

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

PALADIN RESOURCES LIMITED

Note – Report in US dollars following the change in functional and presentation currency to US dollars in December 2006. Includes the impact of the Valhalla Group from 7 September 2006 and the Summit Group from 27 April 2007

ABN

47 061 681 098

Quarter ended ("current quarter")

30 September 2007

Consolidated statement of cash flows

		Current quarter US\$'000	Year to date US\$'000
	Cash flows related to operating activities		
1.1	Receipts from product sales and related debtors (refer Note 1.25)	20,046	20,046
1.2	Payments for (a) exploration and evaluation	(2,970)	(2,970)
	(b) development		
	(c) production	(11,458)	(11,458)
	(d) administration	(2,471)	(2,471)
1.3	Dividends received		
1.4	Interest and other items of a similar nature received	2,874	2,874
1.5	Interest and other costs of finance paid	(1,305)	(1,305)
1.6	Income taxes paid		
1.7	Rental of aircraft	183	183
	Net Operating Cash Flows	4,899	4,899
	Cash flows related to investing activities		
1.8	Payment for purchases of: (a) prospects		
	(b) equity investments	(17,758)	(17,758)
	(c) other fixed assets *	(5,573)	(5,573)
1.9	Proceeds from sale of: (a) prospects		
	(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)		
	Net Investing Cash Flows	(23,331)	(23,331)
1.13	Total operating and investing cash flows (carried forward)	(18,432)	(18,432)

* includes mine construction at Kayelekera

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1.13	Total operating and investing cash flows (brought forward)	US\$'000 (18,432)	US\$'000 (18,432)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	215	215
1.15	Proceeds from sale of forfeited shares		
1.16	Proceeds from borrowings	1,242	1,242
1.17	Repayment of borrowings		
1.18	Dividends paid		
1.19	Debt facility establishment costs	(66)	(66)
	Net Financing Cash Flows	1,391	1,391
	Net increase (decrease) in cash held	(17,041)	(17,041)
1.20	Cash at beginning of quarter/year to date	182,786	182,786
1.21	Exchange rate adjustments to item 1.20	30	30
1.22	Cash at end of quarter	165,775	165,775

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 US\$'000
1.23	Aggregate amount of payments to the parties included in item 1.2	400
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 includes US\$15,463,500 from the sale of 215,000 pounds of the 250,000 pounds of third party uranium purchased in the quarter ending 30 June 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

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Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available US\$'000	Amount used US\$'000
3.1 Loan facilities	71,000	67,830
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.

Estimated cash outflows for next quarter

	US\$'000
4.1 Exploration and evaluation	3,000
4.2 Mine development	45,000
Total	48,000

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 US\$'000	Previous quarter US\$'000
5.1 Cash at bank and in hand	481	4,299
5.2 Short-term bank deposits	35,634	19,344
5.3 Bank overdraft	-	-
5.4 Other (provide details) US Treasuries bonds	129,660	159,143
Total: cash at end of quarter (item 1.22)	165,775	182,786

Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1 Interests in mining tenements relinquished, reduced or lapsed	N/A			
6.2 Interests in mining tenements acquired or increased	N/A			

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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 (see note 3)	Amount paid up per security (see note 3)
7.1 Preference securities (description)				
7.2 Changes during quarter				
(a) Increases through issues				
(b) Decreases through returns of capital, buy-backs, redemptions				
7.3 +Ordinary securities	602,687,369	602,687,369		
7.4 Changes during quarter				
(a) Increases through issues	250,000	250,000	A\$1.00	A\$1.00
(b) Decreases through returns of capital, buy-backs	64,071	64,071	A\$9.51	A\$9.51
7.5 +Convertible debt securities (Convertible bonds) Refer Note 3.3	32,530,904			
7.6 Changes during quarter				
(a) Increases through issues				
(b) Decreases through securities matured, converted				
7.7 Options (description and conversion factor)	3,320,000 7,000,000 190,000 2,820,000 1,565,000 1,400,000 2,733,670 400,000		Exercise price A\$1.00 A\$1.00 A\$1.50 A\$2.80 A\$5.50 A\$5.50 A\$8.77 A\$8.77	Expiry date 30.11.07 20.12.07 15.07.08 13.01.09 28.04.09 05.07.09 01.02.12 29.06.12
7.8 Issued during quarter				
7.9 Exercised during quarter	250,000		A\$1.00	30.11.07
7.10 Expired during quarter				

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7.11	Debentures <i>(totals only)</i>		
7.12	Unsecured notes <i>(totals only)</i>		

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: 31 October 2007

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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