

# Appendix 5B

## Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001.

Name of entity

|                               |
|-------------------------------|
| <b>PALADIN ENERGY LIMITED</b> |
|-------------------------------|

ABN

|                       |
|-----------------------|
| <b>47 061 681 098</b> |
|-----------------------|

Quarter ended ("current quarter")

|                      |
|----------------------|
| <b>31 March 2008</b> |
|----------------------|

### Consolidated statement of cash flows

|      |                                                                   | Current quarter<br>US\$'000 | Year to date<br>US\$'000 |
|------|-------------------------------------------------------------------|-----------------------------|--------------------------|
|      | <b>Cash flows related to operating activities</b>                 |                             |                          |
| 1.1  | Receipts from product sales and related debtors (refer Note 1.25) | 3,278                       | 46,995                   |
| 1.2  | Payments for (a) exploration and evaluation                       | (1,808)                     | (8,885)                  |
|      | (b) development                                                   |                             |                          |
|      | (c) production                                                    | (17,220)                    | (43,317)                 |
|      | (d) administration (refer to note 1.25)                           | (8,722)                     | (12,593)                 |
| 1.3  | Dividends received                                                |                             |                          |
| 1.4  | Interest and other items of a similar nature received             | 1,371                       | 5,823                    |
| 1.5  | Interest and other costs of finance paid (refer Note 1.25)        | (1,312)                     | (10,005)                 |
| 1.6  | Income taxes paid                                                 |                             |                          |
| 1.7  | Other income                                                      | -                           | 213                      |
|      | <b>Net Operating Cash Flows</b>                                   | <b>(24,413)</b>             | <b>(21,769)</b>          |
|      | <b>Cash flows related to investing activities</b>                 |                             |                          |
| 1.8  | Payment for purchases of: (a) prospects                           |                             |                          |
|      | (b) equity investments                                            | -                           | (17,758)                 |
|      | (c) other fixed assets *                                          | (25,264)                    | (55,764)                 |
| 1.9  | Proceeds from sale of: (a) prospects                              | 1,757                       | 1,757                    |
|      | (b) equity investments                                            |                             |                          |
|      | (c) other fixed assets                                            |                             |                          |
| 1.10 | Loans to other entities                                           |                             |                          |
| 1.11 | Loans repaid by other entities                                    |                             |                          |
| 1.12 | Other (provide details if material)                               |                             |                          |
|      | <b>Net Investing Cash Flows</b>                                   | <b>(23,507)</b>             | <b>(71,765)</b>          |
| 1.13 | Total operating and investing cash flows (carried forward)        | (47,920)                    | (93,534)                 |

\* includes mine construction for the Kayelekera Uranium Project

**Appendix 5B**  
**Mining exploration entity quarterly report**

|      |                                                            |                      |                      |
|------|------------------------------------------------------------|----------------------|----------------------|
| 1.13 | Total operating and investing cash flows (brought forward) | US\$'000<br>(47,920) | US\$'000<br>(93,534) |
|      | <b>Cash flows related to financing activities</b>          |                      |                      |
| 1.14 | Proceeds from issues of shares, options, etc.              | -                    | 9,464                |
| 1.15 | Proceeds from sale of forfeited shares                     |                      |                      |
| 1.16 | Proceeds from borrowings                                   | 326,301              | 329,267              |
| 1.17 | Repayment of borrowings                                    |                      |                      |
| 1.18 | Dividends paid                                             |                      |                      |
| 1.19 | Debt facility establishment costs                          | (10,482)             | (10,903)             |
|      | <b>Net Financing Cash Flows</b>                            | <b>315,819</b>       | <b>327,828</b>       |
|      | <b>Net increase (decrease) in cash held</b>                | <b>267,899</b>       | <b>234,294</b>       |
| 1.20 | Cash at beginning of quarter/year to date                  | 148,991              | 182,786              |
| 1.21 | Exchange rate adjustments to item 1.20                     | 96                   | (94)                 |
| 1.22 | <b>Cash at end of quarter</b>                              | <b>416,986</b>       | <b>416,986</b>       |

**Payments to directors of the entity and associates of the directors**  
**Payments to related entities of the entity and associates of the related entities**

|      |                                                                                    |                             |
|------|------------------------------------------------------------------------------------|-----------------------------|
|      |                                                                                    | Current quarter<br>US\$'000 |
| 1.23 | Aggregate amount of payments to the parties included in item 1.2 (refer Note 1.25) | 1,138                       |
| 1.24 | Aggregate amount of loans to the parties included in item 1.10                     | -                           |

1.25 Explanation necessary for an understanding of the transactions

1.1 – Receipts from product sales and related debtors in the nine month period to 31 March 2008 includes US\$17,228,550 from the sale of 250,000 pounds of third party uranium purchased in the quarter ending 30 June 2007 (no relevant receipts in current quarter).

1.2(d) – Payments for administration in the quarter to March 2008 are high compared to that for the nine month period to March 2008 due to bonus payments to employees for the year ended 31 December 2007, GST credit inflows received in the September 2007 quarter arising from the takeover of Summit Resources Ltd and the timing of payments.

1.5 – Interest and other costs of finance paid for the nine months to 31 March 2008 includes a US\$5.6 million bi-annual interest payment on the convertible bonds maturing 15 December 2011 (no relevant payments in current quarter).

1.23 – Includes a US\$535,000 bonus paid to the Managing Director for the year ended 31 December 2007.

**Non-cash financing and investing activities**

- 2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

N/A

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

N/A

**Financing facilities available**

*Add notes as necessary for an understanding of the position.*

|                                 | Amount available<br>US\$'000 | Amount used<br>US\$'000 |
|---------------------------------|------------------------------|-------------------------|
| 3.1 Loan facilities             | 71,000                       | 70,855                  |
| 3.2 Credit standby arrangements | -                            | -                       |

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

- 3.4 US\$325m convertible bonds issued on 11 March 2008 with a coupon rate of 5.0% maturing 15 March 2013 at a conversion price of US\$6.59 per share.

- 3.5 Paladin has received credit committee approved offers of financing totalling US\$167m for the Kayelekera Uranium Project in Malawi, consisting of a seven 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.

**Estimated cash outflows for next quarter**

|                                                         | US\$'000      |
|---------------------------------------------------------|---------------|
| 4.1 Exploration and evaluation                          | 4,000         |
| 4.2 Mine development (reflected in fixed assets 1.8(c)) | 50,000        |
| <b>Total</b>                                            | <b>54,000</b> |

## Reconciliation of cash

| Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows. |                                                | Current quarter<br>US\$'000 | Previous quarter<br>US\$'000 |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------|-----------------------------|------------------------------|
| 5.1                                                                                                                                                         | Cash at bank and in hand                       | 3,416                       | 2,783                        |
| 5.2                                                                                                                                                         | Short-term bank deposits                       | 38,879                      | 36,410                       |
| 5.3                                                                                                                                                         | Bank overdraft                                 | -                           | -                            |
| 5.4                                                                                                                                                         | Other (provide details)<br>US Treasuries bonds | 374,691                     | 109,798                      |
| <b>Total: cash at end of quarter (item 1.22)</b>                                                                                                            |                                                | <b>416,986</b>              | <b>148,991</b>               |

## Changes in interests in mining tenements

|     | Tenement reference                                                     | Nature of interest<br>(note (2))                         | Interest at<br>beginning<br>of quarter                                                                                              | Interest<br>at end of<br>quarter |
|-----|------------------------------------------------------------------------|----------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------|----------------------------------|
| 6.1 | Interests in mining<br>tenements<br>relinquished, reduced<br>or lapsed | <b>Queensland</b><br>EPM 13033<br>EPM 13066<br>EPM 14047 | Exploration permits<br>reduced in area during<br>the quarter as follows:<br>219 to 116 sq km<br>287 to 270 sq km<br>190 to 64 sq km | 100%<br>100%                     |
| 6.2 | Interests in mining<br>tenements acquired or<br>increased              | N/A                                                      |                                                                                                                                     |                                  |

**Appendix 5B**  
**Mining exploration entity quarterly report**

**Issued and quoted securities at end of current quarter**

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

|                                                                                                                                | Total number                                                                                   | Number quoted      | Issue price per security<br>(see note 3)                                                                      | Amount paid up per security<br>(see note 3)                                                                        |
|--------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------|--------------------|---------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------|
| 7.1 <b>Preference securities</b><br><i>(description)</i>                                                                       |                                                                                                |                    |                                                                                                               |                                                                                                                    |
| 7.2 Changes during quarter<br>(a) Increases through issues<br>(b) Decreases through returns of capital, buy-backs, redemptions |                                                                                                |                    |                                                                                                               |                                                                                                                    |
| 7.3 <b>+Ordinary securities</b>                                                                                                | <b>613,007,369</b>                                                                             | <b>613,007,369</b> |                                                                                                               |                                                                                                                    |
| 7.4 Changes during quarter<br>(a) Increases through issues<br>(b) Decreases through returns of capital, buy-backs              |                                                                                                |                    |                                                                                                               |                                                                                                                    |
| 7.5 <b>+Convertible debt securities</b><br>(Convertible bonds)<br><b>Refer Notes 3.3 &amp; 3.4</b>                             | <b>81,848,051</b>                                                                              |                    |                                                                                                               |                                                                                                                    |
| 7.6 Changes during quarter<br>(a) Increases through issues<br>(b) Decreases through securities matured, converted              | 49,317,147<br>(refer Note 3.4)                                                                 |                    |                                                                                                               |                                                                                                                    |
| 7.7 <b>Options</b><br><i>(description and conversion factor)</i>                                                               | 190,000<br>2,820,000<br>1,565,000<br>1,400,000<br>2,733,670<br>8,538,598<br>700,000<br>525,000 |                    | <b>Exercise price</b><br>A\$1.50<br>A\$2.80<br>A\$5.50<br>A\$5.50<br>A\$8.77<br>A\$4.50<br>A\$5.37<br>A\$5.37 | <b>Expiry date</b><br>15.07.08<br>13.01.09<br>28.04.09<br>05.07.09<br>01.02.12<br>29.01.13<br>15.02.11<br>15.02.13 |
| 7.8 Issued during quarter                                                                                                      | 8,541,620<br>700,000<br>525,000                                                                |                    | <b>Exercise price</b><br>A\$4.50<br>A\$5.37<br>A\$5.37                                                        | <b>Expiry date</b><br>29.01.13<br>15.02.11<br>15.02.13                                                             |
| 7.9 Exercised during quarter                                                                                                   |                                                                                                |                    |                                                                                                               |                                                                                                                    |

**Appendix 5B**  
**Mining exploration entity quarterly report**

|      |                                      |       |  |                                  |                                |
|------|--------------------------------------|-------|--|----------------------------------|--------------------------------|
| 7.10 | Cancelled during quarter             | 3,022 |  | <i>Exercise price</i><br>A\$4.50 | <i>Expiry date</i><br>29.01.13 |
| 7.11 | <b>Debentures</b><br>(totals only)   |       |  |                                  |                                |
| 7.12 | <b>Unsecured notes</b> (totals only) |       |  |                                  |                                |

## Compliance statement

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



Sign here:

(Company secretary)

Date: 28 April 2008

Print name:

Gill Swaby

## Notes

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

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