Rule 5.3

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	Quarter ended ("current quarter")
47 061 681 098	**31 December 2005**

Consolidated statement of cash flows

		Current quarter $A'000	Year to date (6 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	(955)	(2,483)
	(b) development		
	(c) production		
	(d) administration	(566)	(1,661)
1.3	Dividends received		
1.4	Interest and other items of a similar nature received	1,156	1,895
1.5	Interest and other costs of finance paid	(48)	(49)
1.6	Income taxes paid		
1.7	Other (provide details if material) Sundry income	14	18
	Net Operating Cash Flows	**(399)**	**(2,280)**
	Cash flows related to investing activities		
1.8	Payment for purchases of: (a) prospects		
	(b) equity investments	(99)	(99)
	(c) other fixed assets	(15,685)	(18,107)
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	**(15,784)**	**(18,206)**
1.13	Total operating and investing cash flows (carried forward)	(16,183)	(20,486)

1.13	Total operating and investing cash flows (brought forward)	(16,183)	(20,486)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	77,735	77,966
1.15	Proceeds from sale of forfeited shares		
1.16	Proceeds from borrowings		
1.17	Repayment of borrowings	(500)	(500)
1.18	Dividends paid		
1.19	Other (provide details if material) Share issue and debt facility establishment costs	(4,620)	(5,334)
	Net Financing Cash Flows	**72,615**	**72,132**
	Net increase (decrease) in cash held	**56,432**	**51,646**
1.20	Cash at beginning of quarter/year to date	34,909	39,489
1.21	Exchange rate adjustments to item 1.20	3,095	3,301
1.22	**Cash at end of quarter**	**94,436**	**94,436**

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

Directors all receive standard employee based compensation

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	-	-
3.2	Credit standby arrangements	-	-

Paladin Resources Ltd has accepted credit committee approved offers of financing totalling US$71,000,000 for the Langer Heinrich Uranium Project in Namibia. The financing is being provided by Société Générale Australia Branch (as lead arranger), Nedbank Ltd and Standard Bank of South Africa Ltd and consists of a 7 year Project Finance Facility of US$65,000,000 and a Standby Cost Overrun Facility of US$6,000,000. Draw down of the financing is subject to completion of legal due diligence and documentation, and fulfilment of other conditions precedent usual for this type of funding.

Estimated cash outflows for next quarter

		$A'000
4.1	Exploration and evaluation	1,000
4.2	Development	47,500
	Total	**48,500**

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	1,054	1,179
5.2	Deposits at call	97	3,582
5.3	Bank overdraft	-	-
5.4	Other (provide details) Short Term Bank Bills and Deposits	93,285	30,148
	Total: cash at end of quarter (item 1.22)	**94,436**	**34,909**

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			

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**	**444,285,713**	**444,285,713**		
7.4	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	2,250,000 750,000 35,000,000	2,250,000 750,000 35,000,000	A$0.22 A$0.32 A$2.20	A$0.22 A$0.32 A$2.20
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)*	**7,700,000** **2,250,000** **8,050,000** **10,250,000** **1,300,000** **250,000**		***Exercise price*** **A$0.22** **A$0.32** **A$1.00** **A$1.00** **A$1.25** **A$1.50**	***Expiry date*** **26.05.06** **26.05.06** **30.11.07** **20.12.07** **30.11.07** **15.07.08**
7.8	Issued during quarter				
7.9	Exercised during quarter	2,250,000 750,000		A$0.22 A$0.32	26.05.06 26.05.06
7.10	Expired during quarter				
7.11	**Debentures** *(totals only)*				

+ See chapter 19 for defined terms.

7.12	**Unsecured notes** *(totals only)*		

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: 27 January 2006

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.

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