



PALADIN ENERGY LTD

ACN 061 681 098

30 July 2009

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

QUARTERLY ACTIVITIES REPORT FOR PERIOD ENDING – 30 JUNE 2009

HIGHLIGHTS

- Langer Heinrich quarterly production sustained above nameplate at 685,874lb and marginally up on the March 2009 quarter.
 - recoveries achieved for the June 2009 quarter were significantly higher than the March quarter (74.5%) averaging more than 82%,
 - sales during the quarter of 445,000lb at an average price of US\$51.27/lb U₃O₈ for a total revenue of US\$22.8M.
 - Langer Heinrich Stage II construction expected to be completed in July 2009. Construction and commissioning commenced during the quarter and is 95% complete. New nameplate of 3.7Mlb is expected to be achieved during the September quarter.
 - Langer Heinrich Stage III expansion go ahead approved by the Board. Production budgeted to increase to 5.2Mlb from December 2010 quarter at an estimated capital cost of US\$71M.
 - Kayelekera in its final stages of commissioning and commenced ramp-up during the June 2009 quarter. Commercial production should be achieved during the September 2009 quarter.
 - FY2009 total production was up 60% on the previous year at 2,737,572lb. A combination of commissioning and ramp-up delays now resolved caused the shortfall to targeted production of 3Mlb for the year. Paladin maintains its production target of 6.6Mlb for FY2010.
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PRODUCTION GUIDANCE FOR LANGER HEINRICH AND KAYELEKERA URANIUM PROJECTS

During the quarter, both the Langer Heinrich and Kayelekera Projects were undergoing parallel commissioning and ramp-up activities with each site presenting its own challenges. At Langer Heinrich, the integration of Stage II with Stage I introduced additional downtime but despite this the plant was still able to exceed Stage I nameplate production confirming the robustness of base plant capacity. It is anticipated, however, that the ramp-up to Stage II will be relatively quick as competent operations personnel are all familiar with the equipment being introduced. At Kayelekera, a modern Resin-In-Pulp (RIP)/elution plant with no analogue outside of Russia, commissioning and ramp-up was started on what is basically a new process and will require some optimisation throughout ramp-up in addition to dealing with the normal issues of starting up a new plant.

These delays in ramp-up have had a negative impact on production during the early part of the start-up phases although by the end of June both projects essentially have reached the desired performance in their respective ramp-up schedules. Teething problems and longer than expected commissioning start-up issues has caused approximately a 2 month delay on the Paladin production schedule. This caused a marginal production shortfall from Langer Heinrich and Kayelekera of about 262,000lb U₃O₈ to end June 2009 resulting in an overall production total from both projects of 2,738,000lb U₃O₈ (including 34,600lb from Kayelekera) as opposed to the forecast of 3,000,000lb.

The positive outcome has been that both projects essentially are back on schedule and the Company is confident that with the late June/early July trend of improvement, the stated 12 month production to June 2010 of 6.6Mlb U₃O₈ will be achieved.

LANGER HEINRICH URANIUM PROJECT, Namibia (Paladin 100%)

Production

Langer Heinrich exceeded Stage I nameplate design production for the fourth consecutive full quarter with 693,116lb U₃O₈ produced versus 650,000lb U₃O₈ for nameplate (i.e. 6% above design). Production for the 12 months ending June 2009 amounted to 2,702,972lb, 200,000lb below a target which had been based on an earlier completion of the Stage II expansion. However, the operation did successfully produce an annual surplus of 102,856lb above original plant design capacity, in spite of the construction/operational interfaces associated with Stage II construction. A similar approach will be taken for the Stage III expansion to minimise operational interference.

Crushed tonnes for the quarter amounted to 385,704t with an average mine grade of 933ppm U₃O₈.

Langer Heinrich surpassed project life production of 4,000,000lb in early May 2009.

Sales

Sales in the quarter were 445,000lb U₃O₈ at a value of US\$22.8M, representing an average sales price of US\$51.27/lb U₃O₈. The planned inventory build foreshadowed in the last quarterly report is continuing.

Mining

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

Process Plant

The process plant efficiency was much improved over the quarter as a result of improved settling in the Counter Current Decantation (CCD) circuit and increased Ion Exchange (IX) capacity. Monthly recoveries for the period were consistent and achieved an overall recovery of 82.3% vs the 74.5% for the previous quarter.

	April	May	June	Quarter
Recovery %	82.6	82.0	82.5	82.3%

In late June, a seventh stage CCD thickener was commissioned which is to be followed up with the installation of a second clarifier/sand filter stage. These two implementations plus improvements to the bi-carbonate circuit control should further improve plant recovery.

IX continues to provide challenges, however, process improvements identified by in-house studies are in the process of being installed and are expected to improve efficiencies in this area.

Precipitation and drying performance remain well above design rates and product specifications continued as always to meet customer demands.

Lender's Tests and Construction Practical Completion

As reported subsequent to the June quarter, Langer Heinrich has successfully met all conditions related to its project finance loan Completion Test. Additionally, the previously outstanding construction related condition of leach tank lining remediation has been satisfied enabling the declaration of construction practical completion. As a result of achieving completion, the interest margin on the outstanding Langer Heinrich project finance debt will reduce by 1% per annum and the loan becomes non-recourse to Paladin Energy Ltd.

Tailings

Current emphasis is on the design and construction of extensions to the berm walls of the existing temporary tails facility. The design of a new tailings facility to the west of the plant is in progress. This facility will be utilised for thickened tailings placement up to approximately Year 2015 after which further in-pit deposition is envisaged. Preliminary designs have been completed and various options are currently under review. A construction schedule for the facility will soon result from this work.

Stage II Upgrade Progress

The Stage II expansion to 3.7Mlb pa U_3O_8 began commissioning during the quarter starting with the expanded IX circuit. Additionally, the complete slurry leaching circuit was commissioned at the end of June, which is expected to quickly bring the Stage II anticipated production levels into line. There was a 2 month slippage in the production ramp-up schedule largely as a result of delayed piping deliveries but this has now been over-come.

In July, the critical second Leach circuit was placed on-line, which immediately resulted in a step change in production capacity. The relatively small portion of Stage II construction remaining to be completed in July, including the crusher recycle and new dryer equipment, will not materially affect the operation's ability to produce at Stage II levels for the remainder of the September quarter.

Stage III Upgrade

As announced 30 June 2009, the go-ahead for the Stage III expansion was approved by the Board with the following design parameters:

- Nominal production to increase to 5.2Mlb pa U_3O_8 with a targeted completion during the December 2010 quarter.
- Minimised capital cost now estimated at US\$71M with no significant additional infrastructure required. Adoption of this new expansion concept has achieved 87% of the originally stated production utilising only 41% of the originally planned capital expenditure.
- Payback 15 months based on current U_3O_8 term pricing.
- Mine life maintainable for approximately 20 years.
- Potential exists for further expansion.

The Stage III expansion was developed based upon maximum utilisation of the current water allowances such that the increased production target was not vulnerable to delays in achieving additional water supply.

At the expanded U_3O_8 production rate of 5.2Mlb pa, the existing resource, based on the Resource and Reserve statements released to the ASX and TSX on 28 May 2008 and 26 September 2008 respectively, is expected to sustain a mine life in excess of 20 years at 800ppm. After this, the project will have available 40Mt of low grade stockpiles at 350ppm U_3O_8 for which a mining model is expected to be determined. Processing options for this material are also being investigated.

The Stage III flow sheet will involve a number of upgrades in the processing plant, particularly:

- Crushing & scrubbing - a complete second feed line with minor increases to the existing screening plant.
- Leaching - one additional tank (with heat exchangers etc).
- CCD Thickening – two additional units.
- IX circuit – additional adsorption and elution capacity.

Stage III expansion is expected to take 15 months to complete.

The implementation schedule is driven largely by the procurement and delivery of the new scrubber, likely to take approximately 12 months. Efforts are therefore currently focusing on achieving an early placement of the scrubber purchase order.

In addition, as part of full life-of-mine planning the existing Environmental Impact Assessment (EIA) is being updated to include this and other potential future site facilities currently under consideration. Final approval of the new EIA and subsequent permitting is anticipated by the end of the September 2009 quarter. This is expected to have minimal impact on the overall schedule as detailed engineering will be undertaken in the interim period.

Although the Stage III annual production is now scheduled for 5.2Mlb instead of the original planned 6.0Mlb the Company is confident that water availability through desalination will improve by end 2011 thereby allowing further expansion possibilities.

The expansion model adopted by Paladin for Stage III provides an excellent basis for further progressing and expanding the Langer Heinrich Uranium Project and the Stage III expanded project in itself will offer potential upside in terms of additional production capacity.

KAYELEKERA URANIUM PROJECT, Malawi (Paladin 85%)

The 3.3Mlb pa Kayelekera Uranium Project commenced final commissioning and ramp-up during the June quarter 2009. Commercial production is expected to be achieved during the September quarter with first production planned to be shipped out towards the end of the September 2009 quarter.

As previously reported, the mine was officially opened by the President of Malawi, His Excellency Dr Bingu wa Mutharika on 17 April. Commissioning and optimisation of the uranium process circuits is ongoing and production ramp-up has commenced with the plant initially operating in an intermittent mode during this phase. It is anticipated that the plant achieve 60%-70% design capacity during the September quarter.

Project Development

Final construction of the sulphuric acid plant is expected to be completed by late August with the remaining works now predominantly being the lagging and cladding of the completed acid process equipment, piping and vessels.

The construction workforce is being progressively demobilised with the intention of retaining several hundred Malawian workers for general landscaping and camp upgrade.

Detailed planning and scheduling of the earthworks for the lined decant pond and lift extension of the north wall of the tailing storage facility by the earthworks contractor has commenced with commissioning of the former planned in December 2009, prior to the next wet season.

The Malawi Government's road building contractor has sealed the first 13km section of the M26 public road from the town of Karonga to the mine site with the exception of two bridges and some culverts/drains which will be completed by the end of the year. Commencement of major road works on the final 19km section to the mine access road is planned to start in the next quarter. Road access to site remains non-problematic.

Operations – Commissioning and Ramp-up

With the uranium plant construction substantially complete and the commissioning in an advanced state, Paladin Operations has taken occupation and management control of the uranium plant during the quarter.

During the quarter, the plant operated under a stop-start philosophy to complete final commissioning including outstanding tie-ins and modification. The length of the operating periods is being gradually extended as work is completed and ramp-up bottlenecks are identified and resolved.

At quarter end, the Kayelekera employee workforce totaled 203 of which 70% were Malawian. The mining contractor has a total workforce of 183 people. Routine environmental and radiation monitoring continues along with the training of new staff and pit crews in these areas.

Production

Albeit still very much in its commissioning and ramp-up phase, Kayelekera produced 34,600lb during the June quarter.

Mining

Open pit mining activities, operating on a single daily shift, continued to focus on pit development. Several benches are now developed and the ore body has been fully exposed across the width of the pit. A total of 223,200t of ore grading 1,195ppm U_3O_8 and 740,835t of waste were removed from the pit in this quarter with a total of approximately 2.37Mt mined from the area since operations began in 2008. The mine is planned to go to a two shift operation in July.

Process Plant

The Kayelekera processing plant is the first of its kind to be built outside Russia and also employs new equipment and processes which will require some degree of refinement during the ramp-up period.

The crushing and milling circuits are generally operating problem free with the design grind being easily and consistently achieved. To date, mill throughput has been maintained at around 100-110t per hour as downstream sections are commissioned.

Most of the plant downtime to date has revolved around the RIP and elution circuits where some minor plant and equipment modifications have been made. These modifications include optimisation of screens, installing a few resized pumps with some piping and valve re-routing. These changes have improved plant operability such that throughput capacity is expected to reach 60%-70% by the end of the September quarter.

Project Financing - US\$167M Project Finance

All conditions precedent to enable drawdown under the project finance loan are complete. The only outstanding matter before this can occur is final approval on documentation from the Export Credit Insurance Corporation of South Africa ("ECIC"). This approval process is well advanced with final approval anticipated in the coming days. Once this is achieved, Paladin Africa Ltd will submit the first drawdown statement for US\$84.5M with these funds being reimbursed to Paladin Energy Ltd for funds spent on completing the project.

Exploration Activity

Resource extension drilling to the west of the Kayelekera open pit started in June. Currently 18 holes totalling 2,022m have been completed. Initial results indicate that the mineralisation continues to extend to the west. However, detailed studies of the completed drilling programme are needed to determine whether the mine life will be extended. Final results and a subsequent resource update are expected in the December quarter.

The initial drilling programme at the Mpata Prospect was completed in June. A total of 29 RC holes including 3,375m were drilled. Early results are encouraging, identifying two mineralised arkose units with significant intersections including:

Hole	From (m)	To (m)	Thickness (m)	Provisional Grade eU ₃ O ₈
MP31	23	29	6	400ppm
MP35	24	27	3	900ppm
MP49	14	19	5	450ppm

The results are currently being evaluated in detail for follow-up drilling.

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 Skäl orebodies. Last year's resource drilling programmes at both orebodies resulted in upgraded resource estimates. A new short drilling programme at Valhalla including geotechnical and metallurgical drilling was completed in early May and an updated resource is expected next quarter after all assay results have been received. A new drilling programme recently started at Skäl is expected to result in a new resource in the December quarter.

Pre-Feasibility Study

The purpose of the study was primarily to create a basis for determining resource requirements for a viable project and thereby provide some focus for exploration in the next 15-18 month. Secondly, it was to provide a framework for pursuing flow sheet optimisation and further improve project viability.

Final economic data is still to be collected, validated and analysed in detail however, a financial model has been developed using the data so far available and this has confirmed that a resource target of 100Mlb-120Mlb U₃O₈ is required for the project to achieve targeted financial criteria. With Valhalla, Skäl and Bikini all having significant potential for additional resources, plus the existence of numerous as yet untested targets along with the potential for additional resources offered by the Fusion acquisition, a resource target well above this target can be reasonably expected.

Valhalla Uranium Deposit

At Valhalla, the 2009 resource and geotechnical drilling completed 52 holes totalling 9,569m RC and 2,169m diamond core with a focus on resource definition at Valhalla South. Drill results at Valhalla South were generally favourable and defined several sub-parallel albitite-hosted mineralised zones with grades of 400ppm-600ppm U₃O₈ over strike lengths of 300m-600m at depths of 0m-300m. Total width of the mineralised area is up to 100m; individual uranium zones range in width from 10m-25m and dip 80°-85° to the west. Mineralisation remains open along strike to the south under the Barkly Highway. A step-out drill programme is planned to commence drilling in early 2010.

Skäl Uranium Deposit

The current drilling programme at Skäl completed 38 holes including 3,139m RC and 3,092m diamond core during the quarter.

Initial drill results from Skäl East are very encouraging. Drill intercepts include:

SRD0076B	124 – 166m/ 42m @ 1,107ppm U ₃ O ₈
SRD0078B	186 – 252m/ 66m @ 1,120ppm U ₃ O ₈
SRD0077C	196 – 220m/ 24m @ 1,030ppm U ₃ O ₈
SD0096	164 – 203m/ 39m @ 1,185ppm U ₃ O ₈
SD0096	225 – 251m/ 26m @ 1,187ppm U ₃ O ₈

Drill holes detailed above were drilled on a nominal 40m x 40m grid as infills and cover approximately 200m of strike length.

High grade zones >1,000ppm U_3O_8 occur in brecciated and albitised quartz veins with stockworks of dark grey veinlets with only minor zones of foliated albitite. True widths of mineralisation are 30m–35m at depths of 0m–200m. Initial interpretation shows a 10m–35m wide, near-vertical, NNE-striking mineralised zone over a strike length of 400m. Skål East drilling will be completed in July and further drilling is planned at Skål North and South before a new resource estimation, expected to be completed late in 2009.

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

Regional exploration, including follow-up work of the airborne radiometric survey, continues on Summit's 100% owned Mount Isa North tenements.

Field evaluation of airborne anomalies yielded positive results at five NS-striking albitised zones 5km–8km north east of the Andersons deposit. Uranium mineralisation is developed over strike lengths of 500m–750m and widths of 1m–5m with scintillometer readings of 10x–20x background. Follow-up mapping and ground surveys are currently being planned.

CORPORATE

Paladin increases investment in NGM Resources Ltd

Paladin has exercised its right to acquire a further \$300,000 worth of NGM Resources Ltd (ASX:NGM) shares increasing its stake in NGM to 16.7%. Funds are to be used to fund NGM's projects in Niger and for general working capital purposes.

Paladin added to MSCI Index

Effective 1 June 2009, Paladin Energy Ltd was added to the prestigious MSCI Global Standard Indices for Australia. This has resulted from their May 2009 Index Review.

MSCI is a leading global benchmark provider of equity (international and US), fixed income and hedge fund indices. MSCI provides global equity indices, which, over the last 30+ years, have become the most widely used international equity benchmarks by institutional investors.

Paladin added to Dow Jones African Titans 50 Index

Effective 19 June 2009, Paladin Energy Ltd was added to the Dow Jones Africa Titans 50 Index.

The Dow Jones Africa Titans 50 Index measures the stock performance of the 50 leading companies that are headquartered or generate the majority of their revenues in Africa.

MARKET COMMENTS

Despite the continuing favourable environment for nuclear power worldwide and long term uranium prices remaining at historically high levels, global uranium production only increased by 6.5% in 2008 compared with 2007 (51,837t U_3O_8 compared with 48,709t U_3O_8). Production in the two leading uranium countries, Canada and Australia, actually fell by 775t U_3O_8 . Conversely, Kazakhstan production rose by 28% to 10,050t U_3O_8 , edging Australia into third ranking, highlighting the increasing dependence of the nuclear power industry on non-traditional supply sources. The news that the former President and three Vice Presidents of Kazatomprom, the state-owned nuclear holding company, had been arrested on suspicion of irregularities concerning foreign investments in uranium resources has heightened concerns about security of supply in some sectors of the global industry. In contrast, uranium production in Namibia increased by 52% to 5,152t U_3O_8 making Namibia now the fourth-largest producer and drawing attention to Africa as a growing uranium supply source, in large part as a result of Paladin's success at Langer Heinrich in Namibia and more recently Kayelekera in Malawi.

The Ux spot price recovered from a recent low of US\$40/lb U₃O₈ in April 2009 to close at US\$52/lb U₃O₈ at the end of June. The long term indicator price eased from US\$70/lb U₃O₈ to US\$65/lb U₃O₈ in April and remained at that level during the quarter.

The small increase in global uranium production referred to above should be compared with world uranium requirements of 76,110t U₃O₈ in 2008. This will increase as new nuclear power plants are commissioned worldwide while simultaneously the contribution of secondary supply sources diminishes significantly over the next five years, exposing the increasing supply shortfall that will increasingly have to come from mining and which is expected to propel the market upwards in the future.

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.