



PALADIN RESOURCES LTD

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9 February 2007

Company Announcements Office
Australian Stock Exchange Limited
20 Bridge Street
SYDNEY NSW 2000

Dear Sir/Madam

Second Quarter and Half Year Reports – 31 December 2006

Attached please find Second Quarter and Half Year Reports, 31 December 2006, together with Management Discussion and Analysis and CEO/CFO Certification as required in accordance with Canadian reporting requirements. The Half Year Report, 31 December 2006 includes an Independence Declaration and a Review Opinion from the Company's Auditors.

Yours faithfully
Paladin Resources Ltd

GILLIAN SWABY
Company Secretary



PALADIN RESOURCES LTD

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SECOND QUARTER AND HALF YEAR REPORT

31 December 2006

PALADIN RESOURCES LTD

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REPORTS ENDORSE NUCLEAR POWER AS CLIMATE CHANGE STRATEGY

The importance of nuclear power's role as a carbon-free electricity source has been under examination by influential authorities around the world during 2006.

In the UK, both the *Energy Review Report*, released in July 2006, and the *Stern Report*, released in October, highlighted the importance of nuclear power in a carbon-constrained energy future.

In November the OECD published the 2006 edition of *World Energy Outlook* from the International Energy Agency which also emphasised the increasing importance of nuclear power worldwide in meeting energy needs while achieving security of supply and minimising carbon dioxide emissions.

The European Commission's *Strategic Energy Review* prepared for the spring 2007 European Council proposed a cut of 20% in greenhouse gas emissions by 2020 (relative to 1990 levels). In particular, the *Review* identifies the significant challenge involved in reducing CO2 emissions in the EU, and the virtual impossibility of meeting those targets unless nuclear power is maintained and expanded. **It is the strong belief of Paladin that it is highly unlikely that Germany (the last bastion of anti nuclear sentiment) will be able to maintain its nuclear phase out policy and expectations are strong that these policies will have to be reversed by that country within the next 12 to 18 months to be able to maintain its mid to long term emission targets and electricity production requirements.**

It is now inevitable that nuclear power will resume its logical role as a key component of baseload electricity supply worldwide. As the industry's growth rate increases, the demand for uranium and nuclear fuel will also rise significantly. Paladin maintains its strategy to increase production of uranium to meet this ever-increasing demand.

The uranium market continued to strengthen through the quarter as utility buyers competed for the very limited supplies of uranium on offer. At the end of the year, the uranium spot price was US\$72.00/lb U₃O₈, and the long term price was US\$74.00/lb U₃O₈, up \$11.25/lb U₃O₈ and \$20/lb U₃O₈ respectively, on the September quarter. During 2006, the spot price doubled reflecting the increasing tightness of the uranium market.

PALADIN RESOURCES LTD

Report to Shareholders

Second Quarter Report – December 2006
(All figures are in US dollars unless otherwise indicated)

LANGER HEINRICH URANIUM PROJECT (100%)

Project Construction and Commissioning

The Langer Heinrich Uranium Project (LHUP) is the 1st complete conventional mining and processing operation to be brought into production in over a decade. Paladin was able to deliver the projects as committed, achieving each of the project scheduled key milestones while holding the April 2005 CAPEX budget which was not escalated despite the mining industry experiencing significant construction cost increases during the 20 month construction term of the project.

As reported the construction and staged commissioning of LHUP was successfully achieved on 28 December 2006, within the original key timetable milestones. GRD Minproc, the Project Manager, has demobilized the primary construction workforce, keeping a select team of 50 on site to complete outstanding minor construction and rectification work identified as the project moves to ramp up phase.

The real success of the project has been in the proving of the metallurgical flowsheet including the unique Alkaline leach, ion exchange and direct precipitation chemistry to produce uranium oxide product (yellowcake). The yellowcake was tested at the site laboratory which confirmed that the product was well within the product specifications of the converter and aligned with the sample quality that had previously been tested at the converters.

Although the BFS was completed and signed off in April 2005 a range of ongoing test work was identified to further improve the process. This work led to a range of process enhancements coming reasonably late in the design process. The design improvements were predominately made in the precipitation area with the addition of a second precipitation stage. This step was considered necessary to better ensure the quality of the product.

The design changes late in the overall schedule were able to be accommodated into the project by implementing a staged commissioning of the circuit. This allowed time to complete the construction of the upgrades to the plant back-end while commissioning the front end which included the early commissioning of the crusher followed by leach then CCD.

As mentioned in the 28 December 2006 announcement the plant circuits have not yet been optimised and a number of commissioning problems have surfaced which are considered normal at this stage. The most significant of these problems include intermittent jamming of the apron feeder, under performance to design parameters of the attritioner circuit and minor leakage of leach tank seals; current work is under way to rectify these issues. The processing circuits including leach, CCD, precipitation to packaging are, operating and performing well, with only minor modifications to address.

LHU operations team assisted by GRD-Minproc is methodically mitigating the range of handover list items. Paladin is confident it will achieve design production rate of 2.6Mlb U₃O₈ by the end of the ramp up period in June 2007. Production to the end of the ramp up period is difficult to estimate although expected to be in the range of 900,000Mlbs to 1,000,000Mlbs (previously forecast 1,000,000Mlbs to 1,150,000Mlbs).

The first commercial shipment of uranium is scheduled for March 2007.

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(All figures are in US dollars unless otherwise indicated)

New Royalty

In November the Namibian Government announced a new royalty regime for mining operations including uranium. The government has applied a 3% ad valorem rate to uranium after initially indicating the rate would be set at 5%. The lower rate has a positive effect on LHUP economics which had been modelled on the higher rate.

New Exclusive Prospecting Licence Granted to Langer Heinrich

The Minister for Mines and Energy has granted an Exclusive Prospecting Licence for an initial three year term to Langer Heinrich Uranium (Pty) Ltd. The new licence, EPL 3500, covers 30 km² to the west of adjoining the Langer Heinrich Mining Licence (ML 140). The new licence was applied for to secure the interpreted westward extension of the Langer Heinrich palaeochannel and offers approximately 5km of exploration target containing strong potential for increasing the mineral resource base of the Langer Heinrich Uranium ore body.

Langer Heinrich Mineral Resource Upgrade (250ppm cutoff)

Resource drilling work at Langer Heinrich resulted in a significant increase in the mineral resources of the Langer Heinrich deposit, increasing the resource to over 105M lbs U₃O₈ including the Inferred Resources. Hellman and Schofield have completed a JORC(2004) compliant resource estimate for Langer Heinrich which is tabulated below:-

Mineral Resource estimation by H&S for Details 1 to 7:-

250ppm Cut-off	M Tonnes	Grade % U₃O₈	Tonnes U₃O₈	Million lbs U₃O₈
Measured Resources	22.7	0.06	14,614	32.21
Indicated Resources	14.4	0.05	7,934	17.47
Inferred Resources	43.4	0.06	25,308	55.78

Compared to the previous Mineral Resources announced in 2005 (also reported at a 250ppm cut off) the new 2006 resource estimates outlined herein comprises.

- A 12% increase in the Measured and Indicated Resources (from 20,200t to 22,548t U₃O₈).
- A 6% increase in the Inferred Resources (from 23,800t to 25,308t contained U₃O₈).

A substantial portion of the resources are in the Measured and Indicated Resources categories.

There is a strong expectation that the new resource estimate and the potential to identify additional resources in ML 140 and the newly granted EPL 3500 will contribute significantly to extending both the mine life of the project and the subsequent upgrade in production.

Resource specialists Hellman and Schofield have produced a report in accordance with the Canadian NI 43-101 requirements which contains the same information and has been submitted to the Canadian authorities.

PALADIN RESOURCES LTD

Report to Shareholders

Second Quarter Report – December 2006
(All figures are in US dollars unless otherwise indicated)

KAYELEKERA URANIUM PROJECT (100%)

Development Stability Agreement

Negotiations on the Development Agreement to provide a 10 year fiscal and operational stability period for the Kayelekera Project have been finalised with Malawi Government officials. The Development Agreement has now been recommended for approval by the Cabinet. This is expected to be approved by the Malawi Government in the very near future.

Bankable Feasibility Study (BFS)

The Draft Environmental Impact Assessment (EIA) for the Kayelekera Uranium Project in Malawi was formally lodged with the Malawi authorities and is now in final consideration, following response by Paladin on some late questions received from the Government.

Work on the BFS is continuing to plan under the management of GRD Minproc, the BFS Manager. The BFS is now in final stage and once the Development Agreement is approved the fiscal package can be formally incorporated into the financial modelling and documentation will be ready for Board approval. It is expected the BFS will then be submitted to the Commissioner of Mines in mid February 2007 for approval of the Mining Licence.

The overall schedule is still being maintained for commissioning of the Kayelekera Uranium Project by September 2008.

ISA URANIUM JOINT VENTURE (50%)

Valhalla and Skal projects (North Queensland; 50% joint venture with Summit Resources who are also manager), activities during the quarter were extensive infill and extensional drilling following the release of an initial JORC(2004) compliant resource mid 2006. To date at Valhalla over 3000m of additional drilling has been completed both beneath the existing resources to confirm the continuity of the identified mineralised shoots as well as along strike to target potential repetitions of those shoots. Because of the increased activity at Valhalla, the planned infill drilling at the Skal project has been delayed but is now underway. This drilling is aimed at extending the Skal South deposit and infilling the adjacent Skal North deposit to enable the estimation of a JORC(2004) compliant resource. Confirmation of previous XRF assays for Skal South are ongoing and are expected to be completed in the near future which will enable the reporting of a JORC compliant resource estimate.

BIGRLYI URANIUM JOINT VENTURE (41.7%)

At Bigrlyi (Northern Territory), 41.7% Paladin joint venture with Energy Metals (manager), the work undertaken during the quarter was targeted at extending the current resources with the intention of completing a revised resource estimate when all assay results have been received. A total of 43 RC and diamond holes were drilled into the various anomalies within the Bigrlyi project area. Assay results from 27 of these holes have been received and in general these compare well with those from down hole radiometric logging. Follow up drilling will be targeted at infilling the areas between the current resources with the aim of defining more continuous zones of mineralisation.

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For further information refer to quarterly report submitted by Summit Resources (SMM) and Energy Metals (EME) for details of significant intercepts from drilling completed within the quarter.

In January Paladin submitted its report prepared by resource specialists Hellman and Schofield to the Canadian authorities detailing the Valhalla, Skäl and Bigryi Deposits (which were acquired through the acquisition of Valhalla Uranium Limited) in accordance with the Canadian NI 43-101 compliance requirements.

CORPORATE

Convertible Bonds Issued

On 30 November Paladin issued US\$250 million of convertible bonds due in 2011. The convertible bonds are unsubordinated, unsecured obligations and carry a coupon rate of 4.50% per annum, payable semi-annually, and are convertible into Paladin shares at US\$7.685 per share (representing a conversion premium of approximately 38% above the price of the Paladin shares at the time of pricing (A\$7.090 on 30 November 2006, or US\$5.569 at the current exchange rate).

Proceeds from the offering will be used to further advance the development of the Kayelekera Uranium project in Malawi, establish a uranium marketing subsidiary, fund opportunities as they arise for acquisitions and corporate growth, and for general corporate activities.

S&P/ASX 100 Index

On December 18 Paladin Resources Limited entered the S&P/ASX 100 Index, a movement up from the S&P/ASX 200 which Paladin entered in June 2005.

Change in Functional and Presentation Currency to USD

The recent issue of the US\$250 million convertible bonds has significantly contributed to a change in the functional currency for the Company from Australian dollars to US dollars. The completion of construction and commissioning at Langer Heinrich has also resulted in a change in functional currency for Langer Heinrich Uranium (Pty) Ltd from Australian dollars to US dollars. As a consequence of these changes management has reviewed the functional currency of all group entities in December 2006 and concluded that the majority have a US functional currency.

In order to more appropriately reflect the financial performance and position of the Company management has changed the presentation currency for the 31 December 2006 Condensed Consolidated Financial Statements and Management Discussion and Analysis into US dollars. It is intended to maintain this currency presentation in the future.

The comparative information for the 31 December 2006 Condensed Consolidated Financial Statements and Management Discussion and Analysis has been retranslated into US dollars.

PALADIN RESOURCES LTD

Management Discussion and Analysis *For the Six Months Ended 31 December 2006* *(All figures are in US dollars unless otherwise indicated)*

The following Management Discussion and Analysis ("MD&A") for Paladin Resources Limited ("Company") should be read in conjunction with the Report to Shareholders and the Condensed Consolidated Financial Statements for the half year ended 31 December 2006 which are unaudited. The effective date of this report is 9 February 2007.

The financial information presented in this MD&A has been prepared in accordance with Australian equivalents to International Financial Reporting Standards (AIFRS), other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Interpretations and the Corporations Act 2001.

In addition to these Australian requirements further information has been included in the Condensed Consolidated Financial Statements for the half year ended 31 December 2006 in order to comply with applicable Canadian securities law, as the Company is listed on the Toronto Stock Exchange.

Additional information relating to the Company, including the Company's most recent Annual Report for the year ended 30 June 2006 and other public announcements are available at www.paladinresources.com.au.

FORWARD LOOKING STATEMENTS

Some of the statements contained in this MD&A, including those relating to strategies and other statements, are predictive in nature, and depend upon or refer to future events or conditions, or include words such as "expects", "intends", "plans", "anticipates", "believes", "estimates" or similar expressions that are forward looking statements. Forward looking statements include, without limitation, the information concerning possible or assumed further results of operations as set forth herein. These statements are not historical facts but instead represent only expectations, estimates and projections regarding future events and are qualified in their entirety by the inherent risks and uncertainties surrounding future expectations generally.

The forward looking statements contained in this MD&A are not guarantees of future performance and involve certain risks and uncertainties that are difficult to predict. The future results of the Company may differ materially from those expressed in the forward looking statements contained in this MD&A due to, among other factors, the risks and uncertainties inherent in the business of the Company. The Company does not undertake any obligation to update or release any revisions to these forward looking statements to reflect events or circumstances after the date of this MD&A or to reflect the occurrence of unanticipated events.

OVERVIEW

The Company operates in the resource industry with a principal business of evaluation and development of uranium projects in Africa and Australia. The Company is incorporated under the laws of Western Australia with a primary share market listing on the Australian Stock Exchange and additional listings on the Toronto Stock Exchange in Canada; and Munich, Berlin, Stuttgart and Frankfurt Stock Exchanges in Europe.

PALADIN RESOURCES LTD

Management Discussion and Analysis *For the Six Months Ended 31 December 2006* *(All figures are in US dollars unless otherwise indicated)*

The main activities undertaken during the half year ended 31 December 2006 were:

- Langer Heinrich Uranium Project – completion of construction and commissioning activities on 28 December 2006 with transition to operations. Funding provided by drawdown of US\$34.0 million from project finance facility (US\$20.0 million facility still available at 31 December 2006)
- Langer Heinrich Uranium Project – completion of resource drilling programme over Details 3, 4, 5 and 6 located to the east of the mine plan area involving 6,355m (231 holes). Increase of 12% in measured and indicated resources and 6% in inferred resources on the mining licence area.
- Kayelekera Uranium Project – submission of Bankable Feasibility Study by GRD Minproc to Paladin for review in December 2006 including completed Environmental Impact Assessment. Development Agreement negotiation continued and expected to be approved by the Malawi Government in early February 2007
- Valhalla Uranium Ltd - takeover bid announced on 10 July 2006 and subsequently declared unconditional on 7 September 2006 after receiving Deed of Indemnity from Resolute Mining Ltd pertaining to the legal actions of Summit Resources Ltd on the Isa Uranium Joint Venture Agreement, and acceptances from 94.27% of Valhalla's shareholders. Compulsory acquisition of remaining shareholdings under Australian corporations law was completed on 27 October 2006
- Valhalla Uranium Ltd – continuation of exploration and evaluation work on the Valhalla and Skall Uranium Projects in Queensland, Australia and the Bigbly Uranium Project in Northern Territory, Australia
- Deep Yellow Ltd – increase in shareholding to 96,126,163 (11%) after exercise of options, acquisition of shares on market and participation in entitlement issue and shortfall shares
- Corporate - issue of US\$250 million in convertible bonds on 15 December 2006 with an underlying coupon rate of 4.5%, maturity 15 December 2011 and a conversion price of US\$7.685 for Company shares. Proceeds are to be used to further advance the Kayelekera Uranium Project, establish a uranium marketing subsidiary, fund opportunities as they arise for acquisitions and corporate growth and for general corporate purposes

CHANGE IN FUNCTIONAL AND PRESENTATION CURRENCY

The functional currency for a company is the currency of the primary economic environment in which the company operates. Up to December 2006 the functional currency of the primary economic environment in which the Paladin Group operates was Australian dollars. In December 2006 there were several factors which produced a change in functional currency for the majority of the Paladin Group to United States (US) dollars. These include completion of construction and commissioning at the Langer Heinrich Uranium Project, issue of US\$250 million convertible bonds, conversion of excess group cash into US dollars resulting in derivation of US interest revenue, and redesignation of all intercompany group loans into US dollars.

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Management Discussion and Analysis *For the Six Months Ended 31 December 2006* (All figures are in US dollars unless otherwise indicated)

The presentation currency for a company is the currency in which the company chooses to present its financial reports. As the functional currency of Paladin Resources Ltd and the majority of the Paladin Group changed in December 2006 to US dollars, the Company has decided to change the presentation currency for financial reporting to US dollars in order to better reflect the Paladin Group's financial position and financial performance.

INCOME STATEMENTS

	Three Months Ended 31 December		Six Months Ended 31 December	
	2006 US\$'000	2005 US\$'000	2006 US\$'000	2005 US\$'000
Revenue from Continuing Operations	966	1,092	1,435	1,533
Other Income	583	2,304	-	2,815
Share Based Payments Expense	(1,332)	(406)	(2,570)	(1,555)
Finance costs	(825)	(3)	(825)	(12)
Exploration and Evaluation Expenditure	(2,596)	(543)	(3,436)	(1,037)
Foreign Exchange Loss	-	-	(369)	-
Other Expenses	(1,771)	(727)	(3,114)	(1,492)
Income tax benefit/(expense)	98	-	98	-
(Loss)/Profit After Income Tax	(4,877)	1,717	(8,781)	252
(Loss)/Profit per Share				
- basic & diluted US cents	(1.00)	0.39	(2.00)	0.06

Three Months Ended 31 December 2006

Revenue has decreased slightly to US\$1.0 million in 2006 as a result of lower interest revenue derived from reduced average cash holdings for the period in 2006 when compared to 2005.

Other Income of US\$0.6 million in 2006 relates entirely to an exchange gain on foreign monetary assets and liabilities held throughout the Paladin Group. Other Income in 2005 also related entirely to a US\$2.3 million foreign exchange gain, however this was mainly attributable to cash holdings in South African rand for the funding of construction activities of the Langer Heinrich Uranium Project.

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Management Discussion and Analysis *For the Six Months Ended 31 December 2006* *(All figures are in US dollars unless otherwise indicated)*

Share Based Payments Expense relates to the requirement to recognise the cost of granting options to Directors, employees and consultants under AIFRS over the option vesting period. The expense in 2006 of US\$1.3 million is higher than 2005; as the expense relating to granting of options with vesting periods in 2006, exceeds the expense relating to options granted with vesting periods in 2005.

Finance Costs of US\$0.8 million in 2006 relates entirely to the issue of the US\$250 million in convertible bonds in December 2006. The finance costs for the comparative period related to the debt facility for the Langer Heinrich Bank Feasibility Study which was repaid on 31 October 2005.

Exploration and Evaluation Expenditure increased in 2006 to US\$2.6 million primarily attributable to the Bankable Feasibility Study for the Kayelekera Uranium Project and the addition of expenditure on the Valhalla, Skal and Bigrlyi Uranium Projects since 7 September 2006.

Other Expenses have increased in 2006 as a result of both the growth in the Company and the expanded corporate capability in the last year to enable future growth.

Income Tax Benefit relates to the reversal of a deferred tax liability of US\$11.3 million relating to the convertible bonds over the term of the bond. The deferred tax liability has been recognised through reserves and relates to the equity component of the convertible bonds.

The *Loss* for the three months ended 31 December 2006 of US\$4.9 million is a change from the profit for the three months ended 31 December 2005 of US\$1.7 million as a result of higher exchange gains in 2005, additional share based payments expense in 2006, recognition of interest expense in 2006, an increased investment in exploration and evaluation expenditure and higher other expenses.

Six Months Ended 31 December 2006

Revenue has decreased slightly to US\$1.4 million in 2006 as a result of lower interest revenue derived from reduced average cash holdings for the period in 2006 when compared to 2005.

Other Income in 2005 relates to a US\$0.3 million profit on sale of non-core uranium exploration property to Deep Yellow and a US\$2.5 million foreign exchange gain mainly attributable to cash holdings in South African rand for the funding of construction activities of the Langer Heinrich Uranium Project.

Share Based Payments Expense in 2006 of US\$2.6 million is higher than 2005; as the expense relating to granting of options with vesting periods in 2006, exceeds the expense relating to options granted with vesting periods in 2005.

Finance Costs of US\$0.8 million in 2006 relate entirely to the issue of the US\$250 million in convertible bonds in December 2006. The finance costs for the comparative period related to the debt facility for the Langer Heinrich Bank Feasibility Study which was repaid on 31 October 2005.

Exploration and Evaluation Expenditure increased in 2006 to US\$3.4 primarily as a result of the Bankable Feasibility Study for the Kayelekera Uranium Project and the addition of expenditure on the Valhalla, Skal and Bigrlyi Uranium Projects since 7 September 2006.

PALADIN RESOURCES LTD

Management Discussion and Analysis

For the Six Months Ended 31 December 2006
(All figures are in US dollars unless otherwise indicated)

Foreign Exchange Loss in 2006 of US\$0.4 million is attributable to the exchange movement on foreign monetary assets and liabilities held throughout the Paladin Group.

Other Expenses have increased in 2006 as a result of both the growth of the Company and the expanded corporate capability in the last year to enable future growth.

Income Tax Benefit relates to the reversal of a deferred tax liability of US\$11.3 million relating to the convertible bonds over the term of the bond. The deferred tax liability has been recognised through reserves and relates to the equity component of the convertible bonds.

The *Loss* for the six months ended 31 December 2006 of US\$8.8 million is a change to the profit for the six months ended 31 December 2005 of US\$0.3 million as a result of one off other income in 2005, additional share based payments expense in 2006, recognition of interest expense in 2006, an increased investment in exploration and evaluation expenditure in 2006, exchange loss in 2006 and higher other expenses.

Earnings Per Share

The *Earnings per Share* noted on the Income Statements reflected the underlying result for the specific reported periods and the additional shares issued in 2006 compared to 2005.

Segment Disclosure

In the Namibia geographical segment the Company reflected a small profit from interest revenue as the Langer Heinrich Uranium project was under construction and commissioning. The Malawi geographical segment primarily reflected the exploration and evaluation expenditure for the Kayelekera Uranium Project. In the Australian geographical segment the Company reflected the remaining Income Statement activities.

BALANCE SHEETS

	31 Dec 2006 unaudited US\$'000	30 June 2006 audited US\$'000
Total Current Assets	275,454	46,342
Total Non Current Assets	310,658	70,699
Total Assets	586,112	117,041
Total Current Liabilities	17,649	8,501
Total Non Current Liabilities	276,003	17,478
Total Liabilities	293,652	25,979
Net Assets	292,460	91,062

PALADIN RESOURCES LTD

Management Discussion and Analysis *For the Six Months Ended 31 December 2006* *(All figures are in US dollars unless otherwise indicated)*

Current Assets have increased to US\$275.5 million at 31 December 2006 as a result of the issue of US\$250 million in convertible bonds and US\$1.9 million cash acquired from the Valhalla acquisition, despite the cash spend on construction and commissioning activities for the Langer Heinrich Uranium Project, Bankable Feasibility Study for the Kayelekera Uranium Project, exploration and evaluation project expenditure, additional Deep Yellow share investment and corporate costs for six months ended 31 December 2006. Of the US\$270.2 million held in cash as at 31 December 2006, US\$266.3 million has been invested in short term or at call deposits.

Non Current Assets increased to US\$310.7 million during the six months attributable to the acquisition of Valhalla Uranium Ltd, completion of mine construction and commissioning activities for the Langer Heinrich Uranium Project and increased market value and percentage holding in Deep Yellow Ltd. The Valhalla acquisition has resulted in the recognition of an US\$149.9 million additional exploration and evaluation expenditure asset as part of the allocation of the consideration paid, which consisted of 37,974,256 shares plus acquisition costs.

Current Liabilities have increased to US\$17.6 million at 31 December 2006 as a result of completion of construction and commissioning activities for the Langer Heinrich Uranium Project with transition to operations, and interest payable on both the Langer Heinrich project finance facility and the convertible bonds.

Non Current Liabilities increased to US\$276.0 million at 31 December 2006 attributable to the issue of convertible bonds, the drawdown on the Langer Heinrich project finance facility and the recognition of deferred tax liabilities. On 15 December 2006, the Company issued US\$250 million in convertible bonds with an underlying coupon rate of 4.5%, maturity 15 December 2011 and a conversion price of US\$7.685 for Company shares. Under AIFRS these convertible bonds are essentially both a liability (underlying bond) and an equity instrument (conversion rights into Company shares). Based on AIFRS US\$212.2 million has been allocated to a non-current liability (underlying effective interest rate of 8.75%) and US\$37.8 million to a non-distributable convertible bonds reserve. A deferred tax liability of US\$19.3 million has been recognised through reserves which relates to both the equity component of the convertible bonds and the increase in value of Deep Yellow share investments above cost.

Segment Disclosure

In the Balance Sheet at 31 December 2006 the Company reflected a significant increase in the Australian geographical segment assets and liabilities as a result of acquisition of Valhalla Uranium Ltd, issue of the convertible bonds and increase in value of Deep Yellow share investments; an increase in the Namibia geographical segment assets and liabilities attributable to completion of construction and commissioning activities for the Langer Heinrich Uranium Project with transition to operations.

PALADIN RESOURCES LTD

Management Discussion and Analysis

For the Six Months Ended 31 December 2006
(All figures are in US dollars unless otherwise indicated)

STATEMENTS OF CHANGES IN EQUITY

	Six Months Ended 31 December	
	2006 US\$'000	2005 US\$'000
Total Equity at the Beginning of the Financial Period	91,062	33,595
(Loss)/Profit for the Six Months Ended 31 December	(8,781)	252
Movement in Reserves	42,448	1,642
Movement in Equity	160,166	59,994
Foreign Currency Translation	7,565	(3,555)
Total Equity at the End of the Financial Period	292,460	91,928

Loss for the Six Months Ended 31 December 2006 is discussed under the Income Statements section and is a turnaround from the profit in the comparative period.

Movement in Reserves in 2006 of US\$42.4 million increase is higher than 2005 and relates to the creation of the non-distributable reserve for the convertible bonds (net of tax), recognised value of unlisted employee options and the revaluation increment attributable to the increase in Deep Yellow share price from the prior period (net of tax). Unlisted employee options exercised during the half year amounted to 8,740,000 with an exercise price between A\$1.00 and A\$1.50; and 1,400,000 unlisted employee options were granted during the half year with an exercise price of A\$5.50.

Movement in Equity increased to US\$160.1 million in 2006 as a consequence of the issue of 37,974,256 shares to acquire Valhalla Uranium Ltd which were valued at US\$151.4 million, and the exercise of unlisted employee options. The number of fully paid ordinary shares on issue at 31 December 2006 is 500,949,969, an increase of 46,714,256 during the six months. Share options of 16,875,000 remain outstanding at 31 December 2006 to Directors, employees, and consultants directly engaged in corporate, mine construction, exploration and evaluation work for the Company.

The foreign currency translation relates to the change in functional and presentation currency from Australian dollars to United States dollars in December 2006, and the restatement of comparatives into US dollars.

PALADIN RESOURCES LTD

Management Discussion and Analysis

For the Six Months Ended 31 December 2006
(All figures are in US dollars unless otherwise indicated)

CASH FLOW STATEMENTS

	Three Months Ended 31 December		Six Months Ended 31 December	
	2006	2005	2006	2005
	US\$'000	US\$'000	US\$'000	US\$'000
Net Cash (Outflow)/Inflow from Operating Activities	(3,230)	414	(3,814)	153
Net Cash (Outflow) from Investing Activities	(27,104)	(12,460)	(54,545)	(15,564)
Net Cash Inflow from Financing Activities	266,688	54,054	283,380	54,263
Net Increase in Cash Held	236,354	42,008	255,021	38,852
Cash at the Beginning of the Financial Period	32,460	26,541	43,644	30,091
Effects of Exchange Rate Changes	1,353	399	1,502	5
Cash at the End of the Financial Period	270,167	68,948	270,167	68,948

Three Months Ended 31 December 2006

Net Cash Outflow from Operating Activities was US\$3.2 million for the quarter ended 31 December 2006 primarily from higher payments to suppliers and employees relating to both the growth of the Company and expanded corporate capability, and lower interest receipts as a consequence of reduced average cash holdings.

Net Cash Outflow from Investing Activities increased to US\$27.1 million as a result of the construction and commissioning activities for the Langer Heinrich Uranium Project, continuation of the Bankable Feasibility Study for the Kayelekera Uranium Project and exploration and evaluation project expenditure, acquisition of additional investments in Deep Yellow and US\$1.3 million cash payments for Valhalla Uranium Ltd.

Net Cash Inflow from Financing Activities of US\$266.7 million is attributable to US\$250 million received from issue of convertible bonds, US\$18.5 million drawn under the project finance facility for the Langer Heinrich Uranium Project and proceeds from the exercise of 7,084,000 unlisted employee options; despite US\$7.9 million in establishment costs for the convertible bonds.

Net Increase in Cash in 2006 was US\$236.4 million, which is higher than the net increase in cash in 2005 of US\$42.0 million, as a result of the issue of the convertible bonds but despite increased cash outflows from investing and operating activities.

PALADIN RESOURCES LTD

Management Discussion and Analysis

For the Six Months Ended 31 December 2006
(All figures are in US dollars unless otherwise indicated)

Effects of Exchange Rate Changes reflects a US\$1.4 million gain for 2006 and a US\$0.4 million gain for 2005.

The *Cash* at 31 December 2006 of US\$270.2 million represents a significant increase in cash to the comparative period of 2005.

Six Months Ended 31 December 2006

Net Cash Outflow from Operating Activities was US\$3.8 million for the half year ended 31 December 2006 primarily from higher payments to suppliers and employees relating to both the growth of the Company and expanded corporate capability, and lower interest receipts as a consequence of reduced average cash holdings.

Net Cash Outflow from Investing Activities increased to US\$54.5 million as a result of the construction and commissioning activities for the Langer Heinrich Uranium Project, continuation of the Bankable Feasibility Study for the Kayelekera Uranium Project and exploration and evaluation project expenditure and acquisition of additional investments in Deep Yellow, despite US\$1.9 million cash acquired from the Valhalla Uranium Ltd acquisition net of payments for the acquisition.

Net Cash Inflow from Financing Activities of US\$283.4 million is attributable to US\$250 million received from issue of convertible bonds, US\$34.0 million drawn under the project finance facility for the Langer Heinrich Uranium Project and proceeds from the exercise of 8,740,000 unlisted employee options; despite US\$7.9 million in establishment costs for the convertible bonds.

Net Increase in Cash in 2006 was US\$255.0 million, which is higher than the net increase in cash in 2005 of US\$38.9 million, as a result of the issue of the convertible bonds despite increased cash outflows from investing and operating activities.

Effects of Exchange Rate Changes reflects a US\$1.5 million gain for 2006 and a US\$0.0 million gain for 2005.

The *Cash* at 31 December 2006 of US\$270.2 million represents a significant increase in cash to the comparative period of 2005.

PALADIN RESOURCES LTD

Management Discussion and Analysis

For the Six Months Ended 31 December 2006
(All figures are in US dollars unless otherwise indicated)

LIQUIDITY AND CAPITAL RESOURCES

The Company's principal source of liquidity as at 31 December 2006 is cash of US\$270.2 million (30 June 2006 – US\$43.6 million). Of this amount in 2006 US\$266.3 million has been invested in short term and at call deposits.

The Company's principal sources of cash for the six months ended 31 December 2006 were issue of US\$250 million in convertible bonds, project finance facility drawdown, interest received from cash investments and proceeds from exercise of unlisted employee options.

The Company has in place a Langer Heinrich project finance facility of US\$71 million of which a total of US\$51.0 million had been drawn by 31 December 2006, leaving available facilities of US\$20.0 million.

The following is a summary of the Company's outstanding commitments as at 31 December 2006:

<i>Payments due by period</i>	<i>Total US\$</i>	<i>Less than 1 yr US\$</i>	<i>1 to 5 yrs US\$</i>	<i>Unknown US\$</i>
Mine construction	-	-	-	-
Mineral properties	783,538	783,538	-	-
Operating leases	482,285	157,583	324,702	-
Manyingee acquisition	591,268	-	-	591,268
<i>Total commitments</i>	<i>1,857,091</i>	<i>941,121</i>	<i>324,702</i>	<i>591,268</i>

In relation to the Manyingee Uranium Project, the acquisition terms provide for a payment of A\$750,000 by the Company to the vendors when all project development approvals are obtained.

In addition to the outstanding commitments above, the Company acquired a call option on 19 June 1998 in relation to the purchase of the Oobagooma Uranium Project and, in turn, granted a put option to the original holder of the Project. Both the call and put options have an exercise price of A\$750,000 and are subject to the Western Australian Department of Minerals & Energy granting tenements comprising 2 exploration licence applications. The A\$750,000 is payable by the Company within 10 business days of the later of the grant of the tenements or the exercise of either the call or put option. The options will expire 3 months after the date the tenements are granted.

The Company has no other off balance sheet arrangements.

PALADIN RESOURCES LTD

Management Discussion and Analysis

For the Six Months Ended 31 December 2006
(All figures are in US dollars unless otherwise indicated)

OUTSTANDING SHARE INFORMATION

As at 9 February 2007 the Company had 500,979,969 fully paid ordinary shares issued and outstanding. The following table sets out the fully paid ordinary outstanding shares and those issuable under the Company Employee Share Incentive Option Plan:

<i>As at 9 February 2007</i>	<i>Number</i>
Outstanding shares	500,979,969
Issuable under Employee Share Incentive Option Plan	19,578,670
<i>Total</i>	<i>520,558,639</i>

CRITICAL ACCOUNTING ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Significant areas requiring the use of management estimates relate to the determination of the carrying value or impairment of interests in financial investments, property, plant and equipment and mineral properties; mine closure provisions and allocation of convertible bonds between debt and equity.

FINANCIAL INSTRUMENTS

At 31 December 2006 the Company has exposure to interest rate risk which is limited to the floating market rate for cash and project debt finance.

The Company does not have significant foreign currency translation risk for non-monetary assets and liabilities of the Namibia and Malawi operations as these are deemed to have a functional currency of United States dollars, and the Company has adopted a presentation currency of United States dollars. The Company has no significant monetary foreign currency assets and liabilities apart from Namibia dollar cash, receivables and payables and Australian dollar cash and payables.

The Company currently does not engage in any hedging or derivative transactions to manage interest rate or foreign currency risks.

TRANSACTIONS WITH RELATED PARTIES

During the six months ended 31 December 2006 no payments were made to Director related entities. Directors of the Company receive standard personal based compensation.

PALADIN RESOURCES LTD

Management Discussion and Analysis *For the Six Months Ended 31 December 2006* *(All figures are in US dollars unless otherwise indicated)*

INTERNAL CONTROLS

The Company has made no changes to its internal controls over financial reporting since 30 June 2006 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

DISCLOSURE CONTROLS

The Company has applied its Disclosure Control Policy to the preparation of the Condensed Consolidated Financial Statements for the six months ended 31 December 2006 and associated Management Discussion and Analysis. An evaluation of the Company's disclosure controls and procedures used has been undertaken and concluded that the disclosure controls and procedures were effective.

SUBSEQUENT EVENTS

On 29 January 2007, the Company announced the allotment of 30,000 fully paid ordinary shares after the exercise of employee options.

On 2 February 2007, the Company announced the granting of 2,733,670 unlisted incentive options, exercisable at A\$8.77 and expiring on 1 February 2012. These are subject to performance conditions in relation to Total Shareholder Return as outlined in the Executive Share Option Plan.

The accompanying Condensed Consolidated Financial Statements for the half year ended 31 December 2006 and 31 December 2005 have been prepared in accordance with Australian Equivalents to International Financial Reporting Standards and has not been audited by the Company's Auditors. The effective date of these Condensed Consolidated Financial Statements is 9 February 2007.

PALADIN RESOURCES LTD

Directors' Report

*For the Six Months Ended 31 December 2006
(All figures are in US dollars unless otherwise indicated)*

The Directors present their report on the consolidated entity consisting of Paladin Resources Ltd and the entities it controlled at the end of, or during, the half-year ended 31 December 2006.

Directors

The following persons were Directors of Paladin Resources Ltd (Company) during the whole of the half year and up to the date of this report:

Mr Rick Wayne Crabb (Non-Executive Chairman)
Mr John Borshoff (Managing Director)
Mr Sean Llewelyn (Non-Executive Director)
Mr George Pirie (Non-Executive Director)
Mr Ian Noble (Non-Executive Director)

Review of Operations

A detailed operational and financial review of the consolidated entity is set out on pages 3 to 19 under the sections titled Report to Shareholders and Management Discussion and Analysis.

The loss after tax for the half year ended 31 December 2006 was US\$8,781,295 (profit after tax of US\$251,717 for the half year ended 31 December 2005).

Auditor's Independence Declaration

A copy of the auditor's independence declaration as required under Section 307C of the Corporations Act 2001 is set out on page 21, which forms part of the Directors' Report.

Rounding of Amounts to the Nearest Thousand Dollars

The Company is of a kind referred to in Class Order 98/0100 issued by the Australian Securities and Investments Commission, relating to the "rounding off" of amounts in the Directors' Report and Financial Report. Amounts in the Directors' Report and Financial Report have been rounded off to the nearest thousand dollars in accordance with that class order.

This report is made in accordance with a resolution of the Directors.

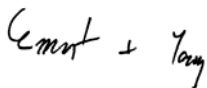


Mr John Borshoff
Managing Director

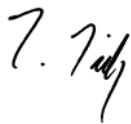
Perth, Western Australia
9 February 2007

Auditor's Independence Declaration to the Directors of Paladin Resources Ltd

In relation to our review of the financial report of Paladin Resources Ltd for the half-year ended 31 December 2006, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the Corporations Act 2001 or any applicable code of professional conduct.

A handwritten signature in black ink that reads "Ernst & Young".

Ernst & Young

A handwritten signature in black ink that reads "V. Tidy".

V W Tidy
Partner
Perth
Date: 9 February 2007

PALADIN RESOURCES LTD AND CONTROLLED ENTITIES
CONDENSED CONSOLIDATED INCOME STATEMENTS
EXPRESSED IN US DOLLARS

	Three Months Ended 31 December		Six Months Ended 31 December	
	2006	2005	2006	2005
	US\$'000	US\$'000	US\$'000	US\$'000
REVENUE (Note 5(a))	966	1,092	1,435	1,533
Other income (Note 5(b))	583	2,304	-	2,815
Share based payments expense (Note 5(c))	(1,332)	(406)	(2,570)	(1,555)
Finance costs	(825)	(3)	(825)	(12)
Exploration and evaluation expenditure (Note 6)	(2,596)	(543)	(3,436)	(1,037)
Foreign exchange loss	-	-	(369)	-
Depreciation and amortisation	(118)	(31)	(168)	(61)
Employee benefits expense	(350)	(191)	(657)	(362)
Operating lease expense	(24)	(34)	(62)	(73)
Other expenses	(1,279)	(471)	(2,227)	(996)
(LOSS)/PROFIT BEFORE INCOME TAX	(4,975)	1,717	(8,879)	252
Income tax benefit/(expense) (Note 7)	98	-	98	-
(LOSS)/PROFIT ATTRIBUTABLE TO MEMBERS OF PALADIN RESOURCES LIMITED	(4,877)	1,717	(8,781)	252
	US cents	US cents	US cents	US cents
(Loss)/Profit per share – basic and diluted	(1.00)	0.39	(2.00)	0.06

The above Condensed Consolidated Income Statements should be read in conjunction with the accompanying notes.

PALADIN RESOURCES LTD AND CONTROLLED ENTITIES
CONDENSED CONSOLIDATED BALANCE SHEETS
EXPRESSED IN US DOLLARS

	31 December 2006 unaudited US\$'000	30 June 2006 audited US\$'000
ASSETS		
Current assets		
Cash and cash equivalents	270,167	43,644
Trade and other receivables	5,193	2,698
Inventories	94	-
TOTAL CURRENT ASSETS	275,454	46,342
Non current assets		
Other financial assets	33,665	5,624
Property, plant and equipment	119,041	58,730
Exploration and evaluation expenditure (Note 6)	157,952	6,345
TOTAL NON CURRENT ASSETS	310,658	70,699
TOTAL ASSETS	586,112	117,041
LIABILITIES		
Current liabilities		
Trade and other payables	17,046	8,085
Unearned revenue	191	177
Provisions	412	239
TOTAL CURRENT LIABILITIES	17,649	8,501
Non current liabilities		
Trade and other payables	26	30
Unearned revenue	676	715
Interest bearing loans and borrowings (Note 7)	252,985	14,116
Deferred tax liabilities	19,255	-
Provisions	3,061	2,617
TOTAL NON CURRENT LIABILITIES	276,003	17,478
TOTAL LIABILITIES	293,652	25,979
NET ASSETS	292,460	91,062
EQUITY		
Contributed equity (Note 8(a))	276,253	112,327
Reserves (Note 7)	52,225	5,108
Accumulated losses	(36,018)	(26,373)
TOTAL EQUITY	292,460	91,062

The above Condensed Consolidated Balance Sheets should be read in conjunction with the accompanying notes.

PALADIN RESOURCES LTD AND CONTROLLED ENTITIES
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
EXPRESSED IN US DOLLARS

	Contributed Equity US\$'000	Reserves US\$'000	Accumulated Losses US\$'000	Total US\$'000
At 1 July 2005	50,253	4,117	(20,775)	33,595
Change in fair value of available for sale financial assets	-	197	-	197
Profit for the half year	-	-	252	252
Recognised value of unlisted employee options that have vested	-	1,555	-	1,555
Exercise of unlisted employee options (Note 8(b))	110	(110)	-	-
Contributions of equity (Note 8(b))	63,102	-	-	63,102
Transaction costs on share issue	(3,218)	-	-	(3,218)
Foreign currency translation	-	(3,555)	-	(3,555)
At 31 December 2005	110,247	2,204	(20,523)	91,928
At 1 July 2006	112,327	5,108	(26,373)	91,062
Changes in fair value of available for sale financial assets	-	23,114	-	23,114
(Loss) for the half year	-	-	(8,781)	(8,781)
Recognised value of unlisted employee options that have vested	-	2,570	-	2,570
Exercise of unlisted employee options (Note 8(b))	1,671	(1,671)	-	-
Contributions of equity (Note 8(b))	158,533	-	-	158,533
Transaction costs on share issue	(38)	-	-	(38)
Convertible bonds – equity component (Note 7)	-	37,788	-	37,788
Foreign currency translation	3,760	4,669	(864)	7,565
Income tax on items taken directly to equity	-	(19,353)	-	(19,353)
At 31 December 2006	276,253	52,225	(36,018)	292,460

The above Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the accompanying notes.

PALADIN RESOURCES LTD AND CONTROLLED ENTITIES
CONDENSED CONSOLIDATED CASH FLOW STATEMENTS
EXPRESSED IN US DOLLARS

	Three Months Ended 31 December		Six Months Ended 31 December	
	2006	2005	2006	2005
	US\$'000	US\$'000	US\$'000	US\$'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Payments to suppliers and employees	(3,728)	(421)	(4,685)	(1,250)
Interest received	490	861	859	1,426
Interest paid	-	(36)	-	(37)
Other receipts	8	10	12	14
NET CASH (OUTFLOW)/INFLOW FROM OPERATING ACTIVITIES	(3,230)	414	(3,814)	153
CASH FLOWS FROM INVESTING ACTIVITIES				
Exploration and evaluation expenditure	(2,796)	(711)	(4,163)	(1,868)
Payments for property, plant and equipment	(18,505)	(11,675)	(47,806)	(13,622)
Payments for available for sale financial assets	(4,456)	(74)	(4,456)	(74)
Cash acquired from controlled entities, net of payments for controlled entities	(1,347)	-	1,880	-
NET CASH (OUTFLOW) FROM INVESTING ACTIVITIES	(27,104)	(12,460)	(54,545)	(15,564)
CASH FLOWS FROM FINANCING ACTIVITIES				
Share placement	-	57,318	-	57,925
Proceeds from exercise of share options	5,583	547	6,897	726
Equity fundraising costs	(36)	(3,172)	(36)	(3,209)
Finance facilities establishment costs	(7,466)	(267)	(7,466)	(803)
Repayment of borrowings	-	(372)	-	(376)
Proceeds from borrowings	268,607	-	283,985	-
NET CASH INFLOW FROM FINANCING ACTIVITIES	266,688	54,054	283,380	54,263
NET INCREASE IN CASH HELD	236,354	42,008	225,021	38,852
Cash at the beginning of the financial period	32,460	26,541	43,644	30,091
Effects of exchange rate changes on cash and cash equivalents	1,353	399	1,502	5
CASH AT THE END OF THE FINANCIAL PERIOD	270,167	68,948	270,167	68,948

The above Condensed Consolidated Cash Flow Statements should be read in conjunction with the accompanying notes.

PALADIN RESOURCES LTD AND CONTROLLED ENTITIES
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR (SECOND QUARTER) ENDED 31 DECEMBER 2006
EXPRESSED IN US DOLLARS

NOTE 1. CORPORATE INFORMATION

The financial report of Paladin Resources Ltd (the Company) for the half year ended 31 December 2006 was authorised for issue in accordance with a resolution of the directors on 31 January 2007 subject to final audit clearance.

Paladin Resources Ltd is a company incorporated in Australia and limited by shares, which are publicly traded on the Australian Stock Exchange with additional listings on the Toronto Stock Exchange in Canada, and Munich, Berlin, Stuttgart and Frankfurt stock exchanges in Germany.

The nature of the operations and principal activities of the Group are described in Note 4.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This general purpose financial report for the half year ended 31 December 2006 has been prepared in accordance with Accounting Standard AASB 134 Interim Financial Reporting under Australian equivalents to International Financial Reporting Standards (AIFRS) and the Corporations Act 2001 and other mandatory professional reporting requirements and has not been audited.

In addition to these Australian requirements further information has been included in the Condensed Consolidated Financial Statements for the half year ended 31 December 2006 in order to comply with applicable Canadian securities law, as the Company is listed on the Toronto Stock Exchange.

This condensed financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the Annual Report for the year ended 30 June 2006 and any public announcements made by Paladin Resources Ltd during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The accounting policies adopted are consistent with those of the previous financial year unless otherwise stated.

Changes in accounting policies

Australian Accounting Standards and UIG Interpretations that have recently been amended and are effective from 1 January 2006 are outlined in the table below.

Reference	Title	Summary	Application date of standard*	Impact on Group accounting policies	Application date
AASB 2005-1	Amendments to Australian Accounting Standard	Amendment to AASB 139 to allow the foreign currency risk of a highly probable intra-group forecast transaction to qualify as the hedged item in certain circumstances.	For annual reporting periods beginning on or after 1 January 2006	These requirements are consistent with the Group's existing accounting policies or relate to transactions that the Group has not entered into and therefore there has been no impact.	1 January 2006
AASB 2005-4	Amendments to Australian Accounting Standards [AASB139, AASB132, AASB1, AASB1023 & AASB1038]	Amendments relate to the restriction on designating financial instruments at fair value through profit and loss	For annual reporting periods beginning on or after 1 January 2006	These requirements are consistent with the Group's existing accounting policies or relate to transactions that the Group has not entered into and therefore there has been no impact.	1 January 2006

PALADIN RESOURCES LTD AND CONTROLLED ENTITIES
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR (SECOND QUARTER) ENDED 31 DECEMBER 2006
EXPRESSED IN US DOLLARS

Reference	Title	Summary	Application date of standard*	Impact on Group accounting policies	Application date
AASB 2005-5	Amendments to Australian Accounting Standards [AASB 1 & AASB 139]	Consequential amendments made to AASB 1 due to this issue of UIG Interpretations 4 <i>Determining whether an Arrangement contains a Lease</i> . Consequential amendments made to AASB 139 due to the issue of UIG Interpretations 5 <i>Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds</i> .	For annual reporting periods beginning on or after 1 January 2006	These requirements are consistent with the Group's existing accounting policies or relate to transactions that the Group has not entered into and therefore there has been no impact.	1 January 2006
AASB 2005-6	Amendments to Australian Accounting Standards [AASB 3]	The definition of 'contribution by owners' is removed and the AASB 3 scope exclusion for business combinations involving entities or businesses under common control is adopted.	For annual reporting periods beginning on or after 1 January 2006	These requirements are consistent with the Group's existing accounting policies or relate to transactions that the Group has not entered into and therefore there has been no impact.	1 January 2006
AASB 2005-9	Amendments to Australian Accounting Standards [AASB 4, AASB 1023, AASB 139 & AASB 132]	The amendments to all four standards provide guidance as to which standard applies to financial guarantee contracts under certain circumstances.	For annual reporting periods beginning on or after 1 January 2006	All financial guarantees given from the parent to its subsidiaries will be required to be accounted for under AASBs 132 & 139 (as they were not previously accounted for as insurance contracts). The financial impact of this change in policy has not yet been determined.	1 January 2006
AASB 2006-1	Amendments to Australian Accounting Standards [AASB 121]	The amendment clarifies the requirements relating to an entity's investment in foreign operations and assists the financial reporting of entities with investments in operations that have a different functional currency.	For annual reporting periods ending on or after 31 December 2006	These requirements are consistent with the Group's existing accounting policies or relate to transactions that the Group has not entered into and therefore there has been no impact.	1 January 2006
UIG 4	Determining whether an Arrangement contains a Lease	Specifies criteria for determining whether an arrangement is, or contains, a lease.	For annual reporting periods beginning on or after 1 January 2006	These requirements are consistent with the Group's existing accounting policies or relate to transactions that the Group has not entered into and therefore there has been no impact.	1 January 2006
UIG 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds	Provides guidance on how a contributor should account for its interest in a decommissioning, restoration and rehabilitation funds.	For annual reporting periods beginning on or after 1 January 2006	These requirements are consistent with the Group's existing accounting policies or relate to transactions that the Group has not entered into and therefore there has been no impact.	1 January 2006

PALADIN RESOURCES LTD AND CONTROLLED ENTITIES
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR (SECOND QUARTER) ENDED 31 DECEMBER 2006
EXPRESSED IN US DOLLARS

Reference	Title	Summary	Application date of standard*	Impact on Group accounting policies	Application date
UIG 6	Liabilities arising from Participating in a Specific Market – Waste Electrical and Electronic Equipment	Clarifies when a liability arises under the EU's Directive on Waste Electrical and Electronic Equipment in relation to the cost of waste management for the decommissioning of electrical and electronic equipment that had been sold to private households up to 13 August 2005.	For annual reporting periods beginning on or after 1 December 2005	These requirements are consistent with the Group's existing accounting policies or relate to transactions that the Group has not entered into and therefore there has been no impact.	1 December 2005
UIG 7	Applying the Restatement Approach under AASB 129 Financial Reporting in Hyperinflationary Economies	Specifies that when hyperinflation is first identified, AASB 129 applies as if the economy had always been hyperinflationary and provides guidance as to how to apply AASB 129, in particular in relation to deferred tax items.	For annual reporting periods beginning on or after 1 March 2006	These requirements are consistent with the Group's existing accounting policies or relate to transactions that the Group has not entered into and therefore there has been no impact.	1 March 2006
UIG 8	Scope of AASB 2	Provides clarification on the scope of AASB 2, such that it includes transactions in which the entity cannot identify specifically some or all of the goods or services received as consideration for equity instruments of the entity or other share-based payments.	For annual reporting periods beginning on or after 1 May 2006	These requirements are consistent with the Group's existing accounting policies or relate to transactions that the Group has not entered into and therefore there has been no impact.	1 May 2006
UIG 9	Reassessment of Embedded Derivatives	Clarifies when an entity should assess whether an embedded derivative is required to be separated from the host contract.	For annual reporting periods beginning on or after 1 June 2006	These requirements are consistent with the Group's existing accounting policies or relate to transactions that the Group has not entered into and therefore there has been no impact.	1 June 2006

PALADIN RESOURCES LTD AND CONTROLLED ENTITIES
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR (SECOND QUARTER) ENDED 31 DECEMBER 2006
EXPRESSED IN US DOLLARS

NOTE 3. CHANGE IN FUNCTIONAL AND PRESENTATION CURRENCY

The functional currency for a company is the currency of the primary economic environment in which the company operates. Up to December 2006 the functional currency of the Paladin Group was Australian dollars. In December 2006 there were several factors which produced a change in functional currency for the majority of the Paladin Group to United States (US) dollars. These include completion of construction and commissioning at the Langer Heinrich Uranium Project, issue of US\$250 million convertible bonds, conversion of excess group cash into US dollars resulting in derivation of US interest revenue, and redesignation of all intercompany group loans into US dollars.

The presentation currency for a company is the currency in which the company chooses to present its financial reports. As the functional currency of Paladin Resources Ltd and the majority of the Paladin Group changed in December 2006 to US dollars, the Company has decided to change the presentation currency for financial reporting to US dollars in order to better reflect the Paladin Group's financial position and financial performance.

The Paladin Group has accounted for the change in functional currency in December 2006 in accordance with AIFRS which involves initial translation of Australian dollar functional currency accounts into US dollars at a fixed exchange rate on the day of transition – 1 December 2006, rate US\$: A\$ 1.27647.

In order to derive US dollar comparatives for the condensed consolidated financial statements, the Paladin Group has accounted for this change in presentation currency in accordance with AIFRS which involves translation of assets and liabilities at the 30 June 2006 rate US\$: A\$ 1.36966; revenue and expenses at the half year ending rate US\$: A\$ 1.32929; and equity balances at historical rates from 1 July 2005, rates US\$: A\$ 1.32897 to 1.32580.

PALADIN RESOURCES LTD AND CONTROLLED ENTITIES
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR (SECOND QUARTER) ENDED 31 DECEMBER 2006
EXPRESSED IN US DOLLARS

NOTE 4. SEGMENT INFORMATION

The Group's primary segment reporting format is geographical segments as the Group's risks and rates of return are affected predominately by differences in the particular economic environments in which it operates.

Geographical segments - primary reporting

The Company operates in Australia, Namibia and Malawi. The principal activity in these locations is the evaluation and development of uranium projects.

The following tables present revenue, expenditure, asset, liability, and cash flow information regarding geographical segments for the half year ended 31 December 2006 and 31 December 2005.

Six Months Ended 31 December 2006	Australia US\$000	Namibia US\$000	Malawi US\$000	Consolidated US\$000
Other revenue	1,343	91	1	1,435
Total segment revenue	1,343	91	1	1,435
(Loss)/Profit from ordinary activities before income tax	(6,278)	4	(2,605)	(8,879)
Income tax benefit/(expense)	98	-	-	98
(Loss)/Profit from ordinary activities after income tax/ segment result	(6,180)	4	(2,605)	(8,781)
Total assets/segment assets	450,853	128,754	6,505	586,112
Segment liabilities	279,347	14,010	295	293,652
Acquisitions of non current Assets	154,877	55,016	1,423	211,316
Cash flow information				
Net cash inflow/(outflow) from operating activities	(3,854)	72	(32)	(3,814)
Net cash (outflow) from investing activities	(426)	(49,824)	(4,295)	(54,545)
Net cash inflow from financing activities	283,380	-	-	283,380
Non cash expenses:				
Depreciation and amortisation	135	16	17	168

PALADIN RESOURCES LTD AND CONTROLLED ENTITIES
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
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NOTE 4. SEGMENT INFORMATION (continued)

Geographical segments – primary reporting (continued)

Six Months Ended	Australia	Namibia	Malawi	Consolidated
31 December 2005	US\$'000	US\$'000	US\$'000	US\$'000
Other revenue	1,525	8	-	1,533
Total segment revenue	1,525	8	-	1,533
Profit/(Loss) on ordinary activities before income tax	910	226	(884)	252
Income tax expense	-	-	-	-
Profit/(Loss) on ordinary activities after income tax/ segment result	910	226	(884)	252
Total assets/segment assets	71,758	19,851	4,481	96,090
Segment liabilities	1,530	2,625	7	4,162
Acquisitions of non current assets	1,508	16,223	4,116	21,847
Cash flow information				
Net cash inflow/(outflow) from operating activities	187	(24)	(10)	153
Net cash outflow from investing activities	(230)	(14,463)	(871)	(15,564)
Net cash inflow from financing activities	54,263	-	-	54,263
Non cash expenses:				
Depreciation and amortisation	61	-	-	61

PALADIN RESOURCES LTD AND CONTROLLED ENTITIES
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NOTE 5. REVENUE AND EXPENSES

	Three Months Ended		Six Months Ended	
	31 December		31 December	
	2006	2005	2006	2005
	US\$'000	US\$'000	US\$'000	US\$'000
(a) Revenue				
Interest income from non related parties	913	1,028	1,331	1,420
Database licence revenue	46	54	92	100
Other revenue	7	10	12	13
Total revenue	966	1,092	1,435	1,533
(b) Other income				
Other income includes the following specific income:				
Profit on sale from tenements	-	-	-	332
Foreign exchange gains	583	2,304	-	2,483
Total other income	583	2,304	-	2,815
(c) Share based payments expense	1,332	406	2,570	1,555

This share based payments expense relates to the requirement to recognise the cost of granting options to Directors, employees and consultants under AIFRS over the option vesting period which impacts all periods presented.

PALADIN RESOURCES LTD AND CONTROLLED ENTITIES
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NOTE 6. EXPLORATION AND EVALUATION EXPENDITURE

The following table details the exploration and evaluation expenditures on interests in mineral properties by area of interest for the half year ended **31 December 2006**:

Areas of interest	Langer Heinrich Project US\$000	Kayelekera Project US\$000	Manyingee Project US\$000	Oobagooma Project US\$000	Valhalla Group Projects US\$000	Other Projects US\$000	Total US\$000
Balance 30 June 2006 (audited)	1,149	4,224	845	127	-	-	6,345
Acquisition							
Valhalla acquisition (a)	-	-	-	-	149,865	-	149,865
Project exploration and evaluation expenditure							
Tenement costs	2	-	13	-	-	3	18
Labour	50	274	-	-	-	36	360
Consultants and contractors	1	138	4	1	22	21	187
Materials and utilities	5	83	-	-	-	3	91
Transportation and communications	29	149	-	-	-	10	188
Outside services	254	1,713	-	-	14	-	1,981
Legal and accounting	-	57	6	-	-	1	64
Camp expenses	2	32	-	-	-	-	34
Overheads	-	31	-	-	-	28	59
Joint venture contributions	-	-	-	-	701	-	701
Other	5	70	-	-	26	-	101
Total expenditure	348	2,547	23	1	763	102	3,784
Exploration expenditure expensed	-	(2,547)	(23)	(1)	(763)	(102)	(3,436)
Exploration expenditure capitalised	348	-	-	-	-	-	348
Foreign exchange differences	83	329	78	-	904	-	1,394
Balance 31 December 2006 (unaudited)	1,580	4,553	923	127	150,769	-	157,952

PALADIN RESOURCES LTD AND CONTROLLED ENTITIES
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
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NOTE 6. EXPLORATION AND EVALUATION EXPENDITURE (CONTINUED)

(a) Acquisition of Valhalla Uranium Ltd

The addition of the Valhalla Group projects during the 6 months ended 31 December 2006 related to the takeover bid for Valhalla Uranium Ltd which was announced on 10 July 2006 and subsequently declared unconditional on 7 September 2006 after receiving deed of indemnity from Resolute Mining Ltd pertaining to the legal actions of Summit Resources Ltd on the Isa Uranium Joint Venture Agreement, and acceptances from 94.27% of Valhalla's shareholders. Compulsory acquisition of remaining shareholders under Australian corporations law was completed on 27 October 2006.

The takeover was satisfied for a total consideration of US\$149.9 million including the issuance of 37,974,256 fully paid ordinary shares and transaction costs. This has been accounted for as an acquisition of assets and not a business combination. The cash acquired from Valhalla exceeds the cash transaction costs paid by US\$1.9 million.

NOTE 7. ISSUE OF CONVERTIBLE BONDS

On 15 December 2006, the Company issued US\$250 million in convertible bonds with an underlying coupon rate of 4.5%, maturity 15 December 2011 and a conversion price of US\$7.685 for Company shares.

In disclosing the convertible bonds in the condensed consolidated financial statements, the Company has accounted for them in accordance with AIFRS. Under these standards the convertible bonds are essentially both a liability (underlying bond) and an equity instrument (conversion rights into Company shares).

Based on this allocation of the convertible bonds, US\$212,212,500 has been allocated to interest bearing loans and borrowings in non-current liabilities (underlying effective interest rate of 8.75%) and US\$37,787,500 to non-distributable convertible bond reserve in equity. A deferred tax liability of US\$11.3 million has been recognised through reserves which relates to the equity component of the bond and this deferred tax liability reverses to the Income Statement over the term of the bond.

PALADIN RESOURCES LTD AND CONTROLLED ENTITIES
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
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NOTE 8. CONTRIBUTED EQUITY

(a) Issued and paid up capital

	31 Dec 2006	31 Dec 2005	31 Dec 2006	31 Dec 2005
	Number of Shares		US\$'000	US\$'000
Ordinary shares - fully paid	500,949,969	444,285,713	276,253	110,247

(b) Movements in ordinary share capital

		Number of shares	Issue Price A\$	Exchange Rate US\$: A\$	Total US\$'000
Date	Balance 30 June 05	400,885,713			50,253
July 2005	Option conversions	150,000	0.22	1.32897	25
August 2005	Option conversions	350,000	0.22	1.31317	59
September 2005	Option conversions	550,000	0.22	1.30712	93
September 2005	Kayelekera acquisition	4,350,000	1.29	1.30712	4,293
October 2005	Option conversions	2,250,000	0.22	1.32580	373
October 2005	Option conversions	750,000	0.32	1.32580	181
October 2005	Placement	35,000,000	2.20	1.32580	58,078
	Transfer from reserves				110
	Less: Share issue costs				(3,218)
	Balance 31 Dec 05	444,285,713			110,247

		Number of shares	Issue Price A\$	Exchange Rate US\$: A\$	Total US\$'000
Date	Balance 30 June 06	454,235,713			112,327
July 2006	Option conversions	350,000	1.00	1.27647	274
July 2006	Option conversions	300,000	1.25	1.27647	294
August 2006	Option conversions	400,000	1.00	1.27647	314
September 2006	Option conversions	600,000	1.00	1.27647	470
September 2006	Option conversions	6,000	1.50	1.27647	7
September 2006	Valhalla acquisition	37,151,830	5.09	1.27647	148,145
October 2006	Valhalla acquisition	822,426	5.09	1.27647	3,280
October 2006	Option conversions	3,400,000	1.00	1.27647	2,664
November 2006	Option conversions	2,090,000	1.00	1.27647	1,637
November 2006	Option conversions	1,000,000	1.25	1.27647	979
November 2006	Option conversions	4,000	1.50	1.27647	5
December 2006	Functional currency transition adjustment (1)				3,760
December 2006	Option conversions	590,000	1.00	1.27175	464
	Transfer from reserves				1,671
	Less: Share issue costs				(38)
	Balance 31 Dec 06	500,949,969			276,253

(1) Adjustment relates to the transition from a functional currency of Australian dollars with a presentation currency of United States dollars to both a functional and presentation currency of United States dollars – refer Note 3.

PALADIN RESOURCES LTD AND CONTROLLED ENTITIES
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NOTE 8. CONTRIBUTED EQUITY (CONTINUED)

(c) Options

Issued unlisted employee options outstanding to Directors, employees and consultants directly engaged in corporate, mine construction, and exploration and evaluation work for the Company are as follows:

	31 Dec 2006 Number
Number of unlisted employee options	16,875,000

Consisting of the following:

Date options granted	Expiry date	Exercise price	
30 November 2004	30 November 2007	A\$1.00	3,870,000
20 December 2004	20 December 2007	A\$1.00	7,000,000
15 July 2005	15 July 2008	A\$1.50	190,000
13 January 2006	13 January 2009	A\$2.80	1,050,000
19 January 2006	13 January 2009	A\$2.80	600,000
16 February 2006	13 January 2009	A\$2.80	1,200,000
27 April 2006	28 April 2009	A\$5.50	1,565,000
5 July 2006	5 July 2009	A\$5.50	1,000,000
20 July 2006	5 July 2009	A\$5.50	400,000

NOTE 9. CONTINGENT LIABILITIES

There has been no material changes in the contingent liabilities for the Company from those reported in the Annual Report for the year ended 30 June 2006.

NOTE 10. EVENTS AFTER THE BALANCE SHEET DATE

On 29 January 2007, the Company announced the allotment of 30,000 fully paid ordinary shares after the exercise of employee options.

On 2 February 2007, the Company announced the granting of 2,733,670 unlisted incentive options, exercisable at A\$8.77 and expiring on 1 February 2012. These are subject to performance conditions in relation to Total Shareholder Return as outlined in the Executive Share Option Plan.

PALADIN RESOURCES LTD

Directors' Declaration

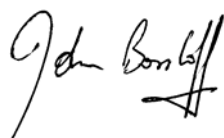
The Directors declare that the financial statements and notes:

- (a) comply with Accounting Standard AASB 134 "Interim Financial Reporting", the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
- (b) give a true and fair view of the consolidated entity's Balance Sheet as at 31 December 2006 and of its performance, as represented by the Income Statement and Cash Flow Statement, for the quarter and half year ended on that date.

In the Directors' opinion:

- (a) the financial statements and notes are in accordance with the Corporations Act 2001; and
- (b) there are reasonable grounds to believe that Paladin Resources Ltd will be able to pay its debts as and when they become due and payable.

This report is made in accordance with a resolution of the Directors.



Mr John Borshoff
Managing Director

Perth, Western Australia
9 February 2007

Independent auditor's review report to members of Paladin Resources Ltd

We have reviewed the accompanying second quarter and half-year financial report of Paladin Resources Ltd, which comprises the condensed balance sheet as at 31 December 2006, and the condensed income statement and condensed cash flow statement for the second quarter and half-year ended on that date, the condensed statement of changes in equity for the six month period ended on that date, a statement of accounting policies, other selected explanatory notes and the directors' declaration.

Directors' Responsibility for the Second Quarter and Half-Year Financial Report

The directors of the company are responsible for the preparation and fair presentation of the second quarter and half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the second quarter and half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express a conclusion on the second quarter and half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of an Interim Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the company's financial position as at 31 December 2006 and its performance for the second quarter and half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001* and other mandatory financial reporting requirements in Australia. As the auditor of Paladin Resources Ltd, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a second quarter and half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the Directors' Report.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the interim financial report of Paladin Resources Ltd is not in accordance with:

- (a) the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the company's financial position as at 31 December 2006 and of its performance for the second quarter and half-year ended on that date; and
 - (ii) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*; and
- (b) other mandatory financial reporting requirements in Australia.

Ernst & Young

Ernst & Young

V. W. Tidy

V W Tidy
Partner
Perth
9 February 2007

APPENDIX A

Form 52-109F2 – Certification of Interim Filings

I, John Borshoff, Managing Director of Paladin Resources Ltd, certify that:

1. I have reviewed the interim filings (as this term is defined in Multilateral Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings*) of Paladin Resources Ltd (the issuer) for the interim period ending 31 December 2006;
2. Based on my knowledge, the interim filings do not contain any untrue statement of a material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made, with respect to the period covered by the interim filings;
3. Based on my knowledge, the interim financial statements together with the other financial information included in the interim filings fairly present in all material respects the financial condition, results of operations and cash flows of the issuer, as of the date and for the periods presented in the interim filings;
4. The issuer's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures and internal control over financial reporting for the issuer, and we have:
 - (a) designed such disclosure controls and procedures, or caused them to be designed under our supervision, to provide reasonable assurance that material information relating to the issuer, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which the interim filings are being prepared;
 - (b) designed such internal control over financial reporting, or caused it to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the issuer's GAAP; and
5. I have caused the issuer to disclose in the annual MD&A any change in the issuer's internal control over financial reporting that occurred during the issuer's most recent interim period that has materially affected, or is reasonably likely to materially affect, the issuer's internal control over financial reporting.

Dated: 9 February 2007



John Borshoff
Managing Director

APPENDIX A

Form 52-109F2 – Certification of Interim Filings

I, Ron Chamberlain, Chief Financial Officer of Paladin Resources Ltd, certify that:

1. I have reviewed the interim filings (as this term is defined in Multilateral Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings*) of Paladin Resources Ltd (the issuer) for the interim period ending 31 December 2006;
2. Based on my knowledge, the interim filings do not contain any untrue statement of a material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made, with respect to the period covered by the interim filings;
3. Based on my knowledge, the interim financial statements together with the other financial information included in the interim filings fairly present in all material respects the financial condition, results of operations and cash flows of the issuer, as of the date and for the periods presented in the interim filings;
4. The issuer's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures and internal control over financial reporting for the issuer, and we have:
 - (a) designed such disclosure controls and procedures, or caused them to be designed under our supervision, to provide reasonable assurance that material information relating to the issuer, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which the interim filings are being prepared;
 - (b) designed such internal control over financial reporting, or caused it to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the issuer's GAAP; and
5. I have caused the issuer to disclose in the annual MD&A any change in the issuer's internal control over financial reporting that occurred during the issuer's most recent interim period that has materially affected, or is reasonably likely to materially affect, the issuer's internal control over financial reporting.

Dated: 9 February 2007



Ron Chamberlain
Chief Financial Officer