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	**30 September 2006**

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	(1,805)	(1,805)
	(b) development		
	(c) production		
	(d) administration	(1,265)	(1,265)
1.3	Dividends received		
1.4	Interest and other items of a similar nature received	487	487
1.5	Interest and other costs of finance paid		
1.6	Income taxes paid		
1.7	Other (provide details if material) Sundry income	6	6
	Net Operating Cash Flows	**(2,577)**	**(2,577)**
	Cash flows related to investing activities		
1.8	Payment for purchases of: (a) prospects		
	(b) equity investments		
	(c) other fixed assets	(38,702)	(38,702)
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) Cash acquired on acquisition of controlled entities net of payments made for acquisition	4,262	4,262
	Net Investing Cash Flows	**(34,440)**	**(34,440)**
1.13	Total operating and investing cash flows (carried forward)	(37,017)	(37,017)

1.13	Total operating and investing cash flows (brought forward)	(37,017)	(37,017)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	1,734	1,734
1.15	Proceeds from sale of forfeited shares		
1.16	Proceeds from borrowings	20,312	20,312
1.17	Repayment of borrowings		
1.18	Dividends paid		
1.19	Other (provide details if material) Share issue and debt facility establishment costs		
	Net Financing Cash Flows	**22,046**	**22,046**
	Net increase (decrease) in cash held	**(14,971)**	**(14,971)**
1.20	Cash at beginning of quarter/year to date	59,778	59,778
1.21	Exchange rate adjustments to item 1.20	(1,342)	(1,342)
1.22	**Cash at end of quarter**	**43,465**	**43,465**

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	240
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

During the quarter Paladin Resources Limited acquired Valhalla Uranium Limited. The form of consideration was the issuance of 37,974,256 shares of Paladin (share exchange ratio of 1 Paladin share for 3.16 common shares in Valhalla) valued at $193 million and $2.1 million in cash transaction costs. At 30 September 2006, 37,285,607 of the shares had been issued (see 7.4(a)) with a balance of 688,649 issued on 27 October 2006 completing the compulsory acquisition.

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	95,068	43,514
3.2	Credit standby arrangements	-	-

Estimated cash outflows for next quarter

		$A'000
4.1	Exploration and evaluation	2,500
4.2	Development	18,000
	Total	**20,500**

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	9,696	5,247
5.2 Deposits at call	4,070	23,794
5.3 Bank overdraft	-	-
5.4 Other (provide details) Short Term Bank Bills and Deposits	29,699	30,737
Total: cash at end of quarter (item 1.22)	**43,465**	**59,778**

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	**Queensland** EPM 9221 (part), Valhalla EPM 14048 (part), Skal	As Party to the Isa Uranium Joint Venture through Valhalla Uranium Ltd/ Mt Isa Uranium Pty Ltd	Nil	50.00%
		Northern Territory ERL's 46-55, Bigrlyi	As Party to the Bigrlyi Joint Venture through Valhalla Uranium Ltd/ Northern Territory Uranium Pty Ltd	Nil	41.71%

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**	**493,043,543**	**493,043,543**		
7.4	Changes during quarter (a) Increases through issues	**1,350,000** **300,000** **6,000** **37,285,607**	**1,350,000** **300,000** **6,000** **37,285,607**	**A$1.00** **A$1.25** **A$1.50** **A$5.09**	**A$1.00** **A$1.25** **A$1.50** **A$5.09**
	(b) Decreases through returns of capital, buy-backs				
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)*	**6,700,000** **10,250,000** **1,000,000** **194,000** **2,850,000** **1,565,000** **1,400,000**		***Exercise price*** **A$1.00** **A$1.00** **A$1.25** **A$1.50** **A$2.80** **A$5.50** **A$5.50**	***Expiry date*** **30.11.07** **20.12.07** **30.11.07** **15.07.08** **13.01.09** **28.04.09** **05.07.09**
7.8	Issued during quarter	**1,400,000**		**A$5.50**	**05.07.09**
7.9	Exercised during quarter	**1,350,000** **300,000** **6,000**		**A$1.00** **A$1.25** **A$1.50**	**30.11.07** **30.11.07** **15.07.08**

7.10	Expired during quarter				
7.11	**Debentures** *(totals only)*				
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: 31 October 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.

== == == == ==