



PALADIN RESOURCES LTD

A.C.N. 061 681 098

245 CHURCHILL AVE, SUBIACO WESTERN AUSTRALIA 6008
PO BOX 201, SUBIACO WESTERN AUSTRALIA 6904

TELEPHONE: (+61 8) 9381 4366 FAX: (+61 8) 9381 4978

EMAIL: paladin@paladinresources.com.au

Web: www.paladinresources.com.au

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

Co.: Australian Stock Exchange Limited **Pages:** 4

Date: 30 October 2003

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➤ **Quarterly Report for the Period Ending 30 September 2003**



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30 October 2003

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

Dear Sir/Madam

QUARTERLY REPORT FOR PERIOD ENDING - 30 September 2003

HIGHLIGHTS

- *Uranium Price at US\$12.75/lb - 6 year high*
 - *Langer Heinrich Uranium Project - development plans timely*
 - *Mt Lofty Gold Project - joint venture partner to continue funding*
 - *Paladin Spin Off, Marengo Mining - expected to list on ASX mid November*
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URANIUM PRICE CONTINUES TO RISE – RE RATING OF URANIUM COMPANIES

The price of uranium continues to strengthen. On 10 October Paladin reported the price at US\$12.20/lb U₃O₈. It has now risen to US\$12.75/lb which is a 6 year high and this positive trend augers well with the development plans Paladin has for the Langer Heinrich Uranium Project with an anticipated production start-up by mid 2006.

Globally, the share price of those companies that have strong uranium interests has improved markedly over the past six months reflecting the more buoyant market outlook for this commodity. The Canadian mining house, Cameco, the world's largest uranium producer is trading in the vicinity of C\$55 up from the low C\$30's. The share price of ERA the major Australian uranium producer is A\$3.55 up from A\$2.40 six months ago. These substantial share price gains clearly endorse the positive sentiment that is emerging for uranium.

Paladin with the quality uranium portfolio it has built up and its plans to embark on the Bankable Feasibility Study ("BFS") for the Langer Heinrich Uranium Project positions it well to benefit from this current re-rating.

As advised previously the Langer Heinrich Project represents a substantial project and is considered to be a company maker. The Project has a planned production of 1,000tpa U_3O_8 with a minelife expected to be over 10 years. Financial modelling on Langer Heinrich using a conservative long term sales contract price ranging US\$14/lb to US\$15/lb U_3O_8 would produce annual revenues in the order of US\$31M-US\$33M which would be the equivalent of a goldmine producing in the vicinity of 80,000 oz to 85,000 oz gold per year. Further the very low operating costs of a potential mine at Langer Heinrich as highlighted by the prefeasibility studies (US\$6.54/lb U_3O_8 or equivalent to about US\$170/oz gold) would make this mine a highly profitable enterprise sustainable over a minimum period of 10 years.

LANGER HEINRICH URANIUM PROJECT

The Namibian Ministry of Mines and Energy has renewed MDRL2236, the tenement covering the Langer Heinrich Uranium Deposit for a further 2 years. This renewal will provide sufficient time to allow the Company to complete the 12 month BFS which is scheduled to commence late 2003/early 2004. The security of tenure now able to be offered will also give the potential BFS funding parties the necessary comfort to invest in the Project.

Positive progress continues to be made on the Langer Heinrich Project. Fluor have established a full project engineering team in readiness for the BFS headed by Mr Serge Dumont. Detailed scheduling of the various work programmes involved is almost finalised. A site visit commencing 26 October with Fluor, the Project engineers and environment consultants, mining contractors and water engineers to fine tune elements of the BFS work schedule is underway. Part of this visit will also be used to examine bulk ore sample possibilities required for the forthcoming metallurgical work.

The final submission to the US TDA (US Trade and Development Agency) has been lodged by Fluor and Paladin for grant funds expected to be in the vicinity of US\$400,000 to assist the BFS.

MT LOFTY JOINT VENTURE

The South Australian Mines Department has finalised its submission to the Minister recommending that the 55 hectare area currently exempt from Exploration Licence 2863 which excludes a small part of the prospective zone be lifted. The matter is now being considered by the Minister and a favourable outcome is expected.

Absolut can earn 45% on this Project. It has agreed to fund the next stage of exploration which will involve drilling and will continue to earn further equity in the Project. The area of exploration interest is part of a Forest Reserve. Access clearance will therefore need to be granted from the relevant Government Department before any drilling can be carried out. The Stockyard Creek target area is an old mining area worked in the 1930's and further explored in the 1970's and therefore access approval operating within strict environmental guidelines is expected to be received. The area is not subject to Native Title Clearance.

MARENGO MINING LIMITED

The renewed market interest in the resource sector has provided the opportunity for Marengo to re-establish the process to list on the ASX. Marengo has issued an updated prospectus seeking to raise A\$3.5M including oversubscriptions. The prospectus has been well received and the Offer is over subscribed. The Directors have closed the Offer and now plan to bring the listing date forward.

Paladin shareholders who received an in-specie distribution of shares for Marengo in June 2002 can look forward to having their stock listed on the ASX by mid November 2003. Paladin will retain 2,500,000 listed options in Marengo exercisable at 20 cents expiring 28 February 2008.

On listing Marengo will reimburse Paladin A\$132,122 for past costs associated with developing the Ashburton Project portfolio.

CORPORATE

Fund Raising

During the period Paladin completed a private placement of 6,350,000 fully paid shares at an issue price of 2.1 cents per share to raise A\$133,350.00. Funds raised will be used to progress the Langer Heinrich Uranium Project and provide general working capital.

Annual General Meeting

The Annual General Meeting of the Company will be held at the Celtic Club, 48 Ord Street West Perth on Tuesday 25 November at 10.00am.

Yours faithfully
Paladin Resources Ltd



JOHN BORSHOFF
Managing Director

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