



PALADIN RESOURCES LTD

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

Co.: Australian Stock Exchange Limited **Pages:** 5

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➤ **Quarterly Report for Period Ending 31 March 2004**



29 April 2004

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

Dear Sir/Madam

**QUARTERLY REPORT
FOR PERIOD ENDING - 31 March 2004**

HIGHLIGHTS

- ***Uranium Spot Price continuing its strong performance***
 - ***US\$15.50/lb U₃O₈ to US\$17.60/lb U₃O₈ for the quarter***
 - ***Langer Heinrich Uranium Project***
 - ***feasibility study Project Engineer formally appointed***
 - ***Kayelekera Uranium Project***
 - ***metallurgical testwork program planned***
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URANIUM MARKET

The uranium spot price continued to strengthen during the quarter reaching US\$17.60/lb U₃O₈ in April. The strong performance is a reflection of the limited availability of uranium and subsequent difficulty to complete what have been some relatively small orders that have been placed recently in the spot market. This situation confirms that shortages in uranium supply are becoming apparent with uranium producers unwilling to commit product at what they believe are still very low prices. In parallel, no long term sales contracts are being entered into by the producers who are unwilling to sell uranium at current prices which they perceive are still too low.

This stalemate situation is expected submit to the natural market forces when substantial long term sales contracts will need to be entered into in the near future by the nuclear utilities and this is expected to place strong upward pressure on uranium pricing reflecting this critical imbalance between supply and demand.

It is generally recognised that the uranium shortfall can now only be met with additional production coming from new mines as existing mine capability is working at near maximum output and cannot accommodate increased supply requirements. Inventories are now depleted to an all-time low and with the down-blending of Russian weapons grade material essentially part of normal supply all pressure is now on increasing production of natural

uranium by opening up of new mining operations of which there is an insufficient number of projects to service the demand predicted for the mid to long term.

Consequently, contrary to the general weakness in base metals shown in the past months, spot price of uranium has maintained its upward rise with strong expectation that this positive trend will continue.

Paladin is one of a few companies in the world which is in a position to develop a mining operation with its Langer Heinrich Uranium Project scheduled to come on-stream in 2006 perfectly in tune with market outlook.

LANGER HEINRICH URANIUM PROJECT (100%)

Loan Facility

The A\$2M loan facility agreement between Langer Heinrich (Uranium) Pty Ltd, Paladin's wholly owned subsidiary controlling the Langer Heinrich Project and Société Generale Australian Branch is almost finalised with final approvals from the Namibian Reserve Bank being awaited. Loan drawdown is anticipated to start in May to accommodate April work on the Bankable Feasibility Study.

Project Engineers Formally Appointed

As advised the Project Engineer for the Langer Heinrich Project was changed and GRD Minproc were selected to complete the Bankable Feasibility Study.

Previously, Fluor Daniel were expected to fulfil this role however as they were unable to provide the appropriate team for this project within the specified timeframe Paladin decided not to proceed with them.

The changeover was carried out with the full co-operation and facilitation of Fluor Daniel, which has enabled a seamless transition to GRD Minproc with start up of the Bankable Feasibility Study commencing in April.

GRD Minproc was selected as a replacement for Fluor Daniel because of their ability to commit a suitably experienced team and expertise to the project at short notice with key man guarantees. Existing schedule and budget constraints have been maintained. GRD Minproc has an established Johannesburg office and a Perth head office. They have a proven international track record in mining process and project development and will value-add to this exciting mining project.

With commencement of work on the Langer Heinrich Bankable Feasibility Study completion date is expected to be January 2005 with likely commencement of construction in early 2005 and production in calendar year 2006.

KAYELEKERA URANIUM PROJECT (90%)

New Mining Act

The Malawian Government has decided to introduce a new Mining Act to allow easier development of its mineral resources. This modernisation of the current Act is seen as a very pro-active step being taken by the government to encourage both international and domestic investment in the mining sector.

The Minerals Policy document which will guide the formulation of the Mining Act is in advanced stage of completion and is expected to be adopted by the Government at its next parliamentary sitting. Paladin has participated in development of the Minerals Policy document, attending workshops and providing comments and recommendation to the various draft documents. The new Mining act is expected to be introduced later in the year.

Tenement Renewal/Future Programme

Paladin has been notified that EPL 070 which protects the Kayelekera Uranium project has been renewed for a further 1 year as allowed under the current Mining Act.

In view of the revived interest in uranium Paladin is planning to carry out a drilling program on the project in August/September 2004. This work involving approximately 1000m of RC and diamond core drilling will be focussed on obtaining ore samples for preliminary radiometric ore sorting testwork. These results will then be utilised in fine tuning feasibility study planning on this project.

MT LOFTY GOLD JOINT VENTURE (90%)

The submission made to Primary Industries and Resources SA to include a small excluded portion of ground containing part of the prospective target zone identified in the Stockyard Creek area has been deferred. The revised application to lift the exclusion over a portion of the Reserve consisting of approximately 7.95 hectares was presented to the Minister for Mineral Resources Development for his consideration. The joint venture has been advised that due to circumstances related to management complexities with regards to the Reserve, the Minister decided not to seek Cabinet approval to make a recommendation to lift the Reserve over Stockyard Gully at this point in time. We have been further advised that the Minister would be willing to reconsider this proposal once circumstances change and which is expected within the next twelve months.

The Mt Lofty joint venture has elected to continue but will put a hold on activities until matters are resolved and will re-submit its application in early 2005 for incorporation of the prospective zone contained in the Reserve into the exploration licence.

CORPORATE

Listing on German Stock Exchanges

During the quarter Paladin securities were granted a listing on the four Stock Exchanges in Germany. These are the Frankfurt, Munich, Berlin-Bremen and Stuttgart Stock Exchanges.

The listing has resulted from strong interest in Paladin by European investors stemming from the resurgence in the uranium market outlook and the Company's stated aim to complete a Bankable Feasibility Study on the Langer Heinrich Uranium Project in Namibia.

The listing allows the German-based shareholders to trade a foreign company's securities on their local exchanges with the proviso that the foreign company complies with and maintains a valid listing on a recognised stock exchange in its domicile country.

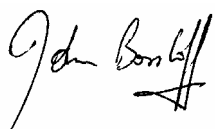
Baader Wertpapierhandelsbank AG has facilitated these listings as the specialist banker/broker and has representation at all of Germany's leading stock exchanges. All share trading in Germany is subject to laws and regulations which are strictly monitored by a government authority, the Exchange Supervisory Authority.

Fund Raising

Resource Capital Fund - on 26 February 2004 Paladin made a placement to Resources Capital Fund III LP, a private equity fund managed by the Denver based Resource Capital Funds (RCF), to raise \$500,000 by the issue of 6,250,000 fully paid shares at 8 cents per share. These funds were raised to allow completion of the Langer Heinrich Bankable Feasibility Study and to provide general working capital.

RCF is a resource focussed venture capital group with its principal office in Denver, Colorado and an additional office in Perth Western Australia. RCF targets companies that have quality late development stage mining projects and has invested in a diverse range of mining projects world-wide. RCF has raised in excess of US\$300 million in Private Equity funds for investment in the mining industry.

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.