PALADIN ENERGY LTD

ACN 061 681 098

17 April 2013

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 2013

HIGHLIGHTS

- **Strong sales revenue of US$106M for the quarter, selling 1.92Mlb U_3O_8 at average price of US$55.22/lb.**
- **Continued solid quarterly production, with year to date production for FY2013 versus FY2012 at a record high.**
  - combined production for the March quarter of 1.992Mlb (904t) U_3O_8 was 95% of nameplate production, a decrease of 9% from the December record quarter.
  - year to date (9 months) production for FY2013 of 6.112Mlb (2,773t) U_3O_8 is a 26% increase over the previous FY2012 period, reflecting 96% of combined nameplate and in line with guidance.
- **Cost savings and optimisation initiatives continue successfully with unit production costs continuing to reduce at both mines for the quarter.**
- **Langer Heinrich production of 1.230Mlb (558t) U_3O_8 achieving 96% of nameplate for the quarter.**
  - production was influenced by temporary water constraints and some operational issues. Those are being resolved with improved water conservation measures in place and desalinated water scheduled to be introduced in May.
  - year to date production (9 months) for FY2013 remains slightly above nameplate.
  - strong recovery of 86.7% versus design of 85%.
  - feed grades of 810ppm U_3O_8 versus design of 800ppm.
  - production capacity remains robust and above nameplate.
- **Kayelekera production of 761,992lb (346t) U_3O_8 achieving 94% of nameplate for the quarter.**
  - average daily production at an all-time high for the quarter.
  - feed grades of 1,094ppm U_3O_8 on track (design is 1,100ppm).
  - record recovery of 87.1%.
  - maintaining self sufficiency on acid requirements.
  - safety milestone of 365 lost time injury free days achieved.
- **Strategic initiative work advancing well with results expected mid June quarter.**
- **FY2013 production guidance of 8.0 – 8.5Mlb U_3O_8 remains well on target.**

SAFETY

The Company's high safety performance was impacted by two lost time injuries (LTIs) incurred during the period with the 12-month moving average Lost Time Injury Frequency Rate (LTIFR) increased from 1.1 to 1.2. One LTI occurred at Langer Heinrich Mine (LHM) and involved an operator suffering an injury to his back when he slipped and fell approximately 2m. The incident investigation revealed that the employee was not using a safety harness and procedures are being adjusted to mitigate further similar incidents. The other LTI was exploration related and involved a contractor suffering a crushed finger while handling fuel drums at the Michelin camp in Canada.

During the period, the annual NOSA HSE grading audit for LHM confirmed a 4 Platinum Star rating.

There were no LTIs at Kayelekera Mine (KM) for the period. KM also achieved a milestone 365 LTI free days on 28 March 2013.

QUARTERLY URANIUM SALES

Sales for the quarter were 1,920,230lb U_3O_8 generating revenue of US$106M, representing an average sales price of US$55.22/lb U_3O_8 (average Ux spot price for the quarter was US$42.71/lb U_3O_8). As foreshadowed in the last Quarterly Report, sales are now more closely aligned with production although some variations can be expected from quarter-to-quarter due to customer requirements.

LANGER HEINRICH MINE, Namibia (100%)

Production by quarter

LHM	Jun 2012 Qtr	Sep 2012 Qtr	Dec 2012 Qtr	**Mar 2013 Qtr**
U_3O_8 Production (lb)	1,322,480	1,290,462	1,418,583	**1,230,081**

Production totalled 1,230,081lb U_3O_8, which was 13% lower than the previous quarter. The plant continued to perform well and in accordance with the design parameters of the Stage 3 upgrade, which was designed around the limitations of the NamWater infrastructure that supplies water to the mine. Consequently, any disruption to the supply of water has a direct impact on production and during the quarter the supply was disrupted as NamWater acted to upgrade its supply infrastructure in the region to accommodate the additional water requirements associated with new mining developments (mainly the new Husab uranium mine).

This action is part of a long-standing initiative by NamWater to transition from aquifer water to desalinated water later in the year.

In order to overcome the current water supply constraint on production, an interim agreement is being concluded with NamWater and Areva, the owners of the desalination plant in Namibia, to access additional desalinated water, ahead of schedule, from May 2013. In addition to this, an increased focus on water conservation at site will mitigate against further disruptions.

This combined strategy of a short-term agreement and water conservation measures will eliminate any further disruptions to the water supply in the interim and thus allow a resumption of nameplate or better production.

Mining

The overall mined quantities decreased as planned over the quarter. The mining schedule was previously revised as part of the cost rationalisation programme. Ore mining and availability remained unaffected.

	Dec 2012 Qtr	**Mar 2013 Qtr**
Ore mined (t)	1,191,756	**829,366**
Grade (ppm)	798	**823**
Additional low grade ore mined (t)	757,649	**531,667**
Grade (ppm)	320	**314**
Waste/ore ratio	2.54	**3.88**

Mining continued in three pits with sufficient ore exposed to fulfil plant feed requirements.

ROM ore stocks have been maintained at around four weeks' supply while being supplemented by medium grade ores in line with the crusher blend requirements.

Process Plant

The plant experienced reduced throughput in the March quarter as reflected below:

	Dec 2012 Qtr	**Mar 2013 Qtr**
Ore milled (t)	914,847	**797,696**
Grade (ppm)	805	**810**
Scrub efficiency (%)	92.7	**91.1**
Leach extraction (%)	95.1	**95.8**
Wash efficiency (%)	86.7	**88.8**
Overall recovery (%)	87.4	**86.7**

Ore feed tonnage through the process plant reduced by 12.8% with total throughput of 797,696t. The reduced throughput can be attributed to the temporary water constraints and some operational issues mainly in ion exchange. These issues have since been rectified. The water constraints, which influenced the general performance capability of the plant, were the most significant.

The scrub efficiency reduced to 91.1% (against a design of 93%). As reported previously, optimisation work in the screening area in order to further improve performance is ongoing, with the classification section remaining the focal area of these optimisation efforts.

The extraction in the leaching circuit continued to improve in line with expectations with a new quarterly record recovery of 95.8%. This improved performance is due to improved heat management and subsequent consistently higher leach temperatures as well as the previously reported initiatives on improving throughput consistency.

The efficiencies in the Counter-Current Decantation (CCD) circuit have improved as a result of the continuing optimisation efforts in this circuit. These improvements have had a further benefit of reducing overall water consumption and, as a consequence, reagent consumption leading to sustainable reductions in C1 operating costs. Further modifications and improved operating procedures are being implemented, which should lead to additional improvements.

The overall plant recovery reduced slightly to 86.7%. The most significant contributors were a result of lower scrub efficiency, lower ion exchange ("IX") efficiency and a reduction in the return solution from the tailings storage facility. The leach section achieved record recovery whilst the wash efficiency also showed a marked improvement from the previous quarter.

Construction work on the newest tailings storage facility ("TSF3") (full in-pit tailing deposition area) continued during this period and is scheduled for completion in the December quarter. It is now envisaged that the tailings deposition to TSF2 will extend to the second half of CY2013. Construction of TSF2 extension also continued throughout the quarter.

Production Optimisation

Optimisation of the process continued during the quarter with material and sustainable gains being achieved:

- Water consumption and, as a consequence, reagent consumption and soluble loss, have been significantly reduced;
- CCD performance has been improved, with further improvements expected over the coming periods;
- Operational stability has been improved, particularly the front end, with improved downstream performance; and
- Heat recovery/management has been improved in the leach and flash circuits, resulting in higher average leach temperatures, and consequently, higher leach extractions.

The installation of the Hydrosort classification unit remains on track for commissioning early in the September quarter and is expected to improve front end ore beneficiation in the coming year.

Further optimisation targets are also being developed on the basis of expanded Stage 3 operating experience.

KAYELEKERA MINE, Malawi (85%)

Production by quarter

KM	Jun 2012 Qtr	Sept 2012 Qtr	Dec 2012 Qtr	**March 2013 Qtr**
U_3O_8 Production (lb)	726,299	638,950	772,280	**761,992**

In the March quarter, total production fell slightly to 761,992lb; however, average daily production increased marginally to 8,467lb/day compared with 8,395lb/day during the December 2012 quarter.

Mining

Mining data

	Dec 2012 Qtr	**March 2013 Qtr**
Ore mined (t)	404,261	**29,192**
Grade (ppm) U_3O_8	1,814	**1,816**
Additional low grade ore mined (t)	63,201	**6,096**
Grade (ppm)	521	**471**
Waste/ore ratio	1.54	**17.95**

Total material mined for the quarter was 29% below target due to poor equipment availability and wet ramps. The outlook for the upcoming quarter as the project enters the dry season is good with equipment availability set to improve as additional equipment is supplied by the mining contractor.

All mining quantities were down for the above reasons and, with the large stock piles in place, the focus was on waste stripping during the period, reflecting the high waste-to-ore ratio for the quarter. This will revert to normal for the coming dry season.

Ore availability on stockpiles (ROM pad) still remains in excess of five months of plant requirements at budget tonnes and grade.

Process Plant

Operating data

	Dec 2012 Qtr	**March 2013 Qtr**
Operating time (hrs)	1,942	**1,853**
Mill feed(t)	356,764	**364,381**
Grade (ppm) U_3O_8	1,159	**1,094**
Leach extraction (%)	90.7	**91.4**
RIP efficiency (%)	93.9	**96.6**
Overall efficiency (%)	83.8	**87.2**

Leach recovery increased to 91.4% and acid consumption was maintained at budget with on site acid production meeting process requirements.

Resin management also remains a primary focus. Improvements in resin-in-pulp ("RIP") efficiency continued with 96.6% efficiency delivered. Improvements in RIP are largely the result of completion of the RIP Refurbishment Project, which allows additional contactors to be on line. In the coming quarter, continuous resin advance will be trialled with a view to full incorporation in the September quarter. It is expected that this will remove the RIP/Elution circuit as the principal process bottleneck and allow consistent performance at or above nameplate.

Overall recovery for the quarter increased to a record 87.2% as a result of the improved leach recovery and an improved RIP efficiency.

Production Optimisation

The two key optimisation projects identified in the last quarterly, grid power and acid recycling, are progressing well, although both have experienced minor delays. Notwithstanding the delays, costs remain within budget expectation.

Two further optimisation initiatives are also underway. As mentioned above, continuous resin advance will be trialled in the coming quarter with a view to full implementation in the following quarter. In addition to this initiative, the milling classification circuit is also being upgraded with a view to reducing milling power consumption and grind size. The reduced grind size will result in improved leach and RIP performance.

Exploration

Exploration concentrated on the preparation for the 2013 drilling programme. This programme will be larger than in previous years, with 20,000m of reverse circulation planned. Drilling will commence during this year's dry season.

UNIT COST IMPROVEMENT

Cost savings and optimisation initiatives through technical innovation continue to successfully reduce total costs and unit production costs at both mines.

- At LHM, C1 cost of production remained steady in the March quarter compared to the December quarter C1 costs of production of US$29.60/lb U_3O_8. The underlying cost base reduced and C1 cost reductions would have been realised if nameplate production had been achieved. Unit cost reduction for the December and March quarters totalled 6.5%, in line with the Company's 17th November 2012 announcement – "Cost Reductions."

- At KM, C1 cost of production continued to drop substantially with a reduction of 8.5% in the March quarter from the C1 cost of production of US$43.50/lb U_3O_8 for the December quarter. C1 cost of production reduction for the December and March quarters of 20% is significant and is better than forecast given in the November 2012 announcement.

- Further improvements in C1 costs are expected as a number of the most significant cost saving initiatives at both sites have yet to be fully implemented.

PRODUCTION GUIDANCE FY2013

The continued solid and stable combined production over the past three quarters at LHM and KM of 6.11Mlb U_3O_8, with clear opportunities for continued improvement, place the Company in a good position to achieve its stated production target guidance of 8.0 to 8.5Mlb U_3O_8 for FY2013.

AURORA – MICHELIN URANIUM PROJECT, Canada (100%)

The Michelin winter infill drilling programme was completed with nine diamond holes for 3,272m. Uranium mineralisation occurs in strongly foliated felsic and mafic Aillik Group rocks in the N60°E-striking, 50°SE-dipping lenticular main zone and in two small hanging wall lenses. Drill intercepts from last summer and this winter targeting gaps in previous drilling generally showed more variable intercepts than expected. Hole M13-145 intersected 60m @ 1,012ppm eU_3O_8 to confirm the core of the Michelin ore body. The updated resource estimate is planned for late June/early July. Some large ~100m gaps still exist in the southwest portion of Michelin and these will be targeted for summer drilling. Significant results from the recent winter drilling include:

ID	East	North	RI	Grid	Azimuth	Dip	EOH Depth	From	To	Interval (m)	Grade eU_3O_8 (ppm)
M12-141*	306873	6052094	333	NAD83_21	340	-74	419	347.0	358.0	11.0	1423
								365.0	373.0	8.0	445
								387.0	394.0	7.0	883
M12-143**	306899	6052080	336	NAD83_21	340	-63	401	341.0	362.0	21.0	478
M13-144	306873	6052094	336	NAD83_21	332	-74	197				
M13-145	307020	6052353	333	NAD83_21	355	-85	339	217.0	222.0	5.0	274
								238.0	298.0	60.0	1012
M13-146	306873	6052094	336	NAD83_21	338	-62	383	319.0	328.0	9.0	454
M13-147	306873	6052094	336	NAD83_21	338	-69	413	323.0	327.0	4.0	978
								338.0	353.0	15.0	333
M13-148	306668	6052050	333	NAD83_21	355	-84	419	391.0	396.0	5.0	751
M13-149	306873	6052094	336	NAD83_21	338	-75	410	350.0	366.0	16.0	996
								372.0	376.0	4.0	523
								388.0	393.0	5.0	728
M13-150	306668	6052050	337	NAD83_21	355	-63	340	278.0	284.0	6.0	8467

Ground magnetic surveys were completed over swamps and lake areas not accessible in the summer period.

The complete ground survey will now help to develop new targets along the Michelin corridor, which extends 5km south west and northeast of the ore body.

MANYINGEE PROJECT, Australia (100%)

Evaluation of the 2012 drilling results is concentrating on developing an updated JORC-compliant resource and a new hydrogeological model to be used in any future in-situ recovery ("ISR") leach trial operations. An updated resource estimate is expected by June. Preparations have started for the 2013 drilling programme, which includes 10,000m rotary mud drilling to confirm and expand the resource base.

STRATEGIC INITIATIVE EFFORTS

Considerable effort has been applied to advancing the strategic initiative undertaken to unlock value from some of Paladin's assets. There is keen interest by the selected parties to become involved and the final phase has been entered.

As previously indicated, the proceeds from these initiatives will be applied to debt reduction and strengthening the balance sheet.

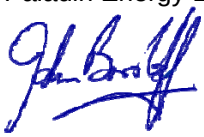
URANIUM MARKET COMMENTS

The Ux spot price moved in a narrow range during the quarter moving from a high of US$44.00/lb U_3O_8 in January before stabilising at US$42.25/lb U_3O_8 in March. The Ux term price was unchanged at US$56.00/lb U_3O_8 for the quarter.

Outlook

During this quarter, one new reactor, Hongyanhe-1, a 1000 MWe Pressurised Water Reactor (PWR) was connected to the grid in China, and formal construction started on Virgil C Summer-2 and Vogtle-3, both 1117 MWe PWR in the USA. Worldwide there are now 68 nuclear power plants under construction in 15 countries, which is six plants more than were under construction prior to the Fukushima accident in March 2011. With the exception of Japan, where there are still 48 plants offline pending the determination of new safety standards by the Nuclear Regulation Authority by July this year, the global nuclear fleet is performing well and is growing significantly in line with long-standing predictions.

Yours faithfully
Paladin Energy Ltd



John Borshoff
Managing Director/CEO

Declaration
The information in this Announcement 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 NI 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.