



PALADIN RESOURCES LTD

A.C.N. 061 681 098

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28 April 2006

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 2006

HIGHLIGHTS

- *Excellent progress on construction at Langer Heinrich*
- *Second and third major uranium sales contracts secured*
- *Three Exclusive Prospecting Licences granted in northern Malawi*
- *Kayelekera BFS continuing on schedule*
- *Uranium spot price at quarter end currently US\$40.50/lb U₃O₈ (up US\$4.00 for the quarter)*

WORLD URANIUM PRODUCTION STILL WELL BELOW ANNUAL REQUIREMENTS

World uranium production in 2005 increased by only 5% to 108.4 million pounds (up from 102.8 million pounds in 2004) despite an almost quadrupling of the uranium price from \$10.90 per pound in mid-2003. The World Nuclear Association estimates that total world uranium requirements in 2005 were 168 million pounds, leaving a shortfall of 59.6 million pounds which is supplied from diminishing secondary sources. Data published by Ux Consulting confirms that the major uranium mines are operating at close to full capacity and there are only limited means to expand production significantly in the near term. Paladin's Langer Heinrich is the only new uranium project scheduled to be commissioned during 2006.

The uranium market will continue to experience strong growth as the demand from existing nuclear power plants is supplemented by the emergence of India and China into the world uranium market as potentially significant buyers of uranium, while Russia, which is a major supplier of nuclear materials and technology, has announced that it will add 40 new reactors to its fleet at the rate of two a year from 2008 to 2028 and move from being a uranium exporter to potentially a uranium importer unless significant new resources in Russia are discovered and developed by 2015.

The spot and long term prices of uranium continued to rise and by mid-April were reported by UxC to be US\$41/lb U₃O₈ (spot) and \$42/lb U₃O₈ (long term) , with upward price pressure still apparent.

LANGER HEINRICH URANIUM PROJECT (100%)

Project Construction

Project construction is progressing well, on budget and on schedule for a September 2006 start of commissioning. By the end of March 2006, the project was 61% complete, with on-site work at 24% completion. A construction workforce of 450 is deployed at Langer Heinrich with no lost time incidents recorded for the project to date.

The structural, mechanical, plate work and piping (SMPP) contract has been awarded and contractor mobilisation is on schedule for May. The mining contract has also been awarded and mobilisation will commence in June for a July start.

The six 15m x 11m concrete leach tanks have been constructed and are now awaiting to be fully fitted out including the internal lining. The crusher and scrubber concrete foundation work is also finished. Work has commenced on the installation of the steelwork including plating for the thickeners.

The piping for the 80km water line from the coast to the project has been delivered and installation on pre-erected concrete plinths is being undertaken by Namwater.

A 8,000m grade control drilling programme is underway to define the first six months of mining. This drilling will be completed by June 2006 after which the planned resource drilling work will start to complete full resource definition work on the eastern half of Langer Heinrich Mining Lease (Details 3, 4, 5 and 6).

The key operations senior management team has been recruited, comprising 90% Namibian citizens, with at least half of the team having prior uranium experience. Recruitment of the remaining operational staff is progressing well.

Three Yellowcake Sales Contracts Secured

In January, Paladin secured its first sales contract for a portion of its yellowcake (U_3O_8) production from the Langer Heinrich Uranium Mining Operation.

Paladin was subsequently successful in securing two additional sales contracts, both with US power utilities, covering the period 2007 to 2012 for an aggregate of slightly more than 4.5 million pounds of U_3O_8 .

The three sales contracts account for more than 6.6 million pounds of Langer Heinrich production over the period 2007 to 2012 and underline Paladin's confidence in the success of this project. Pricing in all three contracts is market-related at time of delivery and is subject to escalating floor and ceiling components.

KAYELEKERA URANIUM PROJECT (100%)

Bankable Feasibility Study Progress

Work on the Bankable Feasibility Study continues under the management of GRD Minproc, the BFS Manager.

The mining study for the open pit is now completed with preliminary scheduling undertaken. The open pit design has a 1.75:1 waste to ore strip ratio. Metallurgical testwork is almost completed and Minproc are confident a viable process flowsheet can be developed for the project.

Site visits were undertaken during the quarter to better establish local and regional road transport issues and project site layout.

The Environmental Impact Assessment (EIA) process has begun. A project brief including the terms of reference for the study prepared by Knight Piesold Consulting, the study consultants, has been submitted to the director of the Department of Environmental Affairs in Malawi. EIA fieldwork will begin in May.

Discussions are continuing with representatives from Ministries and Departments of the Government of Malawi to finalise the terms of the State Development Agreement.

Prospective Tenements Granted

The Minister of Mines, Natural Resources and Environment has granted three Exclusive Prospecting Licences (EPL) in northern Malawi to Paladin (Africa) Limited (a wholly owned subsidiary of Paladin Resources) covering specific Karoo Sandstone formations which are considered prospective for Kayelekera-type uranium deposits.

Figure 1 shows the location of the three new EPL's (Nos. 168, 169 and 170) and in total these cover 1,140km². Two licences are contiguous with the Kayelekera EPL070, while the third licence stretches along a coastal section of Lake Malawi. The newly granted EPL's were applied for to secure specific Karoo Sandstone formations which are considered prospective for Kayelekera type uranium deposits.

Tenement locations

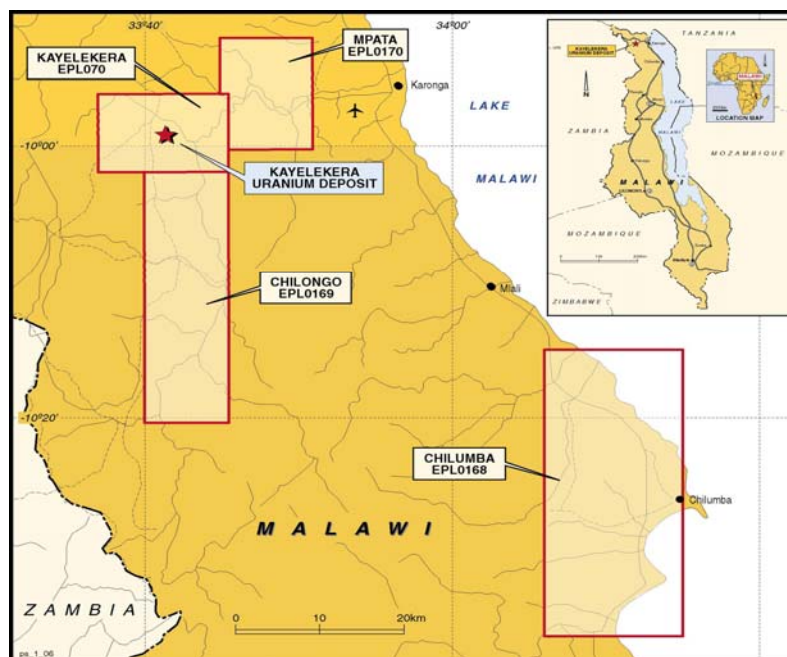


Figure 1

The area covered by the newly granted EPL's has been previously investigated which included the carrying out of geophysical airborne surveys and limited ground follow-up programmes. These earlier investigations were carried out during the 1980's by the British Central Electric Generating Board (CEGB), the group that discovered and evaluated the Kayelekera deposit up to a full feasibility study. The tenements cover anomalous areas delineated by CEGB. The large number of airborne radiometric and geochemical anomalies identified on these properties are associated with the target geological formations that host the Kayelekera deposit.

CEGB were distracted by their focus on the Kayelekera evaluation and, because of this priority and the dwindling uranium prices at the time, CEGB did not have the opportunity to properly evaluate the regional potential surrounding Kayelekera. As the properties contain significant indications of uranium accumulations, further investigations are justified.

The extensive prospective areas offered by these tenements provide Paladin with a significant opportunity to expand the existing uranium resource base of the project and has the potential to make any mining operation at Kayelekera a strategic facility for longer term utilisation and benefit.

Exploration work for 2006 will initially involve the digitisation and geophysical evaluation of the old helicopter airborne spectrometric data. In addition, all previous exploration results including drilling results will be evaluated in detail. This work will allow the known uranium prospects, airborne and stream sediment anomalies to be ranked in preparation for the ground follow-up work planned for 3rd quarter 2006.

CORPORATE

Team Expansion

With Paladin's continued growth, the executive team is undergoing expansion to accommodate the additional technical, administrative and corporate needs.

General Manager – Sales & Contract Administration appointed

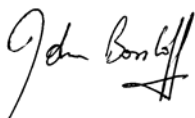
During the quarter Paladin secured the services of Mr James Eggins professional with person of 25 years experience in the uranium industry in the marketing and sales administration areas.

Mr James Eggins, has joined Paladin Resources' staff in the Perth head office to oversee the development of Paladin's commercial sales contracting, administration and delivery systems, as the Company moves into full production and delivery of uranium.

Mr Eggins holds a BA and LLB and has been working in the Australian uranium industry in various marketing and business development roles since 1981. For 15 years Mr. Eggins held senior roles with Olympic Dam Marketing, part of WMC's Olympic Dam business unit, where he managed the marketing, product distribution, and sales realization functions for Olympic Dam's uranium, copper, and precious metals output. During his period with WMC, Olympic Dam undertook a major expansion which involved the tripling of uranium sales and a similar increase in copper output. Prior to this, Mr Eggins worked on the Kintyre uranium project with CRA (now Rio Tinto) and the Nabarlek uranium project with Queensland Mines.

The Company considers itself in a very fortunate position to be able to attract executives of the quality of Mr Eggins into the Paladin management team. Given Paladin's uranium production forecast for Langer Heinrich and Kayelekera and its future, broader uranium growth strategies, building a high level skill base in management is a crucial objective of the Board.

Yours faithfully
Paladin Resources Ltd



JOHN BORSHOFF
Managing Director

Any 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")

31 March 2006

Consolidated statement of cash flows

		Current quarter \$A'000	Year to date (9 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	(1,034)	(3,517)
1.3	Dividends received	(1,177)	(2,840)
1.4	Interest and other items of a similar nature received	936	2,831
1.5	Interest and other costs of finance paid	(1)	(49)
1.6	Income taxes paid		
1.7	Other (provide details if material) Sundry income	7	26
Net Operating Cash Flows		(1,269)	(3,549)
Cash flows related to investing activities			
1.8	Payment for purchases of: (a) prospects (b) equity investments (c) other fixed assets	(521)	(620)
1.9	Proceeds from sale of: (a) prospects (b) equity investments (c) other fixed assets	(19,925)	(38,032)
1.10	Loans to other entities		
1.11	Loans repaid by other entities		
1.12	Other (provide details if material)		
Net Investing Cash Flows		(20,446)	(38,652)
1.13	Total operating and investing cash flows (carried forward)	(21,715)	(42,201)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(21,715)	(42,201)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	22	77,988
1.15	Proceeds from sale of forfeited shares		
1.16	Proceeds from borrowings		
1.17	Repayment of borrowings	-	(500)
1.18	Dividends paid		
1.19	Other (provide details if material)	(246)	(5,580)
	Share issue and debt facility establishment costs		
	Net Financing Cash Flows	(224)	71,908
	Net increase (decrease) in cash held	(21,939)	29,707
1.20	Cash at beginning of quarter/year to date	94,436	39,489
1.21	Exchange rate adjustments to item 1.20	1,724	5,025
1.22	Cash at end of quarter	74,221	74,221

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	247
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

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

+ See chapter 19 for defined terms.

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	44,000
Total	45,000

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	4,227	1,054
5.2 Deposits at call	23	97
5.3 Bank overdraft	-	-
5.4 Other (provide details) Short Term Bank Bills and Deposits	69,971	93,285
Total: cash at end of quarter (item 1.22)	74,221	94,436

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			

+ See chapter 19 for defined terms.

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.

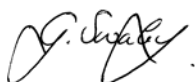
		Total number	Number quoted	Issue price per security (see note 3)	Amount paid up per security (see note 3)
7.1	Preference securities (description)				
7.2	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3	+Ordinary securities	444,385,713	444,385,713		
7.4	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	100,000	100,000	A\$0.22	A\$0.22
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)	7,600,000 2,250,000 8,050,000 10,250,000 1,300,000 250,000 2,850,000		Exercise price A\$0.22 A\$0.32 A\$1.00 A\$1.00 A\$1.25 A\$1.50 A\$2.80	Expiry date 26.05.06 26.05.06 30.11.07 20.12.07 30.11.07 15.07.08 13.01.09
7.8	Issued during quarter	2,850,000		A\$2.80	13.01.09
7.9	Exercised during quarter	100,000		A\$0.22	26.05.06
7.10	Expired during quarter				
7.11	Debentures (totals only)				

+ See chapter 19 for defined terms.

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

Date: 27 April 2006

(Company secretary)

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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