



PALADIN RESOURCES LTD

A.C.N. 061 681 098

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Ref:F5704

25 February 2005

Company Announcements Office
Australian Stock Exchange Limited
2 The Esplanade
PERTH WA 6000

By Electronic Lodgement

Dear Sir/Madam

Half Yearly Financial Statements and TSX Listing

Attached, please find the Half Yearly Financial Statements for the period ended 31 December 2005.

Further, we advise that, with the approval of the Board, the Company is in the process of making application to list the Company's securities on the Toronto Stock Exchange.

Yours faithfully
Paladin Resources Ltd

JOHN BORSHOFF
Managing Director



PALADIN RESOURCES LTD

ABN 47 061 681 098

HALF YEARLY

REPORT

**for period ended
31 December 2004**

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This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2004 and any public announcements made by PALADIN RESOURCES LTD during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

CORPORATE DIRECTORY

DIRECTORS

Chairman
Mr Rick Crabb

Managing Director
Mr John Borshoff

Director
Dr Leon Pretorius

SECRETARY

Ms Gillian Swaby

REGISTERED OFFICE

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AUDITORS

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SOLICITORS TO THE COMPANY

Blakiston & Crabb
1202 Hay Street
West Perth Western Australia 6005

REVIEW OF OPERATIONS

URANIUM ACTIVITIES

URANIUM MARKET

The continuous and steady improvement in the uranium spot price over the past four years signifies a major shift in the supply/demand equation creating a clear "producer/seller's market". Encouragingly, solid positive signs remain indicating upward pressure still exists for ongoing price increases.

The major shortfall in uranium supply which is expected to manifest itself in the post 2006 period is not likely to be remedied within a decade or more as existing mine production is operating at near maximum capacity and additional mine production above that currently scheduled will be difficult to achieve. This outlook was confirmed during both session presentations and workshop discussions at the Nuclear Energy Institute International Uranium Fuel Seminar held in Jacksonville Florida mid-October 2004 attended by some 260 delegates representing a wide cross section of the nuclear electricity generating industry.

At the World Economic Forum held in Davos, Switzerland two of the world's biggest fund managers Morgan Stanley and Citigroup, as part of an overall commodities research study, stated they expect uranium prices to double to US\$45.00/lb in the next two years and then expect prices to ease to about US\$22.00/lb U_3O_8 in the longer term. However they also acknowledge that supply restrictions could well persist and this, in conjunction with predicted increase in use of nuclear energy could put continued longer-term upward pressure on pricing.

According to the published Ux longer term U_3O_8 price data, long term pricing has moved from US\$18.00/lb in May 2004 to US\$25.00/lb in December 2004 versus a spot price movement of US\$17.85 to US\$20.70/lb for the same period. This level of separation between term price and spot price has been an extraordinary development which clearly indicates that the buyers' market which has prevailed for 20 years has in a matter of months turned to a clear sellers' market with potential for further strengthening of the producers' position.

Paladin is well positioned to make maximum benefit from this favourable market outlook with its portfolio of quality uranium projects in Namibia, Malawi and Western Australia.

LANGER HEINRICH URANIUM PROJECT, NAMIBIA, SOUTHERN AFRICA (Paladin 100%)

Bankable Feasibility Study Progress

The Bankable Feasibility Study ("BFS") which commenced in April 2004 is progressing well with the sign-off by GRD Minproc, the Study Engineers, expected by early April 2005. During the half-year mining studies were progressed with a field visit involving potential mining contractors undertaken early in January 2005. Quotations for the carrying out of this mining work are now being awaited. The metallurgical studies have defined a workable flow sheet involving alkaline leaching and studies are in final stages of optimisation. Latest analysis indicates the cash operating costs will be in the US\$10.00/lb U_3O_8 range which is regarded as a highly encouraging result.

Mineral Resources Upgrade

During the period Hellman and Schofield Pty Ltd (H&S), the mineral resource specialists employed for the Langer Heinrich Bankable Feasibility Study, completed an update of the resource estimates based on 165 holes new infill RC holes totalling 6,521m carried out from September to November 2004 mainly in the Detail 1 area of the deposit.

This resource re-evaluation work (reported according to the JORC [1999] Code) has substantiated the significantly increased total resources as previously announced.

REVIEW OF OPERATIONS (Cont...)

The Revised Total Mineral Resources including all Detail areas (1 to 7) are now:

	Million tonnes	% U ₃ O ₈	Contained U ₃ O ₈ (tonnes)
300ppm cut-off			
Measured Resources	11.14	0.068%	7,547
Indicated Resources	4.42	0.057%	2,544
Measured and Indicated Resources	15.56	0.065%	10,094
Additional Inferred Resources	30.99	0.074%	22,956

500ppm cut-off			
Measured Resources	5.65	0.096%	5,446
Indicated Resources	1.87	0.083%	1,560
Measured and Indicated Resources	7.52	0.093%	7,006
Additional Inferred Resources	15.26	0.112%	16,196

Detail 1 Area Mineral Resources estimates at 500ppm cut-off			
Measured Resources (above water table)	3.69	0.099%	3,641
Indicated Resources (above water table)	0.83	0.084%	703
Measured and Indicated Resources	4.52	0.096%	4,344
Additional Inferred Resources (above and below water table)	7.06	0.1%	7,305

Geochemical analysis is still awaited to verify the radiometrically determined U₃O₈ grades used to determine mineral resources below the water table. Once confirmed it is expected that it will be possible to report the current Inferred Resources in a substantial part of the Detail 1 area as Measured and Indicated Resources.

Drilling Outside Currently Known Mineralisation

Part of the drilling program was designed to test a new interpretation predicting extension of mineralisation within a previously unknown and untested palaeochannel extending west of the Detail 1 area. The drilling along 3 x 500m profiles positively confirmed the existence of uranium mineralisation in this newly discovered palaeochannel. Environmental Assessment Report.

The draft Environmental Assessment Report was completed and presented at public participation meetings held in October in Windhoek, Swakopmund and Walvis Bay. The Company was encouraged by the level of support expressed for the project during the meetings. Matters arising from the three meetings and other comments received will be noted and dealt with in the final document. All the responses to the Environmental Assessment document received after the public participation meeting have now been addressed with positive outcomes.

Mining Operational Head Appointed

In anticipation of a positive outcome for the Langer Heinrich Bankable Feasibility Study Paladin engaged the services of Mr Garnet Halliday in December 2004 to strengthen the team and help facilitate the successful transition to a uranium producer. Mr Halliday is a mining professional with over 25 years experience in the minerals sector with a proven track record and demonstrated performance in operations, construction and in particular project start-up both locally and internationally. Mr Halliday has been appointed as Executive General Manager for Operations and Development. The extensive experience in the efficient establishment and operation of mining projects, combined with South African experience, makes Mr Halliday ably suited to head the mining arm of Paladin. The prime focus of Mr Halliday will be development of the Langer Heinrich Uranium Mining Project.

REVIEW OF OPERATIONS (Cont...)

KAYELEKERA URANIUM PROJECT, MALAWI, SOUTHERN AFRICA (Paladin 90%)

The Kayelekera Uranium Deposit is located in the northern part of Malawi, Southern Africa. The project is situated 40 kilometres west of the provincial town of Karonga. Paladin Resources Ltd holds a 90% interest in the Kayelekera Project with the remaining 10% held by Balmain Resources Pty Ltd, a privately owned Australian company.

Paladin has updated the Pre-Feasibility Study economic model for the Kayelekera Uranium project, originally undertaken in 2000. This reassessment work, justified by the increasing uranium price and a positive global market outlook, has confirmed that Paladin has a second uranium project in hand which offers exciting development prospects.

Paladin completed the update using what is now a conservative uranium price of US\$20.00/lb U_3O_8 , demonstrating that the Company's 90% share of the project has an estimated NPV_{10%} of US\$55 million with an IRR of 32%. At \$22.50/lb U_3O_8 these key financial parameters increase to US\$80 million and 43% respectively.

Hellman and Schofield Pty Ltd (H&S), mineral resource specialists, have completed new preliminary resource estimates on the Kayelekera Uranium Project as part of the project reassessment. These have been compiled in accordance with the JORC (1999) Code. Their evaluation indicates that the total U_3O_8 resources contained in the 100ppm and 500ppm cut off ranges is as follows:

- 100ppm cut-off: 12.5 million tonnes of ore at 0.092% U_3O_8 containing 11,500 tonnes U_3O_8
- 500ppm cut-off: 7.0 million tonnes of ore at 0.14% U_3O_8 containing 9,900 tonnes U_3O_8

These preliminary estimates are reported as Inferred Category Resources at this stage. The constraint restraining classification to the higher resource categories is the required verification of the base data, which is in progress.

During the period two diamond drill holes totalling 127 metres including 24 metres pre-collar were drilled to obtain mineralised sample material suitable for ore sorting testwork. 18 percussion drill holes totalling 921 metres were also drilled to close off the northern section of the orebody. The holes were radiometrically logged to determine equivalent uranium grades supported by geochemical analysis of the mineralised zones.

GRD Minproc has been requested to prepare a Bankable Feasibility Study ("BFS") program/schedule/budget for consideration by Paladin's Board of Directors. Work to date has involved visits by GRD Minproc engineers to Paladin's Perth office to examine the final feasibility study and available related project data established by the previous owners and a site visit to gain necessary familiarity with local conditions to optimise planning.

Discussions have also been held with the Malawi Government regarding the impending BFS planned for start up during the second quarter of 2005. Paladin has received enthusiastic support from the government representatives in regard to future project development.

MANINGEE, WESTERN AUSTRALIA (Paladin 100%)

The Manyingee Uranium Project is located in the northwest of Western Australia, 85km inland from the coastal township of Onslow. The property is protected by 3 Mining Leases covering 13km².

The Project contains an Indicated and Inferred Resource of 6.4 million tonnes of ore at a grade of 0.12% U_3O_8 containing 7,680 tonnes of U_3O_8 in permeable sandstone. Previous field trial testwork indicates the deposit is amenable to In-situ Leach Mining ("ISL").

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

REVIEW OF OPERATIONS (Cont...)

OOBAGOOMA, WESTERN AUSTRALIA (Paladin 100%)

The Oobagooma Project is located 75km north east of Derby in the Kimberley Region of Western Australia on freehold land owned by the Commonwealth Government and used by the military. The area is covered by two applications for exploration licences covering 392km². The project was explored by Afmeco from 1983 to 1986 during which time extensive zones of uranium mineralisation were discovered. Using geostatistical methods Afmeco calculated total geological resources of 8.2 million tonnes of ore at a grade of 0.12% U₃O₈ containing 9,950 tonnes of U₃O₈ (300ppm cut off).

No field work can be carried out until the exploration licences have been granted. 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 as a future ISL mining operation.

SPINIFEX WELL, WESTERN AUSTRALIA (Paladin 100%)

In December 2004 Paladin lodged an application for an exploration licence at Spinifex Well, 60 kilometres south of the coastal township of Onslow and 25 kilometres north of Paladin's Manyingee Project. The application covers interpreted palaeochannels believed to host uranium mineralisation. Grant of the application will be subject to the processes of the Commonwealth of Australia's Native Title Act.

PONTON, WESTERN AUSTRALIA (Paladin 100%)

In December 2004 Paladin lodged an application for an exploration licence at Ponton Creek, 180 kilometres east-north-east of the gold mining centre of Kalgoorlie in Western Australia. The application covers a major palaeochannel where previous exploration by PNC in the 1970's delineated significant uranium mineralisation. Grant of the application will be subject to the processes of the Commonwealth of Australia's Native Title Act.

QUASAR JOINT VENTURE, SOUTH AUSTRALIA (Paladin 20% and 15%)

Paladin is in joint venture in South Australia on Exploration Licences 3001 and 3078 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. Beverly commenced operations in 2001. Heathgate Resources is an Australian affiliate of General Atomics of the USA.

The two tenements are located immediately north of the Beverley Mine tenements. Quasar holds 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 previously carried out an electromagnetic airborne TEMPEST survey over the properties to identify prospective palaeochannels. The data delineated numerous targets and further rotary mud drilling is planned to test these prospective zones.

SICCUS JOINT VENTURE, SOUTH AUSTRALIA (Paladin 90%)

Paladin is in joint venture with Signature Resources NL on Exploration Licence 3288 at Wyambana on the western margin of the Frome Basin in South Australia. The exploration licence covers a number of interpreted palaeochannels considered prospective for uranium mineralisation that could be developed as an ISL mining operation. The tenement was granted on 2 December 2004 and exploration has not yet commenced.

REVIEW OF OPERATIONS (Cont...)

NAPPERBY AND NORTH EAST ARUNTA, NORTHERN TERRITORY

During the period Paladin sold these two non-core uranium exploration properties in the Northern Territory to Deep Yellow Ltd ("DYL").

For these properties, Paladin received a consideration comprising a \$100,000 cash payment, 15,000,000 fully paid shares in DYL, 25,000,000 one-cent options exercisable on or before 31 December 2007 and a 2% gross royalty. Paladin will also be reimbursed for any ongoing transitional costs.

NON URANIUM ACTIVITIES

MT LOFTY JOINT VENTURE, SOUTH AUSTRALIA (Paladin 90%)

Paladin is in joint venture with Absolut Resources Corp. ("Absolut") on Exploration Licence 2863 located in the MT Lofty Ranges 35 kilometres northeast of Adelaide, South Australia. Absolut has met its minimum expenditure of \$60,000 to earn a 10% interest in the project. Absolut can earn a total of 45% through expenditure of a further \$345,000. Absolute has agreed to fund the next stage of evaluation and continue earning further equity in the joint venture.

Investigations to date have identified high-grade gold mineralisation in the Stockyard Gully area. However a key parcel of land covering part of the mineralised area was excluded from the grant of EL 2863 preventing access for exploration. Paladin has approached the Government of South Australia to have the exclusion uplifted and remains hopeful that this can be achieved in due course. The full extent of mineralisation can then be investigated by reverse circulation drilling targeted to test both depth extension and lateral continuity of the identified mineralisation.

No active exploration was carried out on the project area during the half year due to the land access situation.

REAPHOOK JOINT VENTURE, SOUTH AUSTRALIA (Paladin 7.5%)

Paladin is in joint venture with Perilya Limited (85.0% and Manager) and Signature Resources NL (7.5%) on Exploration Licence 2991 at Reaphook Hill on the western margin of the Frome Basin in South Australia. The exploration target is base metals.

Perilya manages the tenement in combination with other tenements in which Paladin and Signature do not hold any interests. Perilya's exploration activities have been focussed on these other tenements and no field work was undertaken in EL 2991 during the half year.

DAVENPORT JOINT VENTURE, NORTHERN TERRITORY (Paladin 100%, Newmont earning 70%)

The Davenport Joint Venture covers three applications for exploration licences at Davenport, 350 kilometres north of Alice Springs in the Northern Territory. The exploration target is gold. The land underlying the applications is aboriginal freehold land subject to the Land Rights (Northern Territory) Act and agreement with the traditional owners is required before the applications can be granted. Newmont is responsible for negotiations with the traditional owners, but has not reported any progress for several years.

CORPORATE**\$3 Million Placement**

A private placement was completed with a prominent Canadian investment fund to raise \$3 million by the issue of 7.5 million fully paid shares at 40 cents per share. This placement was completed at 95% of market price.

Drawdown of Société Générale Loan Facility

As required in the A\$2,000,000 loan facility established with Société Générale Australia Branch (SG Australia) Paladin drew-down A\$500,000 of the facility on the signing of this loan agreement. As part of this drawdown SG Australia was given 10,000,000 options exercisable at 5.5 cents. Subsequently SG Australia elected to exercise these options providing Paladin with a further A\$550,000 in working capital.

Exercise of Options

During the September quarter, 4.2 million and 3.8 million unlisted options were exercised at 1.2 cents and 1.3 cents respectively. These were originally issued as part of the placement made to Contiguous Millennium Fund in August 2003 when Paladin's share price was only 0.8 cents.

CFO Appointed

The Company has appointed Mr Ron Chamberlain as Chief Financial Officer to assist Paladin's growing development and anticipated expansion.

Mr Chamberlain's experience in developing an effective corporate finance team for a publicly listed Australian company operating on a global scale, establishing the necessary systems and controls and participation in significant fund raising programs in international debt markets will provide added necessary expertise to cater for the growth of Paladin.

Annual General Meeting

This was held on 23 November 2004. All resolutions put to the meeting were passed on a show of hands.

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 half-year ended 31 December 2004.

Directors

The following persons were Directors of Paladin Resources Ltd during the whole of the half-year and up to the date of this report:

Mr Rick W. Crabb (Chairman - Non-Executive)
 Mr Michael Blakiston (Alternate Director for Mr Rick W Crabb) (resigned 20 December 2004)
 Mr John Borshoff (Managing Director)
 Dr Leon Pretorius (Executive Director)

On 17 June 2004, Mr Michael Blakiston was appointed an Alternate Director for Mr Rick W Crabb and he resigned from this position on 20 December 2004.

Review of Operations

The economic entity's policy is to write off exploration, evaluation and development expenditure relating to areas where deferred costs are not expected to be fully recouped through successful development or alternatively realised through sale. During the half year ended 31 December 2004 \$Nil has been written off (2003: \$Nil) and as at 31 December 2004 exploration, evaluation and development expenditure totalling \$6,320,327 (2003: \$3,398,536) has been carried forward. The consolidated results are as follows:

	2004	2003
	\$	\$
Operating profit after income tax	<u>23,039</u>	<u>364,429</u>

Auditor's Independence Declaration

We have obtained an Auditor's Independence Declaration from our auditors, RSM Bird Cameron Partners. For a copy of this declaration, please refer to the "Auditor's Independence Declaration to the Directors of Paladin Resources Ltd", included within the financial statements.

A detailed review of the economic entity's operations is set out on pages 3 to 8 of this report.

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



J Borshoff (Managing Director)

Perth, WA

23 February 2005

PALADIN RESOURCES LTD AND CONTROLLED ENTITIES
CONSOLIDATED STATEMENT OF FINANCIAL PERFORMANCE
FOR THE HALF-YEAR ENDED 31 DECEMBER 2004

	2004 \$	2003 \$
Revenue from ordinary activities	519,800	613,775
Borrowing costs	40,428	27,046
Depreciation and amortisation	43,394	38,686
General and administration	388,514	183,614
Cost of tenements sold	24,425	-
Profit from ordinary activities before income tax	23,039	364,429
Income tax expense	-	-
Total changes in equity other than those resulting from transactions with owners as owners	23,039	364,429
Basic profit per share (cents)	0.007	0.133
Diluted profit per share (cents)	0.006	0.133

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

PALADIN RESOURCES LTD AND CONTROLLED ENTITIES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2004

	31 Dec 2004 \$	30 June 2004 \$
CURRENT ASSETS		
Cash	6,684,685	4,638,702
Receivables	95,410	48,724
Property Plant & Equipment	1,104,886	1,114,242
TOTAL CURRENT ASSETS	7,884,980	5,801,668
NON CURRENT ASSETS		
Other Financial Assets	950,000	800,000
Property, Plant & Equipment	464,972	249,315
Receivables	84,438	64,438
Other	6,320,327	3,815,639
TOTAL NON CURRENT ASSETS	7,819,737	4,929,392
TOTAL ASSETS	15,704,717	10,731,060
CURRENT LIABILITIES		
Accounts Payable	706,888	553,538
Interest Bearing Liabilities	1,244,427	733,326
Provisions	36,699	33,702
TOTAL CURRENT LIABILITIES	1,988,014	1,320,566
TOTAL LIABILITIES	1,988,014	1,320,566
NET ASSETS	13,716,703	9,410,494
PARENT ENTITY INTEREST EQUITY		
Contributed Equity (Note 2)	28,548,462	24,265,296
Reserves	174,463	174,463
Accumulated Losses	(15,006,222)	(15,029,265)
TOTAL EQUITY	13,716,703	9,410,494

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

PALADIN RESOURCES LTD AND CONTROLLED ENTITIES
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2004

	2004 \$	2003 \$
Cash flows from operating activities		
Payments to suppliers and employees	(411,083)	(186,198)
Other receipts	70,013	132,122
Interest received	98,402	1,275
Interest paid	(29,867)	(27,046)
Rental income	60,265	74,769
Net cash outflow from operating activities	(212,270)	(5,078)
Cash flows from investing activities		
Project development expenditure	(1,953,565)	-
Exploration and evaluation expenditure	(422,198)	(173,199)
Sale of tenements and investments	100,000	477,555
Property, plant and equipment	(249,695)	-
Net cash inflow/(outflow) from investing activities	(2,525,458)	304,356
Cash flows from financing activities		
Share placement	3,099,800	168,350
Proceeds from share options	1,255,000	-
Fundraising costs	(71,629)	(5,435)
Proceeds from borrowings	500,540	-
Loan repayments	-	(5,000)
Net cash inflow from financing activities	4,783,711	157,915
Net increase in cash held	2,045,983	457,193
Cash at the beginning of the financial period	4,638,702	121,829
Cash at the end of the financial period	6,684,685	579,022

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

PALADIN RESOURCES LTD AND CONTROLLED ENTITIES
NOTES TO THE CONSOLIDATED
FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2004

Note 1. Basis of Preparation of Half-Year Financial Report

This general purpose financial report for the interim half-year reporting period ended 31 December 2004 has been prepared in accordance with Accounting Standard AASB 1029 Interim Financial Reporting, other mandatory professional reporting requirements (Urgent Issues Group Consensus Views), other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2004 and any public announcements made by PALADIN RESOURCES LTD during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period.

Note 2. Contributed Equity

	2004	2003
	\$	\$
(a) Share Capital		
Opening balance of contributed equity for the half year	24,265,296	19,470,094
Net funds raised from the issue of fully paid ordinary shares	4,283,166	233,715
Closing balance of contributed equity for the half year	28,548,462	19,703,809

	2004	2003
	Number	Number
Consisting of the following:		
Number of ordinary shares fully paid	363,885,715	280,935,713

(b) Options

Issued share options outstanding to Directors, employees and consultants directly engaged in corporate, project development, and exploration work for the Company were as follows:

	2004
	Number
Number of unlisted share options	34,350,000

Consisting of the following:

Expiry date	Exercise price	
26 May 2006	\$0.22	12,000,000
26 May 2006	\$0.32	3,000,000
30 November 2007	\$1.00	7,800,000
30 November 2007	\$1.25	1,300,000
20 December 2007	\$1.00	10,250,000

PALADIN RESOURCES LTD AND CONTROLLED ENTITIES
NOTES TO THE CONSOLIDATED
FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2004

Note 3. Segment Reporting

Industry Segments Half-year 2004

	Resources \$	Financial Investments \$	Property \$	Consolidated \$
Other revenue	<u>368,317</u>	<u>20,000</u>	<u>131,483</u>	<u>519,800</u>
Total segment revenue	<u>368,317</u>	<u>20,000</u>	<u>131,483</u>	<u>519,800</u>
Profit/(loss) from ordinary activities before income tax expense	(56,688)	20,000	59,727	23,039
Income tax expense	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Profit/(loss) from ordinary activities after income tax expense	<u>(56,688)</u>	<u>20,000</u>	<u>59,727</u>	<u>23,039</u>
Total assets	<u>13,461,418</u>	<u>1,034,438</u>	<u>1,208,861</u>	<u>15,704,717</u>
Segment liabilities	<u>1,242,517</u>	<u>-</u>	<u>745,497</u>	<u>1,988,014</u>
Acquisitions of non - current assets	<u>2,625,458</u>	<u>150,000</u>	<u>-</u>	<u>2,775,458</u>
Depreciation and amortisation expense	<u>34,038</u>	<u>-</u>	<u>9,356</u>	<u>43,394</u>

PALADIN RESOURCES LTD AND CONTROLLED ENTITIES
NOTES TO THE CONSOLIDATED
FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2004

Note 3. Segment Reporting (continued)

Industry Segments Half-year 2003

	Resources \$	Financial Investments \$	Property \$	Consolidated \$
Other revenue	126,015	412,815	74,945	613,775
Total segment revenue	126,015	412,815	74,945	613,775
Profit/(loss) from ordinary activities before income tax expense	(75,771)	412,815	27,385	364,429
Income tax expense	-	-	-	-
Profit/(loss) from ordinary activities after income tax expense	(75,771)	412,815	27,385	364,429
Total assets	4,297,076	884,438	1,132,955	6,314,469
Segment liabilities	529,751	-	761,150	1,290,901
Acquisitions of non - current assets	173,199	-	-	173,199
Depreciation and amortisation expense	38,686	-	-	38,686

PALADIN RESOURCES LTD AND CONTROLLED ENTITIES
NOTES TO THE CONSOLIDATED
FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2004

Note 3. Segment Reporting (continued)

Geographical Segments Half-year 2004

	Australia \$	Africa \$	Consolidated \$
Other revenue	<u>519,800</u>	-	<u>519,800</u>
Total segment revenue	<u>519,800</u>	-	<u>519,800</u>
Profit/(loss) from ordinary activities before income tax expense	23,039	-	23,039
Income tax expense	<u>-</u>	<u>-</u>	<u>-</u>
Profit/(loss) from ordinary activities after income tax expense	<u>23,039</u>	<u>-</u>	<u>23,039</u>
Total assets	<u>11,230,057</u>	<u>4,474,660</u>	<u>15,704,717</u>
Segment liabilities	<u>1,824,090</u>	<u>163,924</u>	<u>1,988,014</u>
Acquisitions of non - current assets	<u>280,819</u>	<u>2,494,639</u>	<u>2,775,458</u>
Depreciation and amortisation expense	<u>43,394</u>	<u>-</u>	<u>43,394</u>

PALADIN RESOURCES LTD AND CONTROLLED ENTITIES
NOTES TO THE CONSOLIDATED
FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2004

Note 3. Segment Reporting (continued)

Geographical Segments Half-year 2003

	Australia \$	Africa \$	Consolidated \$
Other revenue	613,775	-	613,775
Total segment revenue	613,775	-	613,775
Profit/(loss) from ordinary activities before income tax expense	364,429	-	364,429
Income tax expense	-	-	-
Profit/(loss) from ordinary activities after income tax expense	364,429	-	364,429
Total assets	4,955,081	1,359,388	6,314,469
Segment liabilities	1,290,901	-	1,290,901
Acquisitions of non - current assets	12,736	160,463	173,199
Depreciation and amortisation expense	38,686	-	38,686

**PALADIN RESOURCES LTD AND CONTROLLED ENTITIES
NOTES TO THE CONSOLIDATED
FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2004**

Note 4. Contingent Liabilities

There have been no changes in the contingent liabilities from those reported in the previous financial year.

Note 5. International Financial Reporting Standards

Australia is currently preparing for the introduction of Australian equivalents to International Financial Reporting Standards (IFRS) effective for financial years commencing on or after 1 January 2005.

For the Company this will be effective for the financial year commencing 1 July 2005, and will require the production of accounting data that is compliant with IFRS including comparatives from 1 July 2004.

The Company's management is adopting a three phase approach to IFRS:-

Phase 1	Identification of IFRS differences, including those relating to the recently published AASB 6: Exploration for and Evaluation of Mineral Resources
Phase 2	Quantification of IFRS differences
Phase 3	Adjustment to accounting data and disclosures for IFRS differences

At the present time the Company's management is completing Phase 1 and expects to be fully compliant with IFRS for the financial year commencing 1 July 2005.

DIRECTORS' DECLARATION

The directors of the company declare that:

1. The financial statements and notes, as set out on pages 10 to 18:
 - (a) comply with Accounting Standards AASB 1029: Interim Financial Reporting and the Corporations Regulations 2001; and
 - (b) give a true and fair view of the consolidated entity's financial position as at 31 December 2004 and of its performance for the half year ended on that date.
2. In the directors' opinion there are reasonable grounds to believe that Paladin Resources Ltd will be able to pay its debts as and when they become due and payable.

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

DATED at Perth, WA this 23rd day of February 2005



J Borshoff (Managing Director)

**INDEPENDENT REVIEW REPORT
TO THE MEMBERS OF
PALADIN RESOURCES LTD**

Scope

The financial report and directors' responsibility

The financial report comprises the statement of financial position, statement of financial performance, statement of cash flows, accompanying notes to the financial statements, and the directors' declaration for Paladin Resources Ltd (the Consolidated Entity) for the half-year ended 31 December 2004. The Consolidated Entity comprises Paladin Resources Ltd (the Company) and the entities it controlled during that half-year.

The directors of the Company are responsible for the preparation and true and fair presentation of the financial report in accordance with the Corporations Act 2001. This includes the responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error and for the accounting policies and accounting estimates inherent in the financial report.

Review approach

We conducted an independent review in order for the Company to lodge the financial report with the Australian Securities and Investments Commission. Our review was conducted in accordance with Australian Auditing Standards applicable to review engagements.

We performed procedures in order to state whether on the basis of the procedures described anything has come to our attention that would indicate the financial report does not present fairly, in accordance with the Corporations Act 2001, Accounting Standard AASB 1029: Interim Financial Reporting and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of the Consolidated Entity's financial position and of its performance as represented by the results of its operations and cash flows.

We formed our statement on the basis of the review procedures performed, which were limited primarily to:

- Enquiries of company personnel; and
- Analytical procedures applied to the financial data.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our review was not designed to provide assurance on internal controls.

The procedures do not provide all the evidence that would be required in an audit, thus the level of assurance is less than given in an audit. We have not performed an audit, and accordingly, we do not express an audit opinion.

A review cannot guarantee that all material misstatements have been detected.

Independence

In conducting our review, we followed applicable independence requirements of Australian professional ethical pronouncements and the Corporations Act 2001 and we have provided a declaration to the Directors of the Company to this effect dated 22 February 2005, that would be in the same terms if it were given to the Directors at the date of this review report.

Statement

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of the Company is not in accordance with:

- (a) the Corporations Act 2001, including:
 - (i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2004 and of its performance for the half-year ended on that date; and
 - (ii) complying with Accounting Standard AASB 1029: Interim Financial Reporting 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: 24 February 2005

RSM Bird Cameron Partners

Chartered Accountants

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AUDITOR'S INDEPENDENCE DECLARATION TO THE DIRECTORS OF PALADIN RESOURCES LTD

In relation to our review of the financial statements of Paladin Resources Ltd for the half year ended 31 December 2004, to the best of our knowledge and belief, there have been no contraventions of the auditor independence requirements of the Corporations Act 2001 or any applicable code of professional conduct.



RSM BIRD CAMERON PARTNERS
Chartered Accountants



S C CUBITT
Partner

Perth, WA
Dated: 22 February 2005