



PALADIN RESOURCES LTD

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28 April 2005

The Company Announcements Officer
Australian Stock Exchange Limited
Exchange Centre
20 Bridge Street
SYDNEY NSW 2000

Dear Sir/Madam

QUARTERLY REPORT FOR PERIOD ENDING - 31 MARCH 2005

HIGHLIGHTS

- *Long term uranium contract prices increase to US\$28.00/lb U₃O₈*
 - *Uranium spot price up US\$3.30 to US\$24.00/lb U₃O₈ for the quarter with strong upward pressure evident.*
 - *Langer Heinrich Uranium Project*
 - *10,000m RC resource drilling program approved. Start up May 2005*
 - *Kayelekera Uranium Project*
 - *BFS program/schedule including drilling approved. Start up May 2005*
 - *AUD\$37.8M institutional capital raising successfully completed*
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URANIUM MARKET – MAINTAINING UPWARD PRICE STRENGTH

According to the published Ux longer term U₃O₈ price data, long term pricing has moved from US\$25.00/lb in December 2004 to US\$28.00/lb in April 2004 versus a spot price movement of US\$20.70/lb to US\$24.00/lb for the same period, indicating continued strength in both key aspects of the market. The strengthening of the uranium price has been reinforced by new players coming into the market particularly Uranium Participation Corp, a Canadian based Company, which is raising C\$80M to C\$100M to purchase 3Mlb U₃O₈ from suppliers and with anticipated increases in uranium prices hoping to generate profits from the stockpile it plans to accumulate

LANGER HEINRICH URANIUM PROJECT (100%)

Bankable Feasibility Study

The Langer Heinrich Bankable Feasibility Study (BFS) has been submitted to Paladin by GRD Minproc, the Study Engineers, and is currently being reviewed by management. Results are in line with expectations and implementation of the BFS will be formally decided by the Board next week.

RC Resource Drilling Program Approval

A 10,000m RC drilling programme has been approved to test the potential of an untested palaeochannel and this work is planned to commence early May.

Palaeodrainage channel interpretation and resource drilling by Paladin in 2004 indicated the presence of a deeper mineralised palaeochannel which previously was not recognised. The deeper palaeochannel extends westerly from Detail 1 coursing north of Detail 2 toward Detail 7. A distance of 5 km of prospective channel has been identified which requires testing. Analysis of the known uranium resources indicates the palaeochannel drainage systems can contain between 2,000t to 5,000t U_3O_8 per km at a grade range of 0.07% to 0.08% U_3O_8 . Potential therefore exists to delineate a further 10,000t to 20,000t of uranium resource which will significantly upgrade the overall Mineral Resource base of the Langer Heinrich Project.

A total of 250 RC drill holes will be drilled on 100 x 100m centres. All drill holes will be down hole logged and equivalent uranium grades will be calculated using the correction factors defined by the 2004 drilling program. This resource drilling is planned to be completed by August 2005.

This additional drilling does not relate to the BFS which is currently under review and for which sufficient uranium resources have been delineated. Defining any additional resources will have a very positive influence on the future of the Langer Heinrich Project as it will allow expanded production to be considered as the Stage II development phase once the initial mining operations as envisaged in the BFS have been bedded down after 12-18 months of production.

A radiological program is also included in the activities involving the further collection of background radionuclide data, radioactivity dose levels and radon flux in soils, rock outcrops and ephemeral creeks within the Project tenement as part of the ongoing development of the environmental database.

KAYELEKERA URANIUM PROJECT (90%)

Bankable Feasibility Study Go Ahead

In keeping with its stated aim to become a key uranium supplier within the next 3 to 4 years, the Board has approved a US\$2.3M BFS to progress its Kayelekera Uranium Project in Malawi to its next stage of development.

The BFS study will address resource modelling, mine plan development, process development, infrastructure, environmental issues, tailings, disposal and supply of services. As with its Langer Heinrich Uranium Project, a huge amount of work has been carried out on Kayelekera by previous workers. This included the completion of a comprehensive final feasibility study in 1990 by a major international engineering group, Wright Engineers Ltd. This work has been augmented by later evaluation by Paladin to Pre-Feasibility stage which has included further drilling. The BFS that will be carried out for Paladin is seen to be largely an exercise of verification and optimisation of previous results. The technical risk factors associated with the project are regarded as being minimal.

Study Engineers

Two engineering groups were invited by Paladin to submit on behalf of Paladin (Africa) Ltd, its wholly owned Malawi subsidiary, a proposal for the completion of a BFS to study the viability of developing the Kayelekera Uranium Deposit in Malawi. Selection of the successful Study Engineers is expected to be made by mid May. Proposals outline the full scope of work required and estimate completion of the BFS by mid 2006.

Paladin Support Activities

Paladin will undertake in-country logistical and technical support for the BFS. The following programme has been approved.

- In-country establishment

Establishment in May 2005 of a permanent office in Lilongwe manned with a company representative to both liaise with Government Departments and facilitate field activities. A field base will also be established at Karonga (600km north of Lilongwe) to support on-site activities at Kayelekera to deal with local employees, BFS study activities and provide a main contact point for the surrounding community.

- Drilling

A 4,500m RC drilling programme has been approved commencing in June 2005 to better define the mineralisation for pit optimisation purposes, increase the currently stated Indicated and Measured Resource base and undertake some sterilisation work.

600m of diamond drilling will also be carried out to obtain samples for metallurgical studies. Work will involve drilling 6 to 7 holes of HQ core to provide two (2) tonnes of samples for testwork.

The budget approved for the BFS and Paladin support activities totals US\$2.3M. On current scheduling it is anticipated the BFS could be submitted to the Malawi Government early enough to allow for project development approval by the end of 2006.

Should the Kayelekera Uranium Project proceed to development of a uranium mine, it will be the first modern mining operation to be constructed in Malawi and therefore has huge significance for the country. For this reason the Malawi Government is fully committed to the successful development of Kayelekera. Using the Pre-Feasibility Study mine model production rate of 1,000tpa U₃O₈, Kayelekera has the potential to become the third largest export revenue earning project after the country's tobacco and tea industries, further underpinning the importance of this project to Malawi.

The Kayelekera Project, combined with Langer Heinrich, has the opportunity to take Paladin to an annual production of 4.8Mlb U₃O₈ placing it in a strategic supplier category of significant international importance.

CORPORATE

\$37.8 Million Placement

During the period agreement was reached to place a total of 36 million fully paid shares at an issue price of AUD\$1.05 per share, raising \$37.8 million before the payment of commission (AUD\$756,000 being 2% of funds raised). The private placement was very well received and was over-subscribed, indicating strong interest in the Company's activities. All the placees were

institutional investors, based primarily outside of Australia, with a number of new institutional investors participating. The placement was settled by the lead agent, National Bank Financial Inc., based in Toronto.

A major part of the funds raised will be used to assist in a seamless transition on the Langer Heinrich Project from the Bankable Feasibility Study into early stage development of the project.

Toronto Stock Exchange (TSX) Dual Listing

Conditional approval has been received for the dual listing of Paladin on the TSX. This is expected to occur in early May 2005.

Board Restructure

As advised, Paladin has commenced restructuring of its Board.

Board restructure was required to establish the appropriate skill base mix for the Board of a growing Company and to accommodate needs of having a Canadian resident director because of the impending Canadian listing and TSX requirements in this regard. Key requirements are that there will need to be 3 independent directors.

Sean Llewelyn (based in Brisbane) and Cliff Davis (based in Toronto) joined the Board as non-executive directors on 12 April 2005. Mr Llewelyn brings to the Paladin board a unique mix of financial, legal and uranium marketing skills, and to develop trading/financing strategies for the nuclear fuel cycle elements.

Mr Davis a Mining Engineer with 35 years international operational experience offers the Board the necessary expertise in development and operational matters.

As part of the Company's growth and necessary Board restructuring, Executive Director Dr Leon Pretorius has elected to resign as a Director. Leon's valuable contribution during a critical phase of Paladin's growth is acknowledged and his high degree of dedication and effort appreciated. Leon will continue his technical involvement with Paladin as before, specifically assisting with the Company's African business development.

Top 300 ASX Index

In line with the growing stature of Paladin, the Company was advised in March 2005 that it was now a member of the group of Australian companies that form the S & P/ASX 300 Index.

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.