



PALADIN RESOURCES 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@paladinresources.com.au
Web: www.paladinresources.com.au

31 July 2007

The Company Announcements Officer
Australian Stock Exchange Limited
Exchange Centre
20 Bridge Street
SYDNEY NSW 2000

Dear Sir/Madam

QUARTERLY REPORT FOR PERIOD ENDING – 30 June 2007

HIGHLIGHTS

- **Langer Heinrich Uranium Project**
 - ***FY2007/08 production downgrade to 2.2Mlb U₃O₈ with output reaching design target of 2.6Mlb from January 2008.***
 - ***focus on raising efficiencies and eliminating bottle-necks.***
- **Shipping problems resolved.**
- **Kayelekera Uranium Project - mining approval granted and early construction started.**
- **Takeover offer for Summit Resources Limited completed with Paladin holding an interest of 81.82%.**
 - ***aggressive resource delineation programme underway.***
- **Encouraging early results from drilling program at Bigirlyi.**
- **Uranium spot price rises to (US\$136/lb U₃O₈, up US\$23/lb U₃O₈ from March quarter); falls to US\$120/lb in July.**

MARKET COMMENTS

The Ux U₃O₈ spot price rose to US\$136/lb in June, capping a sustained rise throughout the year as near term demand continued to absorb limited short term supplies. Consistent with the expectations of people close to the uranium industry, the spot price eased back after the reporting period as some inventory holders made limited offers to sell into the tight market and some near term buyers stepped back from the market to re-assess their requirements. The subsequent price fall (US\$16/lb over three weeks) is the first downward movement in the spot price in more five years, and reflects short term conditions.

In May, NYMEX introduced the UxC U₃O₈ Uranium Swap Futures Contract, which offers futures contracts in uranium as far out as July 2012. NYMEX's initiative is one mechanism to introduce greater transparency in forward pricing of uranium.

The fundamental near and long term imbalance between uranium supply and demand has not changed since the last report. Cameco has announced the possibility of a further delay in construction and commissioning of Cigar Lake, and elsewhere there is no significant change in the status of new or expanded production. Orders for four new AP1000 reactors have been signed between Westinghouse and a consortium of Chinese companies for the construction of plants due for completion by 2015. Discussions between Areva and Chinese companies for additional reactors are reported to be close to finalisation. In the USA, the first stage of a licence application to build a new nuclear plant at Calvert Cliffs has been filed by Constellation Energy. After considerable debate, the USA-India 123 Agreement on nuclear co-operation is approaching finality. Successful conclusion of the Agreement will enable India to participate in the world nuclear market for reactor technology and nuclear fuel.

LANGER HEINRICH URANIUM PROJECT (100%) - Namibia

Further to the update on Langer Heinrich ramp up progress provided on the 13th June 2007 Paladin Resources Ltd advises the following developments.

Drummed production at 30 June 2007 totalled 119,586lb U₃O₈. Production was below the 200,000lb expected for this period due to a dryer problem late in June (since resolved) which resulted in significant product being retained in process stocks that could not be drummed until early July.

July production has demonstrated considerable improvement and Paladin now expects annual production for the FY 2007/08 to be in the range of 2.2Mlb U₃O₈ (down from the design annual target of 2.6Mlb). However, the production rate of 2.6Mlb U₃O₈ per annum is fully expected to be achieved from January 2008.

Management's focus is now on improving efficiencies and recoveries in the process plant.

Overall the operational performance of Langer Heinrich has improved significantly during July and management is confident this improvement in performance will continue.

Mining

Mining is producing ore to target with average ROM grade delivered to the mill ranging 0.0875 – 0.091% U₃O₈. Ore material being mined is limited to one sedimentary type (which is relatively fine grained) in a small area opened up for mining in the open pit which means only about 40% of ROM material is currently being discarded to the barren stockpiles through the attrition process versus design discard of about 50%-55%. As the pit is opened up further it is expected to expose the full variety of ore types (determined by size fraction ranging from sandy, gritty, pebbly to conglomeratic hosted ores) to be mined along with the less cemented material below the water table. The correct blending of these ore types will allow the barren-to-discard targets to be achieved. In addition, further modifications to the front end of the circuit are being considered that may better match the average material being treated. These modifications could be completed by end of the December quarter.

Leaching

Although throughput at crushing/grinding is about 80% design, leach capacity in fact is operating at 100% of design throughput because the feed grade to the leach section is impacted by the barren ratio. **The heat exchangers are operating without problems, and the new screens placed to protect these units from further tank liner disintegration are operating extremely well.**

Ion Exchange, Precipitation and Drying

Management is reviewing an option to add an additional three IX columns to previously installed concrete foundations to enhance uranium recovery.

Shipping and Deliveries

The shipping problems from Walvis Bay (Namibia) previously identified have been resolved and a consistent despatch plan will prevail for the rest of the year.

Two early deliveries to customers which were affected by production ramp-up and shipping difficulties were made with purchased third party U_3O_8 .

Going Forward

The operation continues to produce uranium oxide to contractual specifications, and shipments are being made to customers' converter facilities. Shipping disruptions which occurred earlier in the year have been resolved satisfactorily, and Langer Heinrich is continuing to ship to North American converters and the European converter throughout the rest of the year.

Although design recoveries have not been consistently achieved to required levels, the work of recovery and throughput optimisation continues. Paladin fully expects Langer Heinrich to reach its target annual production rate of 2.6Mlb U_3O_8 by January 2008 and forecasts 0.9Mlb U_3O_8 production to December 2007 and 1.3Mlb in the 6 months to June 2008.

The operational team at Langer Heinrich has made substantial progress in understanding the performance characteristics of the new plant including orebody characteristics. Paladin is confident that the challenges of commissioning an entirely new mine and uranium processing plant are well within our capabilities and further that Langer Heinrich represents a robust and profitable project which will contribute substantially to future global uranium production.

KAYELEKERA URANIUM PROJECT (85%) - Malawi

Subsequent to receiving Mining and Environmental approval for the Kayelekera Uranium Project and finalisation of the Development Agreement with the Malawi Government considerable progress has been achieved on Kayelekera Project Development.

The Kayelekera Uranium Project is an extremely important project to Malawi both structurally and economically and will allow the country to have its first modern mining operation. This could also act as the prime catalyst to promote further critical investment and development of its mining and mining related support industries. The project's Environmental and Mining Licence approval process has been in accordance with due process under Malawian Law and has further been benchmarked to international best practice standards. A Development Agreement signed between Paladin (Africa) Limited ("PAL") and the Government of Malawi also provides for significant social and economic benefits for Malawi. These benefits include long term tax revenue benefits and improved health and education infrastructure in the northern Malawi region. The sustainable

operation of this mine will benefit the entire Malawi economy and contribute more than ten percent to Malawi GDP.

Civil Societies' Action

As announced on 28 May 2007 a group of Malawian Civil Society Organisations ("Societies") commenced an action against PAL and the Government of Malawi. To date no aspect of this action has been heard by the Court although the first of a number of preliminary matters will be heard tomorrow in the High Court of Malawi. PAL and the Government have prepared and filed their affidavits in defence of all accusations PAL is acting in full accordance with its legal and contractual obligations.

In a bid of good faith PAL had endeavoured to undertake discussions with the disaffected Societies to clarify any misunderstanding, to resolve differences and to involve this group with the majority of people in the Northern part of Malawi (who fully support this project). Unfortunately this approach and bona fide effort on the part of PAL has not been successful with the Societies.

Late last week PAL and the Government were served with additional applications by the Societies seeking to amend their initial pleadings to include, amongst other things an action to quash the grant of the mining licence and to have the court order that additional conditions be imposed on the mining licence and to add another nine non-government organisations and individuals as applicants, on the basis of these parties being "friends of the court."

It has become obvious to Paladin that, with the attitude the Societies are showing, it is not possible to resolve the situation amicably and PAL regretfully now feels it needs determination by the courts about which PAL remains highly confident of success. This belief that other agendas are being applied has been reinforced by the attempt to joint additional parties to the action as these parties include known anti nuclear activists.

Project Development

PAL will now be moving forward with its construction schedule and expects the operation to be commissioned during the 4th quarter of 2008.

As indicated previously, site works preparatory to construction start-up have commenced at Kayelekera. The 11km branch road is completed, lay down areas for construction material and equipment are established and the 800 person construction camp is currently being transported by truck convoy from Langer Heinrich in Namibia to Kayelekera and should be established by the end of August 2007. A 1MW diesel power station is also being brought to site to supply electricity for the construction phase. Also the key long lead-time capital items such as the SAG mill and 10MW diesel powered electricity generating station have been ordered.

PAL is expected to award the EPCM contract shortly and, with establishment of the Project Engineers/Manager, the construction process will formally commence. Early Front End Design work has already been undertaken to ensure that any delays incurred whilst PAL endeavoured to resolve misunderstandings with the Societies are going to be minimal.

The mining and earth moving contractors will also be selected during the early part of August 2007 and civil earthworks will be able to commence almost immediately.

Technical experts involved in environmental, tailings and radiological and engineering areas have visited Malawi and the project site on numerous occasions during the past 6 weeks both to explain issues to community groups and the Societies, conduct reviews and as an ongoing part of the project development activities.

Paladin remains very confident that the Kayelekera Project can be constructed and operated to the standards required in the uranium mining industry. It has built and is successfully operating a uranium mine at Langer Heinrich in Namibia (where anti-uranium and environmental activists also tried to stop that project at commencement).

MT ISA PROJECTS - SUMMIT RELATED (Paladin holds 81.82% in Summit) - Queensland

Isa Uranium Joint Venture (IUJV)

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

The IUJV operating committee has approved a budget of \$8,000,000 for the financial year 2007/08 (being a 320% increase over the previous year's expenditure). This amount includes a proposed drilling program (see below), metallurgical test work, environmental and radiation baseline studies. The budget approval covers an extensive drilling program at both the Valhalla and Skäl deposits - with the aim of both extending the existing resource envelopes along strike and improving the current resource classification.

Please see Summit Resources Ltd. Quarterly Report for significant intercepts on the deposits detailed below (www.summitresources.com.au).

VALHALLA Uranium Deposit - No further work was completed at the Valhalla Uranium Deposit during the quarter, however, a number of assay results have been received from drilling completed in the December 2006 and March 2007 Quarters.

The proposed drilling plan includes 147 drill holes at Valhalla for a total of 49,620m. Of this 33,030m will be RC and the remaining 16,230m Diamond drilling. The program is aimed at ensuring that the majority of the top 400m of the resource will fall into the Measured and Indicated Resource categories. This depth has been targeted as it is expected to be the current economic limit to any open pit development and extension into areas that would be mined from underground is not seen as a priority at this time.

A number of 80m spaced drill lines have been planned to test the expected strike extension of the mineralisation and add to the Inferred portion of the resource. Radiometric down-hole logging will be used to check all drill holes in conjunction with geochemical assaying of selected drill holes for verification purposes. The aim of this is to accelerate the collection of data and aid in refining the drilling plan.

SKAL Uranium Deposit - Two mineralised shoots have now been defined at Skäl. The uranium mineralisation in both the southern and northern shoots at Skäl is yet to be closed off by drilling either along strike or at depth.

Approximately 28 drill holes for 5,000m are planned to test the Skäl North and King George mineralised areas with the intention of converting current historic resources to JORC standards. The program is also aimed at extending and infilling the area between Skäl North and King George. Historic information has recently been sourced indicating the potential for additional mineralisation at King George. This information will be followed up in due course.

Summit Resources Ltd (100% Projects)

Exploration continues on the Mount Isa Projects where Summit controls over 18,800km² of applications and granted tenement that are prospective for uranium, copper and base metals to the east and north of Mount Isa city. Please refer to Summit Resources Ltd Quarterly Report for deposits details of these activities (www.summitresources.com.au).

Highlights of the uranium activities are:-

ANDERSONS Uranium Deposit - Summit has now drilled 44 diamond holes and eight percussion holes at Andersons totalling 9,252 metres of drilling. Ten holes, ANDDH35 to ANDDH44 totalling 1,977 metres were drilled in the March Quarter. No further drilling is expected at Andersons for the foreseeable future. The current Inferred resource estimate for Andersons, at a cut off grade of 230ppm, stands at 2.0Mt at a grade of 0.105% U_3O_8 for 4.7Mlb contained U_3O_8 .

MIRRIOOLA Uranium Deposit - A total of 5,323 metres of drilling has now been completed in twenty 6 drill holes at Mirrioola with eight holes (MIDDH19 to MIDDH26 totalling 1,923m) completed in the March 2007 Quarter. Assay results have yet to be reported for holes MIDDH27 – 29. A resource estimate is now being modelled, calculated and independently audited for Mirrioola.

BIKINI Uranium Deposit - A total of 9,128.5 metres of drilling was completed in 29 drill holes at Bikini (BPDDH31 to BPDDH58) in the June 2007 Quarter. The mineralisation outcrops at Bikini and wide zones of sporadic uranium mineralisation have been intersected in all the latest drill holes along a strike of 1,100 metres and up to 300 metres depth. Assay results are still outstanding for drill holes BPDDH35 – 58. When all assay results are available a new resource estimate will be completed and published.

Georgina Basin Joint Venture Project - Newland Resources Limited ("Newland") is sole funding the first \$1.0 million of exploration expenditure and then has the right to fund a total of \$5.0 million expenditure for a 50% interest in the project. Summit is manager and operator of the joint venture.

Fugro Geophysics flew an airborne Tempest EM survey during the March Quarter, over approximately 8,000km² of the northern portion of the Basin and western margin of the Mount Isa Inlier. The EM data from the survey has been processed at Fugro offices and the processed data was made available in June 2007.

FrOGTech Consultants have completed their compilation of the tectonic and sedimentary history of the basin utilising satellite, geophysical, previous mineral exploration and water bore data to inform their geological model. Shuttle radar digital terrane mapping has also been acquired along with Landsat colour 12.5m resolution satellite imagery acquired and Modis satellite night time thermal imagery. Summit is expecting to receive the final FrOGTech report and other deliverables in August 2007.

The satellite, geophysical, geological, exploration and airborne EM survey data will be used to identify anomalies and targets for further surface sampling and/or drilling.

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

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

Current resources at Bigrlyi (0.5kg/t U_3O_8 cut-off) total 14.3Mlbs U_3O_8 and 16.3Mlbs V_2O_5 with most of the resources located within 200m of the surface and potentially accessible via open pit mining. There is excellent potential to increase resources at depth and along strike at all of the current resource areas.

Early April 2007 the Bigrlyi Joint Venture partners approved a substantial drilling program (262 holes for 51,255m) for the 2007 field season. Drilling commenced late April 2007. To date 87 holes for 20,060m have been completed comprising 14,157m of RC and 5,903m of diamond drilling.

Downhole calibrated gamma probe (eU_3O_8) results have been received from the first 31 holes drilled as part of this program with anomalous uranium mineralisation intersected in 27 holes. Several holes that failed to reach the primary target will be extended with diamond tails.

The first batch of geochemical assays (U_3O_8 values) to confirm these initial encouraging downhole probe intercepts returned values significantly greater than the uranium values estimated from downhole gamma logging (eU_3O_8 values) e.g.:

Hole B017133	8.0m @ 0.41% U_3O_8 (compared with 6.25m @ 0.25% eU_3O_8)
Hole B07128	4.0m @ 0.20% U_3O_8 (compared with 3.40m @ 0.08% eU_3O_8)

A scoping study on the economics of the Bigryli Project commenced earlier this year and is nearing completion with reportable results expected in late August. A decision will be made shortly after the results of the scoping study are finalised on the commencement and scope of a full feasibility study.

It is expected the current drilling program will result in a substantial resource increase at Bigryli which will further positively impact on the project.

CORPORATE

Takeover of Summit Resources Limited

The takeover bid by Paladin Resources Ltd (Paladin) for all the fully paid ordinary shares in Summit Resources Limited (Summit) closed on 1 June 2007, with Paladin acquiring a relevant interest in 81.82% of Summit's shares.

Subsequent to the resignation of the Summit board, Mr Brendan O'Hara, General Manager – Special Projects for Paladin Resources Ltd, was appointed Executive Chairman of Summit. Mr. Mal Randall joined the board as an independent non-executive director, and Mr. David Berrie remained on the board as an independent non-executive director.

As a major shareholder, Paladin will contribute substantially to the expertise necessary to develop Summit's uranium projects by bringing experience in uranium geology, exploration and geophysical review; resource evaluation; metallurgical technical and functional experience from a range of uranium processing operations; environmental, radiation, and land management; product development and marketing. Paladin also has significant financial capability and experience in debt and equity funding.

Yours faithfully
Paladin Resources Ltd



JOHN BORSHOFF
Managing Director