



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

Ref: 73230

14 November 2007

Company Announcements Office
Australian Stock Exchange Limited
20 Bridge Street
SYDNEY NSW 2000

Dear Sir/Madam

September 2007 Quarterly Financial Report and MD&A

Attached please find Quarterly Report for the three months ended 30 September 2007 including Report to Shareholders, Management Discussion and Analysis, Interim Financial Statements and CEO/CFO Certification as required in accordance with Canadian reporting requirements.

Yours faithfully
Paladin Resources Ltd

GILLIAN SWABY
Company Secretary

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FIRST QUARTER REPORT

30 SEPTEMBER 2007

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Report to Shareholders

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MARKET COMMENTS

The Ux U_3O_8 spot price reversed direction from its June high of US\$136/lb in early July and continued falling throughout the quarter, reaching US\$85/lb at the end of September before stabilizing at US\$75/lb in early October. Subsequent movements have been upwards (to US\$93/lb in early November) suggesting that selling pressure has subsided. The substantial sell off in the spot market is thought to be a combination of profit taking by some traders at the June high price together with some overflow from the global credit problems since August. A scheduled Department of Energy auction in late August presented some very good buying opportunities for utilities and traders which resulted in aggressive offer prices and injected some volume into the spot market which has satisfied some near term demand.

The long term price quoted by Ux has remained at US\$95/lb since May 2007. The lack of volatility in the term price is probably a better indication of the fundamental strength of the overall nuclear fuel market.

Paladin currently uses both the spot price and the long term price as reference prices in its market-related sales contracts because they better reflect market outcomes under term contracts. Nevertheless, as the uranium supply/demand imbalance becomes more acute, the spot price is expected to continue to exhibit volatility around the strong and potentially increasing long term price indicator.

LANGER HEINRICH URANIUM PROJECT (100%)

Drummed production at 30 September 2007 was 274,360lb U_3O_8 with 12,000lb awaiting drumming (June quarter – 89,374lb U_3O_8) reflecting the improvements in performance predicted in the June Quarterly Report.

Operational management's efforts to improve efficiencies and recoveries as foreshadowed in the June Quarterly Report have been successful, to the extent that only one outstanding bottleneck remains, in the IX/elution and liquor clarification stage, which will be rectified by December 2007.

Management is confident that design annual production rates (2.6Mlb U_3O_8 per annum) will be reached for calendar year 2008.

In particular:

Mining

Mining of the ore body is continuing in accordance with the current plan and is achieving good reconciliation between grade control and resource models. Grade control drilling showed increased ore tonnes and uranium metal content at similar grades when compared to the original resources and reserve estimations.

Leaching

Mineral extraction in leaching continues to perform at design rates. Early problems associated with tank liner failure have been resolved. The heat exchangers are performing to specification.

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Options for relining the tanks are under evaluation but will not impede production when undertaken progressively during 2008.

Counter Current Decantation (CCD)

Replacement of under-designed overflow piping installed during construction has enabled design water flows to be achieved in the CCD circuit. Plant down time required in early October during installation of the new piping was worthwhile based on newly achieved efficiencies.

Ion Exchange, Precipitation and Drying

The only outstanding issue which is currently restricting production is in the Ion Exchange/pregnant liquor clarification area where availability of columns is being adversely affected by clogging, which necessitates additional backwashing and affects column flow efficiency. As advised in the June Quarterly Report, four additional IX columns were ordered for delivery in November, but these are now expected to be installed during December 2007. This, combined with possible modifications to the clarification arrangements, are expected to eliminate the final impediment to reaching design output.

Precipitation and drying capacity has been demonstrated at design throughput levels.

Production impact and forecast

The elimination of bottlenecks and rectification of faults elsewhere in the plant means the temporary limitations in the IX/elution circuit are the only impediment to reaching design output. The addition of four IX columns in December is expected to alleviate this restriction.

The additional IX columns, along with enhancements to the crushing circuit, pregnant leach solutions clarification and other modifications are budgeted at US\$6-10M over the next six months.

In the interim, production for the period July to December 2007 is likely to be 650,000lb U₃O₈ (below the June Quarterly Report forecast of 900,000lb U₃O₈) to allow for the continuing disruptions from the IX circuit and the slightly longer delivery lead time for the additional four IX columns.

Deliveries

Contracted deliveries in the quarter were made with some third party purchased material (as described in the June Quarterly Report) and Langer Heinrich production. One delivery, comprising Langer Heinrich material and the remaining amount of purchased material, will be made in the December quarter together with at least two deliveries of Langer Heinrich production.

Langer Heinrich concentrates have been delivered to each of the three conversion facilities without the transport delays that had impacted some early shipments.

Customers have assisted Langer Heinrich by re-scheduling some deliveries from 2007 into the first half of 2008 to ensure that sales commitments in the FY2007/2008 are maintained. This means that sales will be bunched in the March and June quarters in 2008, with sales becoming more evenly distributed over the 2008/2009 financial year.

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LANGER HEINRICH EXPANSION

Engineering has commenced for an expansion of the Langer Heinrich (LHU) operation from the current 2.6Mlb per annum U_3O_8 to 3.7Mlb per annum (an increase in ore crushed to 2.2Mtpa from 1.5Mtpa).

The expansion will focus on additional crushing facilities to supplement the existing scrubbing circuit, an expansion of the highly successful carbonate leach circuit and additional product drying capability. The CCD and IX circuits are currently being up-graded as part of a de-bottlenecking exercise, taking into account the planned tonnage increase. However, the introduction of a Resin-in-Pulp circuit for uranium recovery is being investigated, thereby releasing the CCD/IX facilities for the co-recovery of vanadium (a resource currently not being exploited). No major up-upgrades are required to the existing mine services (power and water).

This expansion is targeting a mechanical completion date of December quarter 2008 and a more precise development schedule (with costing) will be established in the next quarter.

KAYELEKERA URANIUM PROJECT (85%)

Project development

Paladin Africa Limited (PAL) has awarded the Kayelekera Uranium Project EPCM contract to Engineering & Projects Company Ltd (E&PC) a subsidiary of the Aveng Group which has deployed senior staff to the project site and the construction and engineering phase is underway. The civil works contract was awarded to Mota-Engil which is progressively mobilising to site.

Construction of the 12km branch road connecting the project to the main road is now 98% complete with culverts and a low level causeway across the Sere River constructed. Two prefabricated buildings and the mess hall for the construction camp have been erected on site and permanent communications and IT systems have been installed. Plant earthworks have begun and are progressing satisfactorily.

Engineering and detail design is progressing well in all plant areas and engineering activities are focussed on completion of long lead packages in preparation for going to tender. Power generation equipment being manufactured in Korea is undergoing load and performance testing by the project team. The mill refurbishment is proceeding on schedule, and designs for the tailings and water dams have been issued for final review.

Paladin's community relations activities, which include agricultural specialists, are now established in Karonga and their presence has been well received by the community.

The Project remains on schedule for a December 2008 start of commissioning.

Financing

Paladin's Kayelekera project finance has progressed with an independent technical review undertaken including changes to the flowsheet to incorporate the Resin in Pulp process that demonstrates the current plans (capital, production, operating costs) represent a very robust

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project. The finance proposal is currently with the senior lenders awaiting credit approval expected before the end of 2007.

Resource drilling

Reverse circulation resource drilling comprising 72 holes and 5,524 metres around the planned pit at Kayelekera was completed. The drilling confirmed and better defined the deeper mineralisation at the western edge of the deposit and identified some additional mineralisation at the southern end of the ore body. A new resource estimate is expected in late November.

Civil Societies' Action

Subsequent to the quarter end all six Malawian Civil Society Organisations that commenced legal proceedings against Paladin Africa Ltd and the Government of Malawi have settled their action on a positive and amicable basis. The legal proceedings will be formally withdrawn by the end of November 2007.

SUMMIT RESOURCES LIMITED (81.82%)

Isa Uranium Joint Venture (IUJV)

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

Work has commenced under the 2007/08 budget plan previously approved by the IUJV operating committee. The budget provides for an extensive RC and diamond drilling program, metallurgical test work and environmental base line studies.

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

SKAL Uranium Deposit

The Skal uranium deposit is located 32km north of Mount Isa city on EPM14048.

Three mineralised shoots have now been defined at Skal. The uranium mineralisation in all three shoots (Skal South, Skal North and the newly discovered Skal Far North deposit) is structurally controlled, accompanied by intense albite–haematite–chlorite alteration and all three shoots dip near vertically and plunge to the south at 40° – 50°. To date these shoots have been closed off along strike but are yet to be closed off down plunge. A total of 7,837m of diamond drilling in forty (40) drill holes SKDDH19 to SKDDH58 was completed at Skal during the September quarter. Detailed mapping and ground radiometric work in the general Skal area indicates that further mineralised shoots will be identified.

Drilling to date has extended known mineralisation and an upgraded resource statement is expected by December 2007.

VALHALLA Uranium Deposit

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The Valhalla uranium deposit is located 40km northwest of Mount Isa City on EPM 9221. No further drilling was completed during the quarter. The approximately 40,000m drilling program at Valhalla started on the last day of the quarter and will continue for approximately nine (9) months.

On-ground work during the quarter included extensive preparation for the soon-to-commence drilling program. Additionally, a large amount of petrological work was undertaken in order to better understand the alteration and ore mineral zonation of the Valhalla uranium deposit. This work is on-going and will greatly assist future metallurgical test work.

Detailed aerial photography and satellite imagery has been purchased for the Valhalla – Skäl area. A contract has also been let to provide detailed aeromagnetic, radiometric and digital terrain details. This and other data sets will be used to provide background data in the environmental studies of the Valhalla – Skäl uranium deposit.

Summit Resources Limited (100% Projects)

Exploration continues on the Mount Isa Projects where the company controls over 18,800km² of applications and granted tenements that are prospective for uranium, copper and base metals to the east and north of Mount Isa city.

New Prospects:

During the quarter a number of previously untested radiometric anomalies were sampled for the first time. In total eight localities were sampled with anomalous results returned from at least five of them which require follow-up.

BIKINI Uranium Deposit

The Bikini Project is located 36km north of Mount Isa on EPM 9221. The deposit is 8km southeast of the Valhalla and just 3km northwest of the Skäl uranium deposit.

No drilling was completed at Bikini during the quarter however diamond core drilling assays have been received from the previous quarter's drilling. All assay results from the recent drilling program are now available consequently a new resource estimate will be completed.

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

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 JORC compliant resources (indicated and inferred, 0.05% U₃O₈ cutoff) at Bigryli total 14.3Mlb U₃O₈ and 16.3Mlb V₂O₅ mostly within 200m of the surface and potentially accessible via open pit mining.

The current drilling programme is identifying extensions to the known mineralisation in addition to delineating new mineralisation zones. Results to date indicate that an upgrade to the existing resources can be confidently expected.

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CORPORATE

Settlement of Proceedings with Summit Resources Limited

On 3 August 2007, Paladin Resources Ltd announced that its wholly owned subsidiary, Mt Isa Uranium Pty Ltd ("MIU") had settled the court proceedings commenced against it and Resolute Limited by Summit Resources (Aust) Pty Ltd ("Summit Proceedings").

As explained in the announcement dated 6 August 2007 by Summit Resources Ltd ("Summit"), Areva NC (Australia) Pty Ltd is seeking to intervene in the Summit Proceedings.

In its announcement of 3 August 2007, Summit explained that an independent board committee of Summit made the decision to settle the Summit Proceedings. To be successful in its latest legal proceedings, Areva must amongst other things, establish that the decision to settle the Summit Proceedings was not in the best interests of Summit.

As previously announced by Paladin, it has always remained confident that the Summit Proceedings could be successfully defended. Moreover, it should be noted that Paladin now owns approximately 82% of Summit shares and has the benefit of an indemnity from Resolute Limited in relation to the Summit Proceedings.

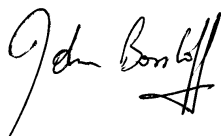
Paladin considers the chance of Summit ultimately acquiring a 100% interest in the Valhalla/Skal deposits as extremely remote. In any event, as a result of the indemnity and Paladin's 82% ownership of Summit, a change in the ownership of the deposits would not be of any significant consequence. The actual outcome of the Summit Proceedings is not considered by the Paladin Board to be material to Paladin.

Deep Yellow Limited

Paladin has increased its interest in Deep Yellow Limited to 14.34% (previously 11.79%) following the placement of the entitlement shortfall of 31,673,949 shares from Deep Yellow's non-renounceable entitlement issue on 8 August 2008.

Yours faithfully

Paladin Resources Ltd



JOHN BORSHOFF
Managing Director

PALADIN RESOURCES LTD

Management Discussion and Analysis *For the Quarter Ended 30 September 2007* *(All figures are in US dollars unless otherwise indicated)*

The following Management Discussion and Analysis ("MD&A") for Paladin Resources Limited ("Company") should be read in conjunction with the Report to Shareholders and the Condensed Consolidated Financial Statements for the quarter ended 30 September 2007 which are unaudited. The effective date of this report is 14 November 2007.

The financial information presented in this MD&A has been prepared in accordance with Australian equivalents to International Financial Reporting Standards (AIFRS), other mandatory professional reporting requirements and the Corporations Act 2001.

In addition to these Australian requirements further information has been included in the Condensed Consolidated Financial Statements for the quarter ended 30 September 2007 in order to comply with applicable Canadian securities law, as the Company is listed on the Toronto Stock Exchange.

Additional information relating to the Company, including the Company's most recent Annual Report for the year ended 30 June 2007 and other public announcements are available at www.paladinresources.com.au.

FORWARD LOOKING STATEMENTS

Some of the statements contained in this MD&A, including those relating to strategies and other statements, are predictive in nature, and depend upon or refer to future events or conditions, or include words such as "expects", "intends", "plans", "anticipates", "believes", "estimates" or similar expressions that are forward looking statements. Forward looking statements include, without limitation, the information concerning possible or assumed further results of operations as set forth herein. These statements are not historical facts but instead represent only expectations, estimates and projections regarding future events and are qualified in their entirety by the inherent risks and uncertainties surrounding future expectations generally.

The forward looking statements contained in this MD&A are not guarantees of future performance and involve certain risks and uncertainties that are difficult to predict. The future results of the Company may differ materially from those expressed in the forward looking statements contained in this MD&A due to, among other factors, the risks and uncertainties inherent in the business of the Company. The Company does not undertake any obligation to update or release any revisions to these forward looking statements to reflect events or circumstances after the date of this MD&A or to reflect the occurrence of unanticipated events.

OVERVIEW

The Company operates in the minerals resources industry with a principal business focus on development and operation of uranium projects in Africa and Australia, as well as evaluation and acquisition opportunities throughout the world. The Company is incorporated under the laws of Western Australia with a primary share market listing on the Australian Stock Exchange and additional listings on the Toronto Stock Exchange in Canada; and Munich, Berlin, Stuttgart and Frankfurt Stock Exchanges in Europe.

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The main activities undertaken during the quarter ended 30 September 2007 were:

- Langer Heinrich Uranium Project
 - Ramp up and remediation making good progress – one remaining bottleneck expected to be rectified in December 2007.
 - Production of 274,360lb for the quarter.
 - Uranium delivered to all three conversion facilities. Sales revenue of US\$26M – sales volume of 333,000lb U₃O₈ at an average realised price of US\$78/lb.
 - Design of Stage II expansion 2.6Mlb to 3.7Mlb underway.
- Kayelekera Uranium Project – construction work accelerating with Paladin community relations and agricultural specialists team established in Karonga.
- Valhalla/Skal Uranium Deposits – resource drilling and evaluation re-commences at Skal; baseline environmental studies and preliminary metallurgical testing begins for Valhalla and Skal deposits.
- More encouraging results from drilling program at Bigryli Uranium Joint Venture.
- Deep Yellow Limited – increase in shareholding to 159,058,461 (14.34% interest) after participation in an entitlement issue and subscription for shortfall shares.
- Corporate – settlement of proceedings commenced by Summit Resources (Aust) Pty Ltd (ultimately 81.9% owned by the Company) against the wholly owned subsidiary, Mt Isa Uranium Pty Ltd and unrelated Resolute Ltd in relation to alleged breaches of confidentiality provisions in the Mt Isa Uranium Project joint venture agreement. Areva NC (Australia) Pty Ltd has advised that it intends to apply to the Supreme Court of Western Australia for orders under Section 237 of the Corporations Act 2001 to be granted leave to intervene in the court proceedings which is not significant to the Company, as a consequence of the indemnity given by Resolute Ltd and the fact that the Company holds an ultimate 81.9% interest in Summit Resources (Aust) Pty Ltd.

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CHANGE IN FUNCTIONAL AND PRESENTATION CURRENCY

The functional currency for a company is the currency of the primary economic environment in which the Company operates. Up to December 2006 the functional currency of the primary economic environment in which the Paladin Group operates was Australian dollars. In December 2006 there were several factors which produced a change in functional currency for the majority of the Paladin Group to United States (US) dollars. These include completion of construction and commissioning at the Langer Heinrich Uranium Project, issue of US\$250 million convertible bonds, conversion of excess group cash into US dollars resulting in derivation of US interest revenue, and redesignation of all intercompany group loans into US dollars.

The presentation currency for a company is the currency in which the company chooses to present its financial reports. As the functional currency of Paladin Resources Ltd and the majority of the Paladin Group changed in December 2006 to US dollars, the Company has decided to change the presentation currency for financial reporting to US dollars in order to better reflect the Paladin Group's financial position and financial performance.

INCOME STATEMENTS

	Quarter Ended 30 September	
	2007 US\$m	2006 US\$m
Revenue from continuing operations	28.3	0.5
Gross profit	4.1	0.5
Exploration and evaluation expenses	(3.8)	(0.8)
Other expenses	(9.3)	(3.6)
Finance costs	(6.8)	-
Income tax benefit	0.8	-
Minority interests	0.5	-
Loss after tax from continuing operations attributable to the ordinary equity holders of the Company	(14.5)	(3.9)
	US\$	US\$
Loss per share – basic and diluted	(0.02)	(0.01)

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Management Discussion and Analysis

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Quarter Ended 30 September 2007

Revenue from Continuing Operations has increased substantially to US\$28.3 million in 2007 as a result of sales of uranium of US\$26.0 million, (total sales volume of 333,000lb of which 183,000lb was met with Langer Heinrich Uranium Project production and 150,000lb was met by use of third party uranium purchased during the quarter ended 30 June 2007) and higher interest revenue derived from higher average cash holdings for the period in 2007 when compared to 2006.

Gross Profit in 2007 of US\$4.1 million is higher than 2006 as a consequence of commencement of operations at Langer Heinrich and increased interest revenue. The sale 150,000lb of third party uranium had no impact on gross profit as a sales contract provision was recognised at 30 June 2007 for the loss on sale. Cost of sales includes US\$1.4 million impairment of inventories as a consequence of the extended ramp up of operations for the Langer Heinrich Uranium Project and a credit of US\$2.0 million has been recorded in the income statement for the quarter relating to recognition of a value for stockpile inventory as a consequence of improved plant performance from 30 June 2007.

Exploration and Evaluation Expenditure increased in 2007 to US\$3.8 million primarily as a result of expenditure on the Summit, Valhalla/Skal and Bigryi Uranium Projects.

Other Expenses has increased in 2007 to US\$9.3 million as a result of a sales contracts expense, higher corporate/marketing costs, share based payments and employee benefits expenses. The sales contracts expense amounts to US\$2.9 million and is attributable to the requirement to meet future Langer Heinrich sales commitments by use of third party uranium purchases. The higher costs relate to both the growth of the Company and the expanded corporate capability in the last year to enable future growth.

Finance Costs of US\$6.8 million in 2007 relates to both interest payable on the US\$250 million convertible bonds issued 15 December 2006 and the Langer Heinrich project finance facilities. During the quarter ended 30 September 2006 finance costs for the project were capitalised as part of the costs of construction.

Income Tax Benefit of US\$0.8 million relates to both the recognition of additional Namibian deferred net tax assets and the reversal of a deferred net tax liability relating to the convertible bonds over the term of the bond. The continuing ramp up activities at the Langer Heinrich Uranium Project have resulted in a loss for the quarter and as a consequence an additional income tax benefit of US\$0.3 million for the quarter ended 30 September 2007 has been recognised. The convertible bond deferred tax liability has been recognised through reserves and relates to the equity component of the convertible bonds. US\$0.5 million has been reversed as an income tax benefit during the quarter ended 30 September 2007.

Minority Interests credit of US\$0.5 million has been recorded in 2007 attributable to the 18.1% of Summit Resources Ltd not owned by the Company.

The *Loss after tax* for the quarter ended 30 September 2007 of US\$14.5 million is a substantial increase to the quarter ended 30 September 2006 loss after tax of US\$3.9 million despite the increase in gross profit as a consequence of the increased investment in exploration and evaluation expenditure, higher other expenses and finance costs.

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Earnings Per Share

The *Earnings per Share* noted on the Income Statements reflected the underlying result for the specific reported periods and the additional shares issued in 2007 compared to 2006.

Segment Disclosure

In the Namibian geographical segment the Company reflected a loss after tax of US\$1.8 million as a consequence of the Langer Heinrich Uranium Project extended production ramp up. The Malawian geographical segment loss after tax of US\$0.5 million primarily reflects the exploration and evaluation expenditure for the Kayelekera Uranium Project and costs relating legal actions commenced by a group of Malawian Civil Society Organisations. In the Australian geographical segment the Company reflected the remaining Income Statement activities.

BALANCE SHEETS

	30 September 2007 unaudited US\$m	30 June 2007 audited US\$m
Total Current Assets	209.6	233.4
Total Non Current Assets	1,911.0	1,825.0
Total Assets	2,120.6	2,058.4
Total Current Liabilities	34.2	30.2
Total Non Current Liabilities	739.7	719.9
Total Liabilities	773.9	750.1
Net Assets	1,346.7	1,308.3

Current Assets have decreased to US\$209.6 million at 30 September 2007 attributable to lower levels of cash and inventories.

Cash has decreased as a result of the cash spend on the construction work for the Kayelekera Uranium Project, exploration and evaluation project expenditure, additional Deep Yellow Ltd share investment and corporate costs for the quarter ended 30 September 2007.

Of the US\$165.8 million held in cash as at 30 September 2007, US\$129.7 million has been invested in short-term US treasury bonds and the balance of cash is held with banks.

Inventories have decreased to US\$29.3 million during the quarter. The decrease was the result of sales of the third party uranium purchased during the quarter ended 30 June 2007. Inventories produced by the Langer Heinrich Uranium Project increased to US\$24.6 million primarily as a value

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for stockpiles was recognised in the quarter which resulted in both a US\$2.0 million credit to the income statement and a US\$6.6 million reduction in property, plant and equipment.

Non Current Assets have increased to US\$1,911.0 million at 30 September 2007 mainly attributable to mine construction at the Kayelekera Uranium Project, increased percentage shareholding in Deep Yellow Ltd; and positive foreign exchange movement of the A\$ exploration assets.

At 30 September 2007 the Company holds 159,058,461 shares in Deep Yellow Ltd (14.34% interest) with a market value of US\$72.9 million.

Current Liabilities have increased to US\$34.2 million at 30 September 2007 as a result of construction activities for the Kayelekera Uranium Project, interest payable on both the Langer Heinrich project finance facilities and the convertible bonds, increased exploration/evaluation expenditure on the Summit, Valhalla/Skal and Bigryli Uranium Projects, despite a reduction in sales contracts provision.

At 30 September 2007 a US\$2.9 million sales contracts provision has been recognised attributable to the requirement to meet future Langer Heinrich sales commitments by use of third party uranium purchased.

Non Current Liabilities increased to US\$739.7 million at 30 September 2007 mainly attributable to an increase in deferred tax liabilities from a positive foreign exchange movement of A\$ liabilities.

At 30 September 2007 the Langer Heinrich project finance facilities have been drawn down to US\$67.8 million (current US\$6.8 million and non current US\$61.0 million) to fund construction, commissioning and ramp up activities, leaving available facilities of US\$3.2 million at year end.

The deferred tax liability relating to the recognition of acquired exploration and evaluation expenditure from the allocation of consideration paid for Summit Resources Ltd has increased to US\$444.2 million due to the foreign exchange movement of the A\$ liability.

Segment Disclosure

In the Balance Sheet at 30 September 2007 the Company reflected an increase in the Australian geographical segment assets and liabilities as a result of the foreign exchange movement of the A\$ exploration assets and an increased percentage holding in Deep Yellow Ltd. For the Namibian geographical segment an increase occurred in assets and liabilities attributable to the continuing ramp up activities for the Langer Heinrich Uranium Project. For the Malawi geographical segment an increase occurred in assets and liabilities as a result of mine construction activities for the Kayelekera Uranium Project.

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STATEMENTS OF CHANGES IN EQUITY

	Quarter Ended 30 September	
	2007 US\$m	2006 US\$m
Total Equity at the Beginning of the Financial Period	1,308.3	91.1
Loss for the Quarter Ended 30 September	(14.5)	(3.9)
Movement in Reserves	(3.7)	1.2
Movement in Equity	0.2	153.1
Foreign Currency Translation	56.9	(5.1)
Minority Interests, net of Foreign Currency	(0.5)	-
Total Equity at the End of the Financial Period	1,346.7	236.4

Loss for the Quarter Ended 30 September 2007 is discussed under the Income Statements section and is an increase from the loss in the comparative period.

Movement in Reserves in 2007 of US\$3.7 million decrease relates to the revaluation decrement attributable to the decrease in Deep Yellow Ltd share price from the prior period (net of tax) despite the recognised value of unlisted employee options. Unlisted employee options exercised during the quarter amounted to 250,000 with an exercise price of A\$1.00. No unlisted employee options were granted during the quarter.

Movement in Equity in 2007 of US\$0.2 million increase relates to the exercise of unlisted employee options. The number of fully paid ordinary shares on issue at 30 September 2007 is 602,687,369 an increase of 250,000 during the quarter.

Share options of 19,428,670 remain outstanding at 30 September 2007 to Directors, employees, and consultants directly engaged in corporate, mine construction, operations, exploration and evaluation work for the Company.

Foreign Currency Translation relates to the translation of presentation currency into US dollars on an ongoing basis and for the comparative period.

Minority Interests recognised during the quarter relates to the 18.1% interest in Summit Resources Ltd not owned. The Development Agreement for the Kayelekera Uranium Project signed on 23 February 2007 entitles the Government of Malawi with 15% of Paladin (Africa) Ltd, owner of the project, in exchange for a reduction of 2.5% in corporate tax, the full amount of rent resource tax and royalty offsets. No minority interests have been reflected for this as at 30 September 2007 as Paladin (Africa) Ltd is in a net liability position as a consequence of the Company's policy to expense exploration and evaluation expenditure prior to the decision made to proceed to development.

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CASH FLOW STATEMENTS

	Quarter Ended 30 September	
	2007 US\$m	2006 US\$m
Net Cash Inflow/(Outflow) from Operating Activities	7.9	(0.6)
Net Cash Outflow from Investing Activities	(26.3)	(27.4)
Net Cash Inflow from Financing Activities	1.4	16.7
Net Decrease in Cash Held	(17.0)	(11.3)
Cash at the Beginning of the Financial Period	182.8	43.6
Effects of Exchange Rate Changes	-	0.2
Cash at the End of the Financial Period	165.8	32.5

Quarter Ended 30 September 2007

Net Cash Inflow from Operating Activities was US\$7.9 million in 2007 primarily due to uranium sales receipts of US\$20.0 million in the quarter and an increase in interest receipts as a consequence of higher average cash holdings. This was in part offset by higher payments to suppliers and employees relating to the mine operations at the Langer Heinrich Uranium Project, the growth of the Company, expanded corporate capability and interest payments on project finance facilities.

Net Cash Outflow from Investing Activities was US\$26.3 million in 2007 as a result of mine construction at the Kayelekera Uranium Project, exploration and evaluation project expenditure and the acquisition of additional investments in Deep Yellow Ltd. The outflow was lower than in 2006 as that quarter included a US\$29.3 million outflow as a result of the construction and commissioning activities for the Langer Heinrich Project.

Net Cash Inflow from Financing Activities of US\$1.4 million in 2007 is attributable to US\$1.3 million drawn under the project finance facilities for the Langer Heinrich Uranium Project and proceeds from the exercise of 250,000 unlisted employee options; despite US\$0.1 million in establishment costs for project finance facilities. The inflow was lower than in 2006 as that quarter included US\$15.4 million drawn under the project finance facilities for the Langer Heinrich Uranium Project and proceeds from the exercise of 1,656,000 unlisted employee options.

Net Decrease in Cash in 2007 was US\$17.0 million, which is larger than the net decrease in cash in 2006 of US\$11.3 million, despite increased cash inflows from operating activities. The decrease was a consequence of the lower amounts drawn under the project finance facilities for the Langer Heinrich Uranium Project.

Effects of Exchange Rate Changes are less than US\$0.1 million for 2007 but were a US\$0.2 million gain for 2006.

PALADIN RESOURCES LTD

Management Discussion and Analysis

For the Quarter Ended 30 September 2007
(All figures are in US dollars unless otherwise indicated)

The Cash at 30 September 2007 of US\$165.8 million represents a significant increase in cash to the comparative period of 2006.

LIQUIDITY AND CAPITAL RESOURCES

The Company's principal source of liquidity as at 30 September 2007 is cash of US\$165.8 million (30 June 2007 – US\$182.8 million). Of this amount US\$129.7 million has been invested in short-term US treasury bonds.

The Company's principal sources of cash for the quarter ended 30 September 2007 were uranium sales receipts, project finance facilities drawdowns, interest received from cash investments and proceeds from exercise of unlisted employee options.

The Company has in place Langer Heinrich project finance facilities of US\$71 million of which a total of US\$67.8 million had been drawn by 30 September 2007, leaving available facilities of US\$3.2 million.

The following is a summary of the Company's outstanding commitments as at 30 September 2007:

Payments due by period	Total US\$m	Less than 1 yr US\$m	1 to 5 yrs US\$m	Unknown US\$m
Tenements	2.5	2.5	-	-
Kayelekera Mine construction	85.5	85.5	-	-
Langer Heinrich capital	0.8	0.8	-	-
Operating leases	0.4	0.2	0.2	-
Manyingee acquisition costs	0.7	-	-	0.7
Total commitments	89.9	89.0	0.2	0.7

In relation to the Manyingee Uranium Project, the acquisition terms provide for a payment of A\$0.75 million (US\$0.7 million) by the Company to the vendors when all project development approvals are obtained.

In addition to the outstanding commitments above, the Company acquired a call option on 19 June 1998 in relation to the purchase of the Oobagooma Uranium Project and, in turn, granted a put option to the original holder of the Project. Both the call and put options have an exercise price of A\$0.75 million (US\$0.7 million) and are subject to the Western Australian Department of Minerals & Energy granting tenements comprising 2 exploration licence applications. The A\$0.75 million (US\$0.7 million) is payable by the Company within 10 business days of the later of the grant of the tenements or the exercise of either the call or put option. The options will expire 3 months after the date the tenements are granted.

Subsequent to the quarter the Company put in place a Standby Letter of Credit Facility of US\$9.4 million to provide security for a short term loan of uranium to bridge a short delivery delay caused by vessel slippage in October. On repayment of loan by delivery of Langer Heinrich production in November 2007 the Standby Letter of Credit Facility will be cancelled.

The Company has no other off balance sheet arrangements.

PALADIN RESOURCES LTD

Management Discussion and Analysis

For the Quarter Ended 30 September 2007
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OUTSTANDING SHARE INFORMATION

As at 14 November 2007 the Company had 654,646,943 fully paid ordinary shares issued and outstanding. The following table sets out the fully paid ordinary outstanding shares and those issuable under the Company Executive Share Option Plan and in relation to the Convertible Bonds:

As at 14 November 2007	Number
Outstanding shares	602,687,369
Issuable under Executive Share Option Plan	19,428,670
Issuable in relation to the Convertible Bonds	32,530,904
Total	654,646,943

CRITICAL ACCOUNTING ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Significant areas requiring the use of management estimates relate to the determination of the following: carrying value or impairment of inventories, financial investments, property, plant and equipment, intangibles, mineral properties and deferred tax assets; carrying value of rehabilitation, mine closure, sales contracts provisions and deferred tax liabilities; calculation of share based payments expense and assessment of reserves.

FINANCIAL INSTRUMENTS

At 30 September 2007 the Company has exposure to interest rate risk which is limited to the floating market rate for cash and project finance debt facilities. As the convertible bonds are a fixed interest financial instrument, the Company has no exposure to interest rate risk for the convertible bonds.

The Company does not have significant foreign currency translation risk for non-monetary assets and liabilities of the Namibian and Malawian operations as these are deemed to have a functional currency of United States dollars, and the Company has adopted a presentation currency of United States dollars. The Company does have significant foreign currency translation risk for non-monetary assets and liabilities of the Australian exploration and evaluation operations as these are deemed to have a functional currency of Australian dollars, and the Company has adopted a presentation currency of United States dollars. The Company has no significant monetary foreign currency assets and liabilities apart from Namibian dollar cash, receivables, payables and provisions and Australian dollar cash, payables and deferred tax liabilities.

The Company currently does not engage in any hedging or derivative transactions to manage interest rate or foreign currency risks.

PALADIN RESOURCES LTD

Management Discussion and Analysis

*For the Quarter Ended 30 September 2007
(All figures are in US dollars unless otherwise indicated)*

TRANSACTIONS WITH RELATED PARTIES

During the quarter ended 30 September 2007 no payments were made to Director related entities. Directors of the Company receive standard personal based compensation.

DISCLOSURE CONTROLS

The Company has applied its Disclosure Control Policy to the preparation of the Condensed Consolidated Financial Statements for the quarter ended 30 September 2007, associated Management Discussion and Analysis and Report to Shareholders. An evaluation of the Company's disclosure controls and procedures used has been undertaken and concluded that the disclosure controls and procedures were effective.

INTERNAL CONTROLS

The Company has designed appropriate internal controls over financial reporting (ICFR) and ensured that these were in place for the quarter ended 30 September 2007. An evaluation of the design of ICFR has concluded that it is adequate to prevent a material misstatement of the Company's Condensed Consolidated Financial Statements as at 30 September 2007.

During the year the Company continued to have an internal audit function externally contracted to Deloitte Touche Tohmatsu. Internal audit reports and follow up reviews were completed during the quarter and the Company continues to address their recommendations.

The resultant changes to the internal controls over financial reporting have improved and will continue to improve the Company's framework of internal control in relation to financial reporting.

SUBSEQUENT EVENTS

Kayelekera Uranium Project, Malawi – Litigation

Subsequent to the quarter end all six Malawian Civil Society Organisations that commenced legal proceedings against Paladin Africa Ltd and the Government of Malawi have settled their action on a positive and amicable basis. The legal proceedings will be formally withdrawn by the end of November 2007.

The accompanying Condensed Consolidated Financial Statements for the quarter ended 30 September 2007 and 30 September 2006 have been prepared in accordance with Australian Equivalents to International Financial Reporting Standards and have not been audited by the Company's Auditors. The effective date of these Condensed Consolidated Financial Statements is 14 November 2007.

PALADIN RESOURCES LTD AND CONTROLLED ENTITIES
CONDENSED CONSOLIDATED INCOME STATEMENTS
EXPRESSED IN US DOLLARS

	Notes	Quarter Ended 30 September	
		2007 US\$m	2006 US\$m
Revenue from continuing operations			
Revenue	5(a)	28.3	0.5
Cost of sales	5(b)	(24.2)	-
Gross profit		4.1	0.5
Exploration and evaluation expenses	10	(3.8)	(0.8)
Other expenses	5(d)	(9.3)	(3.6)
Finance costs	5(c)	(6.8)	-
Loss before income tax benefit		(15.8)	(3.9)
Income tax benefit		0.8	-
Loss after tax from continuing operations		(15.0)	(3.9)
Minority interests	15	0.5	-
Loss after tax from continuing operations attributable to the ordinary equity holders of the Company		(14.5)	(3.9)
Earnings per share		US\$	US\$
Loss from continuing operations attributable to ordinary equity holders - basic and diluted		(0.02)	(0.01)

The above Condensed Consolidated Income Statements should be read in conjunction with the accompanying notes.

PALADIN RESOURCES LTD AND CONTROLLED ENTITIES
CONDENSED CONSOLIDATED BALANCE SHEETS
EXPRESSED IN US DOLLARS

	Notes	30 September 2007 Unaudited US\$m	30 June 2007 Audited US\$m
ASSETS			
Current assets			
Cash and cash equivalents	6	165.8	182.8
Trade and other receivables	7	14.5	12.6
Inventories	8	29.3	38.0
TOTAL CURRENT ASSETS		209.6	233.4
Non current assets			
Other financial assets		73.5	60.3
Deferred borrowing costs		0.2	0.2
Property, plant and equipment	9	135.0	135.1
Exploration and evaluation expenditure	10	1,674.3	1,601.4
Deferred tax asset		10.7	10.4
Intangible assets	11	17.3	17.6
TOTAL NON CURRENT ASSETS		1,911.0	1,825.0
TOTAL ASSETS		2,120.6	2,058.4
LIABILITIES			
Current liabilities			
Trade and other payables		21.3	13.8
Unearned revenue		0.2	0.2
Interest bearing loans and borrowings	12	6.8	5.6
Provisions	13	5.9	10.6
TOTAL CURRENT LIABILITIES		34.2	30.2
Non current liabilities			
Unearned revenue		0.6	0.6
Interest bearing loans and borrowings	12	270.5	268.0
Deferred tax liabilities		465.2	448.2
Provisions	13	3.4	3.1
TOTAL NON CURRENT LIABILITIES		739.7	719.9
TOTAL LIABILITIES		773.9	750.1
NET ASSETS		1,346.7	1,308.3
Equity			
Contributed equity	14(a)	1,075.5	1,075.3
Reserves		158.0	113.2
Accumulated losses		(79.5)	(65.0)
Parent interests		1,154.0	1,123.5
Minority interests	15	192.7	184.8
TOTAL EQUITY		1,346.7	1,308.3

The above Condensed Consolidated Balance Sheets should be read in conjunction with the accompanying notes.

PALADIN RESOURCES LTD AND CONTROLLED ENTITIES
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
EXPRESSED IN US DOLLARS

	Contributed Equity US\$m	Reserves US\$m	Accumulated Losses US\$m	Minority Interests US\$m	Total US\$m
At 1 July 2006	112.3	5.1	(26.3)	-	91.1
Changes in fair value of available-for-sale financial assets	-	0.2	-	-	0.2
Loss for the period	-	-	(3.9)	-	(3.9)
Recognised value of unlisted employee options over vesting period	-	1.2	-	-	1.2
Exercise of unlisted employee options (Note 14(b))	0.3	(0.3)	-	-	-
Contributions of equity, net of transactions costs (Note 14(b))	152.8	-	-	-	152.8
Foreign currency translation (Note 3)	-	(5.0)	-	-	(5.0)
At 30 September 2006	265.4	1.2	(30.2)	-	236.4
At 1 July 2007	1,075.3	113.2	(65.0)	184.8	1,308.3
Changes in fair value of available-for-sale financial assets	-	(8.3)	-	-	(8.3)
Loss for the period	-	-	(14.5)	(0.5)	(15.0)
Recognised value of unlisted employee options over vesting period	-	2.1	-	-	2.1
Contributions of equity, net of transactions costs (Note 14(b))	0.2	-	-	-	0.2
Income tax on items taken directly to equity	-	2.5	-	-	2.5
Foreign currency translation (Note 3)	-	48.5	-	8.4	56.9
At 30 September 2007	1,075.5	158.0	(79.5)	192.7	1,346.7

The above Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the accompanying notes.

PALADIN RESOURCES LTD AND CONTROLLED ENTITIES
CONDENSED CONSOLIDATED CASH FLOW STATEMENTS
EXPRESSED IN US DOLLARS

	Quarter Ended 30 September	
	2007 US\$m	2006 US\$m
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	20.0	-
Payments to suppliers and employees	(13.9)	(1.0)
Interest received	2.9	0.4
Interest paid	(1.3)	-
Other income	0.2	-
NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES	7.9	(0.6)
CASH FLOWS FROM INVESTING ACTIVITIES		
Exploration and evaluation expenditure	(3.0)	(1.3)
Payments for property, plant and equipment	(5.6)	(29.3)
Payments for available-for-sale financial assets	(17.7)	-
Payments for controlled entities net of cash acquired	-	3.2
NET CASH OUTFLOW FROM INVESTING ACTIVITIES	(26.3)	(27.4)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from exercise of share options	0.2	1.3
Project finance facility establishment costs	(0.1)	-
Proceeds from borrowings	1.3	15.4
NET CASH INFLOW FROM FINANCING ACTIVITIES	1.4	16.7
NET DECREASE IN CASH AND CASH EQUIVALENTS	(17.0)	(11.3)
Cash and cash equivalents at the beginning of the financial period	182.8	43.6
Effects of exchange rate changes on cash and cash equivalents	-	0.2
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL PERIOD	165.8	32.5

The above Condensed Consolidated Cash Flow Statements should be read in conjunction with the accompanying notes.

PALADIN RESOURCES LTD AND CONTROLLED ENTITIES
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE QUARTER (FIRST QUARTER) ENDED 30 SEPTEMBER 2007
EXPRESSED IN US DOLLARS

NOTE 1. CORPORATE INFORMATION

The condensed financial report of Paladin Resources Ltd (the Company) for the quarter ended 30 September 2007 which has not been audited was authorised for issue in accordance with a resolution of the directors on 8 November 2007 subject to final drafting.

Paladin Resources Ltd is a company limited by shares incorporated and domiciled in Australia whose shares, are publicly traded on the Australian Stock Exchange with additional listings on the Toronto Stock Exchange in Canada, and Munich, Berlin, Stuttgart and Frankfurt stock exchanges in Europe.

The nature of the operations and principal activities of the Group are described in the Management Discussion and Analysis on pages 9 to 19.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This condensed financial report for the quarter ended 30 September 2007 has been prepared in accordance with Accounting Standard AASB 134 Interim Financial Reporting under Australian equivalents to International Financial Reporting Standards (AIFRS) and the Corporations Act 2001 and other mandatory professional reporting requirements and has not been audited.

In addition to these Australian requirements further information has been included in the Condensed Consolidated Financial Statements for the quarter ended 30 September 2007 in order to comply with applicable Canadian securities law, as the Company is listed on the Toronto Stock Exchange.

This condensed financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the Annual Report for the year ended 30 June 2007 and any public announcements made by Paladin Resources Ltd during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The accounting policies adopted are consistent with those of the previous financial year unless otherwise stated.

The financial report is presented in United States dollars and all values are rounded to the nearest hundred thousand dollars (US\$100,000) unless otherwise stated under the option available to the Company under Australian Securities and Investments Commission (ASIC) Class Order 98/100. The Company is an entity to which the class orders applies.

PALADIN RESOURCES LTD AND CONTROLLED ENTITIES
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE QUARTER (FIRST QUARTER) ENDED 30 SEPTEMBER 2007
EXPRESSED IN US DOLLARS

NOTE 3. CHANGE IN FUNCTIONAL AND PRESENTATION CURRENCY

The functional currency for a company is the currency of the primary economic environment in which the company operates. Up to 30 November 2006 the functional currency of the Paladin Group was Australian dollars. In December 2006 there were several factors which produced a change in functional currency for the majority of the Paladin Group to United States (US) dollars. These include completion of construction and commissioning at the Langer Heinrich Uranium Project, issue of US\$250 million in convertible bonds, conversion of excess group cash into US dollars resulting in derivation of US interest revenue, and redesignation of all intercompany group loans into US dollars.

The presentation currency for a company is the currency in which the company chooses to present its financial reports. As the functional currency of Paladin Resources Ltd and the majority of the Paladin Group changed on 30 November 2006 to US dollars, the Company has decided to change the presentation currency for financial reporting to US dollars in order to better reflect the Paladin Group's financial position and financial performance.

The Paladin Group has accounted for the change in functional currency in December 2006 in accordance with Australian Accounting Standards which involves initial translation of Australian dollar functional currency accounts into US dollars at a fixed exchange rate on the day of transition – 1 December 2006, rate US\$: A\$ 1.27647.

In order to derive US dollar comparatives for the condensed consolidated financial statements, the Paladin Group has accounted for this change in presentation currency in accordance with Australian Accounting Standards which involves translation of assets and liabilities at the 30 June 2006 rate US\$: A\$ 1.36966; revenue and expenses at the three month average rate US\$: A\$ 1.32085 and equity balances at the transition rate from 1 July 2006, US\$: A\$ 1.27647.

The following material operating subsidiaries have a US dollar functional currency:

- Paladin Finance Pty Ltd
- Paladin (Africa) Ltd
- Langer Heinrich Uranium (Pty) Ltd
- Paladin Nuclear Ltd

The following material operating subsidiaries have a Australian dollar functional currency:

- Northern Territory Uranium Pty Ltd
- Mt Isa Uranium Pty Ltd
- Paladin Energy Minerals NL
- Summit Resources (Aust) Pty Ltd

PALADIN RESOURCES LTD AND CONTROLLED ENTITIES
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE QUARTER (FIRST QUARTER) ENDED 30 SEPTEMBER 2007
EXPRESSED IN US DOLLARS

NOTE 4. SEGMENT INFORMATION

The Group's primary segment reporting format is geographical segments as the Group's risks and rates of return are affected predominately by differences in the particular economic environments in which it operates. The Group does not separately disclose any financial information for business segments (secondary reporting) as it only operates in the resource industry.

Geographical segments - primary reporting

The Company operates in Australia, Namibia and Malawi. The principal activity in these locations is the exploration, evaluation, development, construction and operation of uranium projects.

The Group's geographical segments are determined based on the location of the Group's assets.

The following tables present revenue, expenditure and certain asset, liability and cash flow information regarding geographical segments for the quarter ended 30 September 2007 and 30 September 2006.

Quarter Ended 30 September 2007	Australia US\$m	Namibia US\$m	Malawi US\$m	Consolidated US\$m
Sales to external customers	-	26.0	-	26.0
Other revenue	2.2	0.1	-	2.3
Total segment revenue	2.2	26.1	-	28.3
Loss from ordinary activities before income tax benefit	(13.2)	(2.1)	(0.5)	(15.8)
Income tax benefit	0.5	0.3	-	0.8
Loss from ordinary activities after income tax benefit/ segment result	(12.7)	(1.8)	(0.5)	(15.0)
Total assets/segment assets	1,922.7	178.2	19.7	2,120.6
Segment liabilities	756.1	13.7	4.1	773.9
Acquisitions of non current assets	18.2	0.9	6.6	25.7
Cash flow information				
Net cash inflow/(outflow) from operating activities	(0.5)	8.7	(0.3)	7.9
Net cash outflow from investing activities	(21.7)	(0.5)	(4.1)	(26.3)
Net cash inflow/(outflow) from financing activities	1.5	-	(0.1)	1.4
Non cash expenses:				
Depreciation and amortisation	0.2	1.9	-	2.1
Inventory impairment losses	-	1.4	-	1.4
Sales contract impairment provision	-	2.9	-	2.9

PALADIN RESOURCES LTD AND CONTROLLED ENTITIES
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE QUARTER (FIRST QUARTER) ENDED 30 SEPTEMBER 2007
EXPRESSED IN US DOLLARS

NOTE 4. SEGMENT INFORMATION (continued)

Geographical segments – primary reporting (continued)

Quarter Ended 30 September 2006	Australia US\$m	Namibia US\$m	Malawi US\$m	Consolidated US\$m
Other revenue	0.4	0.1	-	0.5
Total segment revenue	0.4	0.1	-	0.5
Loss from ordinary activities before income tax expense	(2.7)	(0.4)	(0.8)	(3.9)
Income tax expense	-	-	-	-
Loss from ordinary activities after income tax expense/ segment result	(2.7)	(0.4)	(0.8)	(3.9)
Segment assets/total assets	169.8	104.0	4.5	278.3
Segment liabilities	33.5	7.9	0.5	41.9
Acquisitions of non current assets	142.8	26.5	0.1	169.4
Cash flow information				
Net cash inflow/(outflow) from operating activities	(0.7)	0.1	-	(0.6)
Net cash inflow/(outflow) from investing activities	3.1	(29.5)	(1.0)	(27.4)
Net cash inflow from financing activities	16.7	-	-	16.7
Non cash expenses:				
Depreciation and amortisation	0.1	-	-	0.1

PALADIN RESOURCES LTD AND CONTROLLED ENTITIES
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE QUARTER (FIRST QUARTER) ENDED 30 SEPTEMBER 2007
EXPRESSED IN US DOLLARS

NOTE 5. REVENUE AND EXPENSES

	Quarter Ended 30 September	
	2007 US\$m	2006 US\$m
(a) Revenue		
Sale of uranium ⁽¹⁾	26.0	-
Interest income from non related parties	2.1	0.4
Database licence revenue	0.1	0.1
Other revenue	0.1	-
Total revenue	28.3	0.5
 ⁽¹⁾ Includes US\$12.2 million (2006: US\$Nil) relating to uranium sales of 150,000lbs which were met by use of third party uranium purchased during the quarter ended 30 June 07.		
(b) Cost of sales ⁽¹⁾		
Cost of production ⁽²⁾	(21.2)	-
Royalties	(1.0)	-
Depreciation – property, plant and equipment	(1.5)	-
Amortisation – intangibles	(0.4)	-
Product distribution costs	(0.1)	-
Total cost of sales	(24.2)	-
 ⁽¹⁾ Includes US\$1.4 million (2006: US\$Nil) impairment of inventories as a consequence of the extended ramp up of operations for the Langer Heinrich Uranium Project and a credit of US\$2.0 million (2006: US\$Nil) relating to recognition of a value for stockpile as a consequence of improved operating performance from 30 June 2007.		
⁽²⁾ Includes US\$12.2 million (2006: US\$Nil) expense relating to use of 150,000lb of third party uranium purchased during the quarter ended 30 June 07 which was sold in the quarter ended 30 September 2007.		
(c) Finance costs		
Interest expense	(6.1)	-
Mine closure provision discount interest expense	(0.2)	-
Facility costs	(0.5)	-
Total finance costs	(6.8)	-
(d) Other expenses		
Corporate and marketing costs	(2.6)	(1.0)
Employee benefits expense	(0.8)	(0.3)
Share-based payments expense	(2.1)	(1.2)
Minimum lease payments – operating lease	(0.1)	-
Sales contracts expense ⁽¹⁾	(2.9)	-
Foreign exchange loss (net)	(0.6)	(1.0)
Depreciation – property, plant and equipment	(0.2)	(0.1)
Total other expenses	(9.3)	(3.6)

⁽¹⁾ The sales contracts expense is attributable to the requirement to meet future Langer Heinrich sales commitments by use of the remaining 35,000lb of third party uranium purchased during the quarter ended 30 June 2007.

PALADIN RESOURCES LTD AND CONTROLLED ENTITIES
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE QUARTER (FIRST QUARTER) ENDED 30 SEPTEMBER 2007
EXPRESSED IN US DOLLARS

NOTE 6. CASH AND CASH EQUIVALENTS

	30 September 2007 US\$m	30 June 2007 US\$m
Cash at bank and in hand	0.5	4.3
Short-term bank deposits	35.6	19.4
US\$ treasury bonds	129.7	159.1
Total cash and cash equivalents	165.8	182.8

NOTE 7. TRADE AND OTHER RECEIVABLES

Trade receivables	9.3	3.3
Less provision for doubtful debts	-	-
Net trade receivables		
	9.3	3.3
Interest receivable	0.1	0.8
Prepayments	0.2	0.3
GST and VAT	2.9	6.6
Sundry debtors	2.0	1.6
Total current receivables	14.5	12.6

NOTE 8. INVENTORIES

Stores and spares (at cost)	1.9	1.8
Stockpiles (at net realisable value) ⁽¹⁾	7.6	-
Work-in-progress (at net realisable value)	0.6	2.1
Finished goods (at cost) - third party uranium purchased	4.7	24.7
Finished goods (at net realisable value)	14.5	9.4
Total inventories at the lower of cost and net realisable value	29.3	38.0

⁽¹⁾ Value now recognised for stockpile as a consequence of improved operating performance of the Langer Heinrich Uranium Project from 30 June 2007.

PALADIN RESOURCES LTD AND CONTROLLED ENTITIES
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE QUARTER (FIRST QUARTER) ENDED 30 SEPTEMBER 2007
EXPRESSED IN US DOLLARS

NOTE 9. PROPERTY, PLANT AND EQUIPMENT

	30 September 2007 US\$m	30 June 2007 US\$m
Plant and equipment – at cost ⁽¹⁾	118.9	124.1
Less provision for depreciation	(3.9)	(2.4)
Total plant and equipment	115.0	121.7
Mine development – at cost	2.1	2.1
Less provision for depreciation	(0.1)	(0.1)
Total mine development	2.0	2.0
Technical database – at cost	0.8	0.7
Less provision for amortisation	(0.7)	(0.6)
Total technical database	0.1	0.1
Land and buildings – at cost	3.7	3.4
Less provision for depreciation	(0.3)	(0.2)
Total land and buildings	3.4	3.2
Construction work in progress – at cost - Kayelekera	14.5	8.1
Total non current property, plant and equipment	135.0	135.1

⁽¹⁾ Reduction of US\$6.6 million (2006: US\$Nil) occurred during the quarter ended 30 September 2007 relating to the recognition of value for stockpiles as a consequence of improved operating performance of the Langer Heinrich Uranium Project from 30 June 2007.

PALADIN RESOURCES LTD AND CONTROLLED ENTITIES
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE QUARTER (FIRST QUARTER) ENDED 30 SEPTEMBER 2007
EXPRESSED IN US DOLLARS

NOTE 10. EXPLORATION AND EVALUATION EXPENDITURE

The following table details the expenditures on interests in mineral properties by area of interest for the quarter ended 30 September 2007:

Areas of interest	Langer Heinrich Project US\$m	Kayelekera Project US\$m	Manyingee Project US\$m	Oobagooma Project US\$m	Bigirlyi Project US\$m	Valhalla/Skal Projects US\$m	Summit Group ⁽¹⁾ Projects US\$m	Other Projects US\$m	Total US\$m
Balance 30 June 2007 (audited)	-	4.560	0.992	0.137	15.065	147.225	1,433.410	-	1,601.389
Acquisition Property Payments	-	-	-	-	-	-	-	-	-
Project exploration and evaluation expenditure									
Tenement costs	-	-	0.013	-	-	-	0.084	0.002	0.099
Labour	-	0.066	0.001	0.008	0.004	-	0.271	0.044	0.394
Consultants and contractors	-	0.001	-	-	-	-	0.033	0.025	0.059
Materials and utilities	-	0.015	-	-	0.001	-	0.007	0.001	0.024
Transportation and communications	-	0.020	-	-	0.002	-	0.013	0.019	0.054
Outside services	-	0.006	-	-	-	-	0.749	-	0.755
Legal and accounting	-	-	-	-	-	-	0.003	-	0.003
Camp expenses	-	0.014	-	-	-	-	-	0.004	0.018
Overheads	-	0.003	-	-	0.007	-	0.016	0.008	0.034
Joint venture contributions	-	-	-	-	1.217	0.575	0.575	-	2.367
Other	-	0.009	-	-	-	-	0.003	0.004	0.016
Total expenditure	-	0.134	0.014	0.008	1.231	0.575	1.754	0.107	3.823
Exploration expenditure expensed	-	(0.134)	(0.014)	(0.008)	(1.231)	(0.575)	(1.754)	(0.107)	(3.823)
Exploration expenditure capitalised	-	-	-	-	-	-	-	-	-
Foreign exchange differences	-	-	0.045	0.007	0.688	6.725	65.479	-	72.944
Balance 30 September 2007 (unaudited)	-	4.560	1.037	0.144	15.753	153.95	1,498.889	-	1,674.333

⁽¹⁾ The Summit Group projects were acquired on 27 April 2007 and allocation of the acquisition value to each project has yet to be completed.

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NOTE 11. INTANGIBLE ASSETS

	30 September 2007 US\$m	30 June 2007 US\$m
Cost – right to supply of power and water	17.8	17.8
Accumulated amortisation	(0.5)	(0.2)
Net carrying amount of non current intangible assets	17.3	17.6

NOTE 12. INTEREST BEARING LOANS AND BORROWINGS

	Maturity		
Current			
Secured bank loan		6.8	5.6
Non Current			
Unsecured convertible bonds	2011	218.2	216.3
Secured bank loan	2012	61.0	61.0
Deferred borrowing costs		(8.7)	(9.3)
Total non current interest bearing loans and borrowings		270.5	268.0

NOTE 13. PROVISIONS

Current			
Rehabilitation		2.0	2.0
Sales contracts ⁽¹⁾		2.9	7.8
Employee benefits		1.0	0.8
Total current provisions		5.9	10.6
Non Current			
Employee benefits		0.1	0.1
Mine closure		3.3	3.0
Total non current provisions		3.4	3.1

- ⁽¹⁾ A provision for sales contracts is recognised when the expected benefits to be derived by the Group from a sales contract are lower than the unavoidable cost of meeting the obligations under the sales contract. The provision is stated at the present value of the future net cash outflows expected to be incurred in respect of the contract. At 30 September 2007 a US\$2.9 million sales contract provision has been recognised attributable to the requirement to meet future Langer Heinrich sales commitments by use of third party uranium purchases. The US\$7.8 million sales contract provision at 30 June 2007 has been reversed during the quarter ended 30 September 2007 as the sale has been delivered.

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NOTE 14. CONTRIBUTED EQUITY

(a) Issued and paid up capital

	30 September 2007	2006	30 September 2007	2006
Ordinary shares	Number of Shares		US\$m	US\$m
Issued and fully paid	602,687,369	493,865,969	1,075.5	265.4

(b) Movements in ordinary shares on issue

Date		Number of Shares	Issue Price A\$	Exchange Rate US\$: A\$	Total US\$m
	Balance 30 June 2006	454,235,713			112.3
July 2006	Option conversions	350,000	1.00	1.27647	0.3
July 2006	Option conversions	300,000	1.25	1.27647	0.3
August 2006	Option conversions	400,000	1.00	1.27647	0.3
September 2006	Option conversions	600,000	1.00	1.27647	0.5
September 2006	Option conversions	6,000	1.50	1.27647	-
September 2006	Shares issued - Valhalla	37,151,830	5.09	1.27647	148.1
	Shares to be issued as part of the compulsory acquisition of Valhalla Uranium Ltd	822,426	5.09	1.27647	3.3
	Transfer from reserves				0.3
Balance 30 September 2006		493,865,969			265.4

Date		Number of Shares	Issue Price A\$	Exchange Rate US\$: A\$	Total US\$m
	Balance 30 June 2007	602,437,369			1,075.3
September 2007	Option conversions	250,000	1.00	1.22122	0.2
	Transfer from reserves				-
Balance 30 September 2007		602,687,369			1,075.5

PALADIN RESOURCES LTD AND CONTROLLED ENTITIES
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NOTE 14. CONTRIBUTED EQUITY (CONTINUED)

(c) Options

Issued unlisted employee options outstanding to Directors, employees and consultants directly engaged in corporate, mine construction, operations and exploration and evaluation work for the Company are as follows:

30 September 2007
Number

Number of unlisted employee options 19,428,670

Consisting of the following:

Date options granted	Exercisable	Expiry date	Exercise price of options	Number under option
30 November 2004	30 June 2006	30 November 2007	A\$1.00	3,320,000
20 December 2004	30 June 2006	20 December 2007	A\$1.00	7,000,000
15 July 2005	30 June 2006	15 July 2008	A\$1.50	190,000
13 January 2006	13 January 07	13 January 2009	A\$2.80	170,000
13 January 2006	13 January 08	13 January 2009	A\$2.80	850,000
19 January 2006	13 January 08	13 January 2009	A\$2.80	600,000
16 February 2006	13 January 07	13 January 2009	A\$2.80	700,000
16 February 2006	13 January 08	13 January 2009	A\$2.80	500,000
27 April 2006	31 October 07	28 April 2009	A\$5.50	782,500
27 April 2006	31 October 08	28 April 2009	A\$5.50	782,500
5 July 2006	5 January 2008	5 July 2009	A\$5.50	500,000
5 July 2006	5 January 2009	5 July 2009	A\$5.50	500,000
20 July 2006	5 January 2008	5 July 2009	A\$5.50	200,000
20 July 2006	5 January 2009	5 July 2009	A\$5.50	200,000
1 February 2007	1 February 2010	1 February 2012	A\$8.77	2,733,670
29 June 2007	29 June 2010	29 June 2012	A\$8.77	400,000
Total				19,428,670

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NOTE 15. MINORITY INTERESTS

	30 September 2007 US\$m	30 June 2007 US\$m
Minority interests comprise:		
Share capital	11.0	11.0
Opening accumulated losses	(6.9)	(6.5)
Reserves	189.1	180.7
Current period loss	(0.5)	(0.4)
Total minority interests	192.7	184.8

The minority interests recognised relate to the 18.1% interest in Summit Resources Ltd not acquired from the takeover bid that closed on 1 June 2007. No minority interests have been reflected for the 15% of Paladin (Africa) Ltd to which the Government of Malawi is entitled as this company is in a net liability position as a consequence of the policy to expense exploration and evaluation expenditure prior to the decision made to proceed to development.

NOTE 16. CONTINGENT LIABILITIES

No change in the contingent liabilities for the Company from those reported in the Annual Report for the year ended 30 June 2007 has occurred.

Subsequent to the quarter the Company put in place a Standby Letter of Credit Facility of US\$9.4 million to provide security for a short term loan of uranium to bridge a short delivery delay caused by vessel slippage in October. On repayment of loan by delivery of Langer Heinrich production in November 2007 the Standby Letter of Credit Facility will be cancelled.

NOTE 17. EVENTS AFTER THE BALANCE SHEET DATE

Kayelekera Uranium Project, Malawi – Litigation

Subsequent to the quarter end all six Malawian Civil Society Organisations that commenced legal proceedings against Paladin Africa Ltd and the Government of Malawi have settled their action on a positive and amicable basis. The legal proceedings will be formally withdrawn by the end of November 2007.

Form 52-109F2 – Certification of Interim Filings

I, John Borshoff, Managing Director of Paladin Resources Ltd, certify that:

1. I have reviewed the interim filings (as this term is defined in Multilateral Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings*) of Paladin Resources Ltd (the issuer) for the interim period ending 30 September 2007;
2. Based on my knowledge, the interim filings do not contain any untrue statement of a material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made, with respect to the period covered by the interim filings;
3. Based on my knowledge, the interim financial statements together with the other financial information included in the interim filings fairly present in all material respects the financial condition, results of operations and cash flows of the issuer, as of the date and for the periods presented in the interim filings;
4. The issuer's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures and internal control over financial reporting for the issuer, and we have:
 - (a) designed such disclosure controls and procedures, or caused them to be designed under our supervision, to provide reasonable assurance that material information relating to the issuer, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which the interim filings are being prepared;
 - (b) designed such internal control over financial reporting, or caused it to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the issuer's GAAP; and
5. I have caused the issuer to disclose in the annual MD&A any change in the issuer's internal control over financial reporting that occurred during the issuer's most recent interim period that has materially affected, or is reasonably likely to materially affect, the issuer's internal control over financial reporting.

Dated: 14 November 2007



John Borshoff
Managing Director

Form 52-109F2 – Certification of Interim Filings

I, Ron Chamberlain, Chief Financial Officer of Paladin Resources Ltd, certify that:

1. I have reviewed the interim filings (as this term is defined in Multilateral Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings*) of Paladin Resources Ltd (the issuer) for the interim period ending 30 September 2007;
2. Based on my knowledge, the interim filings do not contain any untrue statement of a material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made, with respect to the period covered by the interim filings;
3. Based on my knowledge, the interim financial statements together with the other financial information included in the interim filings fairly present in all material respects the financial condition, results of operations and cash flows of the issuer, as of the date and for the periods presented in the interim filings;
4. The issuer's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures and internal control over financial reporting for the issuer, and we have:
 - (a) designed such disclosure controls and procedures, or caused them to be designed under our supervision, to provide reasonable assurance that material information relating to the issuer, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which the interim filings are being prepared;
 - (b) designed such internal control over financial reporting, or caused it to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the issuer's GAAP; and
5. I have caused the issuer to disclose in the annual MD&A any change in the issuer's internal control over financial reporting that occurred during the issuer's most recent interim period that has materially affected, or is reasonably likely to materially affect, the issuer's internal control over financial reporting.

Dated: 14 November 2007



Ron Chamberlain
Chief Financial Officer