



PALADIN RESOURCES LTD

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Ref: 47298

14 May 2007

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

Dear Sir/Madam

March 2007 Quarterly Financial Report and MD&A

Attached please find Quarterly Report for the three months ended 30 March 2007 including Report to Shareholders, Management Discussion and Analysis, Interim Financial Statements and CEO/CFO Certification as required in accordance with Canadian reporting requirements.

Yours faithfully
Paladin Resources Ltd

GILLIAN SWABY
Company Secretary



PALADIN RESOURCES LTD

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THIRD QUARTER REPORT

31 March 2007

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Report to Shareholders

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MARKET COMMENTS

On April 9, 2007, the *Ux Weekly* (published by *Ux Consulting Company LLC*, of Roswell, Georgia, USA) reported the U_3O_8 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 U_3O_8 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 U_3O_8 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.

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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:

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- 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 &

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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>Inferred 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 Skall 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.

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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)	U ₃ O ₈ (%)	V ₂ O ₅ (%)
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 and SKRCWB have been completed at Skäl during the Quarter. All four resource 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

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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 Skäl 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 and was subsequently extended to 18 May 2007 (unless extended). As of 11 May 2007 Paladin had received acceptances for 68.51% 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

PALADIN RESOURCES LTD

Management Discussion and Analysis *For the Nine Months Ended 31 March 2007* *(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 nine months ended 31 March 2007 which are unaudited. The effective date of this report is 14 May 2007.

The financial information presented in this MD&A has been prepared in accordance with Australian equivalents to International Financial Reporting Standards (AIFRS), other mandatory professional reporting requirements and the Corporations Act 2001.

In addition to these Australian requirements further information has been included in the Condensed Consolidated Financial Statements for the nine months ended 31 March 2007 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, development and operation 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.

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Management Discussion and Analysis *For the Nine Months Ended 31 March 2007* *(All figures are in US dollars unless otherwise indicated)*

The main activities undertaken during the nine months ended 31 March 2007 were:

- Langer Heinrich Uranium Project – completion of construction activities on 28 December 2006. Officially opened by His Excellency, President Hifikepunye Pohamba, of the Republic of Namibia, on 15 March 2007. Transition to operations in 2007 and production ramp up commenced. First uranium concentrate shipment delivered to US conversion facility. Funding provided by drawdown of US\$46.2 million from project finance facility (US\$7.8 million facility still available at 31 March 2007)
- 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 – Development Agreement approved by the Malawi Government on 23 February 2007. Bankable Feasibility Study completed by GRD Minproc and Board decision made to proceed with development. Environmental approval received and mining licence granted in April 2007. Pioneer construction work commenced
- 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 Biglryi Uranium Project in Northern Territory, Australia. Increase in Biglryi indicated resources by 11% and inferred resources by 71%.
- Summit Resources Ltd – takeover bid announced on 27 February 2007 and subsequently became unconditional on 19 March 2007. Consideration initially comprised 1 fully paid ordinary Paladin share for every 2.04 fully paid ordinary Summit shares. On 12 April 2007 the Company increased the consideration offered to 1 Paladin share for every 1.67 Summit shares. On 16 April 2007 the Summit Board resolved to unanimously recommend that all Summit shareholders accept the increased offer. The closing date for the bid is 18 May 2007 (unless extended). As of 11 May 2007 Paladin had received acceptances for 68.51% of the issued capital of Summit.
- Deep Yellow Ltd – increase in shareholding to 106,126,163 (11%) after exercise of options, acquisition of shares 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 being 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

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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.

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 March		Nine Months Ended 31 March	
	2007 US\$'000	2006 US\$'000	2007 US\$'000	2006 US\$'000
Revenue from Continuing Operations	3,101	684	4,529	2,216
Other Income	651	1,275	289	4,089
Share Based Payments Expense	(1,715)	(365)	(4,285)	(1,915)
Finance costs	(5,107)	-	(6,000)	(12)
Exploration and Evaluation Expenditure	(1,967)	(668)	(5,403)	(1,707)
Employee Benefits Expense	(5,599)	(231)	(6,255)	(638)
Other Expenses	(1,345)	(836)	(3,734)	(1,925)
Income tax benefit/(expense)	567	-	664	-
(Loss)/Profit After Income Tax	(11,414)	(141)	(20,195)	108
(Loss)/Profit per Share				
- basic & diluted US cents	(2.00)	(0.03)	(4.00)	0.02

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Management Discussion and Analysis

*For the Nine Months Ended 31 March 2007
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Three Months Ended 31 March 2007

Revenue has increased substantially to US\$3.1 million in 2007 as a result of additional interest revenue derived from higher average cash holdings for the period in 2007 when compared to 2006. Despite the first uranium concentrate shipment being dispatched to a U.S. conversion facility during the quarter, no sales revenue has been recorded as point of legal title transfer is at the conversion facility.

Other Income of US\$0.7 million in 2007 relates to exchange gains on foreign monetary assets and liabilities held throughout the Paladin Group, and minor net gains on sale of investments and property, plant and equipment. Other Income in 2006 related entirely to a 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.

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 2007 of US\$1.7 million is higher than 2006; as the expense relating to granting of options with vesting periods in 2007, exceeds the expense relating to options granted with vesting periods in 2006.

Finance Costs of US\$5.1 million in 2007 relate entirely to the issue of the US\$250 million in convertible bonds in December 2006.

Exploration and Evaluation Expenditure increased in 2007 to US\$2.0 million primarily attributable to the Bankable Feasibility Study for the Kayelekera Uranium Project and the addition of expenditure on the Valhalla, Skål and Bigirlyi Uranium Projects since 7 September 2006.

Employee Benefits Expense has significantly increased in 2007 as a result of both the payment of short term bonuses to key management and other personnel for the 2006 calendar year and a discretionary payment to a key management person relating to the 2004 to 2006 formative period for the Company.

Other Expenses have increased in 2007 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 March 2007 of US\$11.4 million is an increase from the loss for the three months ended 31 March 2006 of US\$0.1 million as a result of higher exchange gains in 2006, additional share based payments expense in 2007, recognition of interest expense in 2007, an increased investment in exploration and evaluation expenditure in 2007, higher employee benefits expense and other expenses in 2007; despite an increase in interest revenue in 2007.

Nine Months Ended 31 March 2007

Revenue has increased substantially to US\$4.5 million in 2007 as a result of higher interest revenue derived from higher average cash holdings for the period in 2007 when compared to 2006.

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Management Discussion and Analysis

*For the Nine Months Ended 31 March 2007
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Other Income in 2006 relates to both a profit on sale of non-core uranium exploration property to Deep Yellow and a foreign exchange gain mainly attributable to cash holdings in South African rand for the funding of construction activities of the Langer Heinrich Uranium Project. Other Income in 2007 of US\$0.3 million relates to exchange gains on foreign monetary assets and liabilities held throughout the Paladin Group, and minor net gains on sale of investments and property, plant and equipment.

Share Based Payments Expense in 2007 of US\$4.3 million is higher than 2006 as the expense relating to granting of options with vesting periods in 2007 exceeds the expense relating to options granted with vesting periods in 2006.

Finance Costs of US\$6.0 million in 2007 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 2007 to US\$5.4 primarily as a result of the Bankable Feasibility Study for the Kayelekera Uranium Project and the addition of expenditure on the Valhalla, Skål and Bigryli Uranium Projects since 7 September 2006.

Employee Benefits Expense has significantly increased in 2007 as a result of both the payment of short term bonuses to key management and other personnel for the 2006 calendar year and a discretionary payment to a key management person relating to the 2004 to 2006 formative period for the Company.

Other Expenses have increased in 2007 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 nine months ended 31 March 2007 of US\$20.2 million is a change to the profit for the nine months ended 31 March 2006 of US\$0.1 million as a result of one off other income in 2006, additional share based payments expense in 2007, recognition of interest expense in 2007, an increased investment in exploration and evaluation expenditure in 2007, higher employee benefits expense and other expenses in 2007; despite an increase in interest revenue in 2007.

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 2007 compared to 2006.

Segment Disclosure

In the Namibian geographical segment the Company reflected a small profit from interest revenue and foreign exchange gains as the Langer Heinrich Uranium Project was under construction, commissioning and ramp up. The Malawian 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.

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Management Discussion and Analysis

For the Nine Months Ended 31 March 2007
(All figures are in US dollars unless otherwise indicated)

BALANCE SHEETS	31 March 2007 unaudited US\$'000	30 June 2006 audited US\$'000
Total Current Assets	264,423	46,342
Total Non Current Assets	336,407	70,699
Total Assets	600,830	117,041
Total Current Liabilities	17,924	8,501
Total Non Current Liabilities	290,597	17,478
Total Liabilities	308,521	25,979
Net Assets	292,309	91,062

Current Assets have increased to US\$264.4 million at 31 March 2007 mainly attributable to higher cash and the initial recognition of inventories for the Langer Heinrich Uranium Project.

Cash has increased as a result of the issue of US\$250 million in convertible bonds, proceeds from exercise of share options, interest received and cash acquired from the Valhalla acquisition. This increase occurred despite the cash spend on Bankable Feasibility Study and pioneer construction work for the Kayelekera Uranium Project, exploration and evaluation project expenditure, additional Deep Yellow share investment and corporate costs for nine months ended 31 March 2007. Of the US\$256.9 million held in cash as at 31 March 2007, US\$253.9 million has been invested in short term US treasury bonds and deposits.

Inventories of US\$3.7 million have been recognised at 31 March 2007 relating to finished goods inventory and stores and consumable inventory for the Langer Heinrich Uranium Project.

Non Current Assets increased to US\$336.4 million during the nine months mainly attributable to the acquisition of Valhalla Uranium Ltd; mine construction, commissioning and ramp up activities for the Langer Heinrich Uranium Project; increased market value and percentage holding in Deep Yellow Ltd; and acquisition of shares in Summit Resources Ltd.

The Langer Heinrich Uranium Project assets have primarily been reflected as capital work in progress assets classified under property, plant and equipment at 31 March 2007. From an accounting perspective the project will be depreciated from 1 April 2007 which is the date that it was in the location and condition necessary for it to be capable of operating in the manner intended by management.

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.

PALADIN RESOURCES LTD

Management Discussion and Analysis

*For the Nine Months Ended 31 March 2007
(All figures are in US dollars unless otherwise indicated)*

At 31 March 2007 the Company has a US\$5.3 million investment in Summit Resources Ltd which represents a 0.58% interest in Summit.

Current Liabilities have increased to US\$17.9 million at 31 March 2007 as a result of ramp up activities for the Langer Heinrich Uranium Project, interest payable on both the Langer Heinrich project finance facility and the convertible bonds, and the initial recognition of a rehabilitation provision for the Langer Heinrich Uranium Project.

Non Current Liabilities increased to US\$290.6 million at 31 March 2007 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.

At 31 March 2007 the Langer Heinrich project finance facility has been drawn down to US\$63.2 million to fund construction, commissioning and ramp up activities, leaving an available facility of US\$7.8 million.

A deferred tax liability of US\$19.2 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 March 2007 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, increase in value of Deep Yellow share investments and acquisition of shares in Summit Resources Ltd. For the Namibian geographical segment an increase occurred in assets and liabilities attributable to construction, commissioning and ramp up activities for the Langer Heinrich Uranium Project.

PALADIN RESOURCES LTD

Management Discussion and Analysis

For the Nine Months Ended 31 March 2007
(All figures are in US dollars unless otherwise indicated)

STATEMENTS OF CHANGES IN EQUITY

	Nine Months Ended 31 March	
	2007 US\$'000	2006 US\$'000
Total Equity at the Beginning of the Financial Period	91,062	33,595
(Loss)/Profit for the Nine Months Ended 31 March	(20,195)	108
Movement in Reserves	45,283	7,077
Movement in Equity	164,507	60,012
Foreign Currency Translation	11,652	(6,079)
Total Equity at the End of the Financial Period	292,309	94,713

Loss for the Nine Months Ended 31 March 2007 is discussed under the Income Statements section and is a turnaround from the profit in the comparative period.

Movement in Reserves in 2007 of US\$45.3 million increase is higher than 2006 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 nine months amounted to 8,770,000 with an exercise price between A\$1.00 and A\$2.80; and 4,133,670 unlisted employee options were granted during the nine months with an exercise price between A\$5.50 and A\$8.77.

Movement in Equity increased to US\$164.5 million in 2007 as a consequence of the issue of 37,974,256 shares to acquire Valhalla Uranium Ltd which were valued at US\$151.4 million, exercise of unlisted employee options, and the issue of 565,764 shares to acquire an interest in Summit Resources Ltd. The number of fully paid ordinary shares on issue at 31 March 2007 is 501,545,733, an increase of 47,310,020 during the nine months. Share options of 19,578,670 remain outstanding at 31 March 2007 to Directors, employees, and consultants directly engaged in corporate, mine construction, operations, exploration and evaluation work for the Company.

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.

Minority Interests of the Government of Malawi. The Development Agreement for the Kayelekera Uranium Project signed on 23 February 2007 provides the Government of Malawi with 15% of Paladin (Africa) Ltd, owner of the Project, in exchange for a reduction of 2.5% in corporate tax and the full amount of rent resource tax. No minority interest has been reflected as at 31 March 2007 as Paladin (Africa) Ltd is in a net liability position as a consequence of the Company's policy to expense exploration and evaluation expenditure prior to the decision made to proceed to development.

PALADIN RESOURCES LTD

Management Discussion and Analysis

For the Nine Months Ended 31 March 2007
(All figures are in US dollars unless otherwise indicated)

CASH FLOW STATEMENTS

	Three Months Ended 31 March		Nine Months Ended 31 March	
	2007 US\$'000	2006 US\$'000	2007 US\$'000	2006 US\$'000
Net Cash (Outflow) from Operating Activities	(2,687)	(174)	(6,501)	(24)
Net Cash (Outflow) from Investing Activities	(22,425)	(15,890)	(76,970)	(31,550)
Net Cash Inflow/(Outflow) from Financing Activities	12,283	(166)	295,662	53,799
Net Increase/(Decrease) in Cash Held	(12,829)	(16,230)	212,191	22,225
Cash at the Beginning of the Financial Period	270,167	68,948	43,644	30,091
Effects of Exchange Rate Changes	(398)	53	1,105	455
Cash at the End of the Financial Period	256,940	52,771	256,940	52,771

Three Months Ended 31 March 2007

Net Cash Outflow from Operating Activities was US\$2.7 million in 2007 from higher payments to suppliers and employees relating to both the growth of the Company and expanded corporate capability, despite an increase in interest receipts as a consequence of higher average cash holdings.

Net Cash Outflow from Investing Activities increased to US\$22.4 million in 2007 mainly as a result of the construction, commissioning and ramp up activities for the Langer Heinrich Uranium Project, completion of the Bankable Feasibility Study for the Kayelekera Uranium Project, exploration and evaluation project expenditure and acquisition of additional investments in Deep Yellow. This increase occurred despite proceeds from sale of investments and property, plant and equipment.

Net Cash Inflow from Financing Activities of US\$12.3 million in 2007 is mainly attributable to amounts drawn under the project finance facility for the Langer Heinrich Uranium Project.

Net Decrease in Cash in 2007 was US\$12.8 million, which is lower than the net decrease in cash in 2006 of US\$16.2 million, as a result of the amounts drawn under the project finance facility for the Langer Heinrich Uranium Project but despite increased cash outflows from investing and operating activities.

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Management Discussion and Analysis

*For the Nine Months Ended 31 March 2007
(All figures are in US dollars unless otherwise indicated)*

Effects of Exchange Rate Changes reflects a US\$0.4 million loss for 2007 and a US\$0.1 million gain for 2006.

The *Cash* at 31 March 2007 of US\$256.9 million represents a significant increase in cash to the comparative period of 2006 as a result of the issue of convertible bonds in December 2006.

Nine Months Ended 31 March 2007

Net Cash Outflow from Operating Activities was US\$6.5 million in 2007 primarily from higher payments to suppliers and employees relating to both the growth of the Company and expanded corporate capability, despite an increase in interest receipts as a consequence of higher average cash holdings.

Net Cash Outflow from Investing Activities increased to US\$77.0 million in 2007 as a result of the construction, commissioning and ramp up activities for the Langer Heinrich Uranium Project, completion of the Bankable Feasibility Study for the Kayelekera Uranium Project, exploration and evaluation project expenditure and acquisition of additional investments in Deep Yellow. This increase occurred despite proceeds from sale of investments and property, plant and equipment and 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\$295.7 million in 2007 is attributable to US\$250 million received from issue of convertible bonds, US\$46.2 million drawn under the project finance facility for the Langer Heinrich Uranium Project and proceeds from the exercise of 8,770,000 unlisted employee options; despite US\$7.5 million in establishment costs for the convertible bonds.

Net Increase in Cash in 2007 was US\$212.2 million, which is higher than the net increase in cash in 2006 of US\$22.2 million, as a result of the issue of the convertible bonds and amounts drawn under the project finance facility for the Langer Heinrich Uranium Project; despite increased cash outflows from investing and operating activities.

Effects of Exchange Rate Changes reflects a US\$1.1 million gain for 2007 and a US\$0.5 million gain for 2006.

The *Cash* at 31 March 2007 of US\$256.9 million represents a significant increase in cash to the comparative period of 2006.

PALADIN RESOURCES LTD

Management Discussion and Analysis

*For the Nine Months Ended 31 March 2007
(All figures are in US dollars unless otherwise indicated)*

LIQUIDITY AND CAPITAL RESOURCES

The Company's principal source of liquidity as at 31 March 2007 is cash of US\$256.9 million (30 June 2006 – US\$43.6 million). Of this amount in 2007 US\$253.9 million has been invested in short term US treasury bonds and deposits.

The Company's principal sources of cash for the nine months ended 31 March 2007 were the 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\$63.2 million had been drawn by 31 March 2007, leaving available facilities of US\$7.8 million.

The following is a summary of the Company's outstanding commitments as at 31 March 2007:

<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>
Mineral properties	802,822	802,822	-	-
Operating leases	455,831	160,103	295,728	-
Tenancy improvements	144,490	144,490	-	-
Manyingee acquisition	605,821	-	-	605,821
<i>Total commitments</i>	2,008,964	1,107,415	295,728	605,821

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 Nine Months Ended 31 March 2007
(All figures are in US dollars unless otherwise indicated)*

OUTSTANDING SHARE INFORMATION

As at 14 May 2007 the Company had 581,685,575 fully paid ordinary shares issued and outstanding. The following table sets out the fully paid ordinary outstanding shares and those issuable under the Company Executive Share Option Plan:

<i>As at 14 May 2007</i>	<i>Number</i>
Outstanding shares	581,685,575
Issuable under Executive Share Option Plan	19,303,670
<i>Total</i>	600,989,245

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 March 2007 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 Namibian and Malawian 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 nine months ended 31 March 2007 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 Nine Months Ended 31 March 2007
(All figures are in US dollars unless otherwise indicated)*

SUBSEQUENT EVENTS

Summit Resources Ltd Takeover

On 27 February 2007, the Company announced a takeover bid for Summit Resources Ltd which subsequently became unconditional on 19 March 2007. Consideration initially comprised 1 fully paid ordinary Paladin share for every 2.04 fully paid ordinary Summit shares. On 12 April 2007 the Company increased the consideration offered to 1 Paladin share for every 1.67 Summit shares. On 16 April 2007 the Summit Board resolved to unanimously recommend that all Summit shareholders accept the increased offer. The closing date for the bid is 18 May 2007 (unless extended). As of 11 May 2007 Paladin had received acceptances for 68.51% of the issued capital of Summit. The Takeovers Panel is currently considering an application by Areva NC Australia Pty Ltd in relation to the circumstances surrounding Paladin's bid for Summit.

Kayelekera Uranium Project, Malawi – Environmental Approval Granted

On 2 April 2007, the Company announced that the Kayelekera Uranium Project in Malawi had received its Notice for Environmental Approval to proceed with the Project.

Kayelekera Uranium Project, Malawi - Mining Licence Granted

On 9 April 2007, the Company announced that the Minister of Energy, Mines and Natural Resources of the Republic of Malawi had granted Paladin Africa Ltd a Mining Licence ("ML") for the Kayelekera Uranium Project.

Increased Holding in Deep Yellow Ltd

On 16 April 2007, the Company acquired an additional 11,459,541 shares in Deep Yellow Ltd at 48.5 Australian cents per share. After this transaction the Company holds 11.79% of Deep Yellow Ltd.

Allotment of Shares

On 23 April 2007, the Company announced the allotment of 25,000 fully paid ordinary shares after the exercise of employee options. On 27 April 2007, the Company announced the allotment of 250,000 fully paid ordinary shares after the exercise of employee options.

PALADIN RESOURCES LTD

Management Discussion and Analysis *For the Nine Months Ended 31 March 2007* *(All figures are in US dollars unless otherwise indicated)*

DISCLOSURE CONTROLS

The Company has applied its Disclosure Control Policy to the preparation of the Condensed Consolidated Financial Statements for the nine months ended 31 March 2007, associated Management Discussion and Analysis and Report to Shareholders. An evaluation of the Company's disclosure controls and procedures used has been undertaken and concluded that the disclosure controls and procedures were effective.

INTERNAL CONTROLS

The Company has designed appropriate internal controls over financial reporting and ensured that these were in place for the nine months ended 31 March 2007. No changes were made to these 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.

The accompanying Condensed Consolidated Financial Statements for the nine months ended 31 March 2007 and 31 March 2006 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 14 May 2007.

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

	Three Months Ended 31 March		Nine Months Ended 31 March	
	2007 US\$'000	2006 US\$'000	2007 US\$'000	2006 US\$'000
REVENUE (Note 5(a))	3,101	684	4,529	2,216
Other income (Note 5(b))	651	1,275	289	4,089
Share based payments expense (Note 5(c))	(1,715)	(365)	(4,285)	(1,915)
Finance costs	(5,107)	-	(6,000)	(12)
Exploration and evaluation expenditure (Note 6)	(1,967)	(668)	(5,403)	(1,707)
Depreciation and amortisation	(51)	(44)	(152)	(105)
Employee benefits expense (Note 5(d))	(5,599)	(231)	(6,255)	(638)
Operating lease expense	(38)	(34)	(100)	(107)
Other expenses	(1,256)	(758)	(3,482)	(1,713)
(LOSS)/PROFIT BEFORE INCOME TAX	(11,981)	(141)	(20,859)	108
Income tax benefit/(expense) (Note 7)	567	-	664	-
(LOSS)/PROFIT ATTRIBUTABLE TO MEMBERS OF PALADIN RESOURCES LIMITED	(11,414)	(141)	(20,195)	108
	US Cents	US Cents	US Cents	US Cents
(Loss)/Profit per share – basic and diluted	(2.00)	(0.03)	(4.00)	0.02

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 March 2007 Unaudited US\$'000	30 June 2006 Audited US\$'000
ASSETS		
Current assets		
Cash and cash equivalents	256,940	43,644
Trade and other receivables	3,792	2,698
Inventories	3,691	-
TOTAL CURRENT ASSETS	264,423	46,342
Non current assets		
Other financial assets	44,753	5,624
Property, plant and equipment	129,964	58,730
Exploration and evaluation expenditure (Note 6)	161,690	6,345
TOTAL NON CURRENT ASSETS	336,407	70,699
TOTAL ASSETS	600,830	117,041
LIABILITIES		
Current liabilities		
Trade and other payables	15,148	8,085
Unearned revenue	196	177
Provisions	2,580	239
TOTAL CURRENT LIABILITIES	17,924	8,501
Non current liabilities		
Trade and other payables	23	30
Unearned revenue	644	715
Interest bearing loans and borrowings (Note 7)	267,752	14,116
Deferred tax liabilities	19,237	-
Provisions	2,941	2,617
TOTAL NON CURRENT LIABILITIES	290,597	17,478
TOTAL LIABILITIES	308,521	25,979
NET ASSETS	292,309	91,062
EQUITY		
Contributed equity (Note 8(a))	280,594	112,327
Reserves (Note 7)	59,147	5,108
Accumulated losses	(47,432)	(26,373)
TOTAL EQUITY	292,309	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	-	5,274	-	5,274
Profit for the nine months	-	-	108	108
Recognised value of unlisted employee options that have vested	-	1,915	-	1,915
Exercise of unlisted employee options (Note 8(b))	112	(112)	-	-
Contributions of equity, net of transaction costs (Note 8(b))	59,900	-	-	59,900
Foreign currency translation	-	(6,079)	-	(6,079)
At 31 March 2006	110,265	5,115	(20,667)	94,713
At 1 July 2006	112,327	5,108	(26,373)	91,062
Changes in fair value of available for sale financial assets	-	24,640	-	24,640
(Loss) for the nine months	-	-	(20,195)	(20,195)
Recognised value of unlisted employee options that have vested	-	4,285	-	4,285
Exercise of unlisted employee options (Note 8(b))	1,705	(1,705)	-	-
Contributions of equity, net of transactions costs (Note 8(b))	162,802	-	-	162,802
Convertible bonds – equity component (Note 7)	-	37,788	-	37,788
Foreign currency translation (Note 3)	-	5,022	-	5,022
Foreign currency transition (Note 3)	3,760	3,734	(864)	6,630
Income tax on items taken directly to equity	-	(19,725)	-	(19,725)
At 31 March 2007	280,594	59,147	(47,432)	292,309

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 March		Nine Months Ended 31 March	
	2007 US\$'000	2006 US\$'000	2007 US\$'000	2006 US\$'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Payments to suppliers and employees	(6,124)	(871)	(10,809)	(2,124)
Interest received	3,445	692	4,304	2,118
Interest paid	(8)	(1)	(8)	(37)
Other receipts	-	6	12	19
NET CASH (OUTFLOW) FROM OPERATING ACTIVITIES	(2,687)	(174)	(6,501)	(24)
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from sale of property, plant and equipment	161	-	161	-
Proceeds from sale of available for sale investments	592	-	592	-
Exploration and evaluation expenditure	(2,177)	(765)	(6,340)	(2,631)
Payments for property, plant and equipment	(16,475)	(14,740)	(64,281)	(28,455)
Payments for available for sale financial assets	(4,526)	(385)	(8,982)	(464)
Cash acquired from controlled entities, net of payments for controlled entities	-	-	1,880	-
NET CASH (OUTFLOW) FROM INVESTING ACTIVITIES	(22,425)	(15,890)	(76,970)	(31,550)
CASH FLOWS FROM FINANCING ACTIVITIES				
Share placement	-	-	-	57,609
Proceeds from exercise of share options	66	16	6,963	739
Equity fundraising costs	-	-	(36)	(3,192)
Finance facilities establishment costs	(49)	(182)	(7,516)	(983)
Repayment of bank loan	-	-	-	(374)
Proceeds from convertible bonds and bank loans	12,266	-	296,251	-
NET CASH INFLOW/(OUTFLOW) FROM FINANCING ACTIVITIES	12,283	(166)	295,662	53,799
NET INCREASE/(DECREASE) IN CASH HELD	(12,829)	(16,230)	212,191	22,225
Cash at the beginning of the financial period	270,167	68,948	43,644	30,091
Effects of exchange rate changes on cash and cash equivalents	(398)	53	1,105	455
CASH AT THE END OF THE FINANCIAL PERIOD	256,940	52,771	256,940	52,771

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 NINE MONTHS (THIRD QUARTER) ENDED 31 MARCH 2007
EXPRESSED IN US DOLLARS

NOTE 1. CORPORATE INFORMATION

The financial report of Paladin Resources Ltd (the Company) for the nine months ended 31 March 2007 which has not been audited was authorised for issue in accordance with a resolution of the directors on 9 May 2007, subject to minor amendments relating to the takeover of Summit Resources Ltd.

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 nine months ended 31 March 2007 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 nine months ended 31 March 2007 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.

New accounting policies

Inventory

Consumable stores inventory are valued at the lower of cost and net realisable value using the average cost method; after appropriate allowances for redundant and slow moving items.

Finished goods and work in progress inventory are valued at the lower of cost and net realisable value using the average cost method. Cost is derived on an absorption costing basis including both fixed and variable production costs and attributable overheads incurred up to the delivery point where legal title to the product passes. No accounting value is attributed to ore in situ or stockpiles containing ore at less than the cut-off grade.

Any inventory produced during the pre-production phase is recognised at net realisable value and deducted from capitalised development costs.

The costs of production include labour costs, materials and contractor expenses which are directly attributable to the extraction and processing of ore (including any recognised expense of stripping costs); the depreciation of property, plant and equipment used in the extraction and processing of ore; and production overheads.

PALADIN RESOURCES LTD AND CONTROLLED ENTITIES
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE NINE MONTHS (THIRD QUARTER) ENDED 31 MARCH 2007
EXPRESSED IN US DOLLARS

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

New accounting policies (continued)

Rehabilitation

Provision is made for rehabilitation work when the obligation arises and this is recognised as a cost of production or development. Mining areas are rehabilitated systematically over the life of the mine operation, and as such the effect of the time value of money is not considered material. All costs for this rehabilitation work are charged to the provision as incurred.

Property, plant and equipment

Pre-production costs are deferred as development costs until such time as the asset is able to be used as intended by management. Post-production costs are recognised as a cost of production.

For the Langer Heinrich Uranium Project the Company has concluded that the asset was in the location and condition necessary for it to be capable of operating in the manner intended by management on 1 April 2007. As a consequence all pre-production costs up to and including 31 March 2007 have been deferred as development costs.

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 three month rate US\$: A\$ 1.35179 and nine month average rate US\$: A\$ 1.33659; and equity balances at historical rates from 1 July 2005, rates US\$: A\$ 1.32897 to 1.34809.

PALADIN RESOURCES LTD AND CONTROLLED ENTITIES
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE NINE MONTHS (THIRD QUARTER) ENDED 31 MARCH 2007
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, development and operation of uranium projects.

The following tables present revenue, expenditure, asset, liability, and cash flow information regarding geographical segments for the nine months ended 31 March 2007 and 31 March 2006.

Nine Months Ended 31 March 2007	Australia US\$'000	Namibia US\$'000	Malawi US\$'000	Consolidated US\$'000
Other revenue	4,437	91	1	4,529
Total segment revenue	4,437	91	1	4,529
(Loss)/Profit on ordinary activities before income tax	(16,959)	113	(4,013)	(20,859)
Income tax benefit	664	-	-	664
(Loss)/Profit on ordinary activities after income tax / segment result	(16,295)	113	(4,013)	(20,195)
Segment assets/total assets	452,397	141,353	7,080	600,830
Segment liabilities	297,028	11,139	354	308,521
Acquisitions of non current assets	12,595	65,401	1,901	78,897
Cash flow information				
Net cash (outflow) from operating activities	(6,278)	(204)	(19)	(6,501)
Net cash (outflow) from investing activities	(4,728)	(66,139)	(6,103)	(76,970)
Net cash inflow from financing activities	295,662	-	-	295,662
Non cash expenses:				
Depreciation and amortisation	105	21	26	152

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NOTE 4. SEGMENT INFORMATION (continued)

Geographical segments – primary reporting (continued)

Nine Months Ended 31 March 2006	Australia US\$000	Namibia US\$000	Malawi US\$000	Consolidated US\$000
Other revenue	2,112	103	1	2,216
Total segment revenue	2,112	103	1	2,216
Profit/(Loss) from ordinary activities before income tax expense	1,239	393	(1,524)	108
Income tax expense	-	-	-	-
Profit/(Loss) from ordinary activities after income tax expense/ segment result	1,239	393	(1,524)	108
Segment assets/total assets	58,222	39,251	4,263	101,736
Segment liabilities	1,571	5,411	41	7,023
Acquisitions of non current Assets	7,505	29,059	2,877	39,441
Cash flow information				
Net cash inflow/(outflow) from operating activities	394	(394)	(24)	(24)
Net cash (outflow) from investing activities	(774)	(29,313)	(1,463)	(31,550)
Net cash inflow from financing activities	53,799	-	-	53,799
Non cash expenses:				
Depreciation and amortisation	92	13	-	105

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

	Three Months Ended 31 March		Nine Months Ended 31 March	
	2007 US\$'000	2006 US\$'000	2007 US\$'000	2006 US\$'000
(a) Revenue				
Interest income from non related parties	3,054	625	4,384	2,043
Database licence revenue	47	54	140	154
Other revenue	-	5	5	19
Total revenue	3,101	684	4,529	2,216
(b) Other income				
Other income includes the following specific income:				
Net gains on disposal of property, plant and equipment	18	-	18	-
Net gains on disposal of available for sale investments	102	-	109	-
Net gains on sale of tenements	-	-	-	330
Foreign exchange gains (net)	531	1,275	162	3,759
Total other income	651	1,275	289	4,089
(c) Share based payments expense	(1,715)	(365)	(4,285)	(1,915)

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.

In accordance with the Executive Share Option Plan and shareholder approval granted at the 2006 Annual General Meeting the Company allotted 2,733,670 unlisted incentive options exercisable at AUD\$8.77 and expiring on 1 February 2012. These are subject to performance conditions in relation to Total Shareholder Return as outlined in the Plan.

(d) Employee benefits expense	(5,599)	(231)	(6,255)	(638)
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Employee benefits expense relates to wages, salaries, annual leave, sick leave and long service leave for employees. The large increase in the current period is primarily attributable to both the payment of short term bonuses to key management and other personnel for the 2006 calendar year and a discretionary payment to a key management person relating to the 2004 to 2006 formative period for the Company.

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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 nine months ended **31 March 2007**:

Areas of interest	Langer Heinrich Project US\$000	Kayelekera Project US\$000	Manyingee Project US\$000	Oobagooma Project US\$000	Bigryli Project US\$000	Valhalla/Skal Project 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)	-	-	-	-	13,908	135,915	-	149,823
Project exploration and evaluation expenditure								
Tenement costs	1	1	13	-	-	-	3	18
Labour	50	371	-	-	3	3	76	503
Consultants and contractors	2	584	5	1	15	26	26	659
Materials and utilities	5	113	-	-	-	-	5	123
Transportation and communications	29	287	-	-	-	-	48	364
Outside services	254	2,147	-	-	-	-	-	2,401
Legal and accounting	-	183	12	-	-	-	83	278
Camp expenses	2	87	-	-	-	-	10	99
Overheads	-	48	-	-	-	-	38	86
Joint venture contributions	-	-	-	-	450	671	-	1,121
Other	7	94	-	-	-	-	-	101
Total expenditure	350	3,915	30	1	468	700	289	5,753
Exploration expenditure expensed	-	(3,915)	(30)	(1)	(468)	(700)	(289)	(5,403)
Exploration expenditure capitalised	350	-	-	-	-	-	-	350
Foreign exchange differences	83	329	100	3	432	4,225	-	5,172
Balance 31 March 2007 (unaudited)	1,582	4,553	945	130	14,340	140,140	-	161,690

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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 9 months ended 31 March 2007 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 a 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 the 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.

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NOTE 8. CONTRIBUTED EQUITY

(a) Issued and paid up capital

	31 Mar 2007	31 Mar 2006	31 Mar 2007	31 Mar 2006
	Number of Shares		US\$'000	US\$'000
Ordinary shares - fully paid	501,545,733	444,385,713	280,594	110,265

(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
February 2006	Option conversions	100,000	0.22	1.34809	16
	Transfer from reserves				112
	Less: Share issue costs				(3,218)
	Balance 31 Mar 06	444,385,713			110,265

		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
January 2007	Option conversions	30,000	2.80	1.26855	66
March 2007	Summit acquisition	565,764	9.52	1.26957	4,241
	Transfer from reserves				1,705
	Less: Share issue costs				(38)
	Balance 31 Mar 07	501,545,733			280,594

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NOTE 8. CONTRIBUTED EQUITY (CONTINUED)

(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.

(c) Options

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

			31 Mar 2007 Number
Number of unlisted employee options			19,578,670
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	1,020,000
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
2 February 2007	1 February 2012	A\$8.77	2,733,670

NOTE 9. CONTINGENT LIABILITIES

The only material change in the contingent liabilities for the Company from those reported in the Annual Report for the year ended 30 June 2006 has been the reduction of bank guarantees from A\$2,810,000 to A\$60,000.

PALADIN RESOURCES LTD AND CONTROLLED ENTITIES
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NOTE 10. EVENTS AFTER THE BALANCE SHEET DATE

Summit Resources Ltd Takeover

On 27 February 2007, the Company announced a takeover bid for Summit Resources Ltd which subsequently became unconditional on 19 March 2007. Consideration initially comprised 1 fully paid ordinary Paladin share for every 2.04 fully paid ordinary Summit shares. On 12 April 2007 the Company increased the consideration offered to 1 Paladin share for every 1.67 Summit shares. On 16 April 2007 the Summit Board resolved to unanimously recommend that all Summit shareholders accept the increased offer. The closing date for the bid is 18 May 2007 (unless extended). As of 11 May 2007 Paladin had received acceptances for 68.51% of the issued capital of Summit. The Takeovers Panel is currently considering an application by Areva NC Australia Pty Ltd in relation to the circumstances surrounding Paladin's bid for Summit.

Kayelekera Uranium Project, Malawi – Environmental Approval Granted

On 2 April 2007, the Company announced that the Kayelekera Uranium Project in Malawi had received its Notice for Environmental Approval to proceed with the Project.

Kayelekera Uranium Project, Malawi - Mining Licence Granted

On 9 April 2007, the Company announced that the Minister of Energy, Mines and Natural Resources of the Republic of Malawi had granted Paladin Africa Ltd a Mining Licence ("ML") for the Kayelekera Uranium Project.

Increased Holding in Deep Yellow Ltd

On 16 April 2007, the Company acquired an additional 11,459,541 shares in Deep Yellow Ltd at 48.5 Australian cents per share. After this transaction the Company holds 11.79% of Deep Yellow Ltd.

Allotment of Shares

On 23 April 2007, the Company announced the allotment of 25,000 fully paid ordinary shares after the exercise of employee options. On 27 April 2007, the Company announced the allotment of 250,000 fully paid ordinary shares after the exercise of employee options.

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 March 2007;
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: 14 May 2007



John Borshoff
Managing Director

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 March 2007;
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: 14 May 2007



Ron Chamberlain
Chief Financial Officer