PALADIN ENERGY LTD

ACN 061 681 098

23 April 2009

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

QUARTERLY ACTIVITIES REPORT
FOR PERIOD ENDING – 31 MARCH 2009

HIGHLIGHTS

- **Kayelekera Mine commissioning underway**
  - *Ramp-up remains on schedule to achieve nameplate production by January 2010*
- **Langer Heinrich Mine achieves Stage I nameplate production for the third consecutive quarter**
  - *Stage II Ramp-up on schedule to achieve nameplate production of 3.7Mlb pa commencing July 2009*
- **In Mount Isa Project Skal uranium resources increased by 47% to 12.3Mlb U_3O_8**
  - *Skal South and East open at depth and along strike*

MARKET COMMENTS

Worldwide developments continue to strongly favour nuclear power. In the United States several new build programs have advanced with state-level approvals for proposed reactors in Florida, Georgia and South Carolina. The positive investment climate for new nuclear plants was further demonstrated in the UK by the takeover of British Energy plc by Electricité de France. In Sweden, the long-standing nuclear phase-out laws were repealed, while in Italy and Spain there have been positive steps towards recommitting and expanding nuclear power. Aggressive plans for new nuclear plants continue in India, China, and Russia. Recently, the Chinese Government announced that nuclear power is now planned to reach installed capacity of 75,000Mwe by 2020, an increase of 5,000Mwe from the previous forecast.

The Ux spot price was US$42/lb U_3O_8 at the end of March 2009, down US$11.00/lb U_3O_8 from the end of December 2008. The Ux long term price indicator was unchanged at US$70/lb U_3O_8. Most recently, uranium market price reporting organizations have been suggesting that a bottom is close and that the spot uranium price could begin to rise during the second quarter.

An indication of the growing concerns regarding future uranium supplies can be seen in recent direct investments by nuclear utilities in uranium companies accompanied by production off-take commitments. Asian-Pacific utilities are especially active in this area as they assess the looming imbalances between increasing annual global uranium requirements and persistent uranium production constraints. Uncertainties regarding the timing and annual production volumes from major new uranium production projects in Africa, Australia and Canada are fueling these investments.

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LANGER HEINRICH URANIUM PROJECT, Namibia (Paladin 100%)

Production

Langer Heinrich exceeded nameplate design production for the third consecutive full quarter with 685,874lb U_3O_8 produced versus 650,000lb for nameplate (i.e. 5.5% above design).

For the second consecutive quarter Langer Heinrich achieved a new record crushed tonnes of 425,030t (design 375,000t) with an average run of mine grade of 1,017ppm U_3O_8.

Sales

Sales in the quarter were 453,000lb at a value of US$24.7M, representing an average sales price of US$54.50/lb. Based upon the attainment of sustainable production, Paladin is implementing a uranium sales program emphasizing further commitments under term uranium sales contracts incorporating sales prices reflective of the current long-term uranium market. Inventory building at the three uranium conversion facilities is continuing on plan.

Mining

The increased Stage II mining productivity target was achieved in February 2009 in anticipation of the increase in plant throughput starting in the June quarter. Mining was performed in both Pit A and the new Pit D.

Reconciliation studies between the Mineral Resources and grade control models continue to show a strong correlation.

Process Plant

The process plant efficiency was a challenge during the quarter as a result of mining moving into Pit D and the operation initiating a high percentage of this feed into the plant. This material is much harder than previous ore sources and exhibits different breakage characteristics resulting in a higher mass rejection ratio and at least initially a reduced scrubbing efficiency. A temporary mobile crushing circuit was introduced in February for reprocessing the coarse barren rejects and the problem was eliminated.

This Pit D material also has a high mica content which can create problems in the CCD circuit due to its poor settling characteristics resulting in lower underflow densities and reduced wash efficiencies. However, successful results achieved in late March when testing a different flocculent suggest this problem will soon be resolved.

Despite these challenges, uranium production was again higher than all previous quarters and remained above design. Quarterly plant recovery was however lower as a consequence of treating the Pit D material, as indicated below.

	January*[1]	**February**	**March*[2]**	**Quarter**
Recovery %	72.0	81.8	70.9	74.5

*[1]: Scrub efficiency down by approximately 6.4% due to Pit D material causing high barren solids values. It should be noted that this uranium was not lost but has been recycled to the plant via a temporary mobile crusher. The Stage II front end up-grades coming on-line this current quarter will also improve performance further.

*[1]: IX recovery down by approximately 5.7% as a result of leaking valves within the circuit causing high soluble losses. An intensive valve replacement program has eliminated the problem and leak detection facilities are being installed.

*[2]: Wash efficiency down by approximately 14% (compared to previous quarter) due to the poor CCD settling characteristics of Pit D material.

The overall impact of these abnormal circumstances was a drop in recovery of approximately 8% for the quarter.

As a result of these experiences the ratio of Pit D material fed into the plant is currently being closely controlled at approximately 20% of total feed and results for April to date reflect a significantly improved performance (recovery approximately 85% as of 22nd April). The additional equipment being installed in the Stage II expansion together with revised operating practices will ensure that the Pit D material can now be successfully processed.

Design scrub and leach efficiencies are now regularly achieved (leach efficiency averaged 91.4% for the quarter) and wash efficiencies will improve in April when the Stage II expansion of the IX circuit provides additional resin loading and elution capacity.

Precipitation and drying performance remain well above design rates and product specifications continued to meet customer demands throughout the quarter.

The relining of one leach tank was completed and the tank successfully brought back on line in March. It is now planned to sequentially reline all the existing leach tanks.

Stage II Upgrade Progress

The construction phase of the Stage II expansion to 3.7Mlb pa U_3O_8 is entering the final phase. All mechanical equipment and vendor packages have been delivered to site and all detailed engineering completed. The construction of the two new 3,600m^3 leach tanks is nearing completion and water fill testing will take place in mid-April.

Two of the four new 35m diameter thickeners have been completed and are ready for water filling and cold commissioning. The remaining two are near completion and will be ready for cold commissioning in April.

The erection of the new Ion Exchange expansion package, as well as the interconnecting steelwork and piping, has been completed. The final tie-ins to the existing system and tank and pump modifications will be completed in April.

Pre-commissioning and verification of the various equipment and process circuits is being done progressively as they become available. The commissioning duration and ramp-up period are expected to be relatively short as no new process technologies have been introduced and the availability of experienced operators and operating systems.

Although the construction has slipped by 1 month, production ramp- up is still expected to be completed in the June quarter with the Stage II nameplate expanded production of 3.7Mlb pa scheduled to be achieved from July 2009.

Electricity and Water

The erection and commissioning of the six 1.7MW motor generator sets and ancillary equipment making up the 10MW Package Power Station was successfully completed and handed over to operations in February. Importantly, the entire process plant can now continue to operate under full grid power blackout conditions.

To date, Namibia has not been subjected to any power outages. In any event, Langer Heinrich now has sufficient diesel generating capacity on site to run without Nampower supplied electricity. In this regard, the operation ran for several days in February on the diesel back-up system and, in addition, was able to make use of the generators during the last week of March when Nampower performed routine maintenance on network infrastructure.

Namwater's schedule for the supply of desalination water to the coastal regions of Namibia appears to be slipping. Despite this possible delay in the supply of desalinated water, it is believed that once the Stage III study is complete, the impact on the expansion project will be minor.

Stage III Expansion Planning

The extension of the Stage III Expansion Study will be completed in late April and reviewed in May after which implementation details will be announced.

Funds were approved in the March quarter for the supply of heap leach testwork equipment at site and this work will commence during the June quarter.

Exploration EPL3500

Following completion of the exploration drilling last year and a re-evaluation of the airborne EM data an updated conceptual model for the paleochannel to the west of ML140 is being considered. This information will be used for input into follow-up drill planning.

KAYELEKERA URANIUM PROJECT, Malawi (Paladin 85%)

The 3.3Mlb pa Kayelekera Uranium Project commenced commissioning in the March quarter and the production ramp-up is ready to commence late April 2009. The US$200M Project is currently 97% complete and remains within 5% of budget. The bulk of the remaining construction activities are now focused on the completion of the sulphuric acid plant.

The Kayelekera Uranium Mine was officially opened post the end of the March quarter on 17 April 2009 by the President of Malawi, His Excellency Dr Bingu wa Mutharika.

Several key project milestones and achievements were successfully completed during the March quarter as set out herein. By the end of March, the plant completed its partial throughput tests using non-mineralised ore and had exceeded nameplate throughput in the crushing and milling circuits. Mineralised ore was introduced into the circuit and the first drummed product was produced in mid April. The plant commissioning and ramp-up phase is progressing well to date and the ramp-up schedule is being maintained with nameplate production anticipated to be reached by January 2010.

The Project suffered a very serious safety incident involving a flash fire of thinning spirits in a gypsum precipitation tank. The fire badly injured three Malawian workers and sadly resulted in two subsequent fatalities from the incident. Care and support for the victim's immediate relatives is being provided and ongoing medical treatment is being provided at one of South Africa's specialist hospital facilities.

Project Development

As construction nears finalization, demobilisation and reduction of the 1,600 construction workforce has been progressively undertaken during the quarter. Industrial action resulting in an illegal strike action by approximately 250 local workers took place but was quickly settled. The current wet season has been more prolonged this year with some heavy downpours affecting site and plant access during the quarter. The impact of the industrial action but in particular the extended wet season has delayed the outstanding construction work by about 1 month; however, commissioning activities have been mainly unaffected.

Activities at site are now focusing on commissioning and plant ramp-up with focus on finalization of outstanding punch listing, painting, piping and electrical works for the uranium plant. The main construction activity is the completion of the sulphuric acid plant which is due to commence commissioning in June. As per the original schedule, sulphuric acid for the commencement of uranium production ramp-up is currently being trucked to site and stored in the completed bulk acid storage facility for use until the sulphuric acid plant becomes fully operational in late June 2009.

Commissioning activities progressed smoothly and first production was achieved in mid April. Process optimisation is ongoing.

Integration of the Operations team into the project commissioning activities is providing good plant training and familiarisation opportunities and a seamless handover to the Operations team is a key project objective.

The following items/areas were completed or substantially completed during the quarter:

- Pre-leach, leaching, resin-in-pulp sections of the process plant (99% complete)
- Tailings neutralisation and disposal sections of the process plant (99% complete)
- Elution, precipitation and product drying/packing (98% complete)
- Plant buildings (98% complete)
- Field, cable and pipe installation (97% complete)
- Pipe racking (98% complete)
- Sulphuric acid plant (70% complete)

Some plant construction areas remain as scheduled for completion in the June quarter with the primary focus on the sulphuric acid plant.

The site power station has been progressively load commissioned and the tailings storage facility has been operated with initial deposition of non-mineralised tailings product. The fresh water supply facility to the plant has benefited from the long wet season and good storage levels have been achieved from the adjacent catchments.

The Malawi Government's Chinese road building contractor's progress on upgrading the first 13km of the M26 public road from the town of Karonga to the mine site has been hampered by the wet season. During the quarter many major culverts and drains were completed.

Operations

All senior management staff and second level operational staff positions have been appointed. The main focus of recruiting operations and maintenance personnel during the quarter was successful with many local Malawians employed, especially as tradespersons. The site operations team has been fully integrated into the commissioning team and the level of knowledge for plant operation is high. Progress continues on commissioning and handover of facilities from construction to operations. All 'first fill' reagents and consumables have been delivered.

Open pit mining activities are in full operation with the focus on pit development and the provision of arkose rock for road building and landscaping. A total of 551,150t of material has been removed from the pit in this quarter with a total of 1,667,670t mined from the area since operations began in 2008. Mining of ore zones was purposely delayed until late in the quarter when all key drainage ditches and culverts had been installed and Raw Water Pond (RWP) #2 was available to capture any run-off water that had come in contact with ore. Several open pit benches have been developed and ore mining commenced for commissioning, with a total of 2,100t of ore being mined.

Construction of the permanent mine office and workshop complex continued and is expected to be completed in May 2009 although parts will be occupied in April 2009. All capital spares and the majority of operating spares have been ordered and many have commenced arriving on-site.

Environmental and radiation plans have been implemented. An audit of the Radiation Management Plan by an external expert was conducted prior to the introduction of mineralised ore into the plant. Checking of the environmental and radiation control systems have been ongoing and enhanced in readiness for mine and plant operations.

Project Financing

The Kayelekera Project Financing facility is in place and management is confident drawdown will occur late April 2009. Delays in satisfying the remaining conditions precedent for drawdown are procedural with no material items outstanding. With the project close to completion and to date fully equity funded, the majority of the first drawdown will be used to replenish the cash balance of the Company.

Community Development

The Karonga water supply project and community liaison activities have been progressing well with a sod turning ceremony taking place following the mine opening. The manufacturing of the pipeline has commenced.

Sales Contracts

Paladin is in the process of finalising documentation for a third uranium sales contract in support of the Kayelekera Uranium Project. The agreement commits Kayelekera to deliver 860,000lb U_3O_8 to a North American utility during 2012-2013 at sales prices which are reflective of the current long term uranium price.

Exploration Activity

Exploration concentrated on the tenements located to the north east and south of the Kayelekera Mining Lease. Two targets, the Mpata and Juma Prospects, have been ground mapped and an initial drill program of 6,700m has been planned for both deposits.

OVERALL PRODUCTION GUIDANCE FOR LANGER HEINRICH AND KAYELEKERA URANIUM PROJECTS

Paladin has entered a very exciting phase of its development into a major uranium mining company and supplier with the Kayelekera mining operation in late stage commissioning/early production ramp-up and the Stage II Langer Heinrich expansion at a similar situation. With these intense operational activities on both sites, detailed scheduling is inherently difficult to predict and delays of one or two months can easily occur either due to late construction finalisation, commissioning hold-ups or dealing with normal technical start-up issues. Despite this, Paladin remains confident that both new facilities will ramp-up in accordance with previously stated schedules and achieve their respective nameplate production targets namely 3.3Mlb pa by January 2010 at Kayelekera and 3.7Mlb pa by early September quarter at Langer Heinrich.

Reflecting the minor delays on both projects as discussed above, management believes it is prudent to modify its production guidance for the fiscal year ending June 2009 to be in the range 3Mlb to 3.1Mlb as compared to the 3.35Mlb in the previous guidance.

ISA URANIUM JOINT VENTURE, Queensland - (Paladin Energy Ltd 50%, Summit Resources (Aust) Pty Ltd 50% Operator)

The Mount Isa Joint Venture includes the Valhalla and Skal uranium deposits. Resource drilling at Valhalla was completed in late October and a new resource estimate was compiled and announced in the previous quarterly report. A short drilling program at Skal was completed in December and a new resource estimate has now been completed. The Environmental Baseline Study is continuing. Late in the quarter resource definition drilling was recommenced at Valhalla following a protracted wet season.

New Resource Estimation for Skal Deposit

At Skal a total of 13 RC holes including 2,670m and 3 diamond core holes totalling 463m were completed during the December quarter. The drilling was designed to test additional resource potential at Skal East, which had previously been identified by geological mapping and associated ground geophysical surveys, as well as depth extensions at Skal South.

At Skal East, located approximately 300m east of Skal North and South, drilling has identified a new uranium mineralisation zone in north-east trending albites along a strike length of 250m. The centre of the mineralisation is up to 30m thick narrowing to the north and south.

Two of the three holes planned for the extension drilling at Skal South were completed, with the pre-collar for the third prior to the onset of the wet season. It is anticipated that the diamond extension for this hole will be undertaken when drilling activities return to the Skal area following completion of the current Valhalla drilling.

An initial resource estimation for the Skal East deposit has now been completed and is reported below. The resource dataset is comprised of both geochemically assayed grades and downhole gamma logging derived grades following application of appropriate calibration factors. The resource has been classified as Inferred due to the current drilling density. A drill programme has been planned to both infill and extend this promising area as well as add depth and continuity extensions to the adjacent Skal South deposit. It is expected that the resource estimation following this drilling will allow for the re-classification of the Skal resources to higher categories.

Skal East Mineral Resource at 250ppm U_3O_8 Cut-off

	Mt	Grade ppm U_3O_8	Tonnes U_3O_8	Mlb U_3O_8
Inferred Resources	**3.9**	**455**	**1,779**	**3.9**

Skal (All deposits) Mineral Resource at 250ppm U_3O_8 Cut-off

	Mt	Grade ppm U_3O_8	Tonnes U_3O_8	Mlb U_3O_8
Inferred Resources	**11.5**	**483**	**5,560**	**12.3**

Overall Paladin attributed Mineral Resources in Mount Isa Projects

The total JORC Resources under Summit and Paladin management in the Mount Isa region now 55.4Mlb U_3O_8 Measured and Indicated Resources and 51.2Mlb U_3O_8 Inferred Resources. Of this 50.5Mlb U_3O_8 Measured and Indicated Resources as well as 45.4Mlb U_3O_8 Inferred Resources (which includes the Fusion mineral resources) are attributable to Paladin. 68% of the Mineral Resources are located at Valhalla; the rest is distributed over the Bikini, Skal, Andersons, Watta orebodies, Duke Batman and Honey Pot.

Details are as follows:-

Individual JORC compliant Mineral Resource figures for the Mount Isa area quoted on 100% basis.

Deposit		Measured and Indicated Resources			Inferred Resources			Paladin Share
	Cut-off ppm U_3O_8	Mt	Grade ppm	t U_3O_8	Mt	Grade ppm	t U_3O_8	
Valhalla	230	27.80	891	24,765	7.3	799	5,863	**91.0%**
Skal	250				11.5	483	5,560	**91.0%**
Bikini	250				10.1	517	5,200	**82.0%**
Andersons	230				2.0	1,050	2,100	**82.0%**
Watta	230				4.2	410	1,720	**82.0%**
Duke Batman	250	0.5	780	388	1.6	630	1,016	**100%**
Honey Pot	250				2.6	700	1,799	**100%**
Total		**28.30**	**889**	**25,153 (55.4Mlb)**	**39.3**	**591**	**23,258 (51.2Mlb)**	
Total Resource Attributable to Paladin		**25.80**	**889**	**22,924 (50.5Mlb)**	**34.5**	**597**	**20,606 (45.4Mlb)**	

Pre-Feasibility Study

Work has continued on the Pre-Feasibility Study (PFS) for the Valhalla Uranium Project. Encouraging results have been achieved by the on-going metallurgical testwork program and a preliminary flowsheet has been developed. Further testwork is currently being planned to refine this flowsheet and confirm key operating parameters.

This PFS is scheduled for completion during the next quarter.

MOUNT ISA NORTH URANIUM PROJECT (100% Summit – Paladin 81.9% shareholder)

Exploration continues on Summit's 100% owned Mount Isa North Project where Summit holds 1,938km^2 of applications and granted tenements that are prospective for uranium, copper and base metals. The tenements are centred on the city of Mount Isa. The project includes the Bikini, Watta and Anderson uranium deposits as well as numerous other uranium prospects.

Detailed geological and geophysical groundwork has been completed at the Bikini deposits, which include the Woomera and Mirrioola Prospects to the north and south of Bikini. A drilling program has been planned for both Bikini and Woomera where new targets have been identified. A significant ground mapping programme at the Andersons deposit has identified a number of additional mineralised zones and a limited number of RC holes have been planned to test these targets.

The detailed evaluation of the airborne radiometric and regional gravity data has identified 207 anomalies for follow up work of which 51 are considered priority 1. This work has now started following the cessation of the rains which has allowed for easier ground access to some of the more remote areas.

CORPORATE

Paladin Invests in NGM Resources Limited

During the March quarter Paladin announced it had agreed to invest $500,000 at 2.5c per share in ASX listed NGM Resources Limited (NGM) to allow it to work on its Niger uranium concessions. Details of the transaction are contained in the ASX release dated 20 March 2009.

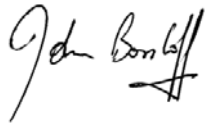
Senior Corporate Appointment

The Company is pleased to announce the appointment of Mr Justin Reid to a senior management position, working within the corporate area. His role will provide additional senior in-house strength and expertise heading a special unit reporting directly to the CEO. He will be working with other executive team members focussing in particular in the area of mergers and acquisitions, post acquisition implementation and high level institutional investor management.

Mr Reid has over ten years' experience within the mining and finance industry and since 2004 has been a Director and Senior Mining Analyst with Cormark Securities Inc., one of Canada's leading independent brokerage firms. Whilst there, Mr. Reid gained a reputation for his astute analysis of the uranium market and related securities. He will relocate from Toronto and be based in Head Office in Perth, Western Australia, commencing 15 June, 2009.

Mr Reid began his career in a geological role with Cominco Ltd (then Teck-Cominco), focusing on international base metal and development projects within North and South America. He holds a Bachelor of Science in Geology from the University of Regina, a Master of Science in Geology from the University of Toronto, and a Master of Business Administration from The Kellogg School of Management at Northwestern University.

Yours faithfully
Paladin Energy Ltd



JOHN BORSHOFF
Managing Director/CEO

Declaration

The information in this announcement that relates to Exploration, Mineral Resources and Ore Reserves is based on information compiled by Eduard Becker B.Sc, David Princep B.Sc and Andrew Hutson B.E., all of whom are members of the AusIMM. Messrs Becker, Princep and Hutson each have sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity that he is undertaking to qualify as Competent Persons as defined in the 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves", and as a Qualified Person as defined in Canadian National Instrument 43-101. Messrs Becker, Princep and Hutson are full-time employees of Paladin Energy Ltd and consent to the inclusion of the information in this announcement in the form and context in which it appears.