



PALADIN ENERGY LTD

ACN 061 681 098

Ref:79761

14 February 2008

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

Dear Sir/Madam

Second Quarter and Half Year Report – 31 December 2007

Attached please find Second Quarter and Half Year Report, 31 December 2007, together with Management Discussion and Analysis and CEO/CFO Certification as required in accordance with Canadian reporting requirements. The Half Year Report, 31 December 2007 includes an Independence Declaration and a Review Opinion from the Company's Auditors.

Yours faithfully
Paladin Energy Ltd

GILLIAN SWABY
Company Secretary



PALADIN ENERGY LTD

A.C.N. 061 681 098

GRAND CENTRAL 1ST FLOOR, 26 RAILWAY ROAD
SUBIACO WESTERN AUSTRALIA 6008
PO BOX 201, SUBIACO WESTERN AUSTRALIA 6904

TELEPHONE: (+61 8) 9381 4366 FAX: (+61 8) 9381 4978
EMAIL: paladin@paladinenergy.com.au
Web: www.paladinenergy.com.au

NEWS RELEASE

For Immediate Distribution

31 DECEMBER 2007 QUARTER AND HALF YEAR REPORT

Perth, Western Australia – 14 February 2008: Paladin Energy Ltd (“Paladin” or “the Company”) (**TSX:PDN / ASX:PDN**) announces the release of its 31 December 2007 Second Quarter and Half Year Report.

Projects:

- Nameplate production achieved at the Langer Heinrich Uranium Project in Namibia for the December '07 month with production of 390,807 pounds of U₃O₈ for the quarter. The production target for the half year was achieved with production of 650,562 pounds of U₃O₈ to 31 December 2007
- Work progressing on Stage II production expansion to 3.7 million pounds per annum at Langer Heinrich scheduled for mechanical completion at calendar year end 2008
- Sales of Langer Heinrich uranium concentrate for the quarter of 268,000 pounds U₃O₈ averaging US\$66/lb. Sales of Langer Heinrich uranium concentrate for the half year of 601,000 pounds U₃O₈ averaging US\$73/lb
- Construction work on schedule and budget at the Kayelekera Uranium Project in Malawi with priority on civil works and foundation preparation
- All six Malawian Civil Society Organisations that commenced legal proceedings against Paladin Africa Ltd and the Government of Malawi settled their action on a positive and amicable basis
- Focus on exploration and evaluation of Australian projects, in particular the Mount Isa Uranium Joint Venture in Queensland and the Bigryli Uranium Joint Venture in Northern Territory

Corporate:

- Loss after tax for the quarter ending 31 December 2007 of US\$11.2 million – consisting of US\$0.1 million loss for Langer Heinrich as a consequence of improved production performance; US\$2.8 million investment in exploration and evaluation expenditure; US\$6.6 million finance costs; and US\$1.7 million in net corporate costs
- Strong balance sheet at 31 December 2007 with net assets of US\$1.3 billion including US\$149 million in cash (US\$110 million invested in US treasury bonds)
- Loss after tax for the half year ending 31 December 2007 of US\$25.8 million – consisting of US\$1.9 million loss for Langer Heinrich as a consequence of extended operational ramp up activities in the September 2007 Quarter; US\$6.6 million investment in exploration and evaluation expenditure; US\$13.4 million finance costs; and US\$3.9 million in net corporate costs
- Strengthening of executive management team with appointment of Mr Simon Solomons as General Manager – Operations Development and Mr Greg Walker as General Manager – International Affairs

These results may be found shortly with the Company's other documents filed on Sedar (<http://www.sedar.com>) or through the Company's website (<http://www.paladinenergy.com.au>). The documents filed comprise the Second Quarter and Half Year Report, including the Management Discussion and Analysis, Report to Shareholders, Financial Report, Directors' Report, Ernst & Young Review Opinion and CEO/CFO certifications.

For additional information, please contact:

John Borshoff

Managing Director

Tel: +61-8-9381-4366 or Mobile: +61-419-912-571

Ron Chamberlain

Chief Financial Officer

Tel: +61-8-9381-4366 or Mobile: +61-410-421-776

Greg Taylor

Investor Relations Contact

Tel: +416-605-5120 (Toronto)

Email: greg.taylor@paladinenergy.com.au

Company Web site: www.paladinenergy.com.au



PALADIN ENERGY LTD

A.C.N. 061 681 098

SECOND QUARTER AND HALF YEAR REPORT

31 DECEMBER 2007

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PALADIN ENERGY LTD

Report to Shareholders

Second Quarter Report – December 2007
(All figures are in US dollars unless otherwise indicated)

MARKET COMMENTS

The UxC industry benchmark uranium oxide (U_3O_8) spot price recovered from its September quarter correction to end 2007 at US\$90/lb, after reaching a high of US\$93/lb in November. Of more importance, the long term price indicator quoted by UxC has remained at US\$95/lb since May 2007. Paladin uses both the spot price and the long term price in its term contracts.

2007 was a significant year for the world nuclear power industry. Four new reactors were connected to grids in India, China, Romania and the United States of America. Construction commenced on a further 10 power-generation plants, bringing the number of reactors under construction to 34. In addition, another 93 units are on order or planned and a further 222 new units are proposed – 64 more than at the end of 2006.

The growing realisation that the challenge of combating global climate change will entail significant and substantive shifts in energy production and use in the developed world has stimulated a resurgence of reactor building and planning worldwide. In Europe, the European Parliament voted overwhelmingly in favour of adopting a report stating that nuclear energy would be indispensable if the European Union is to meet its basic energy needs in the medium term. This is the first time the Parliament explicitly has endorsed nuclear power as Europe's largest carbon-free energy source, providing one-third of Europe's electricity.

In the United Kingdom, the government has invited companies to submit proposals for the construction of new generation reactors, significantly stating that "set against the challenges of climate change and security of supply, the evidence in support of new nuclear power stations is compelling".

The magnitude of the global challenge to meet energy growth was highlighted by the International Energy Agency's **World Energy Outlook**, which stated that energy demand growth in India and China would account for four-fifths of the increase in coal consumption worldwide in the period to 2030 in order to accommodate their planned rapid economic growth. Both India and China have announced ambitious plans for new nuclear power capacity, however their predicted massive energy consumption growth suggests these initial plans mark only the beginning of a major conversion to nuclear power over the next 50 years.

Paladin is well positioned to take advantage of the dynamic and exciting market for nuclear fuel as more countries turn to nuclear-based electricity generation as a primary solution to providing for growing energy needs, while reducing their greenhouse gas emissions.

LANGER HEINRICH URANIUM PROJECT (Paladin 100%)

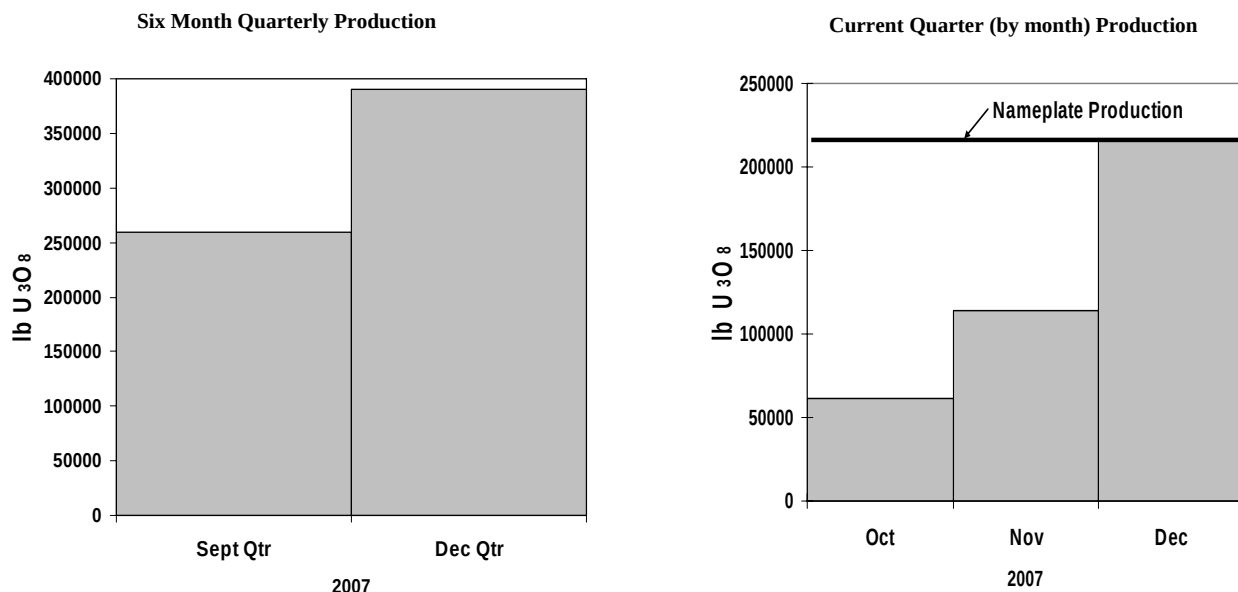
Paladin achieved a significant production milestone at its Langer Heinrich Project during the December quarter. Production amounted to 390,807lb U_3O_8 , giving a total production of 650,562lb for the six-month period, 1 July to 31 December 2007, thus meeting the Company's target for this period of 650,000lb.

Monthly U_3O_8 production for December reached 215,984lb. Quarterly production ramp-up performance for the past six months and monthly ramp-up production for the current quarter are shown below indicating nameplate production was reached in December.

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Second Quarter Report – December 2007
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Plant Improvements

The production uplift achieved in December essentially resulted from the culmination of general metallurgy modification of the plant: the most significant being the installation of the four new Ion Exchange (IX) columns that were commissioned on 21 December with excellent results. Production from the IX section to the dryer/precipitation circuit averaged 7,692lb U₃O₈ per day for December (i.e. nameplate), including an average of 10,470lb per day from 21 December when three of the four new IX columns were put on-line. The fourth column is being held in reserve and will be utilised for water polishing to further optimise counter-current decanter (CCD) wash efficiency.

During the March Quarter 2008, work at Langer Heinrich will focus on further improving plant operating efficiencies. These efforts principally will focus on improving throughput and recovery in the crushing and scrubbing section, improving CCD wash efficiencies and drying capability.

Production Ramp-Up Analysis (Jan to Dec 2007)

The initial ramp-up schedule, as announced in early 2005, forecast a design production of 2.6Mlb/annum of U₃O₈ to be achieved by 1 July 2007. The subsequent target deferral to January 2008 was caused primarily by material failure of leach tank liners in late January 2007 (one month into the ramp-up phase), which caused consequential damage to the heat exchangers and took five months to rectify. In this period, the Company's ability to optimise plant throughput was heavily constrained. With this limitation, most of the plant could not be adequately tested for bottlenecks and optimisation.

The major optimisation/ramp-up work could only begin after July 2007, when all heat exchangers were on-line and involved modification to the CCD circuit in October 2007, installation of the additional IX columns and improving dryer capability. These were the key areas driving the significant production rate improvement achieved during the December quarterly.

In addition, ore-body definition and mining development scheduling continue to favourably exceed expectations, providing a solid foundation for further plant optimisation and expansion.

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Stage II Expansion

Work is progressing on the engineering design and specification for the Stage II production expansion to 3.7Mlb/annum. Construction is expected to commence during the first half of 2008, with mechanical completion scheduled for calendar year-end 2008.

Deliveries

Sales for the quarter comprised 268,000lb U₃O₈ at an average realised price of US\$66/lb. As foreshadowed in the September Quarterly Report, customers have assisted Langer Heinrich by re-scheduling some deliveries from 2007 to the first half of 2008 to ensure sales commitments in the 2007-08 Financial Year are maintained. Paladin anticipates a significant increase in Langer Heinrich sales volumes from the March quarter.

KAYELEKERA URANIUM PROJECT (Paladin 85%)

Activities on the Kayelekera Project continue to escalate with civil works and foundation preparation taking priority. In addition to the construction work (approximately 500 people on site), operations personnel are also becoming involved, principally preparing for pre-stripping mining activities anticipated to start as weather conditions permit in early 2008, including grade control drilling and environmental management.

Project Development

The Kayelekera Uranium Project remains on budget and on schedule for a December 2008 start to commissioning. Plant modules will be commissioned sequentially as construction is completed. The Company anticipates completing Kayelekera construction by the end of 2008, with production ramp-up occurring early in the March quarter of 2009.

A number of key project milestones were achieved in the last quarter:

- Plant area earthworks now 95% complete.
- The project's 10 MWe containerized power plant has been factory tested and delivered to Dar es Salam for transport to site.
- The semi-autogenous grinding mill has been delivered to Paladin Africa's storage yard in Karonga.
- Construction camp facilities for 500 people on-site have been completed.
- Construction phase environmental water management structures have been completed.
- Acid plant long lead time items have been purchased.
- Mining fleet equipment has been delivered to site and commissioned.
- Significant progress has been achieved with the cooperation of various Malawian government departments on the government's commitments to upgrade the M26 mine access road from Karonga.

Financing - Bank Approval for US\$167M Project Finance

The Company has received credit committee approved offers of financing totalling US\$167M, consisting of a 7 year Project Finance Facility of US\$145M, a Standby Cost Overrun Facility of US\$12M and a Performance Bond Facility of US\$10M. The facilities are being provided by Société Générale Corporate and Investment Banking (as intercreditor agent and commercial lender), Nedbank Capital a division of Nedbank Limited (ECIC lender) and The Standard Bank of South Africa Ltd (as ECIC facility agent and lender). Drawdown on the financing is subject to completion of legal documentation and fulfilment of other conditions precedent usual for this type of funding, including approval for an export credit guarantee from The Export Credit Insurance Corporation (ECIC), South Africa's statutory export credit and foreign investment insurance provider.

Resource Drilling

Resource definition drilling to accurately define the limits of the ore body and upgrade the inferred resources to indicated and measured status - comprising 6458m in 95 holes - was completed during the quarter. An upgraded resource and reserve estimation will be carried out in March after all assay results are available. Grade control drilling on the Kayelekera ore body is underway to prepare for pre-strip and mining operations scheduled to start in April 2008.

Civil Societies' Action

Paladin Africa Limited has resolved outstanding social issues of concern to six Civil Society Organisations (CSO) active in Malawi. An agreement was reached on a positive and amicable basis in November 2007, enabling construction of the Kayelekera Uranium Project to proceed without interruption or modification. Terms of settlement have been reported previously and are summarised as follows:-

1. The Government of Malawi has undertaken to establish a working group involving the CSO participation to amend the Mines and Minerals Act and develop appropriate legislation with respect to the handling and transport of radioactive substances,
2. The CSOs will participate in the monitoring team which is to be established to monitor Paladin's environmental and health obligations.
3. At the request of the Karonga community, the Government and Paladin have agreed to amend the Social Responsibility Programme and now agreed that US\$8.2M of the US\$10M which was to be spent on a school and boarding facilities three years after the commencement of production, will now be applied to the urgently needed upgrading of the community water supply at Karonga.

All Parties have agreed that, in going forward they will engage in constructive dialogue so as to ensure that there is a good understanding of the issues affecting each group.

PALADIN ENERGY LTD

Report to Shareholders

Second Quarter Report – December 2007
(All figures are in US dollars unless otherwise indicated)

SUMMIT RESOURCES LIMITED (Paladin 81.82%)

Isa Uranium Joint Venture (IUJV)

Interest: Paladin Energy Ltd 50%, Summit Resources (Aust) Pty Ltd 50% (Operator)

Drilling is underway at the Valhalla and Skäl deposits with the aim of extending the existing resource envelopes along strike and improving the current resource classification. The Environmental Baseline Study has commenced and hydrological monitoring equipment was installed before the current wet season.

All of Summit's non-uranium projects have been farmed out to MM Mining Plc.

The Summit Resources Limited Quarterly Report provides more detailed information on the deposits listed below (www.summitresources.com.au).

SKAL Uranium Deposit

The Skäl uranium deposit is located 32km north of Mount Isa City on EPM 14048. Summit expects to report a new resource estimate for the three mineralized shoots (Skäl South, Skäl North and Skäl Far North) within the next quarter.

Valhalla Uranium Deposit

The Valhalla uranium deposit is located immediately adjacent to the Barkly Highway, 40km north-west of Mount Isa City on EPM 9221. Summit completed 3,903m of RC drilling in 22 holes during the quarter, as part of a drilling program of approximately 50,000m of RC and diamond drilling scheduled for nine months.

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

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

An Initial Scoping Study in respect of the Bigrlyi Uranium and Vanadium Project has demonstrated attractive economics and the potential to produce 8.43Mlb U₃O₈ and 6.97Mlb V₂O₅ over a mine life of eight years. Subject to Joint Venture approval, Energy Metals proposes to move forward to a Prefeasibility Study.

The 2007 drilling program indicates that an upgrade to the existing resources will be announced by the end of March 2008. Current JORC compliant resources (indicated and inferred 0.05% U₃O₈ cut-off) at Bigrlyi total 14.3Mlb U₃O₈ and 16.3Mlb V₂O₅, with most of the resources located within 200m of the surface and potentially accessible via open pit mining.

PALADIN ENERGY LTD

Report to Shareholders

Second Quarter Report – December 2007
(All figures are in US dollars unless otherwise indicated)

CORPORATE

Company Name Change

At the Annual General Meeting on 21 November 2007, the Company resolved to change its name to Paladin Energy Ltd. The new name more aptly reflects the reality by emphasising its focus in the energy sector rather than being a general resources company.

Paladin Strengthens Executive Management Team

Paladin Energy Ltd ("Paladin") has recruited Mr Simon Solomons and Mr Greg Walker, two highly experienced senior mining executives, into key roles in its management team.

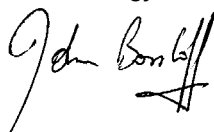
Mr Simon Solomons joined Paladin in January 2008 as General Manager-Operations Development and will be primarily accountable for the Company's technical policy and overall direction of the Company's considerable mining developments, from late feasibility, construction and delivery of operationally sustainable operations to the Company. Mr Solomons has more than 30 years experience as a mining executive, holds a Master of Science (Mineral Economics) degree from Macquarie University and a Bachelor of Engineering (Mining Engineering) with first class honours from the University of New South Wales.

Mr Greg Walker has been appointed as General Manager-International Affairs, accountable for managing external stakeholders, including governments, non-government organisations (NGOs) and community & public relations associated with the Company's global sites. Paladin is now actively engaged in two African countries – Namibia and Malawi - and is expanding its role as a global uranium supplier. This aspect requires focused attention and, in this regard, the Company recognises its obligations as a responsible international corporate citizen. Paladin acknowledges that, in the course of working in other countries, it has to be sensitive to local and national aspirations, a matter which it regards as vital to both its operational success and its "licence to operate".

Dual Listing on the Namibian Stock Exchange

On 14 February 2008 the Company dual listed on the Namibian Stock Exchange ("NSX"). There will be no change to the PDN listing on ASX or TSX. ASX remains the primary listing for PDN and all trading by investors through the NSX will occur either through the ASX or TSX.

Yours faithfully
Paladin Energy Ltd



JOHN BORSHOFF
Managing Director

PALADIN ENERGY LTD

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

The following Management Discussion and Analysis ("MD&A") for Paladin Energy Ltd ("Company") should be read in conjunction with the Report to Shareholders and the Condensed Consolidated Financial Statements for the six months ended 31 December 2007. The effective date of this report is 14 February 2008.

The financial information presented in this MD&A has been prepared in accordance with applicable International Financial Reporting Standards (IFRS), other mandatory professional reporting requirements and the Corporations Act 2001. Applicable Accounting Standards include Australian Accounting Standards Board (AASB) 134 *Interim Financial Reporting*.

In addition to these Australian requirements further information has been included in the Condensed Consolidated Financial Statements for the six months ended 31 December 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 2007 and other public announcements are available at www.paladinenergy.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 minerals resources industry with a principal business focus on development and operation of uranium projects in Africa and Australia, as well as evaluation and acquisition opportunities throughout the world. The Company is incorporated under the laws of Western Australia with a primary share market listing on the Australian Stock Exchange and additional listings on the Toronto Stock Exchange in Canada; and Munich, Berlin, Stuttgart and Frankfurt Stock Exchanges in Europe.

PALADIN ENERGY LTD

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

The main activities undertaken during the six months ended 31 December 2007 were:

- Langer Heinrich Uranium Project
 - Plant achieves designed production level of 2.6Mlb U₃O₈ per annum.
 - Production of 650,562lb for the half year.
 - Uranium delivered to all three conversion facilities. Sales revenue of US\$43.7M – sales volume of 601,000lb U₃O₈ at an average realised price of US\$73/lb.
 - Design work progressing on Stage Two Expansion to increase capacity to 3.7Mlb/annum by the end of 2008.
- Kayelekera Uranium Project – on schedule for construction completion at the end of 2008, allowing commissioning and production ramp-up to begin in the first quarter 2009.
- Valhalla/Skal Uranium Deposits – resource drilling and evaluation re-commences at Skal; baseline environmental studies and preliminary metallurgical testing begins for Valhalla and Skal deposits.
- More encouraging results from drilling program at Bigryli Uranium Joint Venture.
- Deep Yellow Limited – increase in shareholding to 159,058,461 (14.34% interest) after participation in an entitlement issue and subscription for shortfall shares.
- Corporate
 - Settlement of proceedings commenced by Summit Resources (Aust) Pty Ltd (ultimately 81.9% owned by the Company) against the wholly owned subsidiary, Mt Isa Uranium Pty Ltd and unrelated Resolute Ltd in relation to alleged breaches of confidentiality provisions in the Mt Isa Uranium Project joint venture agreement. Areva NC (Australia) Pty Ltd has advised that it intends to apply to the Supreme Court of Western Australia for orders under Section 237 of the Corporations Act 2001 to be granted leave to intervene in the court proceedings which is not significant to the Company, as a consequence of the indemnity given by Resolute Ltd and the fact that the Company holds an ultimate 81.9% interest in Summit Resources (Aust) Pty Ltd.
 - Change of name to Paladin Energy Ltd

PALADIN ENERGY LTD

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

INCOME STATEMENTS

	Three Months Ended 31 December		Six Months Ended 31 December	
	2007 US\$m	2006 US\$m	2007 US\$m	2006 US\$m
Revenue from continuing operations	19.4	0.9	47.7	1.4
Gross profit	2.7	0.9	6.8	1.4
Exploration and evaluation expenses	(2.8)	(2.6)	(6.6)	(3.4)
Other expenses and income	(6.7)	(2.5)	(16.0)	(6.1)
Finance costs	(6.6)	(0.8)	(13.4)	(0.8)
Income tax benefit	1.9	0.1	2.7	0.1
Minority interests	0.3	-	0.7	-
Loss after tax from continuing operations attributable to the ordinary equity holders of the Company	(11.2)	(4.9)	(25.8)	(8.8)
	US\$	US\$	US\$	US\$
Loss per Share - basic & diluted	(0.02)	(0.01)	(0.04)	(0.02)

PALADIN ENERGY LTD

Management Discussion and Analysis

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

Three Months Ended 31 December 2007

Revenue from Continuing Operations has increased substantially to US\$19.4 million for the three months ended 31 December 2007 as a result of sales of uranium of US\$17.7 million and higher interest revenue derived from increased average cash holdings in 2007 when compared to the equivalent period in 2006. Total sales volume of 268,000lb of which 233,000lb was met with Langer Heinrich Uranium Project production and 35,000lb was met by use of third party uranium purchased during the quarter ended 30 June 2007. Sales volumes for the quarter ended 31 December 2007 were lower than the quarter ended 30 September 2007 due to the re-scheduling of deliveries from 2007 into the first half of 2008.

Gross Profit in 2007 of US\$2.7 million is higher than in 2006 as a consequence of the operations at Langer Heinrich and increased interest revenue. The sale of 35,000lb of third party uranium had no impact on gross profit as a sales contract provision was recognised at 30 September 2007 for the loss on sale.

Exploration and Evaluation Expenditure increased in 2007 to US\$2.8 million primarily as a result of expenditure on the Summit, Valhalla/Skal and Bigryi Uranium Projects.

Other Expenses and Income has increased in 2007 to US\$6.7 million as a result of higher corporate/marketing costs, share based payments and employee benefits expenses. The higher costs relate to both the growth of the Company and the expanded corporate capability in the last year to enable future growth.

Finance Costs of US\$6.6 million in 2007 relates to both interest payable on the US\$250 million convertible bonds issued 15 December 2006 and the Langer Heinrich project finance facilities. During the quarter ended 31 December 2006 finance costs for the Langer Heinrich project were capitalised as part of the costs of construction.

Income Tax Benefit of US\$1.9 million relates to the recognition of additional Namibian deferred net tax assets, the reversal of a deferred net tax liability relating to the convertible bonds over the term of the bond, and the reversal of deferred tax liabilities on sale of non-uranium properties of Summit Resources Ltd.

Minority Interests credit of US\$0.3 million has been recorded in 2007 attributable to the 18.1% of Summit Resources Ltd not owned by the Company.

The *Loss after tax* for the three months ended 31 December 2007 of US\$11.2 million is a substantial increase to the loss after tax in the three months ended 31 December 2006 of US\$4.9 million despite the increase in gross profit as a consequence of the increased investment in exploration and evaluation expenditure, higher other expenses and finance costs.

PALADIN ENERGY LTD

Management Discussion and Analysis

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

Six Months Ended 31 December 2007

Revenue from Continuing Operations has increased substantially to US\$47.7 million for the six months ended 31 December 2007 as a result of sales of uranium of US\$43.7 million and higher interest revenue derived from higher average cash holdings in 2007 when compared to the equivalent period in 2006. Total sales volume of 601,000lb of which 416,000lb was met with Langer Heinrich Uranium Project production and 185,000lb was met by use of third party uranium purchased during the quarter ended 30 June 2007.

Gross Profit in 2007 of US\$6.8 million is higher than in 2006 as a consequence of commencement of operations at Langer Heinrich and increased interest revenue. The sale of 185,000lb of third party uranium did not impact gross profit as sales contract provisions were recognised at 30 June 2007 and 30 September 2007 for the loss on sale. Other expenses in 2007 include a sales contract expense of US\$2.9 million recognised for third party uranium at 30 September 2007. Cost of sales includes a credit of US\$2.0 million for the half year relating to recognition of a value for stockpile inventory as a consequence of improved plant performance from 30 June 2007.

Exploration and Evaluation Expenditure increased in 2007 to US\$6.6 million primarily as a result of expenditure on the Summit, Valhalla/Skal and Bigryi Uranium Projects.

Other Expenses and Income has increased in 2007 to US\$16.0 million as a result of higher corporate/marketing costs, share based payments, employee benefits expenses and a one off sales contracts expense. The higher costs relate to both the growth of the Company and the expanded corporate capability in the last year to enable future growth.

Finance Costs of US\$13.4 million in 2007 relates to both interest payable on the US\$250 million convertible bonds issued 15 December 2006 and the Langer Heinrich project finance facilities. During the six months ended 31 December 2006 finance costs for the Langer Heinrich project were capitalised as part of the costs of construction.

Income Tax Benefit of US\$2.7 million relates to the recognition of additional Namibian deferred net tax assets, the reversal of a deferred net tax liability relating to the convertible bonds over the term of the bond, and the reversal of deferred tax liabilities on sale of non-uranium properties of Summit Resources Ltd.

Minority Interests credit of US\$0.7 million has been recorded in 2007 attributable to the 18.1% of Summit Resources Ltd not owned by the Company.

The *Loss after tax* for the six months ended 31 December 2007 of US\$25.8 million is a substantial increase to the loss after tax for the six months ended 31 December 2006 of US\$8.8 million despite the increase in gross profit as a consequence of the increased investment in exploration and evaluation expenditure, higher other expenses and finance costs.

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.

PALADIN ENERGY LTD

Management Discussion and Analysis

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

Segment Disclosure

In the Namibian geographical segment the Company reflected a loss after tax of US\$1.9 million as a consequence of the Langer Heinrich Uranium Project extended production ramp up. The Malawian geographical segment loss after tax of US\$0.8 million primarily reflects costs relating legal actions commenced by a group of Malawian Civil Society Organisations which were settled during the half year. In the Australian geographical segment the Company reflected the remaining Income Statement activities.

BALANCE SHEETS	31 December 2007 US\$m	30 June 2007 US\$m
Total Current Assets	192.5	233.4
Total Non Current Assets	1,890.0	1,825.0
Total Assets	2,082.5	2,058.4
Total Current Liabilities	39.5	30.2
Total Non Current Liabilities	724.6	719.9
Total Liabilities	764.1	750.1
Net Assets	1,318.4	1,308.3

Current Assets have decreased to US\$192.5 million at 31 December 2007 attributable to lower levels of cash and inventories despite an increase in trade and other receivables.

Cash has decreased as a result of the cash spend on construction of the Kayelekera Uranium Project, exploration and evaluation project expenditure, additional Deep Yellow Ltd share investment and corporate costs for the six months ended 31 December 2007.

Of the US\$149.0 million held in cash as at 31 December 2007, US\$109.8 million has been invested in short-term US treasury bonds and the balance of cash is held with banks.

Trade and other receivables have increased to US\$15.8 million during the six months ended 31 December 2007 mainly as a result of the US\$4.4 million receivable from the sale of non-uranium properties of Summit Resources Ltd.

Inventories have decreased to US\$27.7 million during the six months ended 31 December 2007. The decrease was mainly the result of the sale of the US\$24.7 million of third party uranium purchased during the quarter ended 30 June 2007 and still on hand at 30 June 2007. Inventories produced by the Langer Heinrich Uranium Project increased by US\$14.4 million primarily as a result of both the recognition of a US\$8.6 million value for stockpiles in the half year, (resulting from both a US\$2.0 million credit to cost of sales and a US\$6.6 million reduction in property, plant and

PALADIN ENERGY LTD

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

equipment), and higher production levels despite the lower cost of production per lb due to the improved plant operating efficiencies.

Non Current Assets have increased to US\$1,890.0 million at 31 December 2007 mainly attributable to mine construction at the Kayelekera Uranium Project, increased percentage shareholding in Deep Yellow Ltd; positive foreign exchange movement on the A\$ exploration assets and a receivable for the sale of non-uranium properties of Summit Resources Ltd. At 31 December 2007 the Company holds 159,058,461 shares in Deep Yellow Ltd (14.34% interest) with a market value of US\$56.2 million.

Current Liabilities have increased to US\$39.5 million at 31 December 2007 as a result of construction activities for the Kayelekera Uranium Project, Langer Heinrich project finance facilities repayment, increased exploration/evaluation expenditure on the Summit, Valhalla/Skal and Bigrlyi Uranium Projects, despite a reduction in sales contracts provision to US\$Nil.

Non Current Liabilities increased to US\$724.6 million at 31 December 2007 mainly attributable to an increase in deferred tax liabilities from a positive foreign exchange movement on A\$ liabilities.

At 31 December 2007 the Langer Heinrich project finance facilities have been drawn down to US\$69.6 million (current US\$13.6 million and non current US\$56.0 million) to fund construction, commissioning and ramp up activities, leaving available facilities of US\$1.4 million at 31 December 2007.

The deferred tax liability relating to the recognition of acquired exploration and evaluation expenditure from the allocation of consideration paid for Summit Resources Ltd has increased to US\$437.0 million due to the foreign exchange movement of the A\$ liability.

Segment Disclosure

In the Balance Sheet at 31 December 2007 the Company reflected an increase in the Australian geographical segment assets and liabilities as a result of the foreign exchange movement on the A\$ exploration assets and an increased percentage holding in Deep Yellow Ltd. For the Namibian geographical segment an increase occurred in assets and liabilities attributable to the continuing ramp up activities for the Langer Heinrich Uranium Project. For the Malawi geographical segment an increase occurred in assets and liabilities as a result of mine construction activities for the Kayelekera Uranium Project.

PALADIN ENERGY LTD

Management Discussion and Analysis

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

STATEMENTS OF CHANGES IN EQUITY

	Six Months Ended 31 December	
	2007 US\$m	2006 US\$m
Total Equity at the Beginning of the Financial Period	1,308.3	91.1
Loss for the Six Months Ended 31 December	(25.8)	(8.8)
Foreign Currency Translation Reserve	37.9	7.5
Movement in Other Reserves	(12.8)	42.4
Movement in Equity	11.5	160.3
Minority Interests, net of Foreign Currency	(0.7)	-
Total Equity at the End of the Financial Period	1,318.4	292.5

Loss for the Six Months Ended 31 December 2007 is discussed under the Income Statements section and is an increase from the loss in the comparative period.

Foreign Currency Translation Reserve relates to the translation of presentation currency into US dollars on an ongoing basis and for the comparative period.

Movement in Other Reserves in 2007 of US\$12.8 million decrease relates to the revaluation decrement, attributable to the decrease in Deep Yellow Ltd share price from the prior period (net of tax and foreign exchange movements) despite the recognised value of unlisted employee options. Unlisted employee options exercised during the half year amounted to 10,570,000 with an exercise price of A\$1.00. No unlisted employee options were granted during the half year.

Movement in Equity in 2007 of US\$11.5 million increase relates to the exercise of unlisted employee options. The number of fully paid ordinary shares on issue at 31 December 2007 is 613,007,369 an increase of 10,570,000 during the quarter.

Share options of 8,708,670 remain outstanding at 31 December 2007 to Directors, employees, and consultants directly engaged in corporate, mine construction, operations, exploration and evaluation work for the Company.

Minority Interests recognised during the quarter relates to the 18.1% interest in Summit Resources Ltd not owned. The Development Agreement for the Kayelekera Uranium Project signed on 23 February 2007 entitles 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, the full amount of rent resource tax and royalty offsets. No minority interests have been reflected for this as at 31 December 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 ENERGY LTD

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

CASH FLOW STATEMENTS

	Three Months Ended 31 December		Six Months Ended 31 December	
	2007 US\$m	2006 US\$m	2007 US\$m	2006 US\$m
Net Cash Inflow/(Outflow) from Operating Activities	1.8	(3.2)	9.7	(3.8)
Net Cash Outflow from Investing Activities	(29.0)	(27.1)	(55.3)	(54.5)
Net Cash Inflow from Financing Activities	10.6	266.7	12.0	283.3
Net (Decrease)/Increase in Cash Held	(16.6)	236.4	(33.6)	225.0
Cash at the Beginning of the Financial Period	165.8	32.5	182.8	43.7
Effects of Exchange Rate Changes	(0.2)	1.3	(0.2)	1.5
Cash at the End of the Financial Period	149.0	270.2	149.0	270.2

Three Months Ended 31 December 2007

Net Cash Inflow from Operating Activities was US\$1.8 million in 2007 primarily due to uranium sales receipts of US\$23.6 million in the quarter. This was offset by higher payments to suppliers and employees of US\$16.0 million relating to the mine operations at the Langer Heinrich Uranium Project, the growth of the Company, expanded corporate capability, interest payments on project finance facilities and a US\$5.6 million bi-annual interest payment on the convertible bonds.

Net Cash Outflow from Investing Activities was US\$29.0 million in 2007 as a result of mine construction at the Kayelekera Uranium Project and exploration and evaluation project expenditure.

Net Cash Inflow from Financing Activities of US\$10.6 million in 2007 is attributable to US\$1.7 million drawn under the project finance facilities for the Langer Heinrich Uranium Project and proceeds from the exercise of 10,320,000 unlisted employee options; despite US\$0.4 million in establishment costs for Kayelekera Uranium project finance facilities. The inflow was lower than in 2006 as that quarter included the proceeds from the convertible bonds.

Net Decrease in Cash in 2007 was US\$16.6 million, a turnaround from the net increase in cash in 2006 of US\$236.4 million. The turnaround is a consequence of the completion of the convertible bonds raising in 2006.

Effects of Exchange Rate Changes are a loss of US\$0.2 million for 2007 but were a US\$1.3 million gain for 2006.

PALADIN ENERGY LTD

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

The *Cash* at 31 December 2007 of US\$149.0 million represents a significant decrease in cash to the comparative period of 2006.

Six Months Ended 31 December 2007

Net Cash Inflow from Operating Activities was US\$9.7 million in 2007 primarily due to uranium sales receipts of US\$43.7 million in the half year. This was only partially offset by payments to suppliers and employees of US\$30.0 million relating to the mine operations at the Langer Heinrich Uranium Project, the growth of the Company, expanded corporate capability, interest payments on project finance facilities and a US\$5.6 million bi-annual interest payment on the convertible bonds.

Net Cash Outflow from Investing Activities was US\$55.3 million in 2007 as a result of mine construction at the Kayelekera Uranium Project, exploration and evaluation project expenditure and the acquisition of additional investments in Deep Yellow Ltd.

Net Cash Inflow from Financing Activities of US\$12.0 million in 2007 is attributable to US\$3.0 million drawn under the project finance facilities for the Langer Heinrich Uranium Project and proceeds from the exercise of 10,570,000 unlisted employee options; despite US\$0.4 million in establishment costs for Kayelekera Uranium project finance facilities. The inflow was lower than in 2006 as that half year included the proceeds from the convertible bonds.

Net Decrease in Cash in 2007 was US\$33.6 million, a turnaround from the net increase in cash in 2006 of US\$225.0 million. The turnaround was a consequence of the completion of the convertible bonds raising in 2006.

Effects of Exchange Rate Changes are a loss of US\$0.2 million for 2007 but were a US\$1.5 million gain for 2006.

The *Cash* at 31 December 2007 of US\$149.0 million represents a significant decrease in cash to the comparative period of 2006.

LIQUIDITY AND CAPITAL RESOURCES

The Company's principal source of liquidity as at 31 December 2007 is cash of US\$149.0 million (30 June 2007 – US\$182.8 million). Of this amount US\$109.8 million has been invested in short-term US treasury bonds.

The Company's principal sources of cash for the six months ended 31 December 2007 were uranium sales receipts, project finance facilities drawdowns, interest received from cash investments and proceeds from exercise of unlisted employee options.

The Company has in place Langer Heinrich project finance facilities of US\$71 million of which a total of US\$69.6 million had been drawn by 31 December 2007, leaving available facilities of US\$1.4 million.

PALADIN ENERGY LTD

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

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

Payments due by period	Total US\$m	Less than 1 yr US\$m	1 to 5 yrs US\$m	Unknown US\$m
Tenements	1.9	1.9	-	-
Kayelekera Mine construction	95.1	95.1	-	-
Langer Heinrich capital	3.3	3.3	-	-
Operating leases	0.6	0.3	0.3	-
Manyingee acquisition costs	0.7	-	-	0.7
Total commitments	101.6	100.6	0.3	0.7

In relation to the Manyingee Uranium Project, the acquisition terms provide for a payment of A\$0.75 million (US\$0.7 million) 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\$0.75 million (US\$0.7 million) and are subject to the Western Australian Department of Minerals & Energy granting tenements comprising 2 exploration licence applications. The A\$0.75 million (US\$0.7 million) 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.

OUTSTANDING SHARE INFORMATION

As at 14 February 2008 the Company had 613,007,369 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 and in relation to the convertible bonds:

As at 14 February 2008	Number
Outstanding shares	613,007,369
Issuable under Executive Share Option Plan	17,250,290
Issuable in relation to the convertible bonds	32,530,904
Total	662,788,563

PALADIN ENERGY LTD

Management Discussion and Analysis

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

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 following: carrying value or impairment of inventories, financial investments, property, plant and equipment, intangibles, mineral properties and deferred tax assets; carrying value of rehabilitation, mine closure, sales contracts provisions and deferred tax liabilities; calculation of share based payments expense and assessment of reserves.

FINANCIAL INSTRUMENTS

At 31 December 2007 the Company has exposure to interest rate risk which is limited to the floating market rate for cash and project finance debt facilities. As the convertible bonds are a fixed interest financial instrument, the Company has no exposure to interest rate risk for the convertible bonds.

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 does have significant foreign currency translation risk for non-monetary assets and liabilities of the Australian exploration and evaluation operations as these are deemed to have a functional currency of Australian 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 Namibian dollar cash, receivables, payables and provisions and Australian dollar cash, payables and deferred tax liabilities.

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 half year ended 31 December 2007 no payments were made to Director related entities. Directors of the Company receive standard personal based compensation.

DISCLOSURE CONTROLS

The Company has applied its Disclosure Control Policy to the preparation of the Condensed Consolidated Financial Statements for the half year ended 31 December 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.

PALADIN ENERGY LTD

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

INTERNAL CONTROLS

The Company has designed appropriate internal controls over financial reporting (ICFR) and ensured that these were in place for the half year ended 31 December 2007. An evaluation of the design of ICFR has concluded that it is adequate to prevent a material misstatement of the Company's Condensed Consolidated Financial Statements as at 31 December 2007.

During the year the Company continued to have an internal audit function externally contracted to Deloitte Touche Tohmatsu. Internal audit reports and follow up reviews were completed during the quarter and the Company continues to address their recommendations.

The resultant changes to the internal controls over financial reporting have improved and will continue to improve the Company's framework of internal control in relation to financial reporting.

SUBSEQUENT EVENTS

Langer Heinrich Uranium Project – Production Update

On 14 January 2008, the Company announced that its Langer Heinrich operations achieved the project's stated production target for the December quarter of 2007 and the Company now expects Langer Heinrich to produce at its nameplate design of 2.6Mlb of uranium oxide (U₃O₈) for the calendar year 2008.

Issue of Employee Options

On 29 January 2008, the Company announced the granting of 8,541,620 unlisted incentive options exercisable at A\$4.50 and expiring 29 January 2013. These are subject to performance conditions in relation to Total Shareholder Return as outlined in the Executive Share Option Plan.

Appointment of Mr Simon Solomons and Mr Greg Walker

On 30 January 2008, the Company announced the appointment of Mr Simon Solomons as General Manager-Operations Development and Mr Greg Walker as General Manager-International Affairs. Mr Solomons will be primarily accountable for the Company's technical policy and overall direction of the Company's considerable mining developments, from late feasibility, construction and delivery of operationally sustainable operations to the Company. Mr Greg Walker will be accountable for managing external stakeholders, including governments, non-government organisations (NGOs) and community & public relations associated with the Company's global sites.

Dual Listing on the Namibian Stock Exchange

On 14 February 2008 the Company dual listed on the Namibian Stock Exchange ("NSX"). There will be no change to the PDN listing on ASX or TSX. ASX remains the primary listing for PDN and all trading by investors through the NSX will occur either through the ASX or TSX.

PALADIN ENERGY LTD

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

Kayelekera Uranium Project, Malawi - Bank Approval for US\$167M Project Finance

On 14 February 2008, the Company announced that it had received credit committee approved offers of financing totalling US\$167M, consisting of a 7 year Project Finance Facility of US\$145M, a Standby Cost Overrun Facility of US\$12M and a Performance Bond Facility of US\$10M. The facilities are being provided by Société Générale Corporate and Investment Banking (as intercreditor agent and commercial lender), Nedbank Capital a division of Nedbank Limited (ECIC lender) and The Standard Bank of South Africa Ltd (as ECIC facility agent and lender). Drawdown on the financing is subject to completion of legal documentation and fulfilment of other conditions precedent usual for this type of funding, including approval for an export credit guarantee from The Export Credit Insurance Corporation (ECIC), South Africa's statutory export credit and foreign investment insurance provider.

The accompanying Condensed Consolidated Financial Statements for the six months ended 31 December 2007 and 31 December 2006 have been prepared in accordance with International Financial Reporting Standards. The effective date of these Condensed Consolidated Financial Statements is 14 February 2008.

PALADIN ENERGY LTD

Directors' Report

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

The Directors present their report on the consolidated entity consisting of Paladin Energy Ltd and the entities it controlled at the end of, or during, the half-year ended 31 December 2007.

Change of name

At the Annual General Meeting on 21 November 2007 a resolution was passed to change the Company name to Paladin Energy Ltd.

Directors

The following persons were Directors of Paladin Energy Ltd (Company) during the whole of the six months and up to the date of this report unless otherwise indicated:

Mr Rick Wayne Crabb (Non-executive Chairman)
Mr John Borshoff (Managing Director)
Mr Sean Llewelyn (Non-executive Director)
Mr George Pirie (Non-executive Director), resigned 9 July 2007
Mr Ian Noble (Non-executive Director)
Mr Donald Shumka (Non-executive Director), appointed 9 July 2007

Review of Operations

A detailed operational and financial review of the consolidated entity is set out on pages 3 to 22 under the sections titled Report to Shareholders and Management Discussion and Analysis.

The loss after tax attributable to the ordinary equity holders for the six months ended 31 December 2007 was US\$26.5 million (loss after tax of US\$8.8 million for the six months ended 31 December 2006).

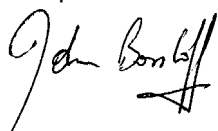
Auditor's Independence Declaration

A copy of the auditor's independence declaration as required under Section 307C of the Corporations Act 2001 is set out on page 24, which forms part of the Directors' Report.

Rounding of Amounts to the Nearest Thousand Dollars

The Company is of a kind referred to in Class Order 98/0100 issued by the Australian Securities and Investments Commission, relating to the "rounding off" of amounts in the Directors' Report and Financial Report. Amounts in the Directors' Report and Financial Report have been rounded off to the nearest hundred thousand dollars (US\$100,000) in accordance with that class order.

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

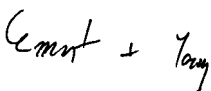


Mr John Borshoff
Managing Director

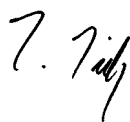
Perth, Western Australia
14 February 2008

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

In relation to our review of the financial report of Paladin Energy Ltd for the half year ended 31 December 2007, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the Corporations Act 2001 or any applicable code of professional conduct.

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

Ernst & Young

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

V W Tidy
Partner
Perth
14 February 2008

PALADIN ENERGY LTD AND CONTROLLED ENTITIES
CONDENSED CONSOLIDATED INCOME STATEMENTS
EXPRESSED IN US DOLLARS
REVIEWED BUT NOT AUDITED

	Notes	Three Months Ended 31 December		Six Months Ended 31 December	
		2007 US\$m	2006 US\$m	2007 US\$m	2006 US\$m
Revenue from continuing operations					
Revenue	4(a)	19.4	0.9	47.7	1.4
Cost of sales	4(c)	(16.7)	-	(40.9)	-
Gross profit		2.7	0.9	6.8	1.4
Other income	4(b)	-	0.6	-	-
Exploration and evaluation expenses	9	(2.8)	(2.6)	(6.6)	(3.4)
Other expenses	4(e)	(6.7)	(3.1)	(16.0)	(6.1)
Finance costs	4(d)	(6.6)	(0.8)	(13.4)	(0.8)
Loss before income tax benefit		(13.4)	(5.0)	(29.2)	(8.9)
Income tax benefit		1.9	0.1	2.7	0.1
Net loss after tax from continuing operations		(11.5)	(4.9)	(26.5)	(8.8)
Attributable to:					
Minority interests	14	(0.3)	-	(0.7)	-
Members of the parent		(11.2)	(4.9)	(25.8)	(8.8)
Earnings per share					
Loss after tax from continuing operations attributable to ordinary equity holders of the Company - basic and diluted		US\$ (0.02)	US\$ (0.01)	US\$ (0.04)	US\$ (0.02)

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

PALADIN ENERGY LTD AND CONTROLLED ENTITIES
CONDENSED CONSOLIDATED BALANCE SHEETS
EXPRESSED IN US DOLLARS
REVIEWED BUT NOT AUDITED

	Notes	31 December 2007 US\$m	30 June 2007 US\$m
ASSETS			
Current assets			
Cash and cash equivalents	5	149.0	182.8
Trade and other receivables	6	15.8	12.6
Inventories	7	27.7	38.0
TOTAL CURRENT ASSETS		192.5	233.4
Non current assets			
Trade and other receivables	6	3.0	-
Other financial assets		56.8	60.3
Other non current assets		0.5	0.2
Property, plant and equipment	8	156.3	135.1
Exploration and evaluation expenditure	9	1,645.7	1,601.4
Deferred tax asset		11.1	10.4
Intangible assets	10	16.6	17.6
TOTAL NON CURRENT ASSETS		1,890.0	1,825.0
TOTAL ASSETS		2,082.5	2,058.4
LIABILITIES			
Current liabilities			
Trade and other payables		22.6	13.8
Unearned revenue		0.2	0.2
Interest bearing loans and borrowings	11	13.6	5.6
Provisions	12	3.1	10.6
TOTAL CURRENT LIABILITIES		39.5	30.2
Non current liabilities			
Unearned revenue		0.5	0.6
Interest bearing loans and borrowings	11	268.0	268.0
Deferred tax liabilities		452.5	448.2
Provisions	12	3.6	3.1
TOTAL NON CURRENT LIABILITIES		724.6	719.9
TOTAL LIABILITIES		764.1	750.1
NET ASSETS		1,318.4	1,308.3
Equity			
Contributed equity	13(a)	1,086.8	1,075.3
Reserves		132.5	113.2
Accumulated losses		(90.8)	(65.0)
Parent interests		1,128.5	1,123.5
Minority interests	14	189.9	184.8
TOTAL EQUITY		1,318.4	1,308.3

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

PALADIN ENERGY LTD AND CONTROLLED ENTITIES
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
EXPRESSED IN US DOLLARS
REVIEWED BUT NOT AUDITED

	Contributed Equity US\$m	Reserves US\$m	Accumulated Losses US\$m	Minority Interests US\$m	Total US\$m
At 1 July 2006	112.3	5.1	(26.3)	-	91.1
Changes in fair value of available-for-sale financial assets	-	23.1	-	-	23.1
Loss for the period	-	-	(8.8)	-	(8.8)
Recognised value of unlisted employee options over vesting period	-	2.6	-	-	2.6
Exercise of unlisted employee options (Note 14(b))	1.7	(1.7)	-	-	-
Convertible bonds – equity component	-	37.8	-	-	37.8
Contributions of equity, net of transactions costs (Note 14(b))	158.6	-	-	-	158.6
Income tax on items taken directly to equity	-	(19.4)	-	-	(19.4)
Foreign currency translation	3.7	4.7	(0.9)	-	7.5
At 31 December 2006	276.3	52.2	(36.0)	-	292.5
At 1 July 2007	1,075.3	113.2	(65.0)	184.8	1,308.3
Changes in fair value of available-for-sale financial assets	-	(21.4)	-	-	(21.4)
Loss for the period	-	-	(25.8)	(0.7)	(26.5)
Recognised value of unlisted employee options over vesting period	-	4.0	-	-	4.0
Exercise of unlisted employee options (Note 14(b))	2.1	(2.1)	-	-	-
Contributions of equity, net of transactions costs (Note 14(b))	9.4	-	-	-	9.4
Income tax on items taken directly to equity	-	6.7	-	-	6.7
Foreign currency translation	-	32.1	-	5.8	37.9
At 31 December 2007	1,086.8	132.5	(90.8)	189.9	1,318.4

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

PALADIN ENERGY LTD AND CONTROLLED ENTITIES
CONDENSED CONSOLIDATED CASH FLOW STATEMENTS
EXPRESSED IN US DOLLARS
REVIEWED BUT NOT AUDITED

	Three Months Ended 31 December		Six Months Ended 31 December	
	2007	2006	2007	2006
	US\$m	US\$m	US\$m	US\$m
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	23.6	-	43.7	-
Payments to suppliers and employees	(16.0)	(3.7)	(30.0)	(4.7)
Interest received	1.6	0.5	4.5	0.9
Interest paid	(7.4)	-	(8.7)	-
Other income	-	-	0.2	-
NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES	1.8	(3.2)	9.7	(3.8)
CASH FLOWS FROM INVESTING ACTIVITIES				
Exploration and evaluation expenditure	(4.1)	(2.8)	(7.1)	(4.2)
Payments for property, plant and equipment	(24.9)	(18.5)	(30.5)	(47.8)
Payments for available-for-sale financial assets	-	(4.5)	(17.7)	(4.4)
Payments for controlled entities net of cash acquired	-	(1.3)	-	1.9
NET CASH OUTFLOW FROM INVESTING ACTIVITIES	(29.0)	(27.1)	(55.3)	(54.5)
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from exercise of share options	9.3	5.6	9.4	6.9
Loans and borrowings establishment costs	(0.4)	(7.5)	(0.4)	(7.5)
Proceeds from borrowings	1.7	268.6	3.0	283.9
NET CASH INFLOW FROM FINANCING ACTIVITIES	10.6	266.7	12.0	283.3
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(16.6)	236.4	(33.6)	225.0
Cash and cash equivalents at the beginning of the financial period	165.8	32.5	182.8	43.7
Effects of exchange rate changes on cash and cash equivalents	(0.2)	1.3	(0.2)	1.5
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL PERIOD	149.0	270.2	149.0	270.2

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

PALADIN ENERGY LTD AND CONTROLLED ENTITIES
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 31 DECEMBER 2007
EXPRESSED IN US DOLLARS
REVIEWED BUT NOT AUDITED

NOTE 1. CORPORATE INFORMATION

The condensed financial report of Paladin Energy Ltd (the Company) for the six months ended 31 December 2007 was authorised for issue in accordance with a resolution of the directors on 30 January 2008 subject to final drafting and review clearance.

Paladin Energy Ltd is a company limited by shares incorporated and domiciled in Australia whose shares, 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 Europe.

The nature of the operations and principal activities of the Group are described in the Management Discussion and Analysis on pages 9 to 22.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

This condensed financial report for the six months ended 31 December 2007 has been prepared in accordance with applicable International Financial Reporting Standards (IFRS), the Corporations Act 2001 and other mandatory professional reporting requirements. Applicable Accounting Standards include Australian Accounting Standards Board (AASB) 134 *Interim Financial Reporting*.

In addition to these Australian requirements further information has been included in the Condensed Consolidated Financial Statements for the six months ended 31 December 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 2007 and any public announcements made by Paladin Energy Ltd during the interim reporting period in accordance with the continuous disclosure requirements of ASX listing rules.

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

The financial report is presented in United States dollars and all values are rounded to the nearest hundred thousand dollars (US\$100,000) unless otherwise stated under the option available to the Company under Australian Securities and Investments Commission (ASIC) Class Order 98/100. The Company is an entity to which the class orders applies.

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NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Changes in Accounting Policy

Since 1 July 2007 the Group has adopted the following Standards and Interpretations, mandatory for annual periods beginning on or after 1 July 2007. Adoption of these Standards and Interpretations did not have any effect on the financial position or performance of the Group.

- AASB 7 Financial Instruments: Disclosures
- AASB 2005-10 Amendments to Australian Accounting Standards (AASB 132, 101, 114, 117, 133, 139, 1, 4, 1023 and 1038)
- AASB 2007-1 Amendments to Australian Accounting Standards arising from AASB Interpretation 11
- AASB 2007-4 Amendments to Australian Accounting Standards arising from ED 151 and Other Amendments [AASB 1, 2, 3, 4, 5, 6, 7, 102, 107, 108, 110, 112, 114, 116, 117, 118, 119, 120, 121, 127, 128, 129, 130, 131, 132, 133, 134, 136, 137, 138, 139, 141, 1023 & 1038]
- AASB 2007-7 Amendments to Australian Accounting Standards [AASB 1, AASB 2, AASB 4, AASB 5, AASB 107 & AASB 128]
- Interpretation 8 Scope of AASB 2 Share Based Payment
- Interpretation 9 Reassessment of Embedded Derivatives
- Interpretation 10 Interim Financial Reporting and Impairment
- Interpretation 11 Group and Treasury Share Transactions

NOTE 3. 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. The Group does not separately disclose any financial information for business segments (secondary reporting) as it only operates in the resource industry.

Geographical segments - primary reporting

The Company operates in Australia, Namibia and Malawi. The principal activity in these locations is the exploration, evaluation, development, construction and operation of uranium projects. The Group's geographical segments are determined based on the location of the Group's assets.

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

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NOTE 3. SEGMENT INFORMATION (continued)

Geographical segments - primary reporting (continued)

Six Months Ended 31 December 2007	Australia US\$m	Namibia US\$m	Malawi US\$m	Consolidated US\$m
Sales to external customers	-	43.7	-	43.7
Other revenue	3.8	0.2	-	4.0
Total segment revenue	3.8	43.9	-	47.7
Loss from ordinary activities before income tax benefit	(26.3)	(2.1)	(0.8)	(29.2)
Income tax benefit	2.5	0.2	-	2.7
Loss from ordinary activities after income tax benefit/ segment result	(23.8)	(1.9)	(0.8)	(26.5)
Total assets/segment assets	1,857.6	183.1	41.8	2,082.5
Segment liabilities	737.8	19.1	7.2	764.1
Acquisitions of non current assets	19.2	2.9	28.3	50.4
Cash flow information				
Net cash (outflow)/inflow from operating activities	(7.6)	17.8	(0.5)	9.7
Net cash outflow from investing activities	(28.3)	(4.2)	(22.8)	(55.3)
Net cash inflow/(outflow) from financing activities	12.2	-	(0.2)	12.0
Non cash expenses:				
Depreciation and amortisation	0.4	5.4	-	5.8
Inventory impairment reversal	-	(2.0)	-	(2.0)
Sales contract impairment provision	-	2.9	-	2.9
Share based payments	3.6	0.3	0.1	4.0
Finance costs	4.5	0.9	-	5.4

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NOTE 3. SEGMENT INFORMATION (continued)

Geographical segments – primary reporting (continued)

Six Months Ended 31 December 2006	Australia US\$m	Namibia US\$m	Malawi US\$m	Consolidated US\$m
Other revenue	1.3	0.1	-	1.4
Total segment revenue	1.3	0.1	-	1.4
Loss from ordinary activities before income tax expense	(6.3)	-	(2.6)	(8.9)
Income tax expense	0.1	-	-	0.1
Loss from ordinary activities after income tax expense/ segment result	(6.2)	-	(2.6)	(8.8)
Segment assets/total assets	450.9	128.7	6.5	586.1
Segment liabilities	279.4	14.0	0.3	293.7
Acquisitions of non current assets	154.9	55.0	1.4	211.3
Cash flow information				
Net cash (outflow)/inflow from operating activities	(3.9)	0.1	-	(3.8)
Net cash outflow from investing activities	(0.4)	(49.8)	(4.3)	(54.5)
Net cash inflow from financing activities	283.3	-	-	283.3
Non cash expenses:				
Depreciation and amortisation	0.2	-	-	0.2
Share based payments	2.6	-	-	2.6
Finance costs	0.3	-	-	0.3

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NOTE 4. REVENUE AND EXPENSES

	Three Months Ended		Six Months Ended	
	31 December		31 December	
	2007	2006	2007	2006
	US\$m	US\$m	US\$m	US\$m
(a) Revenue				
Sale of uranium ⁽¹⁾	17.7	-	43.7	-
Interest income from non related parties	1.6	0.8	3.7	1.3
Database licence revenue	-	0.1	0.1	0.1
Other revenue	0.1	-	0.2	-
Total revenue	19.4	0.9	47.7	1.4

⁽¹⁾ Includes US\$14.0 million (2006: US\$Nil) relating to uranium sales of 185,000lb which were met by use of third party uranium purchased during the quarter ended 30 June 07.

(b) Other income

Foreign exchange gain (net)	-	0.6	-	-
Total other income	-	0.6	-	-

(c) Cost of sales ⁽¹⁾

Cost of production ⁽²⁾	(11.9)	-	(33.1)	-
Royalties	(1.2)	-	(2.2)	-
Depreciation – property, plant and equipment	(3.4)	-	(4.9)	-
Amortisation – intangibles	(0.1)	-	(0.5)	-
Product distribution costs	(0.1)	-	(0.2)	-
Total cost of sales	(16.7)	-	(40.9)	-

⁽¹⁾ Includes a credit of US\$2.0 million (2006: US\$Nil) relating to recognition of a value for stockpiles as a consequence of improved operating performance from 30 June 2007. In total US\$8.6 million was attributed to stockpile values during the half year – recognised as both a US\$2.0 million credit to cost of sales and a US\$6.6 million reduction in property, plant and equipment.

⁽²⁾ Includes US\$14.0 million (2006: US\$Nil) expense relating to use of 185,000lb of third party uranium purchased during the quarter ended 30 June 07 which was sold in the half year ended 31 December 2007.

(d) Finance costs

Interest expense	(3.8)	(0.8)	(8.0)	(0.8)
Non-cash convertible bond interest	(1.9)	-	(3.8)	-
Mine closure provision discount interest expense	(0.2)	-	(0.4)	-
Facility costs	(0.7)	-	(1.2)	-
Total finance costs	(6.6)	(0.8)	(13.4)	(0.8)

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NOTE 4. REVENUE AND EXPENSES (continued)

	Three Months Ended 31 December		Six Months Ended 31 December	
	2007	2006	2007	2006
	US\$m	US\$m	US\$m	US\$m
(e) Other expenses				
Corporate and marketing costs	(3.1)	(1.3)	(5.7)	(2.1)
Employee benefits expense	(1.0)	(0.4)	(1.8)	(0.7)
Share-based payments expense	(1.9)	(1.3)	(4.0)	(2.6)
Minimum lease payments – operating lease	(0.1)	-	(0.2)	(0.1)
Sales contracts expense ⁽¹⁾	-	-	(2.9)	-
Foreign exchange loss (net)	(0.4)	-	(1.0)	(0.4)
Depreciation – property, plant and equipment	(0.2)	(0.1)	(0.4)	(0.2)
Total other expenses	(6.7)	(3.1)	(16.0)	(6.1)

⁽¹⁾ The sales contracts expense is attributable to the requirement to meet future Langer Heinrich sales commitments by use of the remaining 35,000lb of third party uranium purchased during the quarter ended 30 June 2007.

NOTE 5. CASH AND CASH EQUIVALENTS

	31 December 2007 US\$m	30 June 2007 US\$m
Cash at bank and in hand	2.8	4.3
Short-term bank deposits	36.4	19.4
US\$ treasury bonds	109.8	159.1
Total cash and cash equivalents	149.0	182.8

NOTE 6. TRADE AND OTHER RECEIVABLES

Current

Trade receivables	3.3	3.3
Less provision for doubtful debts	-	-
Net trade receivables	3.3	3.3
Interest receivable	0.1	0.8
Prepayments	1.0	0.3
GST and VAT	3.8	6.6
Other receivables	4.4	-
Sundry debtors	3.2	1.6
Total current receivables	15.8	12.6

Non Current

Other receivables	3.0	-
Less provision for doubtful debts	-	-
Net other receivables	3.0	-

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NOTE 7. INVENTORIES

	31 December 2007 US\$m	30 June 2007 US\$m
Stores and spares (at cost)	2.2	1.8
Stockpiles (at cost) ⁽¹⁾	9.8	-
Work-in-progress (at cost)	2.2	-
Work-in-progress (at net realisable value)	-	2.1
Finished goods (at cost) - third party uranium purchased	-	24.7
Finished goods (at cost)	13.5	-
Finished goods (at net realisable value)	-	9.4
Total inventories at the lower of cost and net realisable value	<u>27.7</u>	<u>38.0</u>

⁽¹⁾ Value now recognised for stockpile as a consequence of improved operating performance of the Langer Heinrich Uranium Project from 30 June 2007. In total US\$8.6 million was attributed to stockpile values during the half year from the improved operating performance.

NOTE 8. PROPERTY, PLANT AND EQUIPMENT

Plant and equipment – at cost ⁽¹⁾	119.0	124.1
Less provision for depreciation	<u>(6.6)</u>	<u>(2.4)</u>
Total plant and equipment	<u>112.4</u>	<u>121.7</u>
Mine development – at cost	4.2	2.1
Less provision for depreciation	<u>(1.0)</u>	<u>(0.1)</u>
Total mine development	<u>3.2</u>	<u>2.0</u>
Technical database – at cost	0.8	0.7
Less provision for amortisation	<u>(0.7)</u>	<u>(0.6)</u>
Total technical database	<u>0.1</u>	<u>0.1</u>
Land and buildings – at cost	4.4	3.4
Less provision for depreciation	<u>(0.2)</u>	<u>(0.2)</u>
Total land and buildings	<u>4.2</u>	<u>3.2</u>
Construction work in progress – at cost	<u>36.4</u>	<u>8.1</u>
Total non current property, plant and equipment	<u>156.3</u>	<u>135.1</u>

⁽¹⁾ Reduction of US\$6.6 million (2006: US\$Nil) occurred during the half year ended 31 December 2007 relating to the recognition of value for stockpiles as a consequence of improved operating performance of the Langer Heinrich Uranium Project from 30 June 2007.

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NOTE 9. EXPLORATION AND EVALUATION EXPENDITURE

The following table details the expenditures on interests in mineral properties by area of interest for the six months ended 31 December 2007:

Areas of interest	Langer Heinrich Project US\$m	Kayelekera Project US\$m	Manyingee Project US\$m	Oobagooma Project US\$m	Bigrlyi Project US\$m	Valhalla/Skal Projects US\$m	Summit Group ⁽¹⁾ Projects US\$m	Other Projects US\$m	Total US\$m
Balance 30 June 2007	-	4.560	0.992	0.137	15.065	147.225	1,433.410	-	1,601.389
Acquisition property payments	-	-	-	-	-	-	-	-	-
Project exploration and evaluation expenditure									
Tenement costs	-	0.001	0.013	-	-	-	0.352	0.002	0.368
Labour	-	0.167	0.001	0.008	0.015	-	0.597	0.079	0.867
Consultants and contractors	-	0.009	-	-	0.003	-	0.023	0.034	0.069
Materials and utilities	-	0.029	-	-	-	-	0.011	0.001	0.041
Transportation and communications	-	0.089	-	-	0.005	-	0.035	0.025	0.154
Outside services	-	0.392	-	-	-	-	0.671	-	1.063
Legal and accounting	-	-	-	-	-	-	0.003	-	0.003
Camp expenses	-	0.020	0.001	-	-	-	0.003	0.004	0.028
Overheads	-	-	-	0.001	0.010	-	0.009	0.022	0.042
Joint venture contributions	-	-	-	-	2.413	1.077	1.077	-	4.567
Other expenses	-	0.018	-	-	0.003	-	0.007	0.003	0.031
Total expenditure	-	0.725	0.015	0.009	2.449	1.077	2.788	0.170	7.233
Exploration expenditure expensed	-	(0.098)	(0.015)	(0.009)	(2.449)	(1.077)	(2.788)	(0.170)	(6.606)
Exploration expenditure capitalised	-	0.627	-	-	-	-	-	-	0.627
Cost of tenements sold	-	-	-	-	-	-	(7.350)	-	(7.350)
Foreign exchange differences	-	-	0.031	0.005	0.482	4.707	45.850	-	51.075
Balance 31 December 2007	-	5.187	1.023	0.142	15.547	151.932	1,471.910	-	1,645.741

⁽¹⁾ The Summit Group projects were acquired on 27 April 2007 and allocation of the acquisition value to each project has yet to be completed.

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NOTE 10. INTANGIBLE ASSETS

	31 December 2007 US\$m	30 June 2007 US\$m
Cost – right to supply of power and water	17.3	17.8
Accumulated amortisation	(0.7)	(0.2)
Net carrying amount of non current intangible assets	16.6	17.6

NOTE 11. INTEREST BEARING LOANS AND BORROWINGS

	Maturity		
Current			
Secured bank loan		13.6	5.6
Non Current			
Unsecured convertible bonds	2011	220.1	216.3
Secured bank loan	2012	56.0	61.0
Deferred borrowing costs		(8.1)	(9.3)
Total non current interest bearing loans and borrowings		268.0	268.0

NOTE 12. PROVISIONS

Current			
Rehabilitation		2.1	2.0
Sales contracts ⁽¹⁾		-	7.8
Employee benefits		1.0	0.8
Total current provisions		3.1	10.6
Non Current			
Employee benefits		0.1	0.1
Mine closure		3.5	3.0
Total non current provisions		3.6	3.1

⁽¹⁾ A provision for sales contracts is recognised when the expected benefits to be derived by the Group from a sales contract are lower than the unavoidable cost of meeting the obligations under the sales contract. The provision is stated at the present value of the future net cash outflows expected to be incurred in respect of the contract. At 30 September 2007 a US\$2.9 million sales contract provision was recognised attributable to the requirement to meet future Langer Heinrich sales commitments by use of third party uranium purchases. The US\$7.8 million sales contract provision at 30 June 2007 and the US\$2.9 million sales contract provision at 30 September 2007 have both been reversed during the half year ended 31 December 2007 as the sales have been delivered.

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NOTE 13. CONTRIBUTED EQUITY

(a) Issued and paid up capital

	31 December		31 December	
	2007	2006	2007	2006
Ordinary shares	Number of Shares		US\$m	US\$m
Issued and fully paid	613,007,369	500,949,969	1,086.8	276.3

(b) Movements in ordinary shares on issue

Date		Number of Shares	Issue Price A\$	Exchange Rate US\$: A\$	Total US\$m
	Balance 30 June 2006	454,235,713			112.3
July 2006	Option conversions	350,000	1.00	1.27647	0.3
July 2006	Option conversions	300,000	1.25	1.27647	0.3
August 2006	Option conversions	400,000	1.00	1.27647	0.3
September 2006	Option conversions	600,000	1.00	1.27647	0.5
September 2006	Option conversions	6,000	1.50	1.27647	-
September 2006	Shares issued - Valhalla	37,151,830	5.09	1.27647	148.1
October 2006	Shares issued - Valhalla	822,426	5.09	1.27647	3.3
October 2006	Option conversions	3,400,000	1.00	1.27647	2.7
November 2006	Option conversions	2,090,000	1.00	1.27647	1.6
November 2006	Option conversions	1,000,000	1.25	1.27647	1.0
November 2006	Option conversions	4,000	1.50	1.27647	-
December 2006	Functional currency transition adjustment				3.7
December 2006	Option conversions	590,000	1.00	1.27175	0.5
	Transfer from reserves				1.7
Balance 31 December 2006		500,949,969			276.3

Date		Number of Shares	Issue Price A\$	Exchange Rate US\$: A\$	Total US\$m
	Balance 30 June 2007	602,437,369			1,075.3
September 2007	Option conversions	250,000	1.00	1.22122	0.2
November 2007	Option conversions	50,000	1.00	1.08369	-
November 2007	Option conversions	3,270,000	1.00	1.08369	3.0
December 2007	Option conversions	7,000,000	1.00	1.12974	6.2
	Transfer from reserves				2.1
Balance 31 December 2007		613,007,369			1,086.8

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NOTE 13. CONTRIBUTED EQUITY (continued)

(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 December 2007 Number
Number of unlisted employee options	<u>8,708,670</u>

Consisting of the following:

Date options granted	Exercisable	Expiry date	Exercise price of options	Number under option
15 July 2005	30 June 2006	15 July 2008	A\$1.50	190,000
13 January 2006	13 January 2007	13 January 2009	A\$2.80	170,000
13 January 2006	13 January 2008	13 January 2009	A\$2.80	850,000
19 January 2006	13 January 2008	13 January 2009	A\$2.80	600,000
16 February 2006	13 January 2007	13 January 2009	A\$2.80	700,000
16 February 2006	13 January 2008	13 January 2009	A\$2.80	500,000
27 April 2006	31 October 2007	28 April 2009	A\$5.50	782,500
27 April 2006	31 October 2008	28 April 2009	A\$5.50	782,500
5 July 2006	5 January 2008	5 July 2009	A\$5.50	500,000
5 July 2006	5 January 2009	5 July 2009	A\$5.50	500,000
20 July 2006	5 January 2008	5 July 2009	A\$5.50	200,000
20 July 2006	5 January 2009	5 July 2009	A\$5.50	200,000
1 February 2007	1 February 2010	1 February 2012	A\$8.77	2,733,670
Total				<u>8,708,670</u>

NOTE 14. MINORITY INTERESTS

	31 December 2007 US\$m	30 June 2007 US\$m
Minority interests comprise:		
Share capital	11.0	11.0
Opening accumulated losses	(6.9)	(6.5)
Reserves	186.5	180.7
Current period loss	<u>(0.7)</u>	<u>(0.4)</u>
Total minority interests	<u>189.9</u>	<u>184.8</u>

The minority interests recognised relate to the 18.1% interest in Summit Resources Ltd not acquired from the takeover bid that closed on 1 June 2007. No minority interests have been reflected for the 15% of Paladin (Africa) Ltd to which the Government of Malawi is entitled as this company is in a net liability position as a consequence of the policy to expense exploration and evaluation expenditure prior to the decision made to proceed to development.

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NOTE 15. CONTINGENT LIABILITIES

No change has occurred in the contingent liabilities for the Company from those reported in the Annual Report for the year ended 30 June 2007 with the exception of the following:

Legal Actions

Kayelekera Uranium Project, Malawi – Civil Societies Action

All six Malawian Civil Society Organisations that commenced legal proceedings against Paladin Africa Ltd and the Government of Malawi have settled their action on a positive and amicable basis. The legal proceedings were formally withdrawn during the quarter ended 31 December 2007.

Mt Isa Uranium Joint Venture

On the 3 August 2007 settlement occurred of proceedings commenced by Summit Resources (Aust) Pty Ltd (ultimately 81.9% owned by the Company) against the wholly owned subsidiary, Mt Isa Uranium Pty Ltd and unrelated Resolute Ltd in relation to alleged breaches of confidentiality provisions in the Mt Isa Uranium Project joint venture agreement. Areva NC (Australia) Pty Ltd has advised that it intends to apply to the Supreme Court of Western Australia for orders under Section 237 of the Corporations Act 2001 to be granted leave to intervene in the court proceedings. The Company has always remained confident that the court proceedings could be successfully defended. Further, the Company has the benefit of an indemnity from Resolute Ltd and an ultimate 81.9% interest in Summit Resources (Aust) Pty Ltd. As a consequence, a change in the ownership of the joint venture deposits would not be of significance to the Company.

NOTE 16. EVENTS AFTER THE BALANCE SHEET DATE

Issue of Employee Options

On 29 January 2008, the Company announced the granting of 8,541,620 unlisted incentive options exercisable at A\$4.50 and expiring 29 January 2013. These are subject to performance conditions in relation to Total Shareholder Return as outlined in the Executive Share Option Plan.

Kayelekera Uranium Project, Malawi - Bank Approval for US\$167M Project Finance

On 14 February 2008, the Company announced that it had received credit committee approved offers of financing totalling US\$167M, consisting of a 7 year Project Finance Facility of US\$145M, a Standby Cost Overrun Facility of US\$12M and a Performance Bond Facility of US\$10M. The facilities are being provided by Société Générale Corporate and Investment Banking (as intercreditor agent and commercial lender), Nedbank Capital a division of Nedbank Limited (ECIC lender) and The Standard Bank of South Africa Ltd (as ECIC facility agent and lender). Drawdown on the financing is subject to completion of legal documentation and fulfilment of other conditions precedent usual for this type of funding, including approval for an export credit guarantee from The Export Credit Insurance Corporation (ECIC), South Africa's statutory export credit and foreign investment insurance provider.

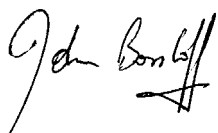
DIRECTORS' DECLARATION

In accordance with a resolution of the Directors of Paladin Energy Ltd, I state that:

In the opinion of the directors:

- (a) the financial statements and notes of the consolidated entity are in accordance with the Corporations Act 2001, including:
 - (i) give a true and fair view of the financial position as at 31 December 2007 and the performance for the second quarter and half-year ended on that date of the consolidated entity; and
 - (ii) comply with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001; and
- (b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

On behalf of the Board



Mr John Borshoff
Managing Director

Perth, Western Australia
14 February 2008

To the members of Paladin Energy Ltd

Report on the Second Quarter and Half Year Financial Report

We have reviewed the accompanying second quarter and half year financial report of Paladin Energy Ltd, which comprises the condensed balance sheet as at 31 December 2007, and the condensed income statement and condensed cash flow statement for the second quarter and the half year ended on that date, the condensed statement of changes in equity for the half year ended on that date, other selected explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half year end or from time to time during the half year.

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

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

Auditor's Responsibility

Our responsibility is to express a conclusion on the second quarter and half year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of an Interim Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2007 and its performance for the second quarter and half year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001* and other mandatory financial reporting requirements in Australia. As the auditor of Paladin Energy Ltd and the entities it controlled during the half year, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

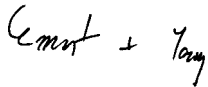
Independence

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

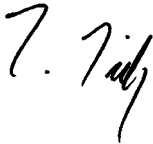
Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the interim financial report of Paladin Energy Ltd is not in accordance with the *Corporations Act 2001*, including:

- (i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2007 and of its performance for the second quarter and half year ended on that date; and
- (ii) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.



Ernst & Young



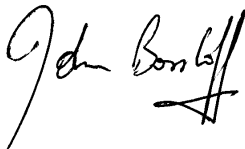
V W Tidy
Partner
Perth
14 February 2008

Form 52-109F2 – Certification of Interim Filings

I, John Borshoff, Managing Director of Paladin Energy 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 Energy Ltd (the issuer) for the interim period ending 31 December 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 February 2008



John Borshoff
Managing Director

Form 52-109F2 – Certification of Interim Filings

I, Ron Chamberlain, Chief Financial Officer of Paladin Energy 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 Energy Ltd (the issuer) for the interim period ending 31 December 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 February 2008



Ron Chamberlain
Chief Financial Officer