PALADIN ENERGY LTD

ACN 061 681 098

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ASX Market Announcements
Australian Securities Exchange
20 Bridge Street
SYDNEY NSW 2000

By Electronic Lodgement

Dear Sir/Madam

QUARTERLY ACTIVITIES REPORT
FOR PERIOD ENDING – 31 March 2012

HIGHLIGHTS

- Stable combined production with Kayelekera delivering record production and Langer Heinrich ramping up with higher throughputs using lower grade feed material.
  - production of 1.77Mlb U_3O_8 – a slight decrease of 2.6% below the record December 2011 quarter.
- Langer Heinrich produced 1,052,364lb U_3O_8, 10% short of internal target for the quarter. Over a 6-month period, 86% of Stage 3 design capacity achieved.
  - crushed 680,369 tonnes (t) of ore, an all-time record and an increase of 8% from the previous quarter.
  - treated 850ppm U_3O_8 of plant feed, a decrease from last quarter of 17% and nearing design of 800ppm.
- Kayelekera delivered a record 724,551lb U_3O_8, a 15% increase over the previous quarter and 88% of nameplate.
  - delivered record production in January averaging 96% of nameplate.
  - record mill feed and operating hours for the quarter.
- Strong interest by parties in the nuclear industry to engage in long term relationships with Paladin.
- Sales of 1,137,477lb recorded at average price of US$59.17/lb.

SAFETY

The Company has maintained its high safety performance with a 12-month moving average Lost Time Injury Frequency Rate (LTIFR) of 0.9. One LTI was recorded at the Kayelekera Mine (KM) due to a vehicle incident and a second LTI was recorded at the Langer Heinrich Mine (LHM). Follow-up corrective actions have been implemented to prevent recurrence of such incidents.

QUARTERLY URANIUM SALES

Sales for the quarter were 1,137,477lb U_3O_8 generating revenue of US$67.3M, with an average sales price of US$59.17/lb U_3O_8 (average UxC spot price for the quarter was US$51.81/lb U_3O_8). Sales are distributed unevenly throughout the year and this quarter has seen some inventory build in anticipation of significantly higher volumes booked for sale in the June 2012 quarter.

LANGER HEINRICH MINE, Namibia

Production by quarter

LHM	Jun 2011 Qtr	Sep 2011 Qtr	Dec 2011 Qtr	**Mar 2012 Qtr**
U_3O_8 Production (lb)	896,761	849,067	1,192,785	**1,052,364**

During the quarter the plant continued its Stage 3 ramp-up with crushed tonnes increasing by 8%. Plant throughput steadily increased with the average ore feed grade being reduced by 17% to 850 parts per million (ppm), nearing Stage 3 design of 800ppm.

Production totalled 1,052,364lb U_3O_8, 10% below the Langer Heinrich's internal target of 1,150,000lb for the quarter. This shortfall was mainly due to early quarter commissioning bottlenecks and the planned lower grade feed in line with the mine plan. These bottleneck issues have now been rectified to Stage 3 specification.

Mining

The increased plant throughput and production are reflected below with higher tonnages mined and slight increases in stripping ratio as the demand for throughput increases:

	Dec 2011 Qtr	**Mar 2012 Qtr**
Ore mined (t)	1,490,963	**1,961,631**
Grade (ppm)	695	**706**
Additional low grade ore mined (t)	1,257,414	**1,559,790**
Grade (ppm)	322	**321**
Waste/ore ratio	1.17	**1.48**

Mining continues to concentrate on extending the open pit to the west. Run of Mine (ROM) stocks were maintained at between 4 and 6 weeks of ore supply.

Process Plant

The increased plant throughput continued in the March quarter in line with long term objectives as reflected below:

	Dec 2011 Quarter	**Mar 2012 Quarter**
Ore milled (t)	630,397	**680,369**
Grade (ppm)	1,023	**850**
Scrub efficiency (%)	95.7	**94.2**
Leach extraction (%)	87.9	**91.0**
Wash efficiency (%)	79.8	**84.2**
Overall recovery (%)	83.8	**82.2**

Tonnage through the process plant increased by 8% from the previous quarter with total throughput of 680,369t.

The front-end circuit continued to perform well with record throughput. The new equipment in this section of the plant is now well established.

The extraction in the leaching circuit continued to improve due to the ongoing success with the new Flash/Splash heat exchanger and increasing leach temperatures. Direct steam injection was also added to the old leach circuit in this quarter and commissioned in March with immediate improved results reflected in higher leach efficiency. The Company expects this heating addition will further reduce the dependency on the higher maintenance spiral heat exchangers in this circuit.

With the increased throughput of the Counter-Current Decantation (CCD) circuit, earlier bottlenecks were overcome in March and now provide opportunities for further optimisation. Even with the earlier ramp-up problems, this circuit sustained improved efficiencies.

The commissioning of the NIMCIX circuit is proving successful. A minor modification is underway in the elution columns, which is expected to provide improved throughput capacity and recovery efficiency. The work is being phased so as not to impact the current production capacity of the plant.

The overall plant efficiency reduced slightly during the quarter to 82.2%. Both the leach and wash efficiencies improved, but the overall recovery was affected by the commissioning issues experienced in the tailings thickening circuit.

Commissioning of the TSF2 tailings thickening circuit is ongoing with improved results expected during the second half of the June quarter.

Construction of the TSF2 continued, with record placement and compaction of material during the quarter.

Stage 4 Feasibility Study

As previously advised, the Stage 4 feasibility study has been deferred to the end of calendar year 2012 as a result of additional capabilities being presented by Stage 3 equipment. This delay will give time to properly review and establish the degree of positive performance of this equipment prior to its integration into the Stage 4 flowsheet. The Environmental Impact Assessment for the Stage 4 expansion and associated utility upgrades (power and water) have been submitted to the Namibian Government, with approvals expected in the June 2012 quarter.

KAYELEKERA MINE, Malawi

Production by quarter

KM	Jun 2011 Qtr	Sep 2011 Qtr	Dec 2011 Qtr	**Mar 2012 Qtr**
U_3O_8 Production (lb)	566,248	395,478	631,780	**724,552**

Kayelekera achieved record uranium production during the March quarter reaching 15% above the previous quarter. Production was temporarily impacted by the use of a lower-cost reagent that was tested and proved problematic.

Mining

A total of 1,102,036t U_3O_8 was mined during the quarter.

	Dec 2011 Qtr	**Mar 2012 Qtr**
Ore mined (t)	338,716	**305,322**
Grade (ppm)	1,196	**1,167**
Additional low grade ore mined (t)	165,483	**128,464**
Grade (ppm)	511	**523**
Waste/ore ratio	1.15	**1.54**

The quarterly mine production was slightly lower than budget largely due to the wet season. The end of the wet season and the addition of new equipment are expected to address this matter.

Process Plant

Operating data

	Dec 2011 Qtr	**Mar 2012 Qtr**
Operating time (hrs)	1,650	**1,884**
Mill feed(t)	312,302	**360,429**
Grade (ppm)	1,112	**1,205**
Leach extraction (%)	88.3	**87.0**
RIP efficiency (%)	96.5	**95.6**
Overall efficiency (%)	84.1	**82.6**

The process plant achieved record mill feed and operating time averaging 15% above the previous quarter. The crushing/grinding circuit operated well.

Resin-in-Pulp (RIP) and elution operational issues continue to focus mostly on resin management and corrosion mitigation. Refurbishment projects in these circuits, for corrosion mitigation, are progressing well.

Overall recovery was down 1.5% as a result of treatment of a higher component of reduced arkose ore and delays in peroxide deliveries due to dockside weather. Measures have been put in place to increase stocks of peroxide on site.

Landslip mitigation of the areas to the west of the plant is complete. Ground movement is stable and monitoring is ongoing by external consultants.

Completion Test

The 90 day Bankers' Completion Test was completed at the end of January. The Company believes the project performed well against test parameters and is awaiting final certification.

Cost Optimisation

Cost optimisation is continuing, targeting savings on acid, reagents, diesel and transport.

Near Mine Exploration

Due to export constraints within Malawi, the batch of confirmation assays from the 2011 drilling programme sent to Australia was delayed by approximately 3 months. The samples have now been prepared in South Africa prior to the transport of pulps to Australia. Results are expected within the next month. Consequently, the Mineral Resource estimate update will be delayed until late in the June 2012 quarter.

Evaluation of the regional exploration drilling completed last year has indicated a number of promising targets and follow-up drilling is planned once work can resume in May after the wet season.

OVERALL QUARTERLY PRODUCTION

Combined (LHM & KM) production by quarter is as follows:

Combined	Jun 2011 Qtr	Sep 2011 Qtr	Dec 2011 Qtr	**Mar 2012 Qtr**
U_3O_8 Production (lb)	1,463,009	1,244,545	1,824,565	**1,776,915**

Production for the quarter was slightly down on target at both sites. At Kayelekera, a new reagent, which has potentially significant cost savings, was tested with negative results. This test resulted in approximately a 40,000lb loss of production at Kayelekera. At Langer Heinrich, early quarter issues with ramping up the additional CCD circuit caused delays, as did the tailings thickener.

For the reasons outlined, Paladin now expects FY12 production to be about 2% below the previously announced lower guidance of 7.1Mlb.

MOUNT ISA REGION PROJECTS, Queensland

The Mount Isa regional projects comprise the Isa Uranium Joint Venture (IUJV) (Paladin Energy Ltd 50%, Summit Resources (Aust) Pty Ltd 50% Operator), the Mount Isa North Uranium Project (MINUP) (Summit Resources (Aust) Pty Ltd 100% - Paladin holds 82.08% of Summit), and the Valhalla North Project (VNP) (Fusion Resources 100% - Paladin holds 100% of Fusion).

Andersons Uranium Deposit

The Andersons Uranium Deposit is part of the MINUP. An update to the Andersons Mineral Resource was completed in January 2012. This followed the drilling of four Reverse Circulation (RC) holes, extensive data validation, geological mapping, relogging of diamond holes and reinterpretation of the geology model. Mineralisation plunging 65° to the east was drilled over widths of 15m-20m and now extends over 290m down plunge. Grades ranged from 100ppm-4000ppm U_3O_8. The mineralisation was highlighted by hole ANDDH17 (17m-68m/51m @ 1739ppm U_3O_8).

The revised Mineral Resource is reported below at a 250ppm U_3O_8 cut-off grade. For the first time, Indicated Mineral Resources have now been estimated. The dataset is a combination of assays and downhole radiometrically logged equivalent U_3O_8 grades. Downhole logging was carried out with derived grades being validated against assays in a number of drill holes. The Mineral Resource was estimated using Kriging methodologies with search distances appropriate to the variography and drill hole spacing.

Mineral Resource category	Mt	Grade ppm U_3O_8	t U_3O_8	Mlb U_3O_8
Indicated	1.4	1,449	2,079	4.6
Inferred	0.1	1639	204	0.4

AURORA – MICHELIN URANIUM PROJECT, Canada

In March 2012 the Nunatsiavut Government enacted the Environmental Protection Act and amended the Labrador Inuit Lands Act, lifting the moratorium on the working, production, mining and development of uranium on Labrador Inuit Lands. This has now cleared the way to re-commence work on projects within the Central Mineral Belt of Labrador, Canada, (CMB) where the Company has a number of very prospective exploration and development targets.

The Company expects substantial long-term resource increases within its tenement package in the CMB, as the CMB is considered to offer good potential for additional discoveries. Planning for the summer field season, commencing in the second half 2012, is underway. An expanded infill and resource definition drilling programme is being designed, along with an extensive mapping and exploration programme for the rest of the tenement package.

Future exploration will aim initially at increasing the resources within the Michelin "mineralised trend", located inside a 5km to 10km radius of the main Michelin deposit. Paladin is planning to carry out continuous exploration within the CMB over the next 3 to 5 years, with a goal of expanding the known resources sufficiently to be able to develop a significant mining operation.

BIGLRYI JOINT VENTURE, Northern Territory – Australia (Paladin 41.71%)

Paladin exploration staff were seconded to the Bigrlyi Joint Venture in order to rapidly map, re-log and re-interpret the existing geological model. This exercise had been very successful in creating an improved geological understanding of the area, which will be used as a primary input for a revised mineral resource estimate. It is expected that mineral resources will be updated over the coming months once all the existing historical Central Pacific Minerals' N.L. data has been combined with the recently collected Energy Metals Limited's' data and validated.

CORPORATE

Update on Review of Strategic Options

Paladin advised on 10 April 2012 that it is in discussions with a select group of nuclear industry parties, to seek a minority Joint Venture (JV) participation in its non-producing uranium assets. This will enable further strengthening and consolidation of the globally unique position that the Company has achieved in the uranium supply sector. All parties engaged in negotiation acknowledge Paladin's high strategic value through its blend of independence, achievement in production, significant portfolio of potential development and exploration projects, and a leadership, management and technical team ideally suited to take Paladin to its next stage of development.

The participation proposals received are diverse, reflecting a broader and deeper interest to become part of Paladin's future production platform, providing opportunity for increased financial strength and flexibility. Consequently, in addition to progressing the JV approach, Paladin is carefully considering all options now available to secure optimal value and ensure the best outcome for the long term benefit of shareholders.

Also, unlike many other mineral commodities, high quality uranium assets are attracting premium prices in the current environment and the underlying market for these remains strong.

Judgement on Legal Action – Mount Isa Uranium Joint Venture

Judgment was handed down on 12 April 2012 by the Honourable Chief Justice Martin and his decision concluded (amongst other things) that the proceedings that Summit Resources (Aust) Pty Ltd (SRA) brought against Resolute and MIU had no realistic prospects of success and that orders dismissing those proceedings on terms which avoids any adverse costs order against SRA are not prejudicial to the interests of Summit or its shareholders as a whole, but rather advance those interests.

The Honourable Chief Justice Martin has made orders which will enable the proceedings that SRA brought against Resolute and MIU to be dismissed in 21 days.

Paladin is pleased that this matter has now been resolved and that the companies can focus on their business activities without this distraction.

URANIUM MARKET COMMENTS

The UxC spot price remained in a narrow range around US$52/lb U_3O_8 during the quarter, on comparatively low volumes. The UxC term price declined US$3/lb U_3O_8 to US$60/lb U_3O_8.

Outlook[1]

The first anniversary of the Fukushima earthquake and associated nuclear accident saw most civil nuclear nations re-confirming their nuclear programmes after stringent safety reviews. In Japan, almost the entire operable fleet of 51 reactors is still off-line pending community and government endorsement of revised safety and evacuation plans; however, a progressive re-start of approved plants is expected during 2012. According to the World Nuclear Association, globally, 435 reactors are operable in March 2012 (443 in February 2011). During the year, 7 new plants were brought into operation world-wide, and construction started on 2 plants, adding to the 58 plants already under construction. In the USA, Construction and Operating Licences were granted for 4 new nuclear plants in Georgia & South Carolina. The number of plants in the "planned" category is 163, an increase of 5 plants.

Therefore, despite the regrettable impact of the Fukushima accident, the world's reliance on nuclear energy is still solid and the Company fully expects uranium supply will become the key issue for the industry to overcome.

Yours faithfully
Paladin Energy Ltd

JOHN BORSHOFF
Managing Director/CEO

Declaration
The information in this report relating to exploration and mineral resources is, except where stated, based on information compiled by David Princep B.Sc who is a Fellow of the AusIMM. Mr Princep has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity that he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves", and as a Qualified Person as defined in National Instrument 43-101. Mr Princep is a full-time employee of Paladin Energy Ltd and consents to the inclusion of this information in the form and context in which it appears.

[1] All industry data is sourced from the World Nuclear Association (www.world-nuclear.org, the Ux Consulting Company LLC publication "Ux Weekly" (www.uxc.com) and the Nuclear Energy Institute (www.nei.org).