cash Positive	Year 3
Project NPV (10%)	\$50M
Project IRR	35%
Debt/Equity Ratio	0.60

Operating Costs	US\$/t
Mining	\$4.47
Processing	\$6.81
Admin	\$3.00
	\$14.28/t
Total OPEX	Or \$6.54/lb U₃O₈

Capital Costs	US\$M
Equipment	\$20M
Facilities & Infrastructure	\$6.2M
Project Development	\$7.3M
Contingencies	\$3.4M
Total CAPEX	\$36.9M

Estimated production costs of US\$6.54/lb U₃O₈ place the Project favourably in the lower quartile for cost of production. At this stage of determination, capital costs for establishment of the operation are estimated to be US\$37M.

The results to date show that Paladin has acquired a premier project in Langer Heinrich, capable of taking the Company to its next stage of development.

Detailed scheduling and costing of the Bankable Feasibility Study has begun with Fluor. Negotiations are also underway with several funding agencies who are offering the possibility of assistance in funding of the BFS. One of these funding groups has indicated willingness to fund in the order of US\$400,000 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 BFS 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 BFS outcome.

The development schedule for the Project is envisaged as follows:-

Task	Year									
	2004				2005				2006	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
BFS	■	■	■	■						
EIS	■	■	■	■						
Reserves			■							
Sampling	■	■								
Testwork		■	■							
Engineering			■	■						
Financial Analysis				■						
Project Commitment					■	■	■			
Construction						■	■	■	■	■
Implementation										→

KAYELEKERA PROJECT

The Kayelekera Uranium Project is located in the northern part of Malawi in Southern Africa, 8km south of the main road that connects the townships of Karonga and Chitipa. It is 40km to the west of the provincial town of Karonga. Exclusive Prospecting Licence "EPL 070" covers the Kayelekera deposit.

A final feasibility study is required on this Project before decision to develop can be made and this work will be largely based on, and assisted by, the extensive feasibility studies carried out by its previous owners in the period 1982-1990.

The Kayelekera Uranium Project is owned 90% by Paladin through its wholly owned Malawi subsidiary (Paladin Africa Ltd). This project has had A\$9M spent by previous owners, culminating in completion of a final feasibility study in 1990 which showed the project to be uneconomic on the parameters then utilised. Modelling of a new mining concept by Paladin indicates that the project can be optimised with a positive financial outcome. Approximately US\$2.7M is required for a new updated bankable feasibility study. The Project is currently on hold while the Langer Heinrich Project is being advanced.

The Kayelekera Project presents an ideal platform for initiation of a much needed modern mining industry in Malawi and may therefore be viewed sympathetically by international funding organisations.

MANYINGEE PROJECT

The Manyingee Uranium Project is located in the northwest of Western Australia, 85km inland from the coastal township of Onslow. Good access to the site exist, either via the North West Coastal Highway (39km) or the Barradale-Onslow road 22km to the west. The Tubridgi Natural Gas Pipeline passes 500 metres east of the licence area. The property is protected by 3 Mining Leases totalling 13km².

The Project contains an indicated and inferred resource of 6.4Mt of ore at a grade of 0.12% U₃O₈ containing 7,680t of U₃O₈ in permeable sandstone and previous trial test work indicates the deposit is amenable to In-situ Leach Mining (ISL).

The Project is currently mothballed and no field work was carried out on the project during the year, with the Southern African projects being given priority for development.

OOBAGOOMA PROJECT

The Oobagooma Project is located 75km north east of Derby in the Kimberley Region of Western Australia on freehold land owned by the Commonwealth and used by the military. The area is covered by two EL applications covering 392km². The project was explored by Afmeco from 1983 to 1986 during which time extensive zones of uranium mineralisation were discovered. Afmeco calculated total geological resources of 8.2Mt of ore at a grade of 0.12% U₃O₈ containing 9,950t U₃O₈ using geostatistical methods employing a 0.03% U₃O₈ cut off.

No work was carried out on this project during the year. The main exploration effort, once the tenements have been granted, will be to confirm continuity of the uranium mineralisation by infill drilling concentrating on mineralised redox fronts as re-interpreted and further develop the reserves for consideration of a future ISL mining operation.

QUASAR-PALADIN JOINT VENTURE

Paladin has a joint venture in South Australia on EL3001 and EL3078 with Quasar Resources Pty Ltd, a wholly owned subsidiary of Heathgate Resources Ltd, owner of the Beverley ISL uranium mining operation in the Frome Basin which reached full production in 2001. Heathgate Resources is an Australian affiliate of General Atomics of the USA.

The two tenements cover 1,500km² and are located immediately north of the Beverley Mine tenements. Heathgate can earn an 80% interest in these properties with Paladin retaining a free carried interest of 20% and 15% respectively until completion of a bankable feasibility study and a decision to mine.

Heathgate carried out an electromagnetic airborne TEMPEST survey over the properties to identify prospective palaeochannels. The data delineated numerous targets and rotary mud drilling has commenced to test these prospective zones.

Ground magnetic, gravity surveys, geological mapping, soil and rock chip sampling were also conducted over an area of approximately 6km² in the Woolatchi Creek area of EL3001 at a location NW from Moolawatana homestead. An elongated magnetic anomaly approximately 1800m by 300m was located along with a number of small intense bullseye features in part coincident with a TEMPEST anomaly located by the regional airborne survey previously carried out. A number of small residual gravity features are also present. This may represent iron oxide/copper/gold prospect located within an eastern extension of the Mt Baddage Block containing Mesoproterozoic granitic, volcanic and metasedimentary rocks beneath a thin Cretaceous sedimentary cover. Modelling of the magnetic data has identified a number of steeply dipping magnetic horizons warranting further assessment. Drill testing is planned following receipt of soil and rock chip sampling results and completion of heritage surveys.

NON URANIUM ACTIVITIES

MT LOFTY PROJECT

The first pass exploration work on the Mt Lofty Joint Venture tenements with Paladin as operator has been undertaken, 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. The investigations to date involving ground magnetic and soil geochemical surveys, systematic rock chip sampling, surface mapping and evaluation of old mine data have isolated high grade gold mineralisation in the Stockyard Gully area.

The joint venture partners are encouraged with the results of the first pass investigations. Paladin, has proposed further exploration once the small exemption area within the prospective zone has been lifted by the Mines Department and access clearance has been achieved to carry out drilling in the Forest Reserve area. Absolute has agreed to fund the next stage of evaluation subject to the approval of its placement with the TSX Venture Exchange and continue earning further equity in the joint venture. The exploration work which is planned will involve RC drilling targeted to test both depth extension and lateral continuity of the identified mineralisation.

OTHER INVESTMENTS

CORETEL PTY LTD

The Deed of Company Arrangement (DOCA) for Coretel entered into by the Avanti Group International Pty Ltd was finalised 22 November 2002.

Coretel has been successfully merged with e-span Solutions Pty Ltd (e-span). This Telco business is operating from the existing Coretel premises at Belmont.

Paladin retains a convertible note of \$800,000 with a term of 4 years. The convertible note will accrue interest at a rate of 5% per annum payable at maturity. On the present corporate structure Paladin has the right to a 30% equity in this new merged group via its convertible note facility and this conversion is at Paladin's discretion. Pursuant to Coretel's DOCA, Paladin will also receive 30% of the net proceeds from the damages claim which is currently underway against Nortel (equipment supplier to Coretel). This action is fully funded by an independent insurance litigator.

COMMERCIAL PROPERTY

Negotiations are currently underway for the sale of this building.

Additionally Etron has the opportunity of receiving a further \$40,000 from one of the tower lessees to be paid on completion of construction of their facility on the property.

MARENGO MINING LIMITED

As reported last year, Paladin spun off this new gold exploration company as a consequence of its database with specific focus on the prospective Ashburton region of Western Australia and a view to list this on the Australian Stock Exchange (ASX) mid 2002. Unfortunately the ensuing downturn in equity markets has to date not afforded Marengo this opportunity.

With renewed market interest in the resources sector, the Directors of Marengo have advised that consideration is again being given to seek a listing on the ASX. This is scheduled to occur during the 4th quarter 2003. Marengo's 100% ownership of a significant portion of the Ashburton Structural Corridor, gives it an excellent opportunity to discover Carlin style gold deposits in a region which already hosts one very successful gold mining operation and is the focus for aggressive exploration programmes by major resource companies. Also the recent acquisition by Marengo of a new project in the Laverton area of WA gives the company prime exploration ground in a proven gold producing region.

Marengo currently has only 13.6 million shares on issue and with cash at bank of some \$300,000 is well positioned to take advantage of a market upturn to gain ASX listing.

CORPORATE GOVERNANCE STATEMENT

Corporate Governance

The Board is responsible for the overall Corporate Governance of the Group (“the Group”) including the strategic direction, establishing goals for management and monitoring the achievement of these goals. The Board has also established a framework for the management of the Group including setting levels of remuneration for Executive Directors, Managers and senior personnel, an overall framework of internal control and the establishment of appropriate ethical standards.

The Board regularly reviews operational and financial performance and reviews and approves detailed budgets and investment opportunities. Being a small company at present, the Board works closely with executive management to identify and manage operational, financial and legislative risk. Whilst the Corporate Governance policies and procedures have been in place since the incorporation of the Company, they were formally adopted by the Board in May 1996.

Audit Committee

The Company is not of a size which justifies having a separate Audit Committee, however, matters typically dealt with by such a committee are dealt with by the full Board.

Composition of the Board

The composition of the Board is determined using the following principles:

- The Board should comprise three Directors. This number may be increased where it is felt that additional expertise is required in specific areas, or when an outstanding candidate materialises.
- The Chairman of the Board should be a Non-Executive Director.
- The Board should comprise Directors with a broad range of expertise.

When a vacancy exists, through whatever cause, or where it is considered that the Board would benefit from the services of a new director with particular skills, the Board selects a candidate or panel of candidates with the appropriate expertise and experience. The Board then appoints the most suitable candidate who must stand for election at the next general meeting of shareholders. The Company does not have a formal Nomination Committee.

Independent Professional Advice

Each Director has the right to seek independent professional advice at the Group’s expense. However, prior approval of the Chairman is required, which may not be unreasonably withheld.

Remuneration

Remuneration levels are set by the Board in accordance with industry standards to attract suitably qualified and experienced Directors and senior executives. The Board obtains independent advice on the appropriateness of remuneration packages.

Ethical Standards

All Directors, managers and employees are to act with the utmost integrity and objectivity, striving at all times to enhance the reputation and performance of the Group.

DIRECTORS' REPORT

The Directors present their report on the consolidated entity consisting of Paladin Resources Ltd and the entities it controlled at the end of, or during, the year ended 30 June 2003.

Directors

The Directors in office at the date of this report are:

Mr Rick W. Crabb (Chairman)
B. Juris (Hons), LLB, MBA

Mr Crabb is a partner with the legal practice, Blakiston and Crabb and a Director of the investment bank, Chatsworth Stirling Pty Ltd. He holds degrees of Bachelor of Jurisprudence (Honours), Bachelor of Laws and Master of Business Administration from the University of Western Australia. He has practised as a solicitor since 1980 and was previously a partner with a major law firm. He specialises in mining, corporate and commercial law. Mr Crabb is also a director of Menzies Court Holdings Limited, Ashburton Minerals NL, Alcaston Mining NL, ST Synergy Ltd, Thundelarra Exploration Ltd and Chatsworth Stirling Pty Ltd.

Mr John Borshoff (Managing Director)
B.Sc. F.AusIMM

Mr Borshoff is a geologist who has been involved in the Australian exploration and mining industry for 26 years. Mr Borshoff worked for International Nickel and Canadian Superior Mining before joining a German mining group, Uranerz from 1976 to 1991. He became Chief Geologist/Exploration Manager during the period 1981-1986 and served as its chief executive from 1987 to mid 1991 when the German parent of Uranerz made the decision to close its Australian operations. Uranerz primary focus was for the search and development of uranium projects with the company operating extensively throughout Australia, North America and Africa.

Mr Borshoff has extensive experience in uranium, gold and base metal exploration, company management and administration.

Dr Leon Pretorius (Director - Non-Executive)
BSc(Hons), MSc, PhD, FAusIMM (CP), MAIG, PrSciNat

Dr Pretorius is a geochemist with 30 years experience working both in Australia and Africa. He has extensive experience in uranium, gold, base metal and industrial mineral exploration and has a sound knowledge of opencast mining operations in Sub-Saharan Africa. From 1984 to 1990 Dr Pretorius was Managing Director of Australian publicly listed company Keela-Wee Exploration Ltd and since has been actively involved in the resource sector both in Australia and Southern Africa.

Dr Pretorius was appointed a director on 27 March 2003.

DIRECTORS' REPORT (Contd)

Principal Activity

The principal activity of the economic entity constituted by Paladin Resources Ltd and the entities it controlled during the financial year was mineral exploration.

Results of Operations

The economic entity's policy is to write off acquisition and exploration costs associated with abandoned or non-commercial areas and to this extent an amount of \$41,272 (2002: \$96,079) was written off. Expenditure totalling \$3,166,276 (2002: \$2,808,937) has been carried forward on other areas where operations are continuing. The consolidated results are as follows:

	2003	2002
	\$	\$
Operating loss after income tax	<u>571,633</u>	<u>2,226,113</u>

Dividends

No dividend has been paid during the financial year and no dividend is recommended for the current year.

Review of Operations

A detailed review of the economic entity's operations is set out on pages 7 to 12 of this report.

Significant Changes in the State of Affairs

There were no significant changes in the state of affairs of the economic entity during the financial year not otherwise dealt with in this report.

Matters Subsequent to the End of the Financial Year

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors of the Company, to affect substantially the operations of the economic entity, the results of these operations or the state of affairs of the economic entity in subsequent financial years with the exception of those matters disclosed in Note 29 of the financial statements.

Environmental Regulations

The consolidated entity is subject to significant environmental regulation in respect to its exploration

The Company aims to ensure the appropriate standard of environmental care is achieved, and in doing so, that it is aware of and is in compliance with all environmental legislation. The Directors of the Company reviewed the Company's projects during the year and are not aware of any breach of environmental legislation for the financial year under review.

Likely Developments

Likely developments in the operations of the economic entity constituted by Paladin Resources Ltd and the entities it controls from time to time are set out in the attached review of operations.

DIRECTORS' REPORT (Contd)

Options over Unissued Capital

	Number of Options	
	2003	2002
<u>Unlisted Options</u>		
(i) Exercisable at 15 cents, on or before 30 November 2004.		
Balance at 1 July 2002	4,700,000	-
Issued during year	-	4,700,000
Balance at date of this report	<u>4,700,000</u>	<u>4,700,000</u>

Listed Options

(ii) Exercisable at 10 cents, on or before 21 January 2004		
Balance at 1 July 2002	62,250,000	-
Issued during year	750,000	62,250,000
Balance at date of this report	<u>63,000,000</u>	<u>62,250,000</u>
(iii) Exercisable at 15 cents, on or before 31 May 2003		
Balance 1 July 2002	52,303,071	52,203,071
Issued during year	-	100,000
Less expired during year	(52,303,071)	-
Balance at date of this report	<u>-</u>	<u>52,303,071</u>

Directors' Interests

2003

	Fully Paid Shares	Options*	Options**
R W Crabb	5,964,746	566,940	1,000,000
J Borshoff	12,458,394	1,778,345	1,500,000
L Pretorius	8,000,000	750,000	-

The particulars of Directors' interests in shares and options are as at the date of this report.

* Listed and exercisable at 10 cents on or before 21 January 2004

** Unlisted and exercisable at 15 cents on or before 30 November 2004

Directors' and Executives' Emoluments

Remuneration levels are set by the Board in accordance with industry standards to attract suitably qualified and experienced Directors and senior executives and is not performance linked.

Non-executive Directors of Paladin Resources Ltd

Name	Directors' Fees		Consulting Fees		Options		Total	
	\$		\$		\$		\$	
	2003	2002	2003	2002	2003	2002	2003	2002
R Crabb	12,000	15,000	28,576	-	-	6,000	40,576	21,000
D Dunnet	30,000	20,000	-	11,097	-	6,000	30,000	37,097
D R Kennedy	4,000	-	-	-	-	-	4,000	-
L Pretorius+	3,000	-	20,000	-	1,500	-	24,500	-

DIRECTORS' REPORT (Contd)

Directors' and Executives' Emoluments (Contd)

Executive Directors of Paladin Resources Ltd

Name	Directors' Fees		Consulting Fees		Options		Total	
	\$		\$		\$		\$	
	2003	2002	2003	2002	2003	2002	2003	2002
J Borshoff	12,000	15,000	153,500	144,375	-	9,000	165,500	168,375
G Swaby	7,000	15,000	52,000	70,800	-	7,200	59,000	93,000

D Dunnet resigned 10 December 2002

D R Kennedy was appointed 10 December 2002 and resigned on 27 March 2003

L Pretorius was appointed on 27 March 2003

G Swaby resigned on 1 February 2003

+The \$20,000 consulting fees was paid through the issue of 1,000,000 fully paid shares at \$0.02 each and 750,000 options at \$0.002 each in the Company.

There are no other executives in the Company.

The amounts disclosed above for remuneration relating to options are the assessed fair values of options at the date they were granted during the year ended 30 June 2003. Fair values have been assessed using the Black Scholes option pricing models. This value has not been included in the statement of Financial Performance.

As at 30 June 2003, a total of \$427,606 due to directors, former directors and their companies was included in trade creditors:

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 the satisfaction of debts 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.

Meetings of Directors

The following table sets out the number of meetings of the Company's Directors held during the year ended 30 June 2003 and the number of meetings attended by each Director.

Number of meetings held:	12	
Number of meetings attended by:		Number of meetings entitled to attend:
R W Crabb	12	12
J Borshoff	12	12
L Pretorius	2	2
G Swaby	8	8
D Dunnet	6	6
D R Kennedy	3	4

DIRECTORS' REPORT (Contd)

Insurance of Officers

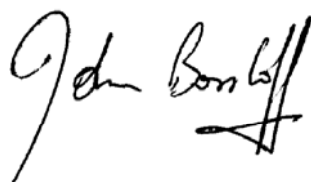
During the financial year, the Company has paid premiums to insure each of the following persons against certain liabilities arising out of their conduct while acting in the capacity of officer of the company.

R. Crabb
J. Borshoff
L. Pretorius
G. Swaby
D. Dunnet
D. R. Kennedy

Under the terms of the insurance contract, the nature of liabilities insured against and the premium paid cannot be disclosed.

DATED at Perth this 30th day of September 2003

Signed in accordance with a resolution of Directors.

A handwritten signature in black ink, appearing to read 'J. Borshoff', is written above a horizontal line.

J Borshoff (Director)

PALADIN RESOURCES LTD
CONSOLIDATED STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 30 JUNE 2003

	Notes	CONSOLIDATED 2003 \$	2002 \$
Revenue from ordinary activities		148,905	258,724
Exploration costs written off		(41,272)	(96,079)
Borrowing costs		(59,503)	(51,585)
General and administration		(556,971)	(489,268)
Bad debts written off		(81,800)	-
Write down of investments		-	(1,445,000)
Write back of investments		256,000	-
Written down value of exploration property sold		-	-
Share of net loss of associate accounted for using the equity method		(236,992)	(402,905)
Loss from ordinary activities before income tax		571,633	2,226,113
Income tax expense		-	-
Total changes in equity other than those resulting from transactions with owners as owners		571,633	2,226,113
Basic and diluted earnings per share (cents)	4	(0.27)	(1.05)

The above statements of financial performance should be read in conjunction with the accompanying notes.

PALADIN RESOURCES LTD
DISCUSSION & ANALYSIS OF CONSOLIDATED
STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 30 JUNE 2003

In August 2002 the Company purchased the Langer Heinrich Uranium Deposit located in Namibia, southern Africa on the back of an improving market outlook worldwide for the use of nuclear energy for production of electricity and an increasing uranium price. At the time of purchase, the uranium price was US\$9.75/lb U_3O_8 having now reached US\$12.00 at the date of signing these accounts. In March 2003 Paladin completed the Pre-Feasibility Study, with the results showing that the Project should be taken to final feasibility determination. Detailed scheduling and costing of the Bankable Feasibility has begun with Fluor Daniel and negotiations are underway with several funding agencies who are offering the possibility of assistance in funding the Bankable Feasibility Study.

Evaluation of the proprietary database produced the Mt Lofty Project which became the subject of a joint venture with Absolut Resources Corp. Absolut has earned a 10% interest by expenditure of \$60,000 and can earn a total of 45% by expending a further \$345,000.

In relation to the investment in Coretel Pty Ltd, the Deed of Company Arrangement was finalised in November 2002. Negotiations with the purchaser of that company resulted in Paladin retaining a convertible note of \$800,000 with a 4 year term, which accrues interest at 5% per annum. As a result of this, \$256,000 has been written back against the investment to bring the book value to \$800,000.

The commercial premises produced rental revenue totalling \$122,674 with associated borrowing costs of \$59,503. As a result of the Deed of Company Arrangement for Coretel, an amount of \$81,800 was written off as bad debts relating to the prior year.

As a result of equity accounting for ST Synergy Ltd, Paladin's consolidated loss included \$200,000 in respect of amortised goodwill and \$36,992 as the share of the operating loss of that company.

PALADIN RESOURCES LTD
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2003

	CONSOLIDATED	
	2003	2002
	\$	\$
CURRENT ASSETS		
Cash	121,829	286,890
Receivables	171,279	210,158
Property Plant & Equipment	1,132,955	-
TOTAL CURRENT ASSETS	1,426,063	497,048
NON CURRENT ASSETS		
Receivables	24,438	-
Investments in associate	-	236,991
Other financial assets	800,000	544,000
Property, plant & equipment	318,871	1,566,997
Other	3,166,276	2,808,937
TOTAL NON CURRENT ASSETS	4,309,585	5,156,925
TOTAL ASSETS	5,735,648	5,653,973
CURRENT LIABILITIES		
Accounts payable	471,188	236,517
Provisions	37,097	32,610
Interest bearing liabilities	731,943	-
Other	50,000	-
TOTAL CURRENT LIABILITIES	1,290,228	269,127
NON CURRENT LIABILITIES		
Interest bearing liabilities	-	731,787
Other	20,000	20,000
TOTAL NON CURRENT LIABILITIES	20,000	751,787
TOTAL LIABILITIES	1,310,228	1,020,914
NET ASSETS	4,425,420	4,633,059
PARENT ENTITY INTEREST EQUITY		
Contributed equity	19,470,094	19,099,393
Reserves	174,463	181,170
Accumulated losses	(15,219,137)	(14,647,504)
TOTAL EQUITY	4,425,420	4,633,059

The above statements of financial position should be read in conjunction with the accompanying notes.

PALADIN RESOURCES LTD
DISCUSSION & ANALYSIS OF CONSOLIDATED
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2003

Assets

Current assets increased by \$929,015, due in the main part to the reclassification of the commercial property from non current to current assets, reflecting the fact that negotiations are currently underway for its sale. Offsetting this, non current assets reduced by \$847,340 as a result of the property reclassification, the write-back of the investment held in Coretel (increase of \$256,000) and the reduction in value of ST Synergy Ltd as a result of equity accounting (decrease of \$236,991).

Exploration efforts centred mainly on the Langer Heinrich Uranium Project, resulted in a net increase of capitalised exploration expenditure of \$357,339

Liabilities

The reclassification of the commercial property as detailed above resulted in a corresponding reclassification of the attaching mortgage from non current to current liabilities. Overall, total liabilities increased by \$289,314 largely reflecting the remuneration remaining unpaid to Directors. Details of this are set out in the accompanying Directors' Report.

Equity

Contributed equity increased by \$370,701 as a result of share issues totalling \$401,950 with offsetting transaction costs of \$31,249.

PALADIN RESOURCES LTD
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2003

	CONSOLIDATED	
	2003	2002
	\$	\$
Cash flows from operating activities		
Payments to suppliers and employees	(346,710)	(521,486)
Interest received	1,793	6,275
Interest paid	(59,503)	(51,585)
Rental income	122,674	82,833
Net cash outflow from operating activities	(281,746)	(483,963)
Cash flows from investing activities		
Payments for property, plant and equipment	(235)	(19,805)
Exploration and evaluation expenditure	(256,525)	(299,537)
Payments for investments	-	(386,422)
Loans to controlled entities	-	-
Sale proceeds on investments	-	42,066
Payment for controlled entities net of cash acquired	(4,649)	-
Net cash outflow from investing activities	(261,409)	(663,698)
Cash flows from financing activities		
Share placement	366,050	867,650
Fundraising costs	(37,956)	(153,078)
Repayment of borrowings	-	(3,305)
Mortgage funding	-	146,443
Loan funding	50,000	-
Net cash inflow from financing activities	378,094	857,710
Net decrease in cash held	(165,061)	(289,951)
Cash at the beginning of the financial year	286,890	576,841
Cash at the end of the financial year	121,829	286,890

**PALADIN RESOURCES LTD
DISCUSSION & ANALYSIS OF CONSOLIDATED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2003**

Cash Flows from Operating Activities

The net cash outflow decreased to \$281,746 reflecting the increased creditor position at year end.

Investing Activities

The outflow reduced significantly from \$663,698 to \$261,409 reflecting the payments made in the prior year in relation to the investment in Coretel Pty Ltd.

Financing Activities

Fundraising from share issues accounted for the majority of cash inflows, together with loan funding of \$50,000.

PALADIN RESOURCES LTD
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2003

This concise financial report relates to the consolidated entity consisting of Paladin Resources Ltd and the entities it controlled at the end of, or during, the year ended 30 June 2003. The accounting policies adopted are consistent with those of the previous year.

1. Basis of Accounting

The financial report has been prepared on the basis of accounting principles applicable to a going concern, which assumes the commercial realisation of the future potential of the Company's and consolidated entity's assets and the discharge of their liabilities in the normal course of business.

The Board considers that the Company is a going concern and recognises that additional funding is required to ensure that the Company can continue to fund its and the consolidated entity's operations for the twelve month period from the date of this financial report. Such additional funding, as occurred during the year ended 30 June 2003 and has occurred subsequent to balance date as discussed in Note 5, can be derived from either one or a combination of the following:

- The Belmont commercial property is currently under negotiation for sale; the sale of which should release additional working capital after repayment of debts;
- Marengo Mining Pty Ltd is expected to list on the ASX in the December 2003 quarter, crystallizing reimbursement payments to Paladin of \$132,000;
- Absolut Resources will fund 100% of the exploration on the Mt Lofty Joint Venture during earn-in and this will partially offset Paladin operating costs;
- The strategic investment relationship entered into with the Contiguous Millennium Fund, a global resource investment fund, provides the opportunity to access necessary funding for ongoing working capital. In addition, the Company is currently in discussion with a number of parties in relation to funding of the Langer Heinrich Bankable Feasibility Study; and
- The placement of securities under ASX Listing Rule 7.1 or an excluded offer pursuant to the Corporations Act 2001.

In consideration of the foregoing factors, the Directors believe it is appropriate to adopt the going concern basis of accounting in the preparation of this concise financial report.

There were no changes in accounting policies for the year ended 30 June 2003.

2. Segment Information

The consolidated entity operates in the following segments:-

Resources

Strong resource focus on uranium together with a proprietary database covering gold, copper and platinum.

Software

23% investment in ST Synergy Ltd, a Knowledge Management software company listed on ASX.

Telecommunications

Convertible notes totalling \$800,000 with a 4 year term, accruing interest at 5% per annum. These arise from the Company's original investment in Coretel Pty Ltd, a niche telecommunications company.

PALADIN RESOURCES LTD
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2003

2. Segment Information (Contd)

Property

Commercial premises located in Belmont, Perth, Western Australia.

**Industry Segments
2003**

	Resources	Soft-ware	Tele-communications	Property	Consolidated
	\$	\$	\$	\$	\$
Other revenue	<u>25,857</u>	-	-	<u>123,048</u>	<u>148,905</u>
Total segment revenue	<u>25,857</u>	-	-	<u>123,048</u>	<u>148,905</u>
Loss from ordinary activities before income tax expense	(554,663)	(236,992)	256,000	(35,978)	(571,633)
Income tax expense	-	-	-	-	-
Loss from ordinary activities after income tax expense	<u>(298,663)</u>	<u>(236,992)</u>	<u>256,000</u>	<u>(35,978)</u>	<u>(571,633)</u>
Total assets	<u>3,772,267</u>	-	<u>800,000</u>	<u>1,163,381</u>	<u>5,735,648</u>
Segment liabilities	<u>151,047</u>	-	-	<u>731,943</u>	<u>882,990</u>
Unallocated liabilities					<u>427,238</u>
Total liabilities					<u>1,310,228</u>
Acquisitions of property, plant and equipment, and other non-current segment assets	<u>398,846</u>	-	-	-	<u>398,846</u>
Depreciation and amortisation expense	<u>96,693</u>	-	-	<u>18,713</u>	<u>115,406</u>
Other non-cash expenses	-		<u>(256,000)</u>	<u>81,800</u>	<u>(174,200)</u>

PALADIN RESOURCES LTD
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2003

	Resources \$	Soft- ware \$	Tele- communications \$	Property \$	Consolidated \$
2. <u>Segment Information</u> (Contd)					
Industry Segments 2002					
Other revenue	48,391	-	-	114,333	162,724
Unallocated revenue					<u>96,000</u>
Total segment revenue					<u>258,724</u>
Profit/(loss) from ordinary activities before income tax expense	(411,254)	(402,905)	(1,445,000)	33,046	(2,226,113)
Income tax expense	-	-	-	-	-
Loss from ordinary activities after income tax expense	<u>(411,254)</u>	<u>(402,905)</u>	<u>(1,445,000)</u>	<u>33,046</u>	<u>(2,226,113)</u>
Total assets	<u>3,583,707</u>	<u>236,991</u>	<u>544,000</u>	<u>1,289,275</u>	<u>5,653,973</u>
Segment liabilities	262,941	-	-	-	262,941
Unallocated liabilities					<u>757,973</u>
Total liabilities					<u>1,020,914</u>
Investment in associate	<u>-</u>	<u>236,991</u>	<u>-</u>	<u>-</u>	<u>236,991</u>
Acquisitions of property, plant and equipment, and other non-current segment assets	<u>392,837</u>	<u>-</u>	<u>-</u>	<u>15,056</u>	<u>407,893</u>
Depreciation and amortisation expense	<u>102,730</u>	<u>-</u>	<u>-</u>	<u>11,903</u>	<u>114,633</u>
Other non-cash expenses	<u>23,957</u>	<u>-</u>	<u>1,445,000</u>	<u>-</u>	<u>1,468,957</u>

PALADIN RESOURCES LTD
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2003

2. Segment Information (Contd)

Geographical Segments

	Segment revenues		Segment assets		Acquisitions of property, plant and equipment, and other non- current segment assets	
	2003 \$	2002 \$	2003 \$	2002 \$	2003 \$	2002 \$
Australia	148,905	258,724	4,597,412	4,856,707	17,042	336,314
Africa	-	-	1,138,236	797,266	381,804	71,579
	<u>148,905</u>	<u>258,724</u>	<u>5,735,648</u>	<u>5,653,973</u>	<u>398,846</u>	<u>407,893</u>

3. Dividends

No dividend has been paid during the financial year and no dividend is recommended for the current year.

4. Earnings Per Share

	CONSOLIDATED	
	2003	2002
	(cents)	(cents)
(a) Basic and diluted Loss Per Share	(0.27)	(1.05)
Weighted average number of ordinary shares on issue during the year used as the denominator in calculating basic earnings per share	\$ 208,280,686	\$ 211,336,743
Earnings used in calculating diluted and basic earnings per share	(571,633)	(2,226,113)

(b) Diluted Earnings Per Share

Diluted earnings per share is the same as basic earnings per share as there are no potential ordinary shares that are dilutive.

PALADIN RESOURCES LTD
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2003

5. Events Subsequent to Balance Date

There has not arisen since the end of the financial year any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors of the Company, to affect substantially the operations of the economic entity in subsequent financial years with the exception of:-

Issue of Shares and Options

On 12 August 2003, the Company issued 5,000,000 fully paid shares at 1 cent per share to Contiguous Millennium Fund together with the following unlisted options to provide additional working capital:

<u>Number of Options</u>	<u>Exercise Price</u>	<u>Expiry Date</u>
4,500,000	1.1 cents	31 March 2004
4,200,000	1.2 cents	31 December 2004
3,800,000	1.3 cents	30 November 2005

In addition, on 4 September 2003, 3,000,000 fully paid shares at 1 cent per share were issued to Dr L Pretorius, a director, in lieu of consulting services.

6. Sales Revenue

There was no sales revenue during the year (2002: nil)

7. Full Financial Report

Further financial information can be obtained from the full financial report which is available, free of charge, on request from the company. A copy may be requested by calling (08) 9381 4366.

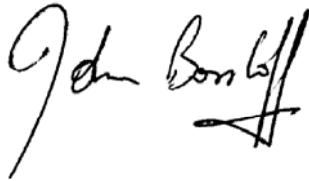
DIRECTORS' DECLARATION

The directors declare that in their opinion, the concise financial report of the consolidated entity for the year ended 30 June 2003 as set out on pages 18 to 28 complies with Accounting Standard AASB 1039: Concise Financial Reports.

The financial statements and specific disclosures included in this concise financial report have been derived from the full financial report for the year ended 30 June 2003.

The concise financial report cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full financial report, which as indicated in Note 7, is available on request.

This declaration is made in accordance with a resolution of the directors.

A handwritten signature in black ink, appearing to read 'John Borshoff', with a stylized flourish at the end.

John Borshoff
Director

Perth
30th September 2003

RSM Bird Cameron Partners

Chartered Accountants

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GPO Box R1253 Perth WA 6844
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www.rsmi.com.au

INDEPENDENT AUDIT REPORT

TO THE MEMBERS OF

PALADIN RESOURCES LTD

Scope

We have audited the concise financial report of Paladin Resources Ltd (the Company) for the financial year ended 30 June 2003 as set out on pages 18 to 29, in order to express an opinion on it to the members of the Company. The Company's Directors are responsible for the concise financial report.

Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance as to whether the concise financial report is free of material misstatement. We have also performed an independent audit of the full financial report of the company and its controlled entities for the year ended 30 June 2003. Our audit report on the full financial report was signed on 30 September 2003 and was not subject to any qualification.

Our procedures in respect of the audit of the concise financial report included testing that the information in the concise financial report is consistent with the full financial report and examination on a test basis, of evidence supporting the amounts, discussion and analysis and other disclosures which were not directly derived from the full financial report. These procedures have been undertaken to form an opinion whether, in all material respects, the concise financial report is presented fairly in accordance with Accounting Standard AASB 1039 : Concise Financial Reports, issued in Australia.

The audit opinion expressed in this report has been formed on the above basis.

Audit Opinion

In our opinion, the concise financial report of the Company and its controlled entities for the year ended 30 June 2003 complies with Accounting Standard AASB 1039 : Concise Financial Reports.



RSM BIRD CAMERON PARTNERS
Chartered Accountants



S C CUBITT
Partner

Perth, WA
Dated: 30 September 2003