



PALADIN ENERGY LTD

ACN 061 681 098

Ref: 150501

12 November 2009

By Electronic Lodgement

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

Dear Sir/Madam

September 2009 Quarterly Financial Report and MD&A

Attached please find Quarterly Financial Report for the three months ended 30 September 2009 including Report to Shareholders, Management Discussion and Analysis, Interim Financial Statements and Certifications as required in accordance with Canadian reporting requirements.

Yours faithfully
Paladin Energy Ltd

GILLIAN SWABY
Company Secretary



PALADIN ENERGY LTD

ACN 061 681 098

NEWS RELEASE

For Immediate Distribution

FINANCIAL REPORT FOR THE QUARTER ENDING 30 SEPTEMBER 2009

Perth, Western Australia – 12 November 2009: Paladin Energy Ltd (“Paladin” or “the Company”) (TSX:PDN / ASX:PDN) announces the release of its Financial Report for the quarter ending 30 September 2009. The Financial Report is appended to this News Release.

Quarter Ending 30 September 2009 Results

- Total production of 744,188lb for the quarter. The Langer Heinrich Mine produced 654,516lb as it transitioned to Stage 2 nameplate production (650,554lb for quarter to 30 September 2008). The Kayelekera Mine, which was hampered by slower than expected ramp-up produced 89,672lb.
- Stage 2 production levels at Langer Heinrich Mine are now almost being realised with October production of 276,757lb (90% of Stage 2 nameplate design).
- Cost of sales for three months to 30 September 2009 of US\$26/lb is lower than in the three months to 30 September 2008 of US\$27/lb reflecting improved operating performance at the Langer Heinrich Mine.
- Stage 3 expansion approved to further expand Langer Heinrich Mine production to 5.2Mlbpa with expected completion date set for the December quarter 2010.
- Uranium oxide sales for the quarter from Stage 1 of Langer Heinrich Mine 703,000lb U₃O₈ (2008: 878,000lb) averaging US\$54/lb (2008: US\$58/lb).
- Financial Year 2010 guidance revised to a range of 5.6Mlb to 6.1Mlb due to slower production ramp-up at Langer Heinrich Mine and Kayelekera Mine.
- Major new production expansion plans for Africa (increasing from 8.5Mlb pa to 13.8Mlb pa) to clearly establish Paladin as a Tier 1 producer. Stage 4 Langer Heinrich Mine expansion targeting 10Mlb pa (includes 1Mlb heap leach) with nameplate production planned by mid 2014. Kayelekera Mine optimisation to 3.8Mlb pa planned for late 2012.

Corporate:

- Profit and Loss

	3mths to 30 Sept 09 US\$M	3mths to 30 Sept 08 US\$M
Revenue	38.6	52.4
Gross Profit	14.9	22.0
Exploration and Evaluation Expenses	(5.1)	(3.6)
Corporate and Other	(8.6)	(10.1)
Finance Costs	(5.2)	(9.2)
Loss before Income Tax	(4.0)	(0.9)
Income Tax Expense	(16.0)	(4.2)
Net Loss after Tax (before minority interests)	(20.0)	(5.1)

November 12, 2009

- US\$374M private placement completed to fund M&A opportunities, progress Langer Heinrich Mine Stage 3 expansion and expand exploration and pre-development programs in Australia.
- Strong balance sheet at 30 September 2009 with US\$494.5M in cash invested with Australian banks with a minimum AA Standard & Poor's credit rating. US\$167M Project Financing facility completed for Kayelekera. Currently drawn to US\$132M.
- Paladin participated in placement by NGM Resources Limited to increase shareholding to 19.9% to allow it to work on its Niger uranium concessions.

Conference Call and Investor Update scheduled for 20:00 Perth / 7:00 Toronto Tuesday 17 November 2009. Details are included in a separate news release.

The documents comprising the Financial Report for the Quarter ending 30 September 2009, including the Report to Shareholders, Management Discussion and Analysis, Financial Statements and Certifications are attached and will be filed with the Company's other documents on Sedar (<http://www.sedar.com>) and on the Company's website (<http://www.paladinenergy.com.au>).

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PALADIN ENERGY LTD

A.C.N. 061 681 098

FINANCIAL REPORT

FOR THE QUARTER ENDING

30 SEPTEMBER 2009

For personal use only

PALADIN ENERGY LTD

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OVERALL SAFETY

The Kayelekera Mine suffered two fatalities in August and early October both related to mobile equipment/vehicles. The second fatality involved a bus overturning with 20 employees on board, which resulted in several additional injuries.

Paladin management has taken immediate actions to audit and, where necessary, improve safety throughout the organisation. Both Kayelekera and Langer Heinrich will initiate the National Occupational Safety Association (NOSA) system by mid November. NOSA, which combined with the strengthening safety culture at Langer Heinrich, is expected to consolidate the necessary improvements in safety performance at both sites.

Evidence clearly points to vehicle traffic as a major safety risk for both operations and Paladin Senior Management is committed to developing an appropriate safety regime also focussing on the Company's global transportation requirements.

LANGER HEINRICH MINE, Namibia**Production**

For the quarter, Langer Heinrich produced 654,516lb U₃O₈ (Stage 1 nameplate capacity), which was less than that of the previous quarter, due to interruptions from Stage 2 integration (plant tie-ins and equipment commissioning) and low equipment availability on the front end of the plant. At quarter end, all major Stage 2 integration had been completed and ramp-up to the Stage 2 production level was in progress. Although significant improvements to the scrubber units on the plant front end have been completed in the past, the 40% increase in tonnage necessitated adjustments to their operation and maintenance schedules, particularly for the liners. Additionally, the two new leach tanks in the second leach circuit required the replacement of faulty agitators.

Recent production figures indicate that Stage 2 levels are now almost being realised with October production of 276,757lb U₃O₈ (90% of Stage 2 nameplate design).

Sales

Sales for the quarter were 703,000lb U₃O₈ at a value of US\$38.3M, representing an average sales price of US\$54.48/lb U₃O₈.

Mining

Mining has continued in both Pit A and Pit D. A new pit, Pit F, which lays adjacent to the temporary tailings facility, will be prepared for mining early in 2010 to facilitate the planned tailings management systems and to provide an optimal blend of feed material to the plant.

The plant ore feed during the quarter was as follows:

	July	Aug	Sept	Total
Crushed tonnes, dry	130,436	141,434	151,086	422,956
Feed Grade, ppm	896	939	917	918

Process Plant

Process efficiencies were affected by the stopping and starting of the plant as Stage 2 equipment was brought on line and the processes fine-tuned. Despite these disruptions, an overall efficiency of 78.5% was achieved for the quarter. Scrub efficiency dropped from previous high levels but is expected to improve in October once the remaining upgrades to the screens are completed. Leach efficiency for the quarter was excellent (93.2%) despite the issues with the new agitators. Iron exchange (IX) efficiency was briefly affected by the carryover of solids from prepared reagent solutions that were not completely dissolved.

Tailings

Current emphasis is on the design and construction of extensions to the berm walls of the existing temporary tailings facility. The design of the first in-pit new tailings facility to the west of the plant is in progress with construction expected to commence in early 2010.

Preparation for the establishment of Pit F, adjacent to the temporary tailings facility, commenced during the quarter. Once mined out, this pit will be utilised for flood water control and rain water harvesting, thereby releasing Pit A and Pit B for tailings storage much earlier than previously planned.

Stage 2 Upgrade Progress

Despite some initial problems with scrubber availability, screen efficiency and leach agitators, the plant feed tonnage was increased during the quarter, particularly in the last half of September. Daily tonnages of over 6,000t per day have been achieved for 60% of this time (Stage 2 design is 6,453tpd) reaching close to 7,000t on occasions.

All outstanding items for Stage 2 commissioning have now been brought online, with the exception of a second dryer, which has no significance to current plant production. Difficulties experienced during the commissioning period included delays to front end installation, dust controls and pumping and piping issues from the new counter current decantation (CCD) thickeners.

All these issues have been addressed and resolved during the quarter and the Stage 2 production target is now expected to be achieved for this current December quarter.

Stage 3 Upgrade

In accordance with previously released information, the final design parameters have been set for a Stage 3 expansion on the following basis:

- Nominal production to increase to 5.2Mlb pa U_3O_8 (an increase of 1.5Mlb pa or 40% from the nominal Stage 2 level of 3.7Mlb pa)
- Target completion date set for the December quarter 2010
- Capital cost estimated at US\$71M
- No significant additional infrastructure

The flowsheet will involve a number of upgrades across the processing plant, particularly a second crushing & scrubbing feed line with increases to the existing screening plant, an additional leach tank (with heat exchangers etc), two additional CCD thickeners and expansion of the ion exchange circuit.

The Stage 2 expansion has already incorporated capacity for the Stage 3 expansion in the pre-leach thickening, precipitation, product drying and some reagent dosing facilities.

No upgrade to the water supply, nor expansion of the power supply facilities are necessary with ample grid and generator capacities already available.

Exploration Activity EPL3500

Exploration drilling on EPL3500, west of the Langer Heinrich Mining Lease, was undertaken during the quarter. A total of 27 RC holes, for 2,199m were drilled. All holes were downhole gamma logged and equivalent U_3O_8 grade values have been calculated.

The drilling succeeded in extending the Langer Heinrich mineralised palaeochannel by approximately 300m further west and the mineralisation appears to be still open in this direction. Better intersections included:

Hole	Depth From	Depth To	Intersection	Grade (ppm e U_3O_8)
EPL3	58	81	23	278
EPL4	54	62	8	738
EPL6	68	74	7	334
EPL7	66	75	7	258
EPL10	51	60	9	614

The intersections shown above were calculated using a cut off grade of 100ppm and a maximum width of internal waste of 1m. All holes were drilled on a nominal 100m x 50m grid.

KAYELEKERA URANIUM PROJECT, Malawi**Production**

Kayelekera production of 89,672lb for the quarter was hampered by a slower than expected ramp-up in July and August, however September results were improved and this upward trend should continue towards the anticipated nameplate production rates in the March 2010 quarter. Most significantly, the entire Resin-In-Pulp (RIP) circuit has now proven to be effective and with a number of mechanical availability issues rectified, the ramp-up should continue on-track.

The first shipment of product was trucked from Kayelekera to the Walvis Bay port (Namibia) in August, with a second shipment of two containers leaving site on 12 October. Sulphuric acid continues to be trucked to site as commissioning of the acid plant was delayed.

Project Development

Construction of the sulphuric acid plant was completed during the quarter. The acid plant is now producing and is in the final commissioning stage.

The construction workforce has been progressively demobilised with only a small workforce retained to complete work on the Tailings Storage Facility (TSF) and acid plant completion.

The Malawi Government's road building contractor continues to work on two bridges and some culverts/drains in the first 13km section of the M26 public road that was recently sealed. Work is on schedule to be completed in the next quarter. Major roadworks on the final 19km section to the mine access road have commenced.

Operations – Commissioning and Ramp-up

Ramp-up over the past quarter has been slower than anticipated due to mechanical availability of certain equipment (numerous pumps) and pipe work, which have been identified and are in the process of being replaced.

At quarter end, the Kayelekera employee workforce totaled 234 of which 71% were Malawian. The contractor workforce totaled 641 persons with the mining contractor, the largest single group, having 191 people.

Mining

A total of 246,400t of ore grading 1,364ppm U₃O₈ and 264,800t of waste were removed from the pit in this quarter. Currently there is about 700,000t of ore either on the Run of Mine (ROM) pad or exposed in the pit. The mining fleet, not required for open pit mining, has been mobilised to assist with the construction of the outstanding TSF wall.

Process Plant

The front end of the plant is still in the process of ramp-up with a temporary semi-mobile jaw crusher planned for installation to augment crushing requirements. The crushing/grinding circuit has been able to handle current throughputs in spite of some mechanical availability issues which are currently being addressed. This crusher is expected to be operational in November.

The RIP circuit has been working very well, showing a higher loading of resin than planned. The elution circuit, although initially problematic, is now operating at the design flow rate, with a few additional minor modifications to the system expected to further improve its operation.

The plant chemistry is performing well, and it is anticipated that once the outstanding issues mentioned above have been addressed, final plant ramp-up check throughout should be possible. Most of the rectification work is planned to be completed in the next quarter.

Electricity

The power station (10MW) is operating as expected with the final load test completed in August.

Exploration Activity

The 2008 reserve drilling at the mine site had shown that the mineralisation was not yet fully delineated, particularly to the north-west and west, and thus the potential existed to easily identify additional resources with further drilling which was expected to provide in-pit extensions.

To close off the western portion of the orebody, and better define the total resource, a 67 hole, 7,061m RC drilling programme was completed in August 2009. The results will be evaluated in the next quarter and a new resource statement for the Kayelekera orebody is expected late in 2009.

The drilling programme at Juma North included 25 RC holes totalling 3,915m. The drilling programme confirmed the presence of the prospective zones and oxidation states but has intersected only sub-economic uranium mineralisation to date. Drilling in 2010 will concentrate on the southern part of the area where further work is needed to better define appropriate targets and allow access for drill rigs.

OVERALL PRODUCTION GUIDANCE FOR FINANCIAL YEAR 2010

Langer Heinrich and Kayelekera continued ramp-up activities during the quarter and, although ramp-up was slower than anticipated, results continue to trend positively. Overall production for the September quarter was 744,188lb (764,527lb drummed) compared to a total of 727,716lb in June quarter. Overall, considerable progress has been made towards removing identified production bottlenecks and achieving nameplate production levels as evidenced by the recent Langer Heinrich production figures.

Previous guidance forecasting annual production rates for Paladin had been based on a faster ramp-up of production than has been realised to date. Significant progress has been made during the quarter and management is confident the main delays have been absorbed into this period. Through late September and October the Langer Heinrich Mine has successfully incorporated the Stage 2 equipment into operation and, with mining stockpiles healthy, the remainder of the financial year is expected to realise a further 2.8Mlb, which should result in a total yearly production of 3.45Mlb.

As a new production centre in ramp-up, Kayelekera is more difficult to forecast. Certainly the process plant has proven its flowsheet, and is well equipped to steadily increase throughput to required levels. The ore feed stockpiles are in excellent shape and thus an annual production of between 2.2Mlb and 2.6Mlb is expected.

For financial year 2010 guidance for overall production is forecast in the range of 5.6Mlb to 6.1Mlb, revised from the previously stated guidance of 6.6Mlb.

MAJOR NEW EXPANSION PLAN FOR LANGER HEINRICH AND KAYELEKERA, PRODUCTION INCREASE FOR 2012 to 2014

A major component of Paladin's stated strategy is focused organic growth through long term commitment and planning. This planned rigorous expansion programme which, when complete, is expected to place the Company firmly amongst the Tier 1 uranium producers. This development programme is expected to result in Paladin having an annual production of approximately 13.8Mlb pa U_3O_8 by mid 2014 from its African projects alone and will demonstrate a progressive increase in production beyond the Stage 3 expansion. (see Paladin news release of 30 June, 2009).

An extensive in-house study has examined a range of expansion options for Langer Heinrich and has determined that an increase in production to a level around 10Mlb pa U_3O_8 is sustainable for the current mineral resources, will add significant value to its flagship asset, and bring the project to an optimal performance level.

The Stage 4 investigation, initiated in 2008 during the Stage 3 expansion study period, looked at various production levels taking cognisance of the need to maximise value whilst maintaining a long-term production profile. It is believed that with current resources this balance can best be achieved by a plant production level of around 9Mlb pa, and a remaining mine life of 15 years. Investigations to date also suggest that this can be supplemented by a 1Mlb pa heap leaching facility.

The ROM operation is planned to crush approximately 8Mtpa at an average grade of 600ppm. This crushed ore will then be upgraded through an expanded scrubbing circuit to give a leach feed grade of around 920ppm. The heap leach feed material is expected to comprise 42Mt of low grade (175ppm) material.

Off-site infrastructure requirements include the installation of a second water supply pipeline and an upgrade to the existing electrical power supply line. Paladin does not believe that there will be any problems associated with sourcing both water and power as Namibia is planning on increasing the availability of both in the region within the envisaged project development time frame. The key will be to negotiate a reasonable cost base for the additional water and electricity requirements.

To develop the project further, Paladin will undertake a feasibility study, including environmental permitting, to be completed during calendar year 2010 in parallel with in-fill drilling designed to increase the confidence in the current inferred resources and expand the reserve base. This study is not expected to be difficult to complete as there is a vast amount of operational project data and in-house expertise now available across the key technical, environmental and financial areas to ensure its smooth development. This study would be followed by a 6-month approvals period and a 2 year design and construction period targeting mechanical completion by mid 2013. Ramp-up to nameplate is expected to take 12 months. The flowsheet for the main plant would essentially remain as present with substantial upgrades in all sections of the plant except for final packaging.

Onsite capital expenditure for the main plant has been estimated at +/-US\$300M whilst operating costs are estimated to be within the US\$25-\$30/lb range. Infrastructure costs will be determined in the feasibility study and structured financing options with third party ownership will be considered.

The capital cost for the heap leach facility has been estimated at +/-US\$50M with an OPEX of under US\$35/lb, and will undergo a detailed evaluation in parallel with the main feasibility study.

Langer Heinrich is currently in the process of ramping up its Stage 2 expansion to 3.7Mlb pa and implementation of Stage 3 to 5.2Mlb pa is scheduled for completion by late calendar 2010. This latest proposed expansion further emphasises Paladin's determination for organic growth and its long term commitment to uranium mining in Namibia.

In addition to its plans for Langer Heinrich, Paladin is to conduct an optimisation study at Kayelekera whereby it intends exploiting additional resources by extending the west wall of the current planned pit. This study will be targeting an increased production rate of 3.8Mlb pa (from current 3.3Mlb pa) with minimal capital requirement (estimated at US\$10-\$15M) by utilising existing excess capacity. It is expected this production rate will be achieved by late 2012.

Paladin's strengthened balance sheet, maturing producer status and strong in-house development capability make, in the opinion of management, an expansion of this nature a realistic and achievable target.

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

Valhalla Uranium Deposit

A resource estimate conforming to the JORC guidelines for the Valhalla uranium deposit has now been completed following validation and compilation of data from drilling undertaken earlier in the year. The estimate covers the original Valhalla deposit as well as the south eastern extension, Valhalla South.

The updated Mineral Resource estimate for the Valhalla uranium deposit is quoted using a cut-off grade of 230ppm U₃O₈.

	Mt	Grade ppm U ₃ O ₈	t U ₃ O ₈	Mlb U ₃ O ₈
Measured Resources	12.66	833	10,549	23.2
Indicated Resources	18.53	900	16,680	36.7
Total Measured & Indicated	31.20	874	27,229	60.0
Inferred Resources	5.2	859	4,494	9.9

(Figures in the table above may not add due to rounding)

Measured and Indicated Mineral Resources increased by 9.9% to 60.0Mlb U₃O₈ (27,229t U₃O₈) from previously announced 55.4Mlb U₃O₈ (25,153t U₃O₈). Total Resources increased from previous 67.5Mlb U₃O₈ to 69.9Mlb U₃O₈.

The main Valhalla deposit now has a strike length in excess of 1,100m with mineralisation extending from surface to a depth of over 650m. It is structurally controlled with a characteristic southerly plunge. Valhalla South is located approximately 600m along strike to the south-east of the main mineralised zone and has a strike length of at least 400m and appears open both along strike and at depth. Summit completed the planned drilling programme of 52 holes for 11,739m at both Valhalla and Valhalla South by the end of June 2009. These holes have been drilled on a nominal 80m x 40m grid pattern to infill the existing drill holes and replace some historic drill holes as well as extend the known mineralisation at Valhalla South along strike and at depth. The majority of these drill holes have been gamma logged down hole and gyroscopically surveyed to obtain an accurate hole orientation using company owned equipment. The resource dataset is a combination of chemical assays and appropriately calibrated down hole gamma logging. Gamma derived grades have been validated against both XRF and chemical assay derived grades.

Skal Uranium Deposit

At Skal a total of 13 RC holes and 28 diamond core holes (for 5,724m) were completed by the end of June 2009 and this data has been validated and incorporated into the existing Skal dataset. The drilling was successful in confirming the resource potential at Skal East, located approximately east of Skal North and South.

Updated resource estimation for the Skal East deposit has now been completed and incorporated into the greater Skal Mineral Resource (detailed below). All Skal Mineral Resources conform to the JORC guidelines. The resource dataset used is a combination of chemical assays and appropriately calibrated downhole gamma logging. Gamma derived grades have been validated against both XRF and chemical assay derived grades. Whilst Skal East in particular has been closed off along strike there still appears to be potential for the resource to be open at depth in the centre. Drilling in the future will be targeted at confirming both the depth extensions to Skal East and North as well as depth and strike extensions to Skal South.

PALADIN ENERGY LTD

Report to Shareholders

September Quarter Report 2009

(All figures are in US dollars unless otherwise indicated)

Skal Mineral Resource

(Individual mineral resource figures are quoted on a 100% of project basis)

Updated Skal East Mineral Resource at 250ppm U₃O₈ Cut-off

	Mt	Grade ppm U ₃ O ₈	Tonnes U ₃ O ₈	Mlb U ₃ O ₈
Indicated Mineral Resource	4.3	575	2,458	5.4
Inferred Mineral Resource	0.8	448	348	0.8

The Skal East resources tabled above show the initial Indicated Mineral Resources estimated for the deposit and represent a 38% increase on the previously estimated Inferred Only resource of 3.9Mlb U₃O₈.

OVERALL PALADIN ATTRIBUTED MINERAL RESOURCES IN THE MOUNT ISA PROJECTS

The resource updates at Valhalla and Skal have resulted in a 19.7% increase in combined Measured and Indicated Mineral Resources. Resources at either 230ppm or 250ppm U₃O₈ cut-off grade at the Mount Isa Uranium Project including the updated Valhalla and Skal resources are now:

Deposit		Measured and Indicated Mineral Resources			Inferred Mineral Mineral Resources			Paladin Share
	Cut-off ppm U ₃ O ₈	Mt	Grade ppm	t U ₃ O ₈	Mt	Grade ppm	t U ₃ O ₈	
Valhalla	230	31.2	874	27,229	5.2	859	4,494	91.0%
Skal	250	4.3	575	2,458	8.4	491	4,129	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		36.0	837	30,075 (66.3Mlb)	34.1	600	20,458 (45.1Mlb)	
Total Resource Attributable to Paladin		32.8	836	27,373 (60.3Mlb)	29.9	604	18,049 (39.8Mlb)	

(Figures in the table above may not add due to rounding)

Total Measured, Indicated and Inferred Mineral Resources under management by Paladin in the Mount Isa region increased to 111.4Mlb (50,533t U₃O₈) from previous 106.6Mlb U₃O₈ (48,381t U₃O₈). Measured and Indicated Mineral Resources increased to 66.3Mlb U₃O₈ (30,075t U₃O₈ at 837ppm) from previous 55.4Mlb U₃O₈ (25,153t U₃O₈ at 889ppm).

BIGRLYI URANIUM JOINT VENTURE, Northern Territory - Australia (Paladin 42.06%, Energy Metals Ltd 53.74% Operator)

Following the updated resource estimate announced in May 2009 by Energy Metals, new mining studies indicated that additional open pit resources would be required to maintain the viability of the project at current uranium prices. Based on these assumptions a new budget was approved in July

2009 by the Joint Venture partners to concentrate on both resource extension drilling and a limited grade control study. These programmes commenced in August 2009.

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

The 2009 exploration and geotechnical drilling programme was completed during the quarter. A total of 111 holes including 8 large diameter geotechnical drillholes, were completed. A total of 27,017m has now been drilled at the project including 16,684m RC and 10,333m diamond core.

The data is currently being evaluated and a new geological model is in the process of being developed. All recent, and a significant proportion of the historic holes, have been down hole gamma logged in an effort to confirm historical values. After all confirmation assays have been received, a new resource model estimation is expected to be completed late in the March 2010 quarter.

Metallurgical samples totalling 79kg have been sent to the Cameco laboratories in Canada for scouting leach tests. This work is in the early stages and no results are yet available.

CORPORATE

US\$167M Project Finance Completed for Kayelekera

Paladin has drawdown US\$132M under the Kayelekera Project Financing Loan (Facility) to the end of September 2009.

The Facility is provided by a syndicate of banks made up of Société Générale, Standard Bank and Nedbank Capital, the same syndicate of banks that provided project finance for Langer Heinrich Stage 1. The US\$167M project finance package consists of; US\$145M Project Financing Facility – currently drawn to US\$132M, US\$12M Cost Overrun Facility – currently funded with US\$8M cash and US\$10M Performance Bond Facility.

US\$110M of the US\$145M project finance facility is backed by the Export Credit Insurance Corporation of South Africa.

A\$429M (US\$374M) Private Placement

Paladin completed an institutional private placement during the quarter with RBC Capital Markets and UBS AG, Australia Branch acting as Global Joint Lead Placing Agents and Cormark Securities Inc., Dundee Securities Corporation and GMP Securities L.P. as Co-Managers to the placement. Azure Capital acted as Corporate Adviser to Paladin. A total of 93,450,000 ordinary shares were issued raising A\$429M at a price of A\$4.60 per share. The pricing represented a small discount of 0.5% to the Company's 5 day VWAP.

Participation in A\$5.3M placement by NGM Resources Limited

Paladin has increased its shareholding in NGM from 16.7% to 19.9% by contributing A\$1.77M towards the placement. The placement was completed in two stages at A\$0.15 per share.

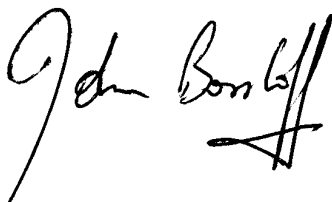
Market Comments

The Ux spot price moved from US\$52/lb U₃O₈ at the beginning of July to US\$42.75/lb U₃O₈ at the end of September reflecting a seasonal slowing of activity during the northern summer. Concerns about US Department of Energy proposed uranium sales added to market hesitancy in September before buyers returned in early October. The long term indicator price eased one dollar from US\$65/lb U₃O₈ (in April 2009) to US\$64/lb U₃O₈ at the end of August.

As the shock of the global financial crisis slowly recedes, governments are once again focussing on climate change and the forthcoming Copenhagen conference. The importance of nuclear power in a CO₂ constrained energy mix is now so widely recognised that the significant growth in nuclear power, which Paladin has long predicted, has moved from hypothetical to inevitable. The International Energy Agency's special paper prepared for the recent Bangkok UNFCC meeting identifies a doubling of nuclear capacity by 2030 in its "450ppm CO₂ Scenario" and specifically calls for "...a much faster roll-out of renewables and nuclear..." amongst other strategies. Similarly both the World Nuclear Association and the International Atomic Energy Agency have recently revised upwards their forecast of nuclear capacity in 2030 significantly from their earlier reports in 2007 and 2008 respectively.

In Europe, the change in attitude towards nuclear is reflected in the new German Government's plan to review and abandon the German nuclear phase-out policy, and the recent decision by Belgium to offer a ten year lifetime extension for existing nuclear plants. Even Greenpeace UK has dropped its anti-nuclear position in its recent climate change manifesto.

Yours faithfully
Paladin Energy Ltd



JOHN BORSHOFF
Managing Director/CEO

PALADIN ENERGY LTD

Management Discussion and Analysis For the Quarter Ended 30 September 2009 (All figures are in US dollars unless otherwise indicated)

The following Management Discussion and Analysis ("MD&A") for Paladin Energy Ltd ("Company") should be read in conjunction with the Report to Shareholders and the Consolidated Financial Statements for the quarter ended 30 September 2009. The effective date of this report is 12 November 2009.

The financial information presented in this MD&A has been prepared in accordance with applicable International Financial Reporting Standards (IFRS), other mandatory professional reporting requirements and the Corporations Act 2001. Applicable Accounting Standards include Australian Accounting Standards Board (AASB) 134 *Interim Financial Reporting*.

In addition to these Australian requirements further information has been included in the Consolidated Financial Statements for the quarter ended 30 September 2009 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 2009 and other public announcements are available at www.paladinenergy.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 Securities Exchange and additional listings on the Toronto Stock Exchange in Canada; Munich, Berlin, Stuttgart and Frankfurt Stock Exchanges in Europe; and the Namibian Stock Exchange in Africa.

PALADIN ENERGY LTD

Management Discussion and Analysis

*For the Quarter Ended 30 September 2009
(All figures are in US dollars unless otherwise indicated)*

The main activities undertaken during the quarter ended 30 September 2009 were:

- September quarter overall production of 744,188lb – small increase on last quarter.
 - Langer Heinrich plan to achieve Stage 2 production of 3.7Mlb pa for December 2009 quarter.
 - Kayelekera ramp-up behind schedule, however, design production of 3.3Mlb pa is still on target for March 2010 quarter.
- Financial Year 2010 guidance revised to a range of 5.6Mlb to 6.1Mlb due to slower production ramp-up at Langer Heinrich and Kayelekera.
- Sales of 703,000lb at an average price of US\$54.5/lb for revenue of US\$38.3M for the September 2009 quarter.
- Major new production expansion plans for Africa (increasing from 8.5Mlb pa to 13.8Mlb pa) to clearly establish Paladin as a Tier 1 producer.
 - Stage 4 Langer Heinrich expansion targeting 10Mlb pa (includes 1Mlb heap leach) with nameplate production planned by mid 2014.
 - Kayelekera optimisation to 3.8Mlb pa planned for late 2012.
- US\$374M private placement completed.
- US\$167M Project Finance Completed for Kayelekera
- Increased shareholding in NGM Resources Limited

PALADIN ENERGY LTD

Management Discussion and Analysis

For the Quarter Ended 30 September 2009
(All figures are in US dollars unless otherwise indicated)

INCOME STATEMENT

	Quarter Ended 30 September	
	2009 US\$M	2008 US\$M
Revenue	38.6	52.4
Gross profit	14.9	22.0
Exploration and evaluation expenses	(5.1)	(3.6)
Other expenses and income	(8.6)	(10.1)
Finance costs	(5.2)	(9.2)
Income tax expense	(16.0)	(4.2)
Minority interests	0.6	0.4
Loss after tax attributable to the ordinary equity holders of the Company	(19.4)	(4.7)
	US\$	US\$
Loss per share - basic & diluted	(0.03)	(0.01)

Quarter Ended 30 September 2009

References to 2008 and 2009 refer to the equivalent 3 months ended 30 September 2008 and 2009 respectively.

Revenue from Continuing Operations decreased to US\$38.6M in 2009 as a result of decreased sales of uranium of US\$38.3M (2008: US\$51.0M). All sales for 2008 and 2009 relate to Stage I of Langer Heinrich Mine (LHM). Total sales volume for the quarter was 703,000lb U₃O₈ (2008: 878,000lb) and total production for the quarter by LHM was 654,516lb U₃O₈ (2008: 650,554lb). The average realised uranium sales price in 2009 was US\$54/lb U₃O₈ (2008: US\$58/lb).

Total production for the quarter by Kayelekera Mine (KM) was 89,672lb U₃O₈ (2008: Nil).

Interest income decreased to US\$0.2M (2008: US\$1.3M) as a result of lower cash and cash equivalents for most of the quarter.

Gross Profit in 2009 of US\$14.9M is lower than in 2008 as a consequence of decreased uranium sales. The cost of sales decreased in 2009 to US\$26/lb U₃O₈ (2008: US\$27/lb).

Exploration and Evaluation Expenditure of US\$5.1M in 2009 related predominantly to the Valhalla/Skal, Isa North, Bigriyi, Angela, LHM and KM projects. Of this total, US\$1.2M was spent on the Valhalla/Skal joint venture project.

PALADIN ENERGY LTD

Management Discussion and Analysis

For the Quarter Ended 30 September 2009
(All figures are in US dollars unless otherwise indicated)

Other Expenses and Income have remained relatively unchanged at US\$8.6M despite a US\$1.2M foreign exchange loss in 2009 compared to a US\$2.3M foreign exchange gain in 2008. This was offset by the recognition of an impairment of the Paladin Nuclear Ltd inventory of US\$3.7M in the September 2008 quarter.

Finance Costs have decreased by US\$4M to US\$5.2M despite increased average borrowings year on year due to a proportion of the interest payable on the convertible bonds being capitalised as part of the construction of KM. Finance costs relate primarily to interest payable on the US\$250.0M convertible bonds issued 15 December 2006 and the US\$325.0M convertible bonds issued 11 March 2008.

Income Tax Expense of US\$16.0M is predominantly attributable to the foreign exchange movement on the translation of property, plant and equipment and tax losses in Namibia and Malawi.

Minority Interests credit of US\$0.6M has been recorded in 2009 attributable to the 18.0% interest in Summit held by third parties and the 15% interest in Paladin (Africa) Ltd (PAL) held by the Government of Malawi.

The *Loss after Tax* for 2009 of US\$19.4M was higher than the loss after tax for 2008 of US\$4.7M predominantly as a result the lower contracted sales and the higher income tax expense due to improved operating profitability at LHM.

Summary of Quarterly Financial Results

	2009 Sep Qtr US\$M	2009 Jun Qtr US\$M	2009 Mar Qtr US\$M	2008 Dec Qtr US\$M
Total revenues	38.6	23.2	25.0	14.2
(Loss)/profit after tax	(19.4)	2.1	(6.8)	(470.8)
Basic and diluted loss per share	(0.03)	-	(0.01)	(0.76)
	2008 Sep Qtr US\$M	2008 Jun Qtr US\$M	2008 Mar Qtr US\$M	2007 Dec Qtr US\$M
Total revenues	52.4	38.9	15.3	19.4
Loss after tax	(4.7)	(1.9)	(8.4)	(11.2)
Basic and diluted loss per share	(0.01)	(0.01)	(0.01)	(0.02)

Total revenues for the quarters ended September, June and December are lower than the comparative quarters due to shipping and contracted sales schedules.

Total revenue for the quarter ended March has increased when compared to the equivalent comparative quarter as a result of higher contracted sales of uranium.

All contracted sales are made in accordance with delivery schedules agreed with each customer from time to time and, as a result, delivery quantities and revenues are not evenly distributed between quarters.

Loss after tax has increased for the quarter ended September when compared to the equivalent comparative quarter as a consequence of the decrease in gross profit due to the lower contracted sales.

PALADIN ENERGY LTD

Management Discussion and Analysis

For the Quarter Ended 30 September 2009
(All figures are in US dollars unless otherwise indicated)

A profit after tax was recorded for the June 2009 quarter due to the loss before tax for the quarter being offset by a tax benefit recognised for LHM. Total revenues for the quarter ended June decreased when compared to the equivalent comparative quarter as a consequence of lower contracted sales.

Loss after tax has decreased for the quarter ended March when compared to the equivalent comparative quarter as a consequence of the increase in gross profit due to the improving production at LHM and higher contracted sales.

Loss after tax for the quarter ended December is higher than the comparative quarter predominantly as a result of the recognition of an impairment of the Mount Isa exploration and evaluation asset of US\$527.642M net of the deferred tax liability.

Loss Per Share

The Loss per Share noted on the Income Statements reflects the underlying result for the specific reported periods and the additional shares issued in 2009 compared to 2008.

Segment Disclosure (refer to Note 3)

In the Namibian geographical segment the Company reflected a lower profit before tax and finance costs than in 2008 of US\$11.8M as a consequence of lower contracted sales volumes. The Malawian geographical segment loss before tax and finance costs of US\$0.2M relates to exploration and evaluation expenditure and corporate costs which are partially offset by a foreign exchange gain. In the Australian geographical segment the Company reflected the remaining Income Statement activities.

STATEMENT OF COMPREHENSIVE INCOME

	Quarter Ended 30 September	
	2009 US\$M	2008 US\$M
Net loss after tax from operations	(20.0)	(5.1)
Net loss on available for sale financial assets	(1.6)	(6.4)
Foreign currency translation	55.4	(200.4)
Income tax on items of other comprehensive income	(1.0)	(1.2)
Total comprehensive income/(loss) for the period	32.8	(213.1)

Quarter Ended 30 September 2009

References to 2008 and 2009 refer to the equivalent 3 months ended 30 September 2008 and 2009 respectively.

Net Loss after Tax from Operations is discussed under the Income Statement section and is an increase in the loss in the comparative period.

PALADIN ENERGY LTD

Management Discussion and Analysis

For the Quarter Ended 30 September 2009
(All figures are in US dollars unless otherwise indicated)

Net Loss on Available for Sale Financial Assets in 2009 of a US\$0.6M decrease primarily relates to the revaluation decrement in Deep Yellow Ltd (DYL) (net of tax and foreign exchange movements) attributable to the small decrease in DYL share price.

Foreign Currency Translation relates to the foreign currency translation reserve movement as a result of the translation of subsidiaries with Australian dollar functional currencies into the Company presentation currency of US dollars on an ongoing basis and for the comparative period.

STATEMENT OF FINANCIAL POSITION	30 September 2009 unaudited US\$M	30 June 2009 audited US\$M
Total current assets	614.0	182.0
Total non current assets	1,384.0	1,281.5
Total assets	1,998.0	1,463.5
Total current liabilities	84.0	91.3
Total non current liabilities	883.4	741.0
Total liabilities	967.4	832.3
Net Assets	1,030.6	631.2

Current Assets have increased to US\$614.0M at 30 September 2009 due to an increase in cash and inventories which is partially offset by a decrease in trade receivables.

Cash and cash equivalents has increased to US\$494.5M at 30 September 2009 as a result of US\$364.5M net proceeds from the share placement and US\$132.0M proceeds from the drawdown of KM project finance facilities and by US\$10.9M cash inflow from LHM operations. This has been partially offset by expenditure on the construction of KM and Stage II expansion at LHM, exploration and evaluation project expenditure, additional NGM share investment, finance costs and corporate costs for the quarter ended 30 September 2009.

The cash and cash equivalents is currently invested over a range of maturities with Australian banks with a minimum AA Standard & Poor's credit rating.

Trade and other receivables have decreased to US\$25.7M during the quarter ended 30 September 2009. Trade receivables have decreased by US\$13.2M reflecting the timing of deliveries and therefore recognition of sales as compared to June 2009. This has been partially offset by an increase in GST/VAT receivable and prepayments.

Inventories have increased to US\$92.8M at 30 September 2009 as a result of higher production levels compared to contracted sales volumes during the three months ended 30 September 2009. Finished goods at cost as at 30 September 2009 have increased by US\$3.7M to US\$42.3M. No

PALADIN ENERGY LTD

Management Discussion and Analysis

For the Quarter Ended 30 September 2009
(All figures are in US dollars unless otherwise indicated)

inventory has been recognised for KM as the project was in ramp-up as at 30 September 2009. All contracted sales are made in accordance with delivery schedules agreed with each customer from time to time and, as a result, delivery quantities and revenues are not evenly distributed between quarters.

During the September 2008 quarter, the uranium held by Paladin Nuclear Ltd, the Company's marketing entity, was reduced to net realisable value resulting in an impairment loss of US\$3.7M. There were no further adjustments made to the uranium held by Paladin Nuclear Ltd.

Non Current Assets have increased to US\$1,384.0M at 30 September 2009 primarily as a result of the foreign exchange movement on the Australian dollar denominated exploration assets and capital expenditure at LHM and KM. Following a review of KM's capitalised construction work in progress there was a reallocation of US\$23.8M to mine development to more accurately reflect the nature of the expenditure.

Current Liabilities have decreased from US\$91.3M to US\$84.0M at 30 September 2009 primarily as a result of reduced construction activities at KM.

Non Current Liabilities have increased from US\$741.0M to US\$883.4M at 30 September 2009 primarily as a result of the US\$132.0M the drawdown of KM project finance facilities.

Segment Disclosure (refer to Note 3)

In the Statement of Financial Position as at 30 September 2009, the Company reflected a decrease in the Australian geographical segment assets and liabilities for the year as a result of the impairment in the carrying value of Mount Isa exploration and evaluation asset which was partially offset by an increase in cash and cash equivalents. For the Namibian geographical segment an increase occurred in the year in assets and liabilities due to the Stage II expansion, operations and exploration and evaluation activities for LHM. For the Malawian geographical segment, an increase occurred in the year in the assets and liabilities as a result of mine construction and exploration and evaluation activities for KM.

STATEMENT OF CHANGES IN EQUITY

	Quarter Ended 30 September	
	2009 US\$M	2008 US\$M
Total equity at the beginning of the financial period	631.2	1,429.3
Total comprehensive income/(loss) for the period	32.8	(213.1)
Recognised value of unlisted employee options	2.7	3.5
Contributions of equity, net of transaction costs	363.9	3.4
Total Equity at the End of the Financial Period	1,030.6	1,223.1

Total Comprehensive Income for the Quarter Ended 30 September 2009 is discussed under the Statement of Comprehensive Income section.

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Management Discussion and Analysis

For the Quarter Ended 30 September 2009
(All figures are in US dollars unless otherwise indicated)

Recognised Value of Unlisted Employee Options in 2009 of a US\$2.7M. During the quarter no employee options were exercised or granted, 177,000 were forfeited with an exercise price of A\$4.50 per share and 1,000,000 expired with an exercise price of A\$5.50.

Contributions of Equity in 2009 of a US\$363.9M increase relates to the share placement of 93,450,000 shares. The number of fully paid ordinary shares on issue at 30 September 2009 is 717,142,802, an increase of 93,450,000 during the quarter.

Share options of 14,050,455 remain outstanding at 30 September 2009 to the employees and consultants directly engaged in corporate, mine construction, operations, exploration and evaluation work.

STATEMENT OF CASH FLOWS

	Quarter Ended 30 September	
	2009 US\$M	2008 US\$M
Net cash (outflow)/inflow from operating activities	(9.0)	11.3
Net cash outflow from investing activities	(51.6)	(71.4)
Net cash inflow from financing activities	489.1	3.0
Net increase/(decrease) in cash held	428.5	(57.1)
Cash at the beginning of the financial period	66.2	337.6
Effects of exchange rate changes	(0.2)	(0.8)
Cash at the End of the Financial Period	494.5	279.7

Quarter Ended 30 September 2009

Net Cash Outflow from Operating Activities was US\$9.0M in 2009 primarily due to payments to suppliers and employees of US\$46.8M relating to the mine operations at LHM and KM, exploration and evaluation project expenditure, the growth of the Company and interest payments of US\$8.3M on project finance facilities and convertible bonds which was partly offset by uranium sales receipts of US\$51.5M.

Net Cash Outflow from Investing Activities was US\$51.6M in 2009 as a result of mine construction at KM, Stage II expansion at LHM and the acquisition of shares in NGM. The net cash outflow of US\$71.4 million in 2008 as a result of mine construction at the KM, Stage II expansion at LHM, the acquisition of additional investments in Deep Yellow Ltd and third party uranium purchases.

Net Cash Inflow from Financing Activities of US\$489.1M in 2009 is attributable to the US\$364.5M net proceeds from the share placement and US\$132.0M proceeds from the drawdown of KM project finance facilities. The net cash inflow of US\$3.0M in 2008 was attributable to proceeds from the exercise of 500,000 unlisted employee options and proceeds from external parties from the Summit Resources Ltd renounceable rights issue.

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Management Discussion and Analysis

For the Quarter Ended 30 September 2009
(All figures are in US dollars unless otherwise indicated)

Net Increase in Cash in 2009 was US\$428.5M, as compared to the net decrease in cash over the previous corresponding period in 2008 of US\$57.1M. The change is predominantly the result of the net proceeds from the share placement of the US\$364.5M and the drawdown of KM project financing facilities of US\$132.0M in 2009.

Effect of Exchange Rate Changes is a loss of US\$0.2M for 2009.

LIQUIDITY AND CAPITAL RESOURCES

The Company's principal source of liquidity as at 30 September 2009 is cash of US\$494.5M (30 June 2008: US\$66.2M). The cash is currently invested over a range of maturities with Australian banks with a minimum AA Standard & Poor's credit rating.

The Company's principal sources of cash for the quarter ended 30 September 2009 were uranium sales receipts, interest received from cash investments, proceeds from a share placement and drawdown of borrowings.

The Company has in place LHM project finance facilities of US\$54.1M which have been fully drawn down.

For KM, the Company has financing totalling US\$167M. At 30 September 2009, US\$132M had been drawn of the project finance facilities leaving available facilities of US\$35M.

The following is a summary of the Group's outstanding commitments as at 30 September 2009:

	Total	Less than 1 yr	1 to 5yrs	5yrs+ or unknown
<u>Payments due by period</u>	<u>US\$M</u>	<u>US\$M</u>	<u>US\$M</u>	<u>US\$M</u>
Tenements	23.8	10.4	13.4	-
Mine construction	6.9	6.9	-	-
Operating leases	6.4	0.9	3.0	2.5
Manyingee acquisition costs	0.7	-	-	0.7
<u>Total commitments</u>	<u>37.8</u>	<u>18.2</u>	<u>16.4</u>	<u>3.2</u>

In relation to the Manyingee Uranium Project, the acquisition terms provide for a payment of A\$0.75M (US\$0.7M) 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\$0.75M (US\$0.7M) and are subject to the Western Australian Department of Minerals & Energy granting tenements comprising two exploration licence applications. The A\$0.75M (US\$0.7M) 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 three months after the date the tenements are granted.

The Company has no other material off balance sheet arrangements.

PALADIN ENERGY LTD

Management Discussion and Analysis *For the Quarter Ended 30 September 2009* *(All figures are in US dollars unless otherwise indicated)*

As at 12 November 2009 Paladin had 717,142,802 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 12 November 2009	Number
Outstanding shares	717,142,802
Issuable under Executive Share Option Plan	14,050,455
Issuable in relation to the US\$250 million Convertible Bonds	32,530,904
Issuable in relation to the US\$325 million Convertible Bonds	49,317,147
Total	813,041,308

CRITICAL ACCOUNTING ESTIMATES

The preparation of financial report 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. Actual results could differ from these estimates.

FINANCIAL INSTRUMENTS

At 30 September 2009 the Company has exposure to interest rate risk which is the risk that the Company's financial position will be adversely affected by movements in interest rates that will increase the cost of floating rate project finance debt or opportunity losses that may arise on fixed rate convertible bonds in a falling interest rate environment. Interest rate risk on cash and short-term deposits is not considered to be a material risk due to the short-term nature of these financial instruments.

The Company's main foreign currency translation risk is for monetary assets and liabilities of the Namibian and Malawian operations. These are deemed to have a functional currency of US dollars, and the Company has adopted a presentation currency of US dollars therefore eliminating any foreign currency translation risk for non-monetary assets and liabilities. The Company also has 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 US 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.

The Company's credit risk is the risk that a contracting entity will not complete its obligation under a financial instrument that will result in a financial loss to the Company. The carrying amount of financial assets represents the maximum credit exposure. The Company trades only with

PALADIN ENERGY LTD

Management Discussion and Analysis

*For the Quarter Ended 30 September 2009
(All figures are in US dollars unless otherwise indicated)*

recognised, credit worthy third parties. In addition, receivable balances are monitored on an ongoing basis with the result that the Company's exposure to bad debts is not significant.

The Company's treasury function is responsible for the Company's capital management, including management of the long term debt and cash as part of the capital structure. This involves the use of corporate forecasting models which enable analysis of the Company's financial position including cash flow forecasts to determine the future capital management requirements. To ensure sufficient funding for operational expenditure and growth activities, a range of assumptions are modelled so as to provide the flexibility in determining the Company's optimal future capital structure.

OTHER RISKS AND UNCERTAINTIES

Risk Factors

The Company is subject to other risks that are outlined in the Annual Information Form 51-102F2 which is available on SEDAR at www.sedar.com

TRANSACTIONS WITH RELATED PARTIES

During the quarter ended 30 September 2009 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 Consolidated Financial Report for the quarter ended 30 September 2009, 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 2009. An evaluation of the design of ICFR has concluded that it is adequate to prevent a material misstatement of the Company's Consolidated Financial Report as at 30 September 2009.

During the quarter 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

Since the end of the quarter, the Directors are not aware of any other matter or circumstance not otherwise dealt with in this report, that has significantly or may significantly affect the operations of the Consolidated Entity, the results of those operations or the state of affairs of the Consolidated Entity in subsequent quarters with the exception of the following, the financial effects of which have not been provided for in the 30 September 2009 Financial Report:

New Langer Heinrich and Kayelekera Expansion - Production Increase for 2012 to 2014

On 29 October 2009, the Company announced its uranium production expansion plans for both the Langer Heinrich and Kayelekera Mines beyond the current annual production target of 8.5Mlb U_3O_8 by mid 2012. A major component of Paladin's stated strategy is focused organic growth through long term commitment and planning. Paladin has a rigorous expansion programme planned which, when complete, is expected to place the Company firmly amongst the Tier 1 uranium producers. This development programme is expected to result in Paladin having an annual production of approximately 13.8Mlb U_3O_8 by mid 2014 from its African projects alone and will demonstrate a progressive increase in production beyond the Stage 3 expansion at Langer Heinrich (see Paladin news release of 30 June 2009).

Appointment of New Chief Financial Officer

On 2 November 2009, the Company announced the appointment of Garry Korte as Chief Financial Officer. Garry commenced employment with Paladin on 2 November 2009 with his appointment as Chief Financial Officer effective 16 November 2009. Garry is a Chartered Accountant with 20 years experience in mining and related industries, including at Director level.

The accompanying Consolidated Financial Statements for the quarter ended 30 September 2009 and 30 September 2008 have been prepared in accordance with International Financial Reporting Standards. The effective date of these Consolidated Financial Statements is 12 November 2009.

PALADIN ENERGY LTD AND CONTROLLED ENTITIES
CONSOLIDATED INCOME STATEMENT
EXPRESSED IN US DOLLARS

		Quarter Ended 30 September	
	Notes	2009 US\$M	2008 US\$M
Revenue from continuing operations			
Revenue	4(a)	38.6	52.4
Cost of sales		(18.6)	(24.1)
		20.0	28.3
Depreciation and amortisation		(3.4)	(3.9)
Product distribution costs		(0.6)	(0.6)
Royalties		(1.1)	(1.8)
Gross profit		14.9	22.0
Other income	4(b)	-	2.3
Exploration and evaluation expenses	10	(5.1)	(3.6)
Other expenses	4(c)	(8.6)	(12.2)
Finance costs	4(d)	(5.2)	(9.2)
Movement in financial assets held for trading		-	(0.2)
Loss before income tax (expense)/benefit		(4.0)	(0.9)
Income tax expense		(16.0)	(4.2)
Net loss after tax from operations		(20.0)	(5.1)
Net loss attributable to:			
Minority interests	15	(0.6)	(0.4)
Members of the parent		(19.4)	(4.7)
		(20.0)	(5.1)
Loss per share			
Loss after tax from operations attributable to ordinary equity holders of the Company		US\$	US\$
- basic and diluted		(0.03)	(0.01)

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

PALADIN ENERGY LTD AND CONTROLLED ENTITIES
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
EXPRESSED IN US DOLLARS

		Quarter Ended 30 September	
	Notes	2009 US\$M	2008 US\$M
Net loss after tax from operations		(20.0)	(5.1)
Other comprehensive income			
Net loss on available-for-sale financial assets		(1.6)	(6.4)
Foreign currency translation		55.4	(200.4)
Income tax on items of other comprehensive income		(1.0)	(1.2)
Other comprehensive income/(loss) for the period, net of tax		<u>52.8</u>	<u>(208.0)</u>
Total comprehensive income/(loss) for the period		<u>32.8</u>	<u>(213.1)</u>
Total comprehensive income/(loss) attributable to:			
Minority interests	15	(0.6)	(0.4)
Members of the parent		<u>33.4</u>	<u>(212.7)</u>
		<u>32.8</u>	<u>(213.1)</u>

The above Consolidated Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

PALADIN ENERGY LTD AND CONTROLLED ENTITIES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
EXPRESSED IN US DOLLARS

	Notes	30 September 2009 Unaudited US\$M	30 June 2009 Audited US\$M
ASSETS			
Current assets			
Cash and cash equivalents	5	494.5	66.2
Trade and other receivables	6	25.7	29.0
Inventories	7	92.8	85.8
Financial assets held for trading		1.0	1.0
TOTAL CURRENT ASSETS		614.0	182.0
Non current assets			
Trade and other receivables	6	2.6	2.2
Inventories	7	28.9	24.9
Other financial assets		74.2	69.2
Deferred borrowing costs		-	8.2
Property, plant and equipment	8	464.0	457.8
Mine development	9	99.5	54.2
Exploration and evaluation expenditure	10	689.4	635.5
Deferred tax asset		-	3.9
Intangible assets	11	25.4	25.6
TOTAL NON CURRENT ASSETS		1,384.0	1,281.5
TOTAL ASSETS		1,998.0	1,463.5
LIABILITIES			
Current liabilities			
Trade and other payables		60.5	67.1
Unearned revenue		0.2	0.2
Interest bearing loans and borrowings	12	14.2	14.2
Provisions	13	9.1	9.8
TOTAL CURRENT LIABILITIES		84.0	91.3
Non current liabilities			
Unearned revenue		0.2	0.2
Interest bearing loans and borrowings	12	698.4	572.0
Deferred tax liabilities		151.5	136.5
Provisions	13	33.3	32.3
TOTAL NON CURRENT LIABILITIES		883.4	741.0
TOTAL LIABILITIES		967.4	832.3
NET ASSETS		1,030.6	631.2
Equity			
Contributed equity	14(a)	1,475.5	1,111.6
Reserves		82.2	31.9
Accumulated losses		(600.6)	(581.2)
Parent interests		957.1	562.3
Minority interests	15	73.5	68.9
TOTAL EQUITY		1,030.6	631.2

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

PALADIN ENERGY LTD AND CONTROLLED ENTITIES
CONSOLIDATED STATEMENT 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
Balance at 1 July 2008	1,088.4	234.1	(101.0)	207.8	1,429.3
Changes in equity for the three months to 30 September 2008					
Recognised value of unlisted employee options over vesting period	-	3.5	-	-	3.5
Exercise of unlisted employee options	0.8	(0.8)	-	-	-
Contributions of equity, net of transactions costs	2.3	-	-	1.1	3.4
Total comprehensive loss for the three months, net of tax	-	(177.7)	(4.7)	(30.7)	(213.1)
Balance at 30 September 2008	1,091.5	59.1	(105.7)	178.2	1,223.1
Balance at 1 July 2009	1,111.6	31.9	(581.2)	68.9	631.2
Changes in equity for the three months to 30 September 2009					
Recognised value of unlisted employee options over vesting period	-	2.7	-	-	2.7
Contributions of equity, net of transactions costs	363.9	-	-	-	363.9
Total comprehensive income/(loss) for the three months, net of tax	-	47.6	(19.4)	4.6	32.8
Balance at 30 September 2009	1,475.5	82.2	(600.6)	73.5	1,030.6

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

PALADIN ENERGY LTD AND CONTROLLED ENTITIES
CONSOLIDATED STATEMENT OF CASH FLOWS
EXPRESSED IN US DOLLARS

	Quarter Ended 30 September	
	2009 US\$M	2008 US\$M
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	51.5	50.1
Payments to suppliers and employees	(46.8)	(26.6)
Exploration and evaluation expenditure	(5.6)	(4.2)
Interest received	0.2	1.1
Interest paid	(8.3)	(9.1)
NET CASH (OUTFLOW)/INFLOW FROM OPERATING ACTIVITIES	(9.0)	11.3
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for property, plant and equipment	(50.5)	(55.2)
Payments for available-for-sale financial assets	(1.1)	(10.4)
Proceeds from sale of property, plant and equipment	-	0.2
Payments for third party uranium	-	(6.0)
NET CASH OUTFLOW FROM INVESTING ACTIVITIES	(51.6)	(71.4)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from rights issue	-	1.1
Proceeds from exercise of share options	-	2.3
Proceeds from share placement	374.2	-
Equity fundraising costs	(9.7)	(0.1)
Project finance facility establishment costs	(7.4)	(0.3)
Drawdown of borrowings	132.0	-
NET CASH INFLOW FROM FINANCING ACTIVITIES	489.1	3.0
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	428.5	(57.1)
Cash and cash equivalents at the beginning of the financial period	66.2	337.6
Effects of exchange rate changes on cash and cash equivalents	(0.2)	(0.8)
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL PERIOD	494.5	279.7

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

PALADIN ENERGY LTD AND CONTROLLED ENTITIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 30 SEPTEMBER 2009
EXPRESSED IN US DOLLARS

NOTE 1. CORPORATE INFORMATION

The financial report of Paladin Energy Ltd (the Company) for the quarter ended 30 September 2009 was authorised for issue in accordance with a resolution of the Directors on 6 November 2009.

Paladin Energy Ltd is a company limited by shares incorporated and domiciled in Australia whose shares, are publicly traded on the Australian Securities Exchange with additional listings on the Toronto Stock Exchange in Canada; Munich, Berlin, Stuttgart and Frankfurt Stock Exchanges in Europe; and the Namibian Stock Exchange in Africa.

The nature of the operations and principal activities of the Group are described in the Management Discussion and Analysis on pages 13 to 24.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

This financial report for the quarter ended 30 September 2009 has been prepared in accordance with Australian Accounting Standards Board (AASB) 134 *Interim Financial Reporting*, the Corporations Act 2001 and other mandatory professional reporting requirements.

In addition to these Australian requirements further information has been included in the Consolidated Financial Statements for the quarter ended 30 September 2009 in order to comply with applicable Canadian securities law, as the Company is listed on the Toronto Stock Exchange.

This 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 2009 and any public announcements made by Paladin Energy Ltd during the interim reporting period in accordance with the continuous disclosure requirements of ASX listing rules.

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 ENERGY LTD AND CONTROLLED ENTITIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 30 SEPTEMBER 2009
EXPRESSED IN US DOLLARS

NOTE 3. 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 resources 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 2009 and 30 September 2008.

Quarter Ended 30 September 2009	Australia US\$M	Namibia US\$M	Malawi US\$M	Consolidated US\$M
Sales to external customers	-	38.3	-	38.3
Other revenue	0.1	-	-	0.1
Total segment revenue	0.1	38.3	-	38.4
Unallocated revenue				0.2
Total consolidated revenue				38.6
(Loss)/Profit before income tax and finance costs	(10.1)	11.5	(0.2)	1.2
Finance costs				(5.2)
Loss from continuing operations before income tax benefit/(expense)				(4.0)
Income tax benefit/(expense)	0.4	(15.5)	(0.9)	(16.0)
Loss from continuing operations after income tax benefit				(20.0)
Segment assets/total assets	1,145.1	334.9	518.0	1,998.0
Segment liabilities/total liabilities	625.1	85.6	256.7	967.4
Acquisitions of non current assets	2.0	8.2	43.6	53.8
Cash flow information:				
Net cash (outflow)/inflow from operating activities	(12.3)	10.9	(2.0)	(3.4)
Net cash outflow from investing activities	(6.5)	(11.3)	(39.4)	(57.2)
Net cash inflow from financing activities	364.5	-	124.6	489.1
Non cash expenses:				
Depreciation and amortisation	0.2	3.4	-	3.6
Share-based payments	2.3	0.1 [#]	-	2.4
Borrowing costs	3.7	0.5	-	4.2

[#] Recognised in cost of goods sold

PALADIN ENERGY LTD AND CONTROLLED ENTITIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 30 SEPTEMBER 2009
EXPRESSED IN US DOLLARS

NOTE 3. SEGMENT INFORMATION (continued)

Quarter Ended 30 September 2008	Australia US\$M	Namibia US\$M	Malawi US\$M	Consolidated US\$M
Sales to external customers	-	51.0	-	51.0
Other revenue	-	0.1	-	0.1
Total segment revenue	-	51.1	-	51.1
Unallocated revenue				1.3
Total consolidated revenue				52.4
(Loss)/Profit before income tax and finance costs	(10.6)	20.0	(1.1)	8.3
Finance costs				(9.2)
Loss from continuing operations before income tax expense				(0.9)
Income tax benefit/(expense)	0.8	(5.0)	-	(4.2)
Loss from continuing operations after income tax benefit				(5.1)
Segment assets/total assets	1,889.0	238.1	175.3	2,302.4
Segment liabilities/total liabilities	1,028.8	18.4	32.1	1,079.3
Acquisitions of non current assets	11.6	16.1	60.8	88.5
Cash flow information:				
Net cash (outflow)/inflow from operating activities	(6.2)	22.0	(0.3)	15.5
Net cash outflow from investing activities	(20.8)	(13.3)	(41.5)	(75.6)
Net cash inflow/(outflow) from financing activities	3.3	-	(0.3)	3.0
Non cash expenses:				
Depreciation and amortisation	0.3	2.9	-	3.2
Impairment of inventory	3.7	-	-	3.7
Share-based payments	2.8	0.4 [#]	0.3	3.5
Borrowing costs	3.7	0.5	-	4.2

[#] Recognised in cost of goods sold

PALADIN ENERGY LTD AND CONTROLLED ENTITIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 30 SEPTEMBER 2009
EXPRESSED IN US DOLLARS

NOTE 4. REVENUE AND EXPENSES

	Quarter Ended 30 September	
	2009 US\$M	2008 US\$M
(a) Revenue		
Sale of uranium	38.3	51.0
Interest income from non-related parties	0.2	1.3
Database licence revenue	0.1	0.1
Total revenue	38.6	52.4
(b) Other income		
Foreign exchange gain (net)	-	2.3
Total other income	-	2.3
(c) Other expenses		
Corporate and marketing costs	(2.6)	(3.5)
Employee benefits expense	(2.2)	(1.6)
Share-based payments expense	(2.3)	(3.1)
Minimum lease payments – operating lease	(0.1)	-
Impairment of inventory	-	(3.7)
Foreign exchange loss (net)	(1.2)	-
Depreciation – property, plant and equipment	(0.2)	(0.3)
Total other expenses	(8.6)	(12.2)
(d) Finance costs		
Interest expense	(1.0)	(5.0)
Accretion relating to convertible bonds (non-cash)	(2.8)	(2.8)
Mine closure provision discount interest expense	(0.5)	(0.2)
Facility costs	(0.9)	(1.2)
Total finance costs	(5.2)	(9.2)

PALADIN ENERGY LTD AND CONTROLLED ENTITIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 30 SEPTEMBER 2009
EXPRESSED IN US DOLLARS

NOTE 5. CASH AND CASH EQUIVALENTS

	30 September 2009 US\$M	30 June 2009 US\$M
Cash at bank and in hand	40.2	18.8
Short-term bank deposits	454.3	47.4
Total cash and cash equivalents	494.5	66.2

Total cash and cash equivalents includes US\$6.7M restricted to social responsibility projects in Malawi and US\$13.3M in respect of the LHM and KM project finance facilities.

NOTE 6. TRADE AND OTHER RECEIVABLES

Current

Trade receivables	-	13.2
Less provision for doubtful debts	-	-
Net trade receivables		
	-	13.2

Prepayments	7.5	2.7
GST and VAT	15.2	11.1
Sundry debtors	3.0	2.0

Total current receivables		
	25.7	29.0

Non Current

Sundry debtors		
	2.6	2.2

Total non current receivables		
	2.6	2.2

NOTE 7. INVENTORIES

Current

Stores and spares (at cost)	15.8	12.8
Stockpiles (at cost)	3.0	2.3
Work-in-progress (at cost)	3.6	4.0
Finished goods (at cost)	42.3	38.6
Third party uranium purchased:		
Finished goods (at net realisable value)		
	28.1	28.1

Total current inventories at the lower of cost and net realisable value		
	92.8	85.8

Non Current

Stockpiles (at cost)		
	28.9	24.9

Total non current inventories at the lower of cost and net realisable value		
	28.9	24.9

PALADIN ENERGY LTD AND CONTROLLED ENTITIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 30 SEPTEMBER 2009
EXPRESSED IN US DOLLARS

NOTE 8. PROPERTY, PLANT AND EQUIPMENT

	30 September 2009 US\$M	30 June 2009 US\$M
Plant and equipment – at cost	181.3	169.4
Less provision for depreciation	(22.6)	(22.4)
Total plant and equipment	158.7	147.0
Land and buildings – at cost	6.8	6.4
Less provision for depreciation	(0.7)	(0.6)
Total land and buildings	6.1	5.8
Construction work in progress – at cost	299.2	305.0
Total property, plant and equipment	464.0	457.8

NOTE 9. MINE DEVELOPMENT

Mine development	103.3	57.4
Less provision for depreciation	(3.8)	(3.2)
Total mine development	99.5	54.2

PALADIN ENERGY LTD AND CONTROLLED ENTITIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 30 SEPTEMBER 2009
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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 2009:

Areas of interest	Valhalla /Skal ⁽¹⁾	Isa North	Fusion	Angela Pamela	Bigirlyi	KM	LHM	Other Uranium Projects	Total
	US\$M	US\$M	US\$M	US\$M	US\$M	US\$M	US\$M	US\$M	US\$M
Balance 30 June 2009 (audited)	494.386	117.740	8.055	-	14.283	-	-	1.071	635.535
Acquisition property payments	-	-	-	-	-	-	-	-	-
Project exploration and evaluation expenditure									
Tenement costs	0.001	0.025	0.009	-	-	-	-	-	0.035
Labour	0.399	0.158	0.058	0.032	0.010	0.043	-	0.192	0.892
Consultants and contractors	0.067	0.007	0.007	-	-	0.706	-	0.092	0.879
Materials and utilities	0.079	0.009	0.001	0.001	0.001	0.020	-	0.005	0.116
Transportation and communications	0.048	0.013	0.019	0.004	0.004	0.029	-	0.045	0.162
Outside services	0.445	0.252	-	-	-	-	0.276	0.089	1.062
Legal and accounting	-	0.018	-	0.001	-	-	-	0.007	0.026
Camp expenses	0.008	0.005	0.005	-	-	0.046	-	0.014	0.078
Overheads	0.092	0.027	0.003	0.007	0.015	0.009	-	0.014	0.167
Joint venture contributions	-	-	-	1.101	0.516	-	-	-	1.617
Other expenses	0.074	0.050	0.001	-	-	0.025	-	0.005	0.155
Total expenditure	1.213	0.564	0.103	1.146	0.546	0.878	0.276	0.463	5.189
Exploration expenditure expensed	(1.213)	(0.564)	(0.103)	(1.146)	(0.546)	(0.771)	(0.276)	(0.463)	(5.082)
Exploration expenditure capitalised	-	-	-	-	-	0.107	-	-	0.107
Foreign exchange differences	41.834	9.977	0.678	-	1.210	-	-	0.152	53.851
Transferred to Mine Development	-	-	-	-	-	(0.107)	-	-	(0.107)
Balance 30 September 2009 (unaudited)	536.220	127.717	8.733	-	15.493	-	-	1.223	689.386

⁽¹⁾ Summit has a 50% interest in the Valhalla/Skal Projects with the other 50% interest held by the Paladin Group. As a consequence of the takeover of the Summit Group, the above table now reflects 100% of the Valhalla/Skal Projects with the minority interest reflected on the face of the Consolidated Statement of Financial Position.

PALADIN ENERGY LTD AND CONTROLLED ENTITIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 30 SEPTEMBER 2009
EXPRESSED IN US DOLLARS

NOTE 11. INTANGIBLE ASSETS

	30 September 2009 US\$M	30 June 2009 US\$M
Cost	27.8	27.8
Accumulated amortisation	(2.4)	(2.2)
Net carrying amount of non current intangible assets	25.4	25.6

NOTE 12. INTEREST BEARING LOANS AND BORROWINGS

	Maturity		
Current			
Secured bank loan		14.2	14.2
Non Current			
Unsecured convertible bonds	2011	229.8	227.5
Unsecured convertible bonds	2013	306.0	304.6
Secured bank loan	2012	39.9	39.9
Secured bank loan	2015	122.7	-
Total non current interest bearing loans and borrowings		698.4	572.0

The above figures include deferred borrowing costs.

NOTE 13. PROVISIONS

Current			
Social responsibility		6.7	7.7
Employee benefits		2.4	2.1
Total current provisions		9.1	9.8
Non Current			
Social responsibility		2.0	2.0
Employee benefits		0.1	0.1
Rehabilitation provision		17.2	16.7
Mine closure		12.1	11.7
Demobilisation provision		1.9	1.8
Total non current provisions		33.3	32.3

PALADIN ENERGY LTD AND CONTROLLED ENTITIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 30 SEPTEMBER 2009
EXPRESSED IN US DOLLARS

NOTE 14. CONTRIBUTED EQUITY

(a) Issued and paid up capital

Ordinary shares	30 September		30 September	
	2009	2008	2009	2008
	Number of Shares		US\$M	US\$M
Issued and fully paid	717,142,802	613,997,369	1,475.5	1,091.5

(b) Movements in ordinary shares on issue

Date		Number of Shares	Issue Price A\$	Exchange Rate US\$: A\$	Total US\$M
<u>Balance 30 June 2008</u>		<u>613,497,369</u>			<u>1,088.4</u>
July 2008	Option conversions	400,000	5.50	1.04005	2.1
September 2008	Option conversions	100,000	2.80	1.16633	0.2
	Transfer from reserves	-	-	-	0.8
Balance 30 September 2008		613,997,369			1,091.5
<u>Balance 30 June 2009</u>		<u>623,692,802</u>			<u>1,111.6</u>
September 2009	Share placement	93,450,000	4.60	1.14890	374.2
	Transaction costs				(10.3)
Balance 30 September 2009		717,142,802			1,475.5

PALADIN ENERGY LTD AND CONTROLLED ENTITIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 30 SEPTEMBER 2009
EXPRESSED IN US DOLLARS

NOTE 14. CONTRIBUTED EQUITY (continued)

(c) Options

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

30 September 2009
Number

Number of unlisted employee options 14,050,455

Consisting of the following:

Date options granted	Exercisable	Expiry date	Exercise price of options	Number under option
1 February 2007	1 February 2010	1 February 2012	A\$8.77	2,697,970
29 January 2008	29 January 2011	29 January 2013	A\$4.50	7,377,485
15 February 2008	15 February 2009	15 February 2011	A\$5.37	700,000
15 February 2008	15 February 2011	15 February 2013	A\$5.37	450,000
18 April 2008	18 April 2011	18 April 2013	A\$4.59	1,075,000
14 October 2008	14 October 2011	14 October 2013	A\$2.54	750,000
11 December 2008	11 December 2011	11 December 2013	A\$2.07	300,000
24 June 2009	24 June 2012	24 June 2014	A\$4.48	700,000
Total				<u>14,050,455</u>

PALADIN ENERGY LTD AND CONTROLLED ENTITIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 30 SEPTEMBER 2009
EXPRESSED IN US DOLLARS

NOTE 15. MINORITY INTERESTS

	30 September 2009 US\$M	30 June 2009 US\$M
Minority interests comprise:		
Share capital	22.0	22.0
Opening accumulated losses	(108.3)	(12.1)
Reserves	160.4	155.2
Current period loss	(0.6)	(96.2)
Total minority interests	73.5	68.9

The minority interests recognised relate to the 18.0% interest in Summit Resources Ltd not acquired from the takeover bid that closed on 1 June 2007 and the 15% interest in PAL held by the Government of Malawi as at 26 June 2009.

NOTE 16. CONTINGENT LIABILITIES

No change has occurred in the contingent liabilities for the Company from those reported in the Annual Report for the year ended 30 June 2009 except as noted below.

- (a) Legal actions
- (i) Mount Isa Uranium Joint Venture

On 3 August 2007 the Company's wholly owned subsidiary, MIU entered into a settlement agreement with respect to proceedings which had been commenced by SRA (which had, by the time of the settlement, become ultimately 82.0% owned by the Company) against MIU and the unrelated entity, Resolute Pty Ltd (Summit Proceedings). The Summit Proceedings related to alleged breaches of confidentiality provisions in the Mount Isa Uranium Project joint venture agreement. If successful in the Summit Proceedings, SRA would have been entitled to the transfer of MIU's 50% interest in the Mount Isa Uranium Project joint venture for 85% of its market value.

Areva NC (Australia) Pty Ltd (Areva), being a 10.01% shareholder of the parent company of SRA subsequently applied to the Supreme Court of Western Australia for, relevantly, orders under Section 237 of the Corporations Act 2001, to be granted leave to intervene in and effectively re-open the Summit Proceedings, notwithstanding the settlement. The trial of the Areva intervention proceedings was heard over the period from 18 May 2009 to 3 June 2009 and the Court reserved its decision.

The Company does not expect the Areva intervention proceedings to be successful.

In any event, even if the Summit Proceedings are re-opened as a consequence of the Areva intervention proceedings, the Company has always remained confident that the Summit Proceedings could be successfully defended. Further, the Company has the benefit of an indemnity from Resolute Mining Ltd (the parent of Resolute Pty Ltd) and an ultimate 82% interest in SRA. As a consequence, a change in the ownership of the 50% interest in the Mount Isa Uranium joint venture from MIU to SRA would not be of significance to the Company.

PALADIN ENERGY LTD AND CONTROLLED ENTITIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 30 SEPTEMBER 2009
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NOTE 17. EVENTS AFTER THE BALANCE SHEET DATE

New Langer Heinrich and Kayelekera Expansion - Production Increase for 2012 to 2014

On 29 October 2009, the Company announced its uranium production expansion plans for both the Langer Heinrich and Kayelekera Mines beyond the current annual production target of 8.5Mlb U₃O₈ by mid 2012. A major component of Paladin's stated strategy is focused organic growth through long term commitment and planning. Paladin has a rigorous expansion programme planned which, when complete, is expected to place the Company firmly amongst the Tier 1 uranium producers. This development programme is expected to result in Paladin having an annual production of approximately 13.8Mlb U₃O₈ by mid 2014 from its African projects alone and will demonstrate a progressive increase in production beyond the Stage 3 expansion at Langer Heinrich (see Paladin news release of 30 June 2009).

Appointment of New Chief Financial Officer

On 2 November 2009, the Company announced the appointment of Garry Korte as Chief Financial Officer. Garry commenced employment with Paladin on 2 November 2009 with his appointment as Chief Financial Officer effective 16 November 2009. Garry is a Chartered Accountant with 20 years experience in mining and related industries, including at Director level.

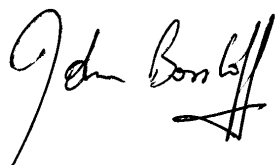
APPENDIX A

Form 52-109F2 - Certification of interim filings – full certificate

I, John Borshoff, Managing Director and Chief Executive Officer, Paladin Energy Limited, certify the following:

1. Review: I have reviewed the interim financial statements and interim MD&A (together, the “interim filings”) of Paladin Energy Limited for the interim period ended 30 September 2009.
2. No misrepresentation: Based on my knowledge, having exercised reasonable diligence, 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, for the period covered by the interim filings.
3. Fair presentation: Based on my knowledge, having exercised reasonable due diligence, 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 of and for the periods presented in the interim filings.
4. Responsibility: The issuer’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (DC&P) and internal control over financial reporting (ICFR), as those terms are defined in National Instrument 52-109 Certification of Disclosure in Issuer’s Annual and Interim Filings, for the issuer.
5. Design: Subject to the limitations, if any, described in paragraphs 5.2 and 5.3, the issuer’s other certifying officer and I have, as at the end of the period covered by the interim filings
 - (a) designed DC&P, or caused it to be designed under our supervision, to provide reasonable assurance that
 - (i) material information relating to the issuer is made known to us by others, particularly during the period in which the annual filings are being prepared; and
 - (ii) information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted by it under securities legislation is recorded, processed, summarized and reported with the time periods specified in securities legislation; and
 - (b) designed ICFR, 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.
- 5.1 Control Framework: The control framework the issuer’s other certifying officer and I used to design the issuer’s ICFR is the Internal Control – Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).
- 5.2 ICFR – material weakness relating to design: N/A
- 5.3 Limitation on scope of design: N/A
6. Reporting changes in ICFR: The issuer has disclosed in its interim MD&A any change in the issuer’s ICFR that occurred during the period beginning on 1 July 2009 to 30 September 2009 that has materially affected, or is reasonably likely to materially affect, the issuer’s ICFR.

Dated: 12 November 2009



John Borshoff
Managing Director/CEO

APPENDIX A

Form 52-109F2 - Certification of interim filings – full certificate

I, Mark Bolton, Acting Chief Financial Officer, Paladin Energy Limited, certify the following:

1. Review: I have reviewed the interim financial statements and interim MD&A (together, the “interim filings”) of Paladin Energy Limited for the interim period ended 30 September 2009.
2. No misrepresentation: Based on my knowledge, having exercised reasonable diligence, 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, for the period covered by the interim filings.
3. Fair presentation: Based on my knowledge, having exercised reasonable due diligence, 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 of and for the periods presented in the interim filings.
4. Responsibility: The issuer’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (DC&P) and internal control over financial reporting (ICFR), as those terms are defined in National Instrument 52-109 Certification of Disclosure in Issuer’s Annual and Interim Filings, for the issuer.
5. Design: Subject to the limitations, if any, described in paragraphs 5.2 and 5.3, the issuer’s other certifying officer and I have, as at the end of the period covered by the interim filings
 - (a) designed DC&P, or caused it to be designed under our supervision, to provide reasonable assurance that:
 - (i) material information relating to the issuer is made known to us by others, particularly during the period in which the annual filings are being prepared; and
 - (ii) information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted by it under securities legislation is recorded, processed, summarized and reported with the time periods specified in securities legislation; and
 - (b) designed ICFR, 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.
- 5.1 Control Framework: The control framework the issuer’s other certifying officer and I used to design the issuer’s ICFR is the Internal Control – Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).
- 5.2 ICFR – material weakness relating to design: N/A
- 5.3 Limitation on scope of design: N/A
6. Reporting changes in ICFR: The issuer has disclosed in its interim MD&A any change in the issuer’s ICFR that occurred during the period beginning on 1 July 2009 to 30 September 2009 that has materially affected, or is reasonably likely to materially affect, the issuer’s ICFR.

Dated: 12 November 2009



Mark Bolton
Acting Chief Financial Officer