



PALADIN RESOURCES LTD

A.C.N. 061 681 098

GRAND CENTRAL 1ST FLOOR, 26 RAILWAY ROAD
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

29 July 2005

The Company Announcements Officer

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

Dear Sir/Madam

QUARTERLY REPORT FOR PERIOD ENDING - 30 JUNE 2005

HIGHLIGHTS

- ***Mining Licence Granted for Langer Heinrich Uranium Project, Namibia (subsequent to quarter end)***
 - ***Kayelekera Uranium Project, Malawi***
 - ***BFS commenced, metallurgical drilling 75% completed***
 - ***Long term contract prices currently at US\$31/lb U₃O₈ (up US\$3.00)***
 - ***Uranium Spot price up US\$6.50 to US\$29.50/lb U₃O₈ for the quarter***
 - ***Paladin enters S&P/ASX 200 index***
-
-

URANIUM DEMAND INCREASING - MINE SUPPLY THE KEY

World requirement for U₃O₈ is currently about 77,000t per year rising between 1,200t to 2,400t per year and is forecast to be around 125,000t per year by the early 2020's. Mine production is around 48,000t per year U₃O₈ with the other 30,000t required to meet demand, coming from the down blending of weapons grade material, and inventories which have now been consumed to the extent that they can no longer be used dictate the downward pricing of uranium – as had been the case for the past 25 years. With mining output only expected to increase marginally to 54,000t per year in the next 3 to 5 years, the supply situation is expected to remain tight and strong upward pressure on prices is expected to continue. Fundamental changes are required to remedy the required mine supply shortage in the mid to long term to feed the ever growing fuel requirement for nuclear reactors.

Paladin is exceptionally well placed to benefit from this looming and unprecedented supply squeeze which is emerging.

LANGER HEINRICH URANIUM PROJECT (100%)

Bankable Feasibility Study Delivered

GRD Minproc (Pty) Ltd ("GRD Minproc"), the study engineers, finalised and delivered the Bankable Feasibility Study (BFS) on Paladin's 100% owned Langer Heinrich Uranium Project in Namibia.

The BFS concluded that the Langer Heinrich Uranium Project can be developed into a profitable mining operation.

The BFS document covers all aspects of the Project including resources/reserves detailing, mining, production, tailings disposal and uranium marketing and is supported by comprehensive environmental studies and management plans. The Project is designed to produce 1,180 tonnes (2.6M lbs) per annum (tpa) of uranium oxide concentrates (U_3O_8) from 1.5Mtpa of calcrete associated ores by ore beneficiation, alkaline leaching (heating to $75^{\circ}C$), counter-current decantation, ion exchange, precipitation and calcining to produce saleable U_3O_8 .

The process plant design including infrastructure and utilities has been developed with capital and operating estimates to $\pm 10\%$ accuracy and also addresses mining, processing, general administration costs and environmental implications.

Resources and Reserves

The JORC (1999) Code compliant Mineral Resource base used for the BFS pit optimisation work has been previously announced and is summarised as follows:-

TOTAL ESTIMATED RECOVERABLE RESOURCES									
Cut-off	Measured			Indicated			Inferred		
ppm	Mt	ppm	t U_3O_8	Mt	ppm	t U_3O_8	Mt	ppm	t U_3O_8
300	15.24	740	11,208	9.01	660	5,900	22.02	710	15,703

The finalised BFS results utilising the Measured and Indicated Resources, run on a uranium price of US\$25/lb U_3O_8 determined the following Reserves:-

U_3O_8 Price US\$/lb	Ore (Mt)	Grade U_3O_8 (ppm)	Recovered U_3O_8 (t)	Waste (Mt)	Total (Mt)	Strip Ratio Waste:ore	Cut off U_3O_8 (ppm)
25	22.24	705	14,107	40.02	62.26	2.1:1	250

Project Mining Model

The BFS defined ore reserves, generated from the Indicated and Measured Resources, occur mainly in the Detail 1 and 2 areas, with a small portion coming from the Detail 3 and 5 areas. Using the ore reserve base of 22.24Mt at an average grade of 0.071% U_3O_8 the BFS has a scheduled mine life of 11 years and a process plant life of 15 years. Based on the mill throughput design of 1.5Mtpa of ore, the BFS shows 1,180tpa U_3O_8 can be produced for the first 11 years at a head feed grade of 0.0875% U_3O_8 and 401tpa U_3O_8 over the last 4 years, using the accumulated low grade stockpile grading 0.032% U_3O_8 .

The capital costs total US\$92M including a 10% contingency totalling US\$10M. The capital costs have increased from those which were previously stated. The possibility of a longer project life arising from the available Inferred Resources has made minimisation of operation costs a priority objective. Increasing capital expenditure to facilitate this exhibits, on an incremental basis, comparatively small impact on project economics, compared to operational cost increases and long term performance.

Development Implementation Plan

The Company plans to develop the Project in two phases:-

- Phase 1: will consist of the Front End Engineering & Design (FEED) including optimisation work on capital, operating costs, project design, placement of procurement contracts for long lead time items and critical path activities. This is expected to take three to four months, with some non critical engineering being carried over into the construction phase. Budget: US\$20M. Completion: November 2005.
- Phase 2: Construction through to mechanical completion and handover.

The balance of funding for the project will be via a debt/equity package and negotiations for the debt component are well advanced. The total Project schedule is 15 months starting on 1st June 2005 with commissioning and first ore feed starting in September 2006.

Mining Licence Approval

Subsequent to the end of the quarter, the Minister of Mines and Energy in Namibia approved the granting of a 25 year Mining Licence, allowing full scale development of the Langer Heinrich mining operation to proceed. This is a milestone achievement for the Company and Paladin would like to acknowledge the highly professional and timely manner in which both the Commissioner of Mines and the relevant Departments of the Namibian Government have dealt with the progress of the Project.

With the Langer Heinrich mine in production, Namibia will maintain its position as an important producer of uranium on the world scene.

A significant amount of preparatory work for the Phase I development work during the Mining Licence approval process and the overall project schedule has been maintained. Negotiations with construction engineers are well advanced and negotiations have also commenced for the construction of the 80km water pipeline and electrical power line to the site. Long lead time equipment items have been identified and orders have been placed. The planned Phase I development will now proceed seamlessly to engineering and design to enable the construction to begin during early 4th quarter 2005. Commissioning activities are expected to commence September 2006.

Key development personnel to supplement the Company's onsite Project team have been identified and office facilities have been established in Swakopmund.

The development of the Langer Heinrich uranium mine marks a significant event not only for Paladin but also for the uranium supply industry in general. Langer Heinrich represents the first new, conventional uranium mining and treatment operation to be given the go ahead in more than 2 decades and, moreover, Paladin will be the first new supplier to enter the uranium industry since 1983.

New Palaeochannel Resource Drilling

The 10,000m RC drilling program is continuing and is on schedule. Results will be available once this programme is completed and a resource model is developed over the new 5km palaeochannel which is being investigated.

KAYELEKERA URANIUM PROJECT (90%)

Bankable Feasibility Study Progress

The 6 hole HQ diamond drill core programme to collect 2,000kg of mineralized samples for the metallurgical verification testwork is 75% completed and expected to finish early August 2005. This programme is designed to sample and metallurgically test the range of potential ore material that is planned to be mined from the deposit.

The 4,500m RC resource drilling programme was delayed due to rig availability and commenced the last week of July, 2005.

The Minproc BFS team made a 5 day visit to the project area to gain onsite familiarity and also gather first hand information on infrastructure, service availability and general logistics support. The BFS programme and work schedule is now finalised and sub contractors to assist in the BFS process are being engaged by Minproc.

Paladin Purchases Balance of 10% Interest

Agreement was reached on 6 July 2005 to purchase from Balmain Resources Pty Ltd ("Balmain"), its 10% joint venture interest in the Kayelekera Uranium Project in Malawi. Balmain was the original owner of the project and Paladin farmed into the project in 1998. Balmain's 10% interest was free carried until completion of a BFS.

The sale interest will be purchased by Paladin (Africa) Ltd, a wholly owned subsidiary of Paladin for the consideration of A\$5,372,250 satisfied by the issue by Paladin of 4,350,000 ordinary fully paid shares at an issue price of A\$1.235 being the 5 day moving average of Paladin's share price from 29 June 2005 to 5 July 2005.

The sale and purchase is subject to gaining necessary approval of the Toronto Stock Exchange and the Government of Malawi by 31 July 2005.

Balmain has agreed to enter into a private escrow agreement, covenanting as follows: –

- a. 25% of the shares shall be immediately free trading;
- b. Further tranches of 25% of the Paladin Shares may be traded after 6, 12 and 18 months from satisfaction of the conditions;

If the trading price for ordinary shares in Paladin at any time equals or exceeds A\$2.00 then the escrow arrangement shall cease to apply and Balmain may freely trade the Paladin Shares.

CORPORATE

Board Changes

On 1 June 2005 Paladin appointed Mr George Pirie (based in Toronto) as a director of the Company to replace Mr Cliff Davis who, for personal reasons, resigned as a director.

Mr Pirie has 24 years experience in the mining business and amongst his many other positions in the Canadian mining industry was Chief Executive Officer of Placer Dome Canada until the end December 2004. He currently serves on several boards including: Ontario Mining Association, Mining Association of Canada, Canadian Mineral Industry Education Foundation, Mirarco Mining Innovation and Co-Chair of the Mining Cluster Initiative for the Ministry of Northern Development & Mines. Mr Pirie will also chair the Audit Committee and his extensive knowledge of the Canadian resource sector and understanding of mining operations will be of great value to Paladin.

On 29 June 2005 Paladin appointed Mr Ian Noble as a director of the Company. Ian has over 40 years worldwide experience covering the mining, chemical and nuclear industries with a strong emphasis in the mining and mineral processing fields. He worked extensively with Wright Engineers Pty Limited and Fluor Engineering and was involved on various uranium projects including the Ranger Uranium Mine and Olympic Dam.

His appointment as a director completed the restructure of the Paladin Board, giving it the broad range of skill sets necessary to oversee the growth of the Company to its full potential.

Sale of Non-Core South Australian Uranium Property Database

Paladin sold to Deep Yellow Ltd (DYL) a non-core uranium exploration property in the Frome Basin in South Australia together with the licensing of a comprehensive regional database covering the Frome Basin area. With Paladin's priority to focus on developing its advanced uranium projects this enables the opportunity to allow development of these non core projects to then benefit Paladin by flow through from any upside through its growing equity holding in DYL.

The consideration comprises 7,500,000 fully paid shares in DYL and 12,500,000 unlisted options exercisable at 12 cents on or before 15 July 2008. The issue of these securities is subject to the approval of DYL shareholders.

Change of Auditors

The Company changed auditors from RSM Bird Cameron Partners to Ernst & Young due to the evolving international activities of Paladin.

The Australian Securities & Investment Commission granted approval to the change due to the inability of the Canadian member firm of RSM International to provide the professional services of the kind required by the Paladin Group.

Entry into S&P/ASX 200 Index

Effective close of trade 17 June 2005, Paladin Resources Ltd was advised of its entry into the S&P/ASX 200 Index. This reflects a movement up from the S&P/ASX 300 which Paladin first entered in the previous quarter.

Yours faithfully
Paladin Resources Ltd



JOHN BORSHOFF
Managing Director

The information in this report that relates to mineral resources is based on information compiled by Ed Becker BSc (hons), MAusIMM, David Princep BSc MAusIMM each of whom have more than five years experience in estimation of mineral resources and ore reserves. Mr Becker is a full-time employee of Paladin Resources Ltd. Mr Princep is a full-time employee of Hellman & Schofield Pty Ltd. The work has been reviewed by Arnold van der Heyden BSc MAusIMM who is a full-time employee of Hellman & Schofield Pty Ltd. Messrs Becker and van der Heyden each have sufficient experience relevant to assessment of uranium mineralisation to qualify as Competent Persons as defined in the "Australasian Code for Reporting of Mineral Resources and Ore Reserves". Each of the above named consents to the inclusion of the information in the report in the form and context in which it appears. Note: the use of significant figures in the resource tables does not imply precision and is used to avoid round off errors.

Appendix 5B

Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001.

Name of entity

PALADIN RESOURCES LIMITED

ABN

47 061 681 098

Quarter ended ("current quarter")

30 June 2005

Consolidated statement of cash flows

		Current quarter \$A'000	Year to date (12 months) \$A'000
Cash flows related to operating activities			
1.1	Receipts from product sales and related debtors		
1.2	Payments for (a) exploration and evaluation	(200)	(988)
	(b) development	(1,105)	(4,163)
	(c) production		
	(d) administration	(1,111)	(1,831)
	(Refer Item 1.25)		
1.3	Dividends received		
1.4	Interest and other items of a similar nature received	235	414
1.5	Interest and other costs of finance paid	(14)	(58)
1.6	Income taxes paid		
1.7	Other (provide details if material)	25	194
	Rental Income and Other Income		
	Net Operating Cash Flows	(2,170)	(6,432)
Cash flows related to investing activities			
1.8	Payment for purchases of: (a) prospects		
	(b) equity investments		
	(c) other fixed assets	(765)	(1,149)
1.9	Proceeds from sale of: (a) prospects	-	100
	(b) equity investments		
	(c) other fixed assets	1,200	1,200
1.10	Loans to other entities		
1.11	Loans repaid by other entities		
1.12	Other (provide details if material)		
	Net Investing Cash Flows	435	151
1.13	Total operating and investing cash flows (carried forward)	(1,735)	(6,281)

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(1,735)	(6,281)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	37,800	42,375
1.15	Proceeds from sale of forfeited shares		
1.16	Proceeds from borrowings	-	500
1.17	Repayment of borrowings	(733)	(733)
1.18	Dividends paid		
1.19	Other (provide details if material)	(939)	(1,011)
	Fundraising Costs		
	Net Financing Cash Flows	36,128	41,131
	Net increase (decrease) in cash held	34,393	34,850
1.20	Cash at beginning of quarter/year to date	5,096	4,639
1.21	Exchange rate adjustments to item 1.20		
1.22	Cash at end of quarter	39,489	39,489

Payments to directors of the entity and associates of the directors

Payments to related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	552 (Refer Item 1.25)
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

Following the sale of commercial premises in Belmont Western Australia, outstanding debts owing to directors and former directors or related entities totalling A\$402,836 were repaid. Administration costs for the quarter also reflect the cost of listing on the Toronto Stock Exchange, where trading commenced 29 April 2005.

Non-cash financing and investing activities

- 2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

N/A

- 2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

N/A

Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1	Loan facilities	
	2,000	500
3.2	Credit standby arrangements	
	-	-

+ See chapter 19 for defined terms.

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	1,600
4.2 Development	16,400
Total	18,000

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	1,244	374
5.2 Deposits at call	60	4,722
5.3 Bank overdraft		
5.4 Other (provide details) Bank Bills	38,185	
Total: cash at end of quarter (item 1.22)	39,489	5,096

Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1 Interests in mining tenements relinquished, reduced or lapsed	N/A			
6.2 Interests in mining tenements acquired or increased	N/A			

Appendix 5B
Mining exploration entity quarterly report

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

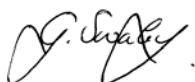
		Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1	Preference + securities <i>(description)</i>				
7.2	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3	+Ordinary securities	400,885,713	400,885,713		
7.4	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	36,000,000	36,000,000	\$1.05	\$1.05
7.5	+Convertible debt securities <i>(description)</i>				
7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7	Options <i>(description and conversion factor)</i>	11,000,000 3,000,000 8,050,000 10,250,000 1,300,000		Exercise price \$0.22 \$0.32 \$1.00 \$1.00 \$1.25	Expiry date 26.05.06 26.05.06 30.11.07 20.12.07 30.11.07
7.8	Issued during quarter				
7.9	Exercised during quarter				
7.10	Expired during quarter				
7.11	Debentures <i>(totals only)</i>				

+ See chapter 19 for defined terms.

7.12	Unsecured notes (<i>totals only</i>)		
------	---	--	--

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 4).
- 2 This statement does give a true and fair view of the matters disclosed.



Sign here:

(Company secretary)

Date: 29 July 2005

Print name: Gill Swaby

Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

== == == == ==