



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

31 October 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 SEPTEMBER 2005

HIGHLIGHTS

- *Construction commences on the Langer Heinrich Uranium Project*
 - *BFS Metallurgical testwork underway on the Kayelekera Uranium Project*
 - *Project and general working capital funding successfully completed*
 - *Uranium spot price currently US\$33/lb U₃O₈ (up US\$3.50 for the quarter)*
-
-

NUCLEAR POWER GAINING FURTHER ACCEPTANCE

Crucial developments are occurring in the global nuclear industry which further endorse the fact that nuclear energy is undergoing a very strong growth phase. At long last US utilities are investing in applications to build new reactors after a hiatus of nearly 30 years. This signals a very important move for the sector and places further credibility on the belief that the industry is in remarkable revival. The Swedish Government, having previously set a policy of nuclear phase-out, has declared it is not possible to shut down its nuclear power plants without serious disruption to electricity production. Also EU parliamentarians have called for nuclear recognition and said that nuclear power would remain central to the EU's energy and environmental policy planning.

Meanwhile the spot price of uranium continues to rise. At the end of October it was reported by UxC to be US\$33/lb U₃O₈ with upward price pressure still remaining.

LANGER HEINRICH URANIUM PROJECT (100%)

Ground Breaking Ceremony/Construction Commences

The Namibian Minister of Mines and Energy, The Honorable Mr E Nghimtina, at a ceremony held at site on 15 September, officially initiated the commencement of construction activities for the Langer Heinrich Uranium Project. The ceremony was attended by a number of Namibian Government officials, local community representatives, as well as Namibian media.

The Project, based on the original feasibility study schedule, is progressing as planned, with engineering and design well advanced. The development activities at Langer Heinrich remain on schedule. The civil and earthworks contracts have now been awarded and the construction camp to accommodate 560 workers is underway.

Project Finance Secured – Debt and Equity

Paladin accepted credit committee approved offers of financing totalling US\$71M, consisting of a 7 year Project Finance Facility of US\$65M and a Standby Cost Overrun Facility of US\$6M. The facilities are being provided by Société Générale Australia Branch (as lead arranger), Nedbank Limited and Standard Bank of South Africa Ltd. Drawdown on the financing is subject to completion of legal due diligence and documentation, and fulfilment of other conditions precedent usual for this type of funding.

Behre Dolbear Australia, the noted engineering and resource development specialists, completed an extensive due diligence of the project and the Bankable Feasibility Study (BFS). They found the Project investigations and the GRD Minproc BFS were thorough and professional and that the project development plan was appropriate, reasonable and achievable. This provided the bank consortia with the necessary level of confidence to allow final negotiations to be concluded smoothly and quickly.

In addition a total of A\$77M was raised by private placement in October 2005 and a portion of this is allocated to fund the equity portion of the project funding package.

Revised Mining Reserves (Details 1, 2, 3 and 5 Areas)

Due to the increasing price of uranium the Langer Heinrich mine design and planning was revised using a US\$30/lb instead of a US\$25/lb U₃O₈ price, as used in the BFS. The table below details these new reserves and also compares them against those in the BFS.

ESTIMATED MINERAL RESERVE (250 ppm Cut-off)									
	Proven Ore Reserve			Probable Ore reserve			Total Ore Reserve		
	Mt	%	t U₃O₈	Mt	%	t U₃O₈	Mt	%	t U₃O₈
New	16.74	0.069	11,590	8.63	0.063	5,451	25.37	0.067	17,041
BFS	14.94	0.072	10,804	7.30	0.067	4,870	22.24	0.070	15,674

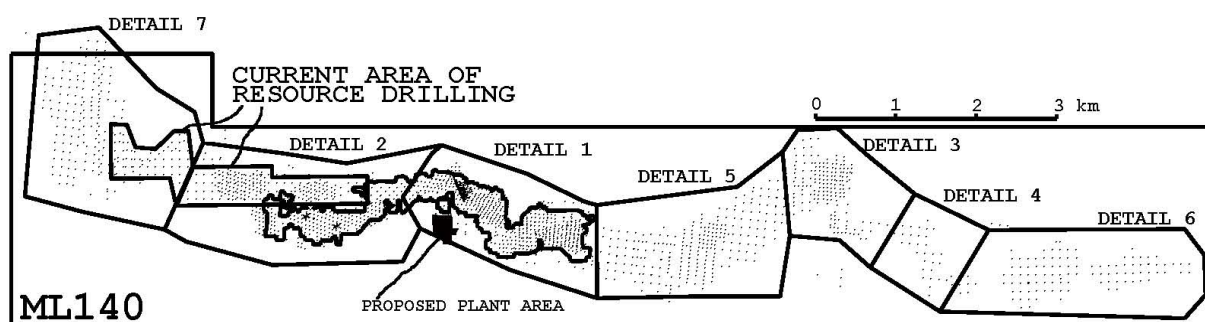
This work has increased the mineral reserve by 14% while reducing the grade by only 4%. These reserves will now form the basis of the detailed mine planning for the Project. This revised mine model will increase mine life from 15 to 17 years, however, it is still limited as it does not include any contribution from the considerable amount of Inferred Resources within Detail 1, 2, 3 and 5 Areas (containing the current mining footprint of the Project) and the Detail 4, 6 and 7 Areas outside the current mine footprint.

Inferred Resources - Potential for Increasing Mine Life

The JORC (1999, 2004) mineral resources estimated by Hellman and Schofield (H&S) for the Langer Heinrich BFS (inclusive of the above mineral reserve), contains Inferred Resources of 22.02Mt grading 0.07% containing 15,703t of U_3O_8 at a 300ppm cut off grade which has previously been announced:-

TOTAL ESTIMATED MINERAL RESOURCES									
Cut-off ppm	Measured			Indicated			Inferred		
	Mt	%	t U_3O_8	Mt	%	t U_3O_8	Mt	%	t U_3O_8
300	15.24	0.074	11,208	9.01	0.066	5,900	22.02	0.07	15,703

These mineral resources occur within Details 1 to 7, which extend for approximately 12km along the full length of Mining Lease 140. The Measured and Indicated Resources combine to make up 52% of the total resources and the balance of 48% are Inferred. The mineralisation that defines these mineral resources is consistent and occurs from surface to about 50m in depth. Where infill drilling has been carried out it has converted a substantial portion of the existing Inferred Resources to Indicated and Measured Resources. This trend has been independently verified by H&S and they conclude that infill drilling successfully converted the existing Inferred Resources in Detail 1 to the Measured and Indicated classification at the rate of 77% of the tonnes and 83% of the grade, for a 64% increase in contained U_3O_8 . The infill drilling also defined additional resources.



Based on these positive conversion trends, the 22.02Mt of Inferred Resources presents significant Project upside. This provides the Paladin Board with a strong expectation that the Langer Heinrich resource will support a second stage production increase and also a significantly extended mine life. Whilst construction of Phase One of the mining operation (with planned production of 1,180tpa U_3O_8) is already underway, work will continue on planning for a subsequent upgrade in production.

Resource Drilling Programme

Paladin is nearing completion of a 10,000m RC drilling programme to examine the potential of an untested palaeochannel. The prospective target extends west from Detail 1 towards Detail 7 and lies north of the currently known Detail 2 orebody (see map above). The untested target zone is approximately 5km in length and is expected to define additional mineral resources.

The current drilling is producing encouraging results at the same time confirming the existence of a zone of uranium mineralisation within this previously untested palaeochannel. On the basis of these results, the drilling programme was extended by a further 2,000m to be able to complete necessary infill and extension drilling. This work also allows the JORC (1999, 2004) Code compliant mineral resources to be estimated for this new channel area. The new resource estimates are expected to be available early November 2005.

KAYELEKERA URANIUM PROJECT (100%)

Bankable Feasibility Study

During the quarter GRD Minproc, the study Manager sent a 5 person team to Malawi to familiarise with country and on ground project issues. Specialists covering metallurgy, infrastructure (transport and electricity) civil engineering were involved on the tour. Sub contractors to carry out the environmental, geotechnical and hydrological studies are in the process of being selected. Contracts for ore resource evaluation, mining studies and the metallurgical work have been set in place. A fully automated weather station was established on site to continue building baseline information upon the extensive environmental data collected by Central Electricity Generating Board of the UK in the 1980's for the completely independent Feasibility Study they had carried out in 1989/90 by Wrights Engineers.

Metallurgical Sampling

The 11 hole HQ diamond drilling programme to collect 2.25t of mineralised samples for the metallurgical testwork has been completed. Selection of suitable sample material was based on the extensive drilling and metallurgical feasibility work carried out by the previous workers (for which all data is available). Classification to the appropriate potential ore types was determined from this work and the testwork material was obtained by twinning existing drill holes. Metallurgical work will be primarily aimed at verifying and optimising existing metallurgical information which is relevant to the flow sheet planned for utilisation.

Resource Drilling

A 5,000m RC resource drilling programme was completed during the quarter. Although the deposit has been extensively drilled, opportunity for extending the existing uranium resource base immediately outside the currently defined boundaries is believed possible especially in the light of the significantly improved uranium prices. Drill samples from this work is currently undergoing geochemical analysis. It is expected that a revised mineral resource estimate will be available by late November 2005 and this will be used as the basis for the BFS mining study.

CORPORATE

Capital Raising

Paladin placed a total of 35 million fully paid shares at an issue price of A\$2.20 per share, raising A\$77 million before the payment of commission (A\$3,850,000 being 5% of funds raised). The private placement was very well received and was over-subscribed, indicating strong global interest in the Company's activities. All the placees were institutional investors in Australia, North America, London and Hong Kong. National Bank Financial Inc and RBC Capital Markets acted as co-lead agents together with Sprott Securities Inc. As the Company is dual listed shares were placed through both ASX and TSX.

This capital raising, in addition to the project loan facility of US\$71M will provide Paladin with all the necessary funding to complete development of its Langer Heinrich Uranium Mining Operation, the Kayelekera BFS and also ensure sufficient general working capital is available to advance other project opportunities.

Deep Yellow Limited

Deep Yellow at their General Meeting held on 30 August 2005 obtained shareholder approval for issuing Paladin 7,500,000 fully paid Deep Yellow shares and 12,500,000 unlisted options exercisable at 12 cents on or before 15 July 2008. These were in consideration of the non core Frome Basin tenement and associated database licence that Paladin granted to Deep Yellow.

General Meeting

A General Meeting was held on 8 September to ratify previous issues of shares and approve the October 2005 placement. Both these resolutions were passed.

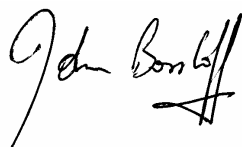
Annual General Meeting

The AGM is to be held on 9 November 2005 at 2.30pm at The Celtic Club 48 Ord Street, West Perth, Western Australia.

2005 Annual Report

The 2005 Annual Report was released early October and distributed to all shareholders both in Australia and Canada.

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 September 2005

Consolidated statement of cash flows

		Current quarter \$A'000	Year to date (3 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 (b) development (c) production (d) administration	(1,528)	(1,528)
1.3	Dividends received		
1.4	Interest and other items of a similar nature received	739	739
1.5	Interest and other costs of finance paid		
1.6	Income taxes paid		
1.7	Other (provide details if material) Sundry income	3	3
	Net Operating Cash Flows	(1,881)	(1,881)
	Cash flows related to investing activities		
1.8	Payment for purchases of: (a) prospects (b) equity investments (c) other fixed assets	(2,422)	(2,422)
1.9	Proceeds from sale of: (a) prospects (b) equity investments (c) other fixed assets		
1.10	Loans to other entities		
1.11	Loans repaid by other entities		
1.12	Other (provide details if material)		
	Net Investing Cash Flows	(2,422)	(2,422)
1.13	Total operating and investing cash flows (carried forward)	(4,303)	(4,303)

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(4,303)	(4,303)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	231	231
1.15	Proceeds from sale of forfeited shares		
1.16	Proceeds from borrowings		
1.17	Repayment of borrowings		
1.18	Dividends paid		
1.19	Other (provide details if material)	(714)	(714)
	Project finance facility establishment costs		
	Net Financing Cash Flows	(483)	(483)
	Net increase (decrease) in cash held	(4,786)	(4,786)
1.20	Cash at beginning of quarter/year to date	39,489	39,489
1.21	Exchange rate adjustments to item 1.20	206	206
1.22	Cash at end of quarter	34,909	34,909

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	132
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

N/A

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

On 6 July 2005, the Company announced the purchase of the remaining 10% joint venture interest in the Kayelekera Uranium Project in Malawi from Balmain Resources Pty Ltd (Balmain). The consideration was satisfied by the issue of 4,350,000 ordinary fully paid shares in the Company.

On 18 July 2005, the Company announced the sale of a non core uranium exploration property in the Frome Basin in South Australia together with the licence for a comprehensive regional database to Deep Yellow Ltd (Deep Yellow). The consideration received comprised 7,500,000 fully paid ordinary shares in Deep Yellow and 12,500,000 unlisted Deep Yellow options exercisable at 12 cents on or before 15 July 2008.

+ See chapter 19 for defined terms.

- 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

See 2.1 in relation to the purchase of the remaining 10% interest in the Kayelekera Uranium Project in Malawi.

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	1,500
3.2 Credit standby arrangements	-	-

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	1,300
4.2 Development	22,500
Total	23,800

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	1,179	1,244
5.2 Deposits at call	3,582	60
5.3 Bank overdraft	-	-
5.4 Other (provide details) Short Term Bank Bills and Deposits	30,148	38,185
Total: cash at end of quarter (item 1.22)	34,909	39,489

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	Namibia Mineral Deposit Retention Licence 2236	Holder (Expired – replaced by Mining Licence 140)	100%	Nil
		South Australia EL 3288	Holder (Tenement sold to Deep Yellow)	100%	Nil
6.2	Interests in mining tenements acquired or increased	Namibia Mining Licence 140	Holder (Tenement granted)	Nil	100%
		Malawi Exclusive Prospecting Licence 070	Holder (Purchased minority joint venture interest from Balmain)	90%	100%

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)	Amount paid up per security (see note 3)
7.1	Preference securities (description)				
7.2	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3	+Ordinary securities	406,285,713	406,285,713		

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

7.4	Changes during quarter				
	(a) Increases through issues	1,050,000	1,050,000	A\$0.22	A\$0.22
	(b) Decreases through returns of capital, buy-backs	4,350,000	4,350,000	* A\$1.29	* A\$1.29
7.5	+Convertible debt securities (description)				
7.6	Changes during quarter				
	(a) Increases through issues				
	(b) Decreases through securities matured, converted				
7.7	Options (description and conversion factor)	9,950,000		Exercise price	Expiry date
		3,000,000		A\$0.22	26.05.06
		8,050,000		A\$0.32	26.05.06
		10,250,000		A\$1.00	30.11.07
		1,300,000		A\$1.00	20.12.07
		250,000		A\$1.25	30.11.07
				A\$1.50	15.07.08
7.8	Issued during quarter	250,000		A\$1.50	15.07.08
7.9	Exercised during quarter	1,050,000		A\$0.22	26.05.06
7.10	Expired during quarter				
7.11	Debentures (totals only)				
7.12	Unsecured notes (totals only)				

* The increase of 4,350,000 in fully paid ordinary shares for the quarter ended 30 September 2005 relates to the consideration for the purchase of the remaining 10% joint venture interest in the Kayelekera Uranium Project from Balmain. The Company announcement on 6 July 2005 in relation to this purchase referred to an issue price of A\$1.235 per share, being the 5 day moving average of the Company's share price from 29 June 2005 to 5 July 2005. In accordance with Australian equivalents to International Financial Reporting Standards the Company is required to value these shares at the date the legal agreement was signed for the purchase – as a result the actual issue price is A\$1.29 per share.

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: 31 October 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.

== == == == ==