



PALADIN RESOURCES LTD

A.C.N. 061 681 098

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30 April 2007

The Company Announcements Officer
Australian Stock Exchange Limited
Exchange Centre
20 Bridge Street
SYDNEY NSW 2000

Dear Sir/Madam

QUARTERLY REPORT FOR PERIOD ENDING – 31 March 2007

HIGHLIGHTS

- *Langer Heinrich Uranium Project officially opened by His Excellency, President Hifikepunye Pohamba, of the Republic of Namibia*
- *Production ramps up to 70% of design capacity, first uranium concentrate shipment delivered to US conversion facility*
- *Board approves Kayelekera Bankable Feasibility Study and grants project go-ahead*
- *Kayelekera Uranium Project in Malawi gains Government development approvals*
- *Takeover offer for Summit Resources Limited announced and achieved 58.21% acceptances to 27 April 2007.*
- *Uranium spot price rises to US\$113/lb U₃O₈ – up US\$41/lb U₃O₈ from December quarter.*

MARKET COMMENTS

On April 9, 2007, the *Ux Weekly* (published by Ux Consulting Company LLC, of Roswell, Georgia, USA) reported the Ux U₃O₈ price (the spot price) had risen from US\$95/lb to US\$113/lb, the largest single movement since price reporting began, which comes on top of an effective doubling of the spot price during 2006 when the price rose from US\$32.25/lb to US\$72/lb.

There are many factors at work in the uranium market, most of which will take a significant period of time to have an impact on longer term price expectations. Two elements are the most influential. The first is uranium demand. For many years people outside the industry (and some insiders as well) tended to overlook the quietly growing significance of nuclear electricity production worldwide. In some cases the noticeable absence of new reactor building was interpreted as a decline, or at least a freeze in nuclear capacity, when in fact many reactors in several countries were being upgraded, electricity production raised and costs lowered. An industry which was sometimes thought to be on the decline was in fact quietly flourishing. Now attention is focussing on climate change and the

challenge this presents for energy production in a carbon-constrained world. Nuclear power is quite legitimately a key component in many countries' responses. This means uranium demand will continue to grow to support the existing reactor fleet and to fuel the inevitable new builds worldwide.

The second element is supply. The attenuated period of depressed prices caused by inventory liquidations, trade barriers, and the dissolution of the Soviet Union and the east Bloc, plus the High Enriched Uranium program, led to underinvestment in uranium exploration and development, and over-dependence on a concentrated supply base, which has now proven to be prone to disruption.

Rising demand and constrained supply in a vigorous and growing industry will inevitably put pressure on prices until the supply side can re-align with the new industry structure. In the uranium industry, this will probably take a considerable time particularly when the practical and regulatory restrictions and impediments to new mine developments or expansions are taken into account.

It is in this context that the significance of Paladin's production readiness should be examined. Paladin has term sales contracts to US utilities for approximately 7.5Mlbs U₃O₈ for delivery between 2007 to 2012. These contracts were required to meet bankers' conditions for its Langer Heinrich Project loan. Kayelekera is forecast to reach full production of 3.3Mlbs U₃O₈ per annum in 2009 and the Langer Heinrich Stage 2 expansion is expected to be completed during the latter part of 2008 to allow that project to produce a minimum of 3.7Mlbs per annum. Cumulative production by Paladin in the critical period to the end of 2012 is expected to be in the vicinity of 31Mlbs. Even using conservative price forecasting (average US\$90/lb), the total revenue generated by the Company during this period would be in the vicinity of US\$2.8 billion (A\$3.5 billion) giving Paladin significant cash flows with which to advantage its shareholders.

LANGER HEINRICH URANIUM PROJECT - Namibia (100%)

Official Opening

The Langer Heinrich Uranium Project was officially opened by His Excellency, President Hifikepunye Pohamba, of the Republic of Namibia, on 15 March 2007, in a ceremony attended by over 200 guests, including shareholders from Australia. The President noted the strong economic benefits that the Project brings to Namibia, and reaffirmed his Government's strong support for foreign investment.

Ramp Up Status

Significant progress has been made during the first three months of the production ramp-up phase at Langer Heinrich. The ramp-up has included systematic elimination of bottlenecks, design improvements, and optimisation of operational management practices. The plant is now operating consistently to 70% of design capacity and is trending up in line with the ramp-up schedule. The status of key elements of the plant was reported in a previous announcement to the market advising of ramp up status

Importantly, the alkaline leach process used at Langer Heinrich has been successfully proven with the production of commercially acceptable yellowcake. Production to the end of June is expected to be in the vicinity of 400,000 lbs to 600,000 lbs, with the drop in stated production due to the downtime experienced in the early ramp-up phase in January and February.

Two shipments of yellowcake have been made to a conversion facility.

KAYELEKERA URANIUM PROJECT - Malawi (85%)

Significant progress was made on the Kayelekera Uranium Project during the quarter.

Development Agreement Approved

On 23 February 2007 agreement was reached between the Government of Malawi and Paladin subsidiary Paladin (Africa) Ltd on the terms of a Development Agreement covering the Kayelekera Uranium project which will provide a stable fiscal regime for at least ten years and assure a high degree of certainty for the Project. The salient terms of the Development Agreement included a 15% carried equity in the project company to be transferred to the Republic of Malawi together with a fiscal package that was detailed in previous announcements.

A stability period of ten years exists during which there are to be no increases in the taxation or royalty regime plus a commitment to pass on the benefit of any taxation or royalty decreases during the period.

Bankable Feasibility Study Completed

Consequent to the conclusion of the Development Agreement, the Paladin Board reviewed and accepted a Bankable Feasibility Study (BFS) prepared by GRD Minproc (Pty) Ltd and resolved to proceed with the development of the Kayelekera Uranium Project. Key aspects of the approval are:

- The BFS shows that the Kayelekera Uranium Project is financially and technically viable with an 11 year project life.
- Total annual production will be 3.3M lbs U₃O₈ over the first 7 years (compared with 2.3M lbs U₃O₈ originally envisaged).
- The Board approved a CAPEX of up to US\$185M for the Project.

Paladin lodged a technical report, pursuant to the NI 43-101 reporting obligations in Canada. The report has been prepared by GRD Minproc Pty Ltd the Study Engineers and includes the executive summary from the BFS. This report has been lodged with SEDAR and can either be accessed from the following link www.sedar.com under the Company's profile or on the Paladin website.

Environmental Approval Received

On 2 April 2007 Paladin announced that Paladin (Africa) Ltd had received its Notice for Environmental Approval from the responsible Malawi authorities, which completes the extensive Environmental Impact Assessment process which was submitted to the Government in October 2006.

Mining Licence Granted

On 9 April 2007 the Minister of Energy, Mines and Natural Resources of the Republic of Malawi granted to Paladin (Africa) Limited a Mining Licence (ML) covering an area of 55.5 km² for an initial term of 15 years, renewable for further 10 year periods.

Pioneer Works Commenced

Pioneer construction work has now commenced to establish a branch road to the site, the advance party camp, and satellite communications. Selection of the EPCM Project Manager is at an advanced stage of selection, and tenders for the mining contract are under evaluation. The Project is scheduled for commissioning in September 2008.

BIGRLYI URANIUM JOINT VENTURE – Northern Territory, Australia (41.7%)

This project is a joint venture between Valhalla Uranium Ltd (41.7%), Energy Metals 53.3% and Southern Cross Exploration NL's (5%) with Energy Metals as manager.

Work undertaken at Bigrlyi during the period included compilation of data from 43 holes drilled in the December 2006 quarter, re-calculation of the uranium and vanadium resource models incorporating results from this drilling and commencement of a scoping study (expected to be completed May 2007).

Significant intercepts recorded from the December 2006 quarter drilling are summarised and presented in Energy Metals March Quarterly and can be viewed from their website www.energymetals.net.

On 2nd March 2007 an updated resource estimate for the Bigrlyi project was released. The resources were estimated using ordinary kriging by resource estimation specialists Hellman & Schofield Pty Ltd ("H&S") and are shown at 0.10% and 0.05% cut-off grades. It was considered that the 0.05% lower cut-off grade best approximated the economic cut-off grade considering the style of the mineralisation and the current uranium price.

At a cut-off grade of 0.05% U_3O_8 the Bigrlyi resource now totals 14.3 million pounds (lbs) of U_3O_8 and 16.3 million lbs of V_2O_5 , representing a 26% increase in uranium and a 17% increase in vanadium compared with the previous (July 2006) resource. A tabulation of Indicated and Inferred Resources is provided in Table 1.

Table 1 – Summary Of Resources

<u>Indicated Resources</u>						<u>Indicated Resources</u>					
Cut Off (%)	Tonnes	U_3O_8 (%)	V_2O_5 (%)	U_3O_8 (Kt)	V_2O_5 (Kt)	Tonnes	U_3O_8 (%)	V_2O_5 (%)	U_3O_8 (Kt)	V_2O_5 (Kt)	
0.10	1,200,000	0.23	0.23	2.71	2.79	1,230,000	0.19	0.18	2.29	2.16	
0.05	1,940,000	0.17	0.19	3.25	3.78	2,590,000	0.13	0.14	3.26	3.63	

Tonnes are metric (2204.62 pounds, Kt may not total due to round-off errors).

The resource estimates are based on the interpretation of 459 historic drill holes (222 percussion and 237 pre-collared diamond holes) and 43 holes (14 percussion and 29 pre-collared diamond holes) drilled by the joint venture between October and December 2006. Assays were derived from predominantly chemical methods (XRF) in significant ore zones, and calibrated radiometric methods in surrounding and less significant zones.

Most of the resources lie within 200m of the surface and are considered potentially accessible via open-pit mining. Metallurgical test work conducted to date has indicated greater than 90% recovery of the uranium and up to 70% of the vanadium using acid leach and fine grinding. Energy Metals considers there is good potential to increase resources at depth and along strike at all of the current resource areas.

Early April 2007 the Bigrlyi Joint Venture partners approved a substantial drilling program (262 holes for 51,255m) for the 2007 field season. Most of these holes will be drilled outside of current resource envelopes targeting extension to the known resource base. Drilling is expected to commence late April 2007/early May.

ISA URANIUM JOINT VENTURE - Queensland (50%)

The Valhalla and Skäl uranium deposits are within the Isa Uranium Joint Venture Agreement ("IUJV") area where Summit Resources Ltd is manager and holds a 50% interest. Paladin's wholly owned subsidiary, Mt Isa Uranium Pty Ltd is a 50% contributing participant to the IUJV.

Valhalla Uranium Deposit

Two holes, for a total of 696 metres of RC percussion and diamond drilling, were drilled at Valhalla (holes VDDH88 & VDDH89, pre-collar only) during the March Quarter. Core samples from holes VDDH88 have been submitted for multi element analysis. The pre-collar for VDDH89 was drilled by RC percussion to 59m but, to date, the drill hole has not been completed.

Assay results have been received for a large number of Valhalla drill holes VDDH63 to VDDH87. Significant intercepts from these results are shown in Table 2 below.

Table 2 – Significant Intercepts

Location	Width (m)	U₃O₈ (%)	V₂O₅ (%)
Valhalla	126	0.14	0.36
includes	18	0.37	0.32
Valhalla	75	0.12	0.46
Valhalla	105	0.16	0.27
Valhalla	79	0.12	0.29
Valhalla	31	0.25	0.33
Valhalla	114	0.16	0.27
Valhalla	20	0.39	0.28

Metallurgical test work, including the development of a standard test procedure and further flotation studies on Valhalla samples, to establish the metallurgical flow sheet, recoveries and metallurgical compatibility with the Skäl uranium deposit is ongoing.

Further quality assurance and quality control check, standard, duplicate and repeat analyses were undertaken at two separate laboratories during the quarter for the preparation of a new resource model for the deposit and the calculation of an updated and revised JORC compliant resource estimate.

SKAL Uranium Deposit

The Skäl uranium deposit is located 32 kilometres north of Mount Isa city. Two mineralised shoots have now been defined at Skäl. The uranium mineralisation in both the southern and northern shoots at Skäl is yet to be closed off by drilling either along strike or at depth.

A total of 816 metres of RC percussion and diamond drilling in five drill holes SKDDH15 to SKDDH18 have been completed at Skäl during the Quarter. All four holes have been logged, sampled and samples despatched for analysis. The drilling program was designed to further test the southern and northern mineralised shoots at Skäl.

As at Valhalla the same metallurgical test work to establish the metallurgical flow sheet, recoveries and metallurgical compatibility of the Skäl uranium mineralisation with Valhalla is ongoing. This work and validation of the database is also required for the preparation of a new resource model for the deposit and the calculation of a JORC compliant resource estimate.

CORPORATE

Takeover offer for Summit

On 27 February 2007 Paladin announced a takeover offer for Summit Resources Ltd, a Western Australian based exploration company with primary interests in uranium centered around North West Queensland. Summit holds a large land position in the Mt Isa region which contains numerous uranium prospects with excellent prospectivity, some having uranium resources associated. The most advanced project in Summit's portfolio is the Valhalla Uranium Deposit situated near the mining township of Mount Isa. The Valhalla Uranium Deposit together with the Skat Deposit is being explored under the Isa Uranium Joint Venture Agreement ("IUJV"), of which Summit is manager and holder of a 50% interest. Paladin's wholly owned subsidiary, Mt Isa Uranium Pty Ltd, holds the other 50% interest in the IUJV.

The consideration under Paladin's initial offer comprised 1 fully paid ordinary Paladin share for every 2.04 fully paid ordinary Summit shares.

The initial offer was not recommended by the Summit Board. Subsequent to the reporting period, on 11 April 2007, Summit announced that it had reached agreement (subject to shareholder approval) with Areva NC Australia Pty Ltd ("Areva") to establish a strategic alliance involving a placement and establishment of certain uranium marketing and other rights.

On 12 April 2007 Paladin announced its intention to increase the consideration offered under its bid to 1 Paladin share for every 1.67 Summit shares. The increased offer is final, meaning that it will not be further increased, in the absence of a competing proposal.

On 16 April 2007 the Summit Board resolved to unanimously recommend that all Summit shareholders accept Paladin's increased offer.

On 30 April 2007 Paladin announced that the closing date for the bid had been automatically extended under the Corporations Act to 11 May 2007. As of 27 April 2007 Paladin had received acceptances for 58.21% of issued capital of Summit.

Tragic Loss of a Core Staff Member

The Company notes with great sadness the death of Garnet Halliday, the Executive General Manager for Operations and Development, who was killed in a light aircraft accident near Lilongwe, Malawi, on 8 March 2007. Garnet contributed greatly to the successful development and start-up of the Langer Heinrich Uranium Project, and was in the early stages of preparation to lead the Company's strong development team to commence the construction process for the Kayelekera Uranium Project in Malawi. The Company has moved to re-organize the Kayelekera Project Team to enable work to proceed on schedule despite the tragic loss of Garnet.

Yours faithfully
Paladin Resources Ltd



JOHN BORSHOFF
Managing Director

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
Note – Report in US dollars following the change in functional and presentation currency to US dollars in December 2006

ABN

47 061 681 098

Quarter ended ("current quarter")

31 March 2007

Consolidated statement of cash flows

		Current quarter US\$'000	Year to date (9 months) US\$'000
	Cash flows related to operating activities		
1.1	Receipts from product sales and related debtors		
1.2	Payments for (a) exploration and evaluation (b) development (c) production (d) administration	(2,177)	(6,340)
1.3	Dividends received		
1.4	Interest and other items of a similar nature received	3,445	4,304
1.5	Interest and other costs of finance paid	(8)	(8)
1.6	Income taxes paid		
1.7	Other (provide details if material) Sundry income	-	12
	Net Operating Cash Flows	(4,864)	(12,841)
	Cash flows related to investing activities		
1.8	Payment for purchases of: (a) prospects (b) equity investments (c) other fixed assets	(4,526) (16,475)	(8,982) (64,281)
1.9	Proceeds from sale of: (a) prospects (b) equity investments (c) other fixed assets	592 161	592 161
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	-	1,880
	Net Investing Cash Flows	(20,248)	(70,630)
1.13	Total operating and investing cash flows (carried forward)	(25,112)	(83,471)

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	US\$'000 (25,112)	US\$'000 (83,471)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	66	6,963
1.15	Proceeds from sale of forfeited shares		
1.16	Proceeds from borrowings	12,266	296,251
1.17	Repayment of borrowings		
1.18	Dividends paid		
1.19	Other (provide details if material)	(49)	(7,552)
	Debt facility establishment and share issue costs		
	Net Financing Cash Flows	12,283	295,662
	Net increase (decrease) in cash held	(12,829)	212,191
1.20	Cash at beginning of quarter/year to date	270,167	43,644
1.21	Exchange rate adjustments to item 1.20	(398)	1,105
1.22	Cash at end of quarter	256,940	256,940

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 US\$'000
1.23	Aggregate amount of payments to the parties included in item 1.2	891
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

Included in 1.23 above is a US\$463,000 bonus paid to the Managing Director in relation to the year ended 31 December 2006.

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 launched an off-market takeover bid for Summit Resources Limited. The form of consideration is now the issuance of up to 123,227,557 shares of Paladin (share exchange ratio of 1 Paladin share for 1.67 ordinary shares in Summit – increased offer made on 12 April 2007). At 31 March 2007, 550,815 of the shares had been issued (see 7.4(a)).

- 2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

N/A

Appendix 5B
Mining exploration entity quarterly report

Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available US\$'000	Amount used US\$'000
3.1 Loan facilities	71,000	63,219
3.2 Credit standby arrangements	-	-

US\$250m convertible bonds issued on 15 December 2006 with a coupon rate of 4.5% maturing 15 December 2011 at a conversion price of US\$7.685 per share

Estimated cash outflows for next quarter

	US\$'000
4.1 Exploration and evaluation	1,000
4.2 Development	14,000
Total	15,000

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

	Current quarter US\$'000	Previous quarter US\$'000
5.1 Cash on hand and at bank	3,077	3,900
5.2 Deposits at call	29,604	21,174
5.3 Bank overdraft	-	-
5.4 Other (provide details) Short Term US Treasuries and Deposits	224,259	245,093
Total: cash at end of quarter (item 1.22)	256,940	270,167

Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1 Interests in mining tenements relinquished, reduced or lapsed	N/A			
6.2 Interests in mining tenements acquired or increased	N/A			

Appendix 5B
Mining exploration entity quarterly report

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (see note 3)	Amount paid up per security (see note 3)
7.1 Preference securities <i>(description)</i>				
7.2 Changes during quarter				
(a) Increases through issues				
(b) Decreases through returns of capital, buy-backs, redemptions				
7.3 +Ordinary securities	501,530,784	501,530,784		
7.4 Changes during quarter				
(a) Increases through issues	30,000	30,000	A\$2.80	A\$2.80
(b) Decreases through returns of capital, buy-backs	550,815	550,815	A\$9.52	A\$9.52
7.5 +Convertible debt securities <i>(description)</i>				
7.6 Changes during quarter				
(a) Increases through issues				
(b) Decreases through securities matured, converted				
7.7 Options <i>(description and conversion factor)</i>	3,870,000		Exercise price	Expiry date
	7,000,000		A\$1.00	30.11.07
	190,000		A\$1.00	20.12.07
	2,820,000		A\$1.50	15.07.08
	1,565,000		A\$2.80	13.01.09
	1,400,000		A\$5.50	28.04.09
	2,733,670		A\$5.50	05.07.09
			A\$8.77	01.02.12
7.8 Issued during quarter	2,733,670		A\$8.77	01.02.12
7.9 Exercised during quarter	30,000		A\$2.80	13.01.09
7.10 Expired during quarter				
7.11 Debentures <i>(totals only)</i>				

Appendix 5B
Mining exploration entity quarterly report

7.12	Unsecured notes (totals only)		
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Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 4).
- 2 This statement does give a true and fair view of the matters disclosed.



Sign here:

(Company secretary)

Date: 30 April 2007

Print name:

Gill Swaby

Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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