PALADIN ENERGY LTD

ACN 061 681 098

9 April 2008

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

QUARTERLY REPORT
FOR PERIOD ENDING – 31 March 2008

HIGHLIGHTS

- **Paladin maintains its guidance of 2.6Mlb U_3O_8 for calendar year 2008.**
  - ***Langer Heinrich production for March quarter 490,800lb U_3O_8, plus 60,600lb increase in inventory***
  - ***Stage II expansion commenced for 3.7Mlb pa production***
  - ***propose Stage III expansion plan to produce 6Mlb pa***
- **Kayelekera Uranium Project construction on schedule and on budget.**
  - ***credit approval for US$167M project finance received***
  - ***General Manager-Operations highly experienced in uranium mining appointed***
- **Paladin placed in a very strong position to ensure growth with US$325M raised via convertible bond issue.**

MARKET COMMENTS

The Ux U_3O_8 spot price was US$71/lb at the end of March, down from US$90/lb in December reflecting thin spot demand and the general market uncertainties surrounding most commodities during the quarter. The long term price indicator quoted by Ux has remained at US$95/lb since May 2007. Paladin Energy uses both the spot price and the long term price in its term contracts.

2007 was a good year for nuclear power worldwide. Four new reactors were connected to grids adding 2922 MWe capacity to world electricity generation. Ten construction starts were made bringing the numbers of reactors under construction to 34. In addition, 29 new plants were added to the "planned" category and 64 more added to the "proposed" category than twelve months ago, reflecting the resurgence of interest in nuclear power.

In the USA, nuclear power reactors recorded a record 91.8% average capacity factor and produced a record 807 billion kilowatt-hours of electricity at a record low cost of 1.68 cents/kWh for fuel, operations and maintenance (according to preliminary figures from the *Nuclear Energy Institute).* The US Energy Information Administration's 2008 Outlook reference case now forecasts 20 GWe of new nuclear power capacity on line in the USA by 2030, which is 63% higher than previous estimates. In addition there will be 2700 MWe in nuclear power uprates.

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LANGER HEINRICH URANIUM PROJECT, Namibia (Paladin 100%)

Since its first nameplate production month in December 2007, Langer Heinrich Uranium has been progressively and methodically optimising mine and process plant operation. This is being carried out in conjunction with Stage II construction work to expand the facility's overall capacity to 3.7Mlb of uranium concentrate per annum.

Production

Production for the March quarter was 490,800lb U_3O_8 plus an additional 60,600lb U_3O_8 loaded in a temporary uranium precipitate thickener which will be converted to drummed product as an increment to design production in May/June when the new thickener is commissioned. March monthly production of 222,000lb was at design level and production since the end of the quarter indicates that the June quarter production will be between 700,000lb U_3O_8 and 750,000lb U_3O_8, which will place Langer Heinrich production for the 6 month period to June 30 2008 in the range of 1.2Mlb U_3O_8 to 1.3Mlb U_3O_8 and on track to deliver 2.6Mlb U_3O_8 for the calendar year 2008.

Sales

Sales for the quarter were US$13.8M comprising 208,000lb U_3O_8 (average realized price US$66/lb) which was in line with the revised sales and shipping plan foreshadowed in the last quarter to overcome shipping delays in December 2007 and January 2008.

Plant Improvements

Improvements during the quarter include various upgrades to the crushing/screening circuit, which have enhanced the efficiency of the circuit to reject barren material. The crushed feed for the quarter amounted to 316,000t, at an average grade of 1,000ppm U_3O_8. Although transfer points continue to cause occasional conveyor downtime, the various upgrades have also resulted in higher daily tonnages into the plant. With these higher tonnages and the improved rejection of barren material, more uranium is now being forwarded to the leaching circuit. In combination with these efforts, production risk has been further mitigated by the delivery and installation of replacement spiral heat exchangers and installation of redesigned leach tank agitators. Leaching efficiency is strongly temperature dependent and natural heat loss across the leach train significantly affects the uranium leaching efficiency. In addition to the improved heating efficiency of the new heat exchangers, an additional heating system is being installed within the leach circuit to deliver a higher and more consistent temperature throughout the six tank leach train. This is currently being installed and will be commissioned in April. This improvement is expected to raise leach extraction from the March results of 90% to near design of 95%.

Work completed late in 2007, particularly to counter current decanter (CCD) overflow piping and additional Ion Exchange (IX) columns has successfully provided design capacity in these circuits, as witnessed during this latest quarter.

In the uranium precipitation area, a large 21m diameter thickener, previously used as a backup clarifier, was converted in February for use as an interim uranium product thickener, prior to the UO_4 production and drying circuits. This was done to improve losses that were being experienced using the original, smaller SDU thickener. The formation of the material bed within this large thickener has resulted in an increased inventory of uranium from the previous quarter. It is estimated that 60,600lb are stored in this unit and will be held there until a new Stage II SDU thickener is commissioned late in the June quarter, after which the material will be recovered and drummed.

Drying capacity was also increased markedly in late March with the installation of larger centrifuge equipment, which is expected to raise drying capacity to between 220,000lb and 264,000lb U_3O_8 per month. This increased capacity will allow the majority of the uranium locked up in-circuit to also be dried during the June quarter. An average drying rate of 8,500lb U_3O_8 per day (equivalent to over 264,000lb per month) was achieved during a seven day period toward the end of March, effectively eliminating concerns regarding any bottlenecks within the drying circuit.

On the mining side, reconciliations show a substantial positive return on tonnages mined, with only slightly lower grades than those expected. Mining is providing sufficient material at greater than 650ppm U_3O_8 to fulfill all crushing requirements. Recent rains have flooded a portion of the initial pit, however this has not had any impact on the operation's ability to provide feed to the plant due to a well advanced pre-strip program on an adjoining pit.

Production Unaffected by Namibian Power Cuts

As advised, the Project has not been affected by national power cuts, however, as a longer term mitigation strategy, an order was placed in March for a 10MWe Diesel Generator Packaged Power Station of similar design to the facility purchased recently for the Kayelekera operations. This will provide the site with full emergency back-up power for the current operation as well as the Stage II expansion. It can also be used as a base-load power station as part of the proposed Stage III expansion should that be required.

Resource Drilling

Resource definition drilling to infill Details 1 and 2 and upgrade the Inferred resources in these Details to Indicated and Measured status was undertaken during the quarter, with 8,043m in 253 holes completed by the end of March. It is expected that the remaining 75 drill holes in this program will be finalised in the first two weeks of April. Information derived from this drill programme will be used for both developing the mine plan for the next few years and as input into an updated resource estimation expected to be completed in June. Grade control drilling is also underway to prepare for final pit design and scheduling of the next 12 months' production.

Stage II Expansion - Construction Status

The Stage II expansion to 3.7Mlb U_3O_8 per annum at a cost of US$50M has received Board approval. This involves expansions to the current alkaline leach/CCD/IX/drying circuits, with construction scheduled to be completed at the end of 2008. Most long lead items have been ordered and detailed design is in progress.

The main up-grades to the plant for Stage II are:

- Two large (3,600m^3 each) leach tanks
- Additional drying capacity (a new Porcupine style dryer has been ordered)
- Additional CCD thickeners (high density, larger units) and IX columns
- Additional crushing and pre-leach thickening facilities

Throughout the design and equipment selection for this Stage II expansion, the objectives of the proposed Stage III expansion have been taken into account.

Proposed Stage III Expansion

It has always been Paladin's intention to expand Langer Heinrich production beyond the 3.7Mlb per annum that the current Stage II expansion will allow, and a further expansion (Stage III) is already being planned which is intended to increase production to 6.0Mlb U_3O_8 per annum.

The scheduling of the proposed Stage III is dependent on accessing additional water supply, and Langer Heinrich, in conjunction with Rossing Uranium Limited, is now in advanced discussions with the national water utility, Namibia Water Corporation Ltd (NamWater) for the provision of desalinated water to our respective mines by as early as mid 2010. NamWater has invited tenders for the design/build of the desalination plant and construction has been initiated for the ocean intake of the plant. Paladin is now confident that additional water supply will become available.

The construction schedule for this proposed expansion will be triggered once NamWater has committed to a water supply delivery date. If this timing is confirmed for mid 2010, then construction of Stage III will commence mid 2009, so that expanded production can be achieved as soon as the additional water supply becomes available. Conceptual design has already commenced.

The Company expects to make a more detailed statement on the proposed Stage III expansion once legal documentation is completed with NamWater. This is expected within the next few months. Current resource drilling is expected to fully complement the increased production requirements following the Stage III expansion.

KAYELEKERA URANIUM PROJECT, Malawi (Paladin 85%)

The 3.3Mlb per annum Kayelekera Uranium Project remains on schedule to commence commissioning and production ramp up from the beginning of the March quarter of 2009 with the Project currently 31% complete. The project also remains within budget. The Project achieved 500,000 lost time injury free man hours on 22 February 2008.

A number of key project milestones and achievements have been successfully completed during the past quarter as set out below.

Project Development

Current project workforce on and offsite now totals over 800 with 85% of workers being Malawian. Activities are now wide-ranging involving civil works, cement and foundation preparation (power plant, mill and pre-leach thickener) and equipment and facility installation (powerhouse, diesel fuel farm). Tailings dam construction is about to commence.

Upgrade of the main public road to allow the grinding mill to be transported to site from Karonga is 95% complete. Refurbishment works of the major mill auxiliary components are at an advanced stage. Group Five, a major South African - based construction company, has mobilized on site and has commenced tank erection and general plate welding activities.

Tender evaluations for the plant reagents and electrical & instrumentation packages are nearing completion which represents substantive completion of all major contract tenders for the Project. Planning for Project commissioning is also in progress. The Malawian Government has appointed a major Chinese road building contractor to fast track completing road upgrade work to the (M26) main public access road to the site. Detailed surveying and mobilization of the road contractor is underway.

Operations

Key operational staff are being progressively recruited for the project and Paladin is pleased to report it has secured a person highly experienced in managing uranium mining operations as General Manager for the Kayelekera Uranium Project.

Mining pre-strip activities have now commenced and the open pit is on schedule to deliver ore material in readiness for production start up at the commencement of 2009.

Resource Drilling

Resource definition drilling to accurately define the limits of the ore body and upgrade the Inferred Resources to Indicated and Measured status - comprising 6,458m in 95 holes - was completed during the previous quarter. An upgraded resource and reserve estimation will be carried out in April following the receipt of XRF data from laboratories in South Africa. Grade control drilling on the Kayelekera ore body is nearing completion and this will be used to prepare for pre-strip and mining operations scheduled to start in April 2008. A small amount of extensional drilling, comprising seven holes, was commenced to test previously identified western extensions of the Kayelekera orebody at depth.

Project Financing

Paladin has received credit committee approved offers of financing totalling US$167M, consisting of a seven year Project Finance Facility of US$145M, a Standby Cost Overrun Facility of US$12M and a Performance Bond Facility of US$10M. The facilities are being provided by Société Générale Corporate and Investment Banking (as intercreditor agent and commercial lender), Nedbank Capital a division of Nedbank Limited (ECIC lender) and The Standard Bank of South Africa Ltd (as ECIC facility agent and lender). Drawdown on the financing is subject to completion of legal documentation and fulfilment of other conditions precedent

usual for this type of funding, including approval for an export credit guarantee from The Export Credit Insurance Corporation (ECIC), South Africa's statutory export credit and foreign investment insurance provider.

Community Development

Paladin is pleased to announce that it has commenced funding for the establishment of a modern water supply system for the Karonga Township. Paladin is working in close association with the Northern Region Water Board and an acceptable design plan should be established and agreed during the forthcoming quarter.

SUMMIT RESOURCES LIMITED, Queensland - Australia (Paladin 81.82%)

Isa Uranium Joint Venture Paladin Energy Ltd 50%, Summit Resources (Aust) Pty Ltd 50% (Operator)

The Mt Isa Joint Venture includes the Valhalla and Skal Uranium Deposits. Drilling is underway at the Valhalla Uranium Deposit and has been completed at the Skal Deposit, with the aim of extending the existing resource envelopes along strike and improving the current resource classification. The Environmental Baseline Study is underway and hydrological monitoring equipment was installed before the wet season.

SKAL Uranium Deposit: The Skal Uranium Deposit is located 32km north of Mount Isa City on EPM 14048. Summit expects to report a new resource estimate for the three mineralized shoots (Skal South, Skal North and Skal Far North) within the next month, following compilation of all recent and historic data.

Valhalla Uranium Deposit: The Valhalla Uranium Deposit is located immediately adjacent to the Barkly Highway, 40km north-west of Mount Isa City on EPM 9221. Summit completed 5,839m of RC and 1,729m of diamond drilling during the quarter, as part of a drilling program of approximately 50,000m of RC and diamond drilling scheduled for a nine month period. Once this drilling is completed, an updated resource estimate conforming to the JORC guidelines is expected to be finalised by December quarter 2008.

An airborne radiometric and magnetic survey was completed on all of the southern portions of EPL's 9221 and 14048. Ground follow up work at Spear Creek, 6km south of the Skal and Bikini prospects, identified a substantial radiometric anomaly associated with albitisation similar to that found at Valhalla.

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

This project is a joint venture between Paladin's wholly owned subsidiary, Valhalla Uranium Ltd (42.06%), Energy Metals (53.74%), and Southern Cross Exploration NL (4.2%), with Energy Metals as manager.

During the quarter Energy Metals announced an updated resource for Bigrlyi on behalf of the Joint Venture. This is tabulated below at a cut off grade of 500ppm.

Indicated Resources

Tonnes	U_3O_8 ppm	V_2O_5 ppm	U_3O_8 (t)	V_2O_5 (t)
2,330,600	1,739	2,429	4,053	5,660

Inferred Resources

Tonnes	U_3O_8 ppm	V_2O_5 ppm	U_3O_8 (t)	V_2O_5 (t)
5,230,900	1,250	2,705	6,537	14,149

The resource estimates were jointly compiled by Energy Metals and Hellman & Schofield (H&S), with Energy Metals completing the data collection, validation, QAQC and sample quality assessment and geological interpretations. Full details of the resource estimation can be found on the Energy Metals Limited website www.energymetals.net.

ANGELA JOINT VENTURE, Northern Territory - Australia (Paladin 50%)

The Northern Territory Government has advised that the 50:50 Joint Venture between Paladin Energy Minerals NL and Cameco Australia Pty Ltd (operator) has been awarded the Angela Project and selected to explore the Angela Uranium Deposit, located near Alice Springs in the Northern Territory. The joint venture's bid was selected from a highly competitive field. The licence applications will now progress through the administrative procedures set out in the Northern Territory's Mining Act.

The Angela Project Joint Venture parties have committed to a comprehensive confirmatory and exploration work programme plus a Pre-feasibility Study, which if successful will then progress to a full Bankable Feasibility Study and an Environmental Impact Assessment.

Extensive evaluation work was undertaken on the Angela and Pamela Uranium Deposits by Uranerz Australia Pty Ltd between 1972 and 1983. Historic uranium mineralization defined at the time comprised approximately 12,000t to 13,000t of U_3O_8 in the general range of 0.10% to 0.13% U_3O_8 and remains open at depth. Paladin owns all the original drill hole data for the deposit, including geology, geochemistry, downhole gamma surveys and feasibility studies. This information, together with Paladin's extensive in-house knowledge of the deposits, will enable the Joint Venture to move rapidly into the pre-feasibility assessment.

Paladin is delighted to have this opportunity to fully evaluate the Angela Uranium Deposit together with Cameco, the world's largest uranium producer.

Angela comprises a very exciting project for Paladin and offers the Company the opportunity to develop a mine in the Northern Territory, which has a very positive policy on uranium development. It will fully complement Paladin's Mt Isa project, which is currently scheduled for development post 2012.

CORPORATE

Convertible Bond Issue of US$325M

On 11 March 2008, Paladin completed the issue of US$325M 5% convertible bonds due 11 March 2013.

Citigroup Global Markets Limited and UBS AG, Australia Branch acted as Joint Lead Bookrunners and Joint Lead Managers, with UBS also acting as Sole Global Co-ordinator. Azure Capital acted as corporate adviser to Paladin.

Proceeds from the convertible bond issue will be used to fund further growth, including the commitment of funds to Langer Heinrich's proposed Stage III expansion (to further increase production beyond the current Stage II expansion) and, in conjunction with Cameco, to evaluating the recently awarded Angela Project to fund mining development, expansions and new acquisition opportunities as they arise, and to ensure Paladin's marketing arm is appropriately funded to meet customers' needs.

Dual Listing on Namibian Stock Exchange

On 14 February Paladin dual listed on the Namibian Stock Exchange, affirming its commitment to Namibia given its asset base in that country.

Yours faithfully
Paladin Energy Ltd

JOHN BORSHOFF
Managing Director