



PALADIN ENERGY LTD

ACN 061 681 098

156106

11 February 2010

By Electronic Lodgement

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

Dear Sir/Madam

Appendix 4D and December 2009 Half Year Financial Report and MD&A

Attached please find Appendix 4D and Half Year Financial Report for the six months ended 31 December 2009 including Report to Shareholders, Management Discussion and Analysis, Interim Financial Statements and Certifications as required in accordance with Canadian reporting requirements. Additionally the Half Year Report, 31 December 2009 includes an Independence Declaration and Review Opinion from the Company's Auditors.

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 SIX MONTHS ENDING 31 DECEMBER 2009

Perth, Western Australia – 11 February 2010: Paladin Energy Ltd (“Paladin” or “the Company”) (TSX:PDN / ASX:PDN) announces the release of its Financial Report for the six months ending 31 December 2009. The Financial Report is appended to this News Release.

Results

- Record total uranium oxide (U₃O₈) production of 987,310lb for the December quarter compared to 673,982lb for the comparative period. Record total production of 1,731,498lb achieved for the six months up from 1,324,537lb for the comparative period.
- Langer Heinrich Mine achieved Stage 2 production levels in the December 2009 quarter with a 36% increase in production over the September 2009 quarter.
 - Stage 3 construction to 5.2Mlb per annum underway.
 - Stage 4 feasibility study for expansion to 10Mlb per annum underway.
- Kayelekera Mine production ramp-up slower than anticipated but improving with latest design upgrades.
- Langer Heinrich Mine cost of sales for the six months to 31 December 2009 remained at US\$26/lb as for the six month period to 31 December 2008. This represents increased efficiencies despite a strengthening in the Namibian dollar exchange rate.
- Record quarterly sales volumes of 1,095,000lb for the quarter ended 31 December 2009 at an average of US\$56/lb up from the comparative period. Total sales volume for the six months reached 1,798,000lb averaging US\$56/lb. This represents a significant increase over the 1,123,000lb sold in the six months ended 31 December 2008.
- Delivering into Paladin's long term contracting strategy with signing of a substantial long term contract totalling 4Mlb commencing in 2012.

Corporate:

- Profit and Loss

	3mths to 31 Dec 09 US\$M	6mths to 31 Dec 09 US\$M
Revenue	62.6	101.2
Gross Profit	14.7	29.6
Exploration and Evaluation Expenses	(4.4)	(9.5)
Corporate and Other	(4.0)	(12.6)
Finance Costs	(5.6)	(10.8)
Profit/(Loss) before Income Tax	0.7	(3.3)
Income Tax Expense	(0.1)	(16.1)
Profit/(Loss) after Income Tax	0.6	(19.4)
Non controlling interests	(0.2)	0.4
Net Profit/(Loss) after Tax	0.4	(19.0)

February 11, 2010

- Gross profit for the December quarter up by US\$8.4M over the comparative period reflecting higher sales volumes.
- Net profit for the December quarter of US\$0.4M compared to net loss of US\$470.8M in the comparative quarter. Net loss for six months narrowed to US\$19.0M from US\$475.6M in the comparative period.
- Strong balance sheet at 31 December 2009 with US\$432.6M in cash invested with Australian banks with a minimum AA Standard & Poor's credit rating. .

Conference Call and Investor Update scheduled for 07:00 Perth, Tuesday 16 February 2010.
18:00 Toronto Monday 15 February 2010.

Details are included in a separate news release.

The documents comprising the Financial Report for the six months ending 31 December 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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Appendix 4D - Preliminary Financial Report
Financial half year ended 31 December 2009

Paladin Energy Ltd

ABN or equivalent company reference

ACN. 061 681 098

Results for Announcement to the Market

Revenue from ordinary activities	Increased 51.7% to US\$101.2 million	
Loss from ordinary activities after tax attributable to members	Decreased 96.0% to US\$19.0 million	
Net Loss for the year attributable to members	Decreased 96.0% to US\$19.0 million	
Dividends	Amount per security	Franked amount per security
It is not proposed to pay dividends for the year	N/A	N/A
Previous corresponding year:		
No dividend paid	N/A	N/A
An explanation of the results is included in the Management Discussion & Analysis and the Financial Report attached.		
	31 December 2009	31 December 2008
Net tangible assets per share	US\$1.42	US\$0.77
Other		
Previous corresponding period is the half-year ended 31 December 2008		
All foreign subsidiaries are prepared using IFRS.		
Commentary on Results for the Year		
A commentary on the results for the year is contained in the press release dated 11 February 2010.		



PALADIN ENERGY LTD

A.C.N. 061 681 098

FINANCIAL REPORT

FOR THE SIX MONTHS ENDING

31 DECEMBER 2009

PALADIN ENERGY LTD

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PALADIN ENERGY LTD

Report to Shareholders

Second Quarter Report - December 2009
(All figures are in US dollars unless otherwise indicated)

SAFETY

Paladin has made significant improvements in its safety performance over the last quarter recording only one lost time injury (LTI) for the period. Langer Heinrich Mine continued its excellent safety record reporting zero LTI's in the quarter.

The National Occupational Safety Association (NOSA) system (a recognised and proven South African developed programme) was introduced into both operations during the quarter. A NOSA initial baseline audit was conducted at Langer Heinrich Mine in November which indicated Langer Heinrich's baseline places the operation into the 4 STAR category. At Kayelekera Mine, NOSA workshops for the site implementation team, comprising of employees of all departments on site, were conducted in October. A baseline audit and additional training is scheduled before the end of the March quarter.

Significant improvements in respect to vehicle traffic, a major safety risk identified for both operations, have been implemented. At Langer Heinrich Mine, speed limiters, satellite tracking and radar monitoring of vehicle movement has significantly reduced the number of vehicle-related incidents. At Kayelekera Mine, bus driver competency training and testing has been introduced, and comprehensive condition inspections on all transport vehicles have been imposed. The Company will progressively assume responsibility for employee bus travel with plans to purchase its own buses.

RECORD QUARTERLY URANIUM SALES

Record quarterly sales of 1,095,000lb U₃O₈ generated US\$61.9M in revenue and represented an average sales price of US\$56.54/lb U₃O₈. (For comparison the unweighted average spot price for the quarter was \$45.44/lb U₃O₈.)

Significant New Long Term Contract

Paladin has concluded a new long term sales contract with a major Asian utility covering the supply of more than 4Mlb U₃O₈ commencing 2012 on terms which will capture the expected strengthening market price. Work is also well advanced on making a trial shipment of uranium directly to China to test and demonstrate the efficiency of logistics from Africa to Chinese conversion facilities.

Namibia, LANGER HEINRICH MINE (LHM)

	Oct	Nov	Dec	Qtr Total
Production lb U ₃ O ₈	276,758	256,518	308,719	841,995

Langer Heinrich reached Stage 2 production rates mid quarter, with part November and December production slightly exceeding design parameters. All circuits are running to design capacity. LHM has identified additional low cost modifications that will be implemented during the first half of 2010 which are expected to optimise production comfortably at or slightly above Stage 2 design.

PALADIN ENERGY LTD

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Second Quarter Report - December 2009
(All figures are in US dollars unless otherwise indicated)

Mining

The mining and plant ore feed during the quarter was as follows:

	Oct	Nov	Dec
Ore mined (t)	353,748	596,257	553,499
Grade (ppm)	631	786	822

Additional low grade mined (t)	246,352	154,605	176,880
Grade (ppm)	326	305	270

Waste/Ore ratio	1.22	0.85	1.02
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	Oct	Nov	Dec	Qtr Total
Ore crushed, dt	155,728	160,113	177,427	493,268
Ore grade, ppm U ₃ O ₈	1020	998	910	973

The mining activities for the quarter followed the latest mine plans, recording excellent reconciliation between actual grades and the resource model.

Process Plant

Tonnage through the process plant was continually increased during the Stage 2 ramp-up reaching a record 177,427t for December and is expected to continue to increase during the March quarter.

Performance of the front end circuits has improved steadily over the period as improved maintenance systems have successfully applied higher priorities to critical items, directly increasing plant availability.

Ion Exchange (IX) continues to offer the most significant opportunity to raise both product throughput and plant efficiency. An internal task group has identified a list of priorities for optimisation and some recommendations are already being implemented. The two highest priority items are CO₂ injection into the bi-carbonate strip solution and a system to remove resin from the fixed columns for cleaning. Both projects are expected to be operational by mid year.

Plant efficiency in December ended on a high note with an overall recovery of 83.0%. The front-end scrubbing efficiency trended up positively with the commissioning of the new crushing circuit. The second leach circuit also contributed to slightly higher leach extraction. The wash efficiency underperformed slightly during the quarter and it is in this area that some real opportunity exists for even higher production levels to be achieved.

	Oct	Nov	Dec
Overall Efficiency	77.6%	73.5%	83.0%

Tailings

The construction of the current tailings storage facility (TSF #1) has progressed well, is 98% complete and its operating capacity will be sufficient until the planned extension is available.

Work on the tailings extension is progressing well with construction of the seepage cut-off trench now completed and ancillary sump pumps installed. Construction of the embankment to the extension is expected to be completed by mid March 2010. This facility will provide additional storage capacity until mid 2011 at the planned production rates. Design work for the first In-pit Tailings Facility (TSF #2) is progressing well and construction start is planned for March 2010.

In-pit tails deposition is scheduled to commence in mid 2011

Expansion Programmes (Stages 3 and 4)

Stage 3: The design of the Stage 3 expansion to 5.2Mlb pa is progressing well with purchase orders placed for most of the long lead items and site earthworks already underway. The capital cost estimate has risen to US\$99.5M from the US\$71M indicated earlier. The main reason for the increase is changes of project scope that have occurred with expansions to incorporate a "flash-splash" heating system, additional reagent mixing facilities and additional IX capacity. The scope changes offer either reduced operating costs and/or better recoveries. Strengthening of the Rand also contributed slightly to the capital increase.

Stage 4: Funding was approved at the November Board meeting for a Stage 4 expansion feasibility study which is targeting a further production increase to 10Mlb pa by mid 2014 designed to maximise the potential of this truly world class deposit. An internal Pre Feasibility Study has indicated an IRR in excess of 25% for the project.

Resource development work has started with the design of a drilling programme targeted to convert the bulk of the current inferred resources into the indicated or measured categories for the Stage 4 feasibility study. The current drilling programme consists of 36,000m and 1,360 holes are planned to be completed May/June 2010.

Post Quarter Trends

With January 2010 production levels at the new nameplate rates, management is confident that the Stage 2 design output of 3.7Mlb pa has now been realised. The end of January marks three consecutive months of commercial drumming to nameplate production levels. Several activities are underway particularly with IX as well as investigations into how best to process the significant low grade stockpiles that will be generated by future activities.

Malawi, KAYELEKERA MINE (KM)**Production**

	Oct	Nov	Dec
Production lb U₃O₈	34,976	44,158	66,181
Cumulative lb	34,976	79,134	145,315

The Kayelekera production ramp-up has been slower than anticipated. The conventional components of the plant are running well and in some cases are exceeding design, but problems with the slow movement of resin from Resin In Pulp (RIP) to elution have restricted plant feed capacity. The predominant cause is the inability of the loaded resin wash screen to achieve target throughput which results in extended resin transfer times from RIP to elution. A secondary wash screening facility has been designed and ordered and is planned to be installed in March/April. In the meantime, improvements to the existing screening facility implemented during January have greatly reduced resin transfer times (with nameplate rates now being regularly achieved) and are expected to result in much improved production. Furthermore, a new type of screen cloth with 50% greater open area was installed in early February enabling target transfer to be consistently achieved.

RIP resin loadings continue to exceed design values by 25% and good elution efficiencies are being demonstrated. Were it not for the problems associated with the loaded resin screen, plant throughput would have shown a significant increase across the quarter. However, by taking advantage of the recently improved resin transfer times and the higher resin loadings a significant step change in production is expected during February, the expectation remaining that nameplate capacity will be achieved by the end of the March quarter.

The mechanical availability of various circuits has improved significantly from past quarters and continuous improvement is expected to increase plant availability further.

After experiencing several early issues with teeth wear on the mineral sizer, crusher availability has gradually increased and reached over 80% for December. A new jaw crusher is on-site and installation is well advanced. As expected, the ball mill circuit is proving capable of operating at a much finer grind than was originally specified and this is proving effective for ensuring trouble free inter-stage screening in the RIP circuit. Leaching continues to perform in accordance with testwork results (currently at 87% extraction) and will reach final design of 91% once installation of the hydrogen peroxide system is completed. The quality of the final drummed product is excellent.

Mining

	Oct	Nov	Dec
Operating time, hrs	282	359	433
Ore crushed, dt*	27,272	33,541	42,608

*dry tonnes

During the quarter, the mine/plant reconciliation continued its positive trend with the plant feed grade being higher than the estimated mined grade fed to the plant while a preliminary comparison between the resource and grade control models showed a favourable reconciliation for the six month period.

Minimal ore mining took place during the period owing to the 'full' ROM pad and mainly waste rock was mined.

Project Development

Acid plant

The acid plant operated generally trouble free. Downtime was attributed mainly to mechanical maintenance issues (50.8 hours) centred around repair of leaks in the gas and acid trains.

PALADIN ENERGY LTD

Report to Shareholders

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(All figures are in US dollars unless otherwise indicated)

Instrumentation faults contributed 21 hours. Other downtime causes were minor holdups due to operating problems (9.9 hours) and external influences (7.1 hours).

Tailings Dam

Decant Pond

The south wall of the decant pond is complete other than rock armour for slope stabilisation. The interior decant wall is complete to 807m ASL, but requires the west side to be raised to 811m ASL as time allows. The polyethylene lining of the pond is complete and operations have initiated water pumping into the pond.

North Wall

The north wall is 63% complete for the volumes of Stage 2, including rock armour.

Post Quarter Trends

Although the challenges in RIP have restricted planned production, steady improvement in performance is evident. January is continuing this trend and with the big advances made in resin transfer capacity over the past few weeks a positive step change in production rates can be expected for February and onwards. The installation of the secondary resin cleaning screen by late March is expected to further resolve any remaining resin movement issues. As a consequence, Paladin remains confident of achieving nameplate capacity by the end of the current quarter.

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

Geological mapping as well as ground and helicopter borne geophysics were utilised at all three Mount Isa Projects to better define drill targets for 2010. In the Mount Isa Joint Venture area a new clear target was identified north of the Valhalla orebody. In the Isa North Project, drilling is planned on six target areas. On the Fusion tenements drilling is planned to better define and increase resources of Duke Batman, Honey Pot and Sunshine.

Drilling during the quarter concentrated at Bikini and Woomera and involved 65 holes totalling 8,195m.

In 2009, 34,000m of RC and diamond core drilling was carried out in 12 mineralised target areas increasing the total resources in the project area by 111Mlb U₃O₈. Drilling in 2010 will be increased to 40,000m to increase the overall resource base to enable commencement of a feasibility study late 2010/early 2011.

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

Energy Metals Ltd completed the 2009 resource drilling in December. 67 RC holes for 8,118m and 9 diamond holes for 750m were completed. A new resource estimate is expected late in the March quarter of 2010.

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Report to Shareholders

Second Quarter Report - December 2009
(All figures are in US dollars unless otherwise indicated)

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

The final assays of the 2009 drilling programmes were received in early January and a new geological model was completed. A new resource estimate will be completed in the March quarter.

CORPORATE

Chief Financial Officer Appointment

Garry Korte was appointed as Chief Financial Officer on 16 November 2009. Garry is a Chartered Accountant with 20 years experience in mining and related industries, including at Director level. Garry completed his training with PricewaterhouseCoopers before working for Credit Suisse in London. This was followed by 10 years in financial controller and CFO roles in the mining and construction sectors in Africa. More recently Garry gained investment banking experience with Resource Finance Corporation in Australia, held the position of General Manager Commercial for Brambles' mining services division and was an Executive Director and the CFO of Windimurra Vanadium Limited.

He holds a Bachelor of Commerce and is a member of the Australian Institute of Chartered Accountants. He also qualified as a Chartered Institute of Management Accountants (C.I.M.A) (United Kingdom) and Chartered Accountant (South Africa).

Areva Legal Settlement

On 3 December 2009, Paladin announced that its subsidiary, Mt Isa Uranium Pty Ltd (MIU) had entered into a conditional agreement with (amongst others) Areva NC (Australia) Pty Ltd (Areva), Resolute Limited (Resolute) and Summit Resources Limited (Summit) (the settlement agreement)

The settlement agreement relates to Areva's application to the Supreme Court of Western Australia under section 237 of the Corporations Act 2001 (Cth) for leave to intervene in the proceedings that were brought by Summit's wholly owned subsidiary, Summit Resources (Aust) Pty Ltd (SRA), against Resolute and MIU.

The settlement agreement is conditional upon the Honourable Chief Justice making orders in the form sought by the parties.

Paladin will make a further announcement to the market once it becomes known whether the Honourable Chief Justice will make the orders sought by the parties. There is no guarantee that such orders will be made, or made in the form sought by the parties.

Annual General Meeting

At the Annual General Meeting held on 25 November 2009 all resolutions were passed, as follows:-

- Adoption of the Remuneration Report
- Re-election of Donald Shumka as Director
- Adoption of the Employee Performance Share Rights Plan
- Adoption of the Contractor Performance Share Rights Plan
- Grant of Performance Share Rights to John Borshoff, Managing Director/CEO
- Ratification of Previous Share Issue
- Renewal of the Company's Proportional Takeover Approval Provisions

PALADIN ENERGY LTD

Report to Shareholders

Second Quarter Report - December 2009
(All figures are in US dollars unless otherwise indicated)

Change of Head Office Address

Paladin Energy Ltd moved its head office premises on 7 December 2009. The street address is now:-

Level 4, 502 Hay Street, Subiaco, Western Australia, 6008.

All other contact details remain the same: –

Postal address:	PO Box 201, Subiaco, Western Australia, 6904.
Telephone:	+61 8 9381 4366
Fax:	+61 8 9381 4978
Email:	paladin@paladinenergy.com.au

MARKET COMMENTS

The Ux spot price moved from US\$43.50/lb U_3O_8 at the beginning of October to US\$44.50/lb U_3O_8 at the end of December, after briefly spiking to \$49.50/lb in late October. The long term indicator price eased from US\$64/lb U_3O_8 to US\$62/lb U_3O_8 .

World Nuclear Association (WNA) data released in January 2010 reaffirms the continuing swing to nuclear power worldwide. While the number of operating reactors remained at 436 at the beginning of 2009 and 2010 respectively, the number of reactors in the “under construction”, and “planned and proposed” moved significantly upwards. In 2010 there were 53 reactors under construction worldwide, compared with 43 in 2009, reflecting the start of the massive new build programme underway in China (9 new starts) and the early stages of India's new nuclear commitment (1 start). Of much greater significance is the dramatic increase in the number of reactors in the “planned and proposed” category which has risen from 374 at the beginning of 2009 to 469 at the beginning of 2010. The recent decision by the United Arab Emirates to sign a contract with KEPCO of Korea for the construction of four new 1400MWe nuclear plants to be in service between 2017 and 2020 signals the start of an aggressive new phase in the move to substitute nuclear energy for fossil fuels in base load power generation in countries that do not presently have a civil nuclear industry. The UAE decision also demonstrates the international nuclear industry's capacity to undertake new builds on a cost-competitive basis. Paladin remains positioned to play a leading role in this expanding, under-supplied market.

Paladin Energy Ltd



JOHN BORSHOFF
Managing Director/CEO

PALADIN ENERGY LTD

Management Discussion and Analysis *For the Six Months Ended 31 December 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 six months ended 31 December 2009. The effective date of this report is 11 February 2010.

The financial information presented in this MD&A has been extracted from the attached financial statements.

In addition to these Australian requirements further information has been included in the Consolidated Financial Statements for the six months ended 31 December 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.

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 Six Months Ended 31 December 2009* *(All figures are in US dollars unless otherwise indicated)*

The main activities undertaken during the six months ended 31 December 2009 were:

- Record quarterly production of 987,310lb U₃O₈ for the quarter ended 31 December 2009 increasing from 744,188lb in the September 2009 quarter
- Langer Heinrich achieves Stage 2 production levels in the December 2009 quarter with a 36% increase in production over the September 2009 quarter
- Safety focus having positive impact
- 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.
- Kayelekera production ramp-up slower than anticipated but improving
 - all circuits technically sound
 - resin transfer only remaining bottleneck for which a solution is being implemented
- Record quarterly sales volume of 1,095,000lb U₃O₈ for the quarter ended 31 December 2009 at an average realised sales price of US\$56.54/lb
- Execution of Paladin's long term contracting strategy with the signing of a substantial long term contract totalling 4Mlb commencing in 2012
- US\$374M private placement completed.

PALADIN ENERGY LTD

Management Discussion and Analysis

For the Six Months Ended 31 December 2009

(All figures are in US dollars unless otherwise indicated)

SUMMARISED INCOME STATEMENT

	Three Months Ended 31 December		Six Months Ended 31 December	
	2009 US\$M	2008 US\$M	2009 US\$M	2008 US\$M
Revenue	62.6	14.2	101.2	66.7
Gross profit	14.7	6.3	29.6	28.4
Exploration and evaluation expenses	(4.4)	(2.8)	(9.5)	(6.4)
Other expenses and income	(4.0)	(7.8)	(12.6)	(18.0)
Impairment of exploration and evaluation	-	(753.8)	-	(753.8)
Impairment of available-for-sale financial assets	-	(26.0)	-	(26.0)
Finance costs	(5.6)	(8.2)	(10.8)	(17.4)
Share of loss of an associate	-	(1.0)	-	(1.0)
Income tax (expense)/benefit	(0.1)	227.0	(16.1)	222.8
Profit/(loss) after tax	0.6	(566.3)	(19.4)	(571.4)
Non controlling interests	(0.2)	95.5	0.4	95.8
Profit/(loss) after tax attributable to the ordinary equity holders of the Company	0.4	(470.8)	(19.0)	(475.6)
	US\$	US\$	US\$	US\$
Loss per share - basic & diluted	-	(0.76)	(0.03)	(0.77)

Three months Ended 31 December 2009

References to 2008 and 2009 refer to the equivalent three months ended 31 December 2008 and 2009 respectively.

Revenue increased from US\$14.2M to US\$62.6M in 2009 as a result of increased sales of uranium of US\$61.9M (2008: US\$13.2M). Total sales volume for the quarter was 1,095,000lb U₃O₈ (2008: 245,000lb). Langer Heinrich Mine (LHM) sold 595,000lb U₃O₈ and Kayelekera Mine (KM) sold 500,000lb U₃O₈. All sales for 2008 relate to Stage I of LHM. Total production for the quarter was 987,310lb U₃O₈ (2008: 673,982lb). LHM produced 841,995lb U₃O₈ and KM produced 145,315lb

PALADIN ENERGY LTD

Management Discussion and Analysis *For the Six Months Ended 31 December 2009* *(All figures are in US dollars unless otherwise indicated)*

U₃O₈. All production for 2008 relates to Stage I of LHM. The average realised uranium sales price in 2009 was US\$56/lb U₃O₈ (2008: US\$54/lb).

Gross Profit in 2009 of US\$14.7M is higher than in 2008 (US\$6.3M) as a consequence of increased uranium sales. The cost of sales for LHM in 2009 remained at US\$26/lb U₃O₈ (2008: US\$26/lb). Overall cost of sales has been impacted by the ramp-up of production at KM.

Exploration and Evaluation Expenditure of US\$4.4M in 2009 related predominantly to the Valhalla/Skal, Isa North, Bigriyi, Angela, and KM projects. Of this total, US\$0.9M was spent on the Valhalla/Skal joint venture project and US\$1.5M on the Angela joint venture project.

Other Expenses and Income has decreased from US\$7.8M to US\$4.0M predominantly as a consequence of the US\$7.8M insurance recovery relating to the heat exchangers at LHM. This was partially offset by higher corporate and marketing costs due to the recognition of a other provision and a higher foreign exchange loss.

Finance Costs have decreased by US\$2.6M to US\$5.6M despite increased average borrowings year on year due to a proportion of the interest payable on the convertible bonds and project finance 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, the US\$325.0M convertible bonds issued 11 March 2008 and project finance.

Income Tax Expense of US\$0.1M is predominantly attributable to the non-cash deferred tax charge on the profits reported by LHM. At this stage a deferred tax credit is not being raised on Australian exploration and corporate expenditure resulting in the group tax charge being higher than the tax equivalent amount of the group profit or loss. The current period non-cash deferred tax charge has been decreased by \$6.4M due to a prior period under provision for foreign exchange movements.

Non controlling interest debit of US\$0.2M 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 Profit after Tax attributable to the ordinary equity holders of the Company for 2009 of US\$0.4M is a turnaround from the loss after tax for 2008 of US\$470.8M predominantly as a result of the recognition in 2008 of an impairment of the Mount Isa exploration and evaluation asset of US\$527.6M net of the deferred tax liability and of the recognition of an impairment of available-for-sale investments of US\$26.0M.

Six months Ended 31 December 2009

References to 2008 and 2009 refer to the equivalent six months ended 31 December 2008 and 2009 respectively.

Revenue increased from US\$66.7M to US\$101.2M in 2009 as a result of increased sales of uranium of US\$100.2M (2008: US\$64.3M). Total sales volume for the six months was 1,798,000lb U₃O₈ (2008: 1,123,000lb). Langer Heinrich Mine (LHM) sold 1,298,000lb U₃O₈ and Kayelekera Mine (KM) sold 500,000lb U₃O₈. All sales for 2008 relate to Stage I of LHM. Total production for the six months was 1,731,498lb U₃O₈ (2008: 1,324,537lb). LHM produced 1,496,511lb U₃O₈ and KM produced 234,987lb U₃O₈. All production for 2008 relates to Stage I of LHM. The average realised uranium sales price in 2009 was US\$56/lb U₃O₈ (2008: US\$57/lb).

Gross Profit in 2009 of US\$29.6M is higher than in 2008 (US\$28.4M) as a consequence of increased uranium sales. The cost of sales for LHM in 2009 remained at US\$26/lb U₃O₈ (2008: US\$26/lb). Overall cost of sales has been impacted by the ramp-up of production at KM.

PALADIN ENERGY LTD

Management Discussion and Analysis

For the Six Months Ended 31 December 2009

(All figures are in US dollars unless otherwise indicated)

Exploration and Evaluation Expenditure of US\$9.5M in 2009 related predominantly to the Valhalla/Skal, Isa North, Bigriyi, Angela, LHM and KM projects. Of this total, US\$2.1M was spent on the Valhalla/Skal joint venture project and US\$2.6M was spent on the Angela joint venture project.

Other Expenses and Income has decreased from US\$18.0M to US\$12.6M predominantly as a consequence of the US\$7.8M insurance recovery relating to the heat exchangers at LHM. This was partially offset by higher corporate and marketing costs due to the recognition of an other provision and a foreign exchange loss of US\$3.5M compared to a foreign exchange gain of US\$1.5M in 2008.

Finance Costs have decreased by US\$6.6M to US\$10.8M despite increased average borrowings year on year due to a proportion of the interest payable on the convertible bonds and project finance 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, the US\$325.0M convertible bonds issued 11 March 2008 and project finance.

Income Tax Expense of US\$16.1M is predominantly attributable to the non-cash foreign exchange movement on the translation of property, plant and equipment in Namibia and Australia and the non-cash deferred tax charge on the profits reported for LHM. At this stage a deferred tax credit is not being raised on Australian exploration and corporate expenditure, resulting in the group tax charge being higher than the tax equivalent amount of the group profit or loss. The current period non-cash deferred tax charge has been increased by \$7.3M due to a prior period under provision for foreign exchange movements.

Non controlling interest credit of US\$0.4M 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 attributable to the ordinary equity holders of the Company* for 2009 of US\$19.0M was lower than the loss after tax for 2008 of US\$475.6M predominantly as a result of the recognition in 2008 of an impairment of the Mount Isa exploration and evaluation asset of US\$527.6M net of the deferred tax liability and of the recognition of an impairment of available-for-sale investments of US\$26.0M.

Summary of Quarterly Financial Results

	2009 Dec qtr US\$M	2009 Sep Qtr US\$M	2009 Jun Qtr US\$M	2009 Mar Qtr US\$M
Total revenues	62.6	38.6	23.2	25.0
Profit/(loss) after tax	0.4	(19.4)	2.1	(6.8)
Basic and diluted loss per share	-	(0.03)	-	(0.01)
	2008 Dec Qtr US\$M	2008 Sep Qtr US\$M	2008 Jun Qtr US\$M	2008 Mar Qtr US\$M
Total revenues	14.2	52.5	38.9	15.3
Loss after tax	(470.8)	(4.8)	(1.9)	(8.4)
Basic and diluted loss per share	(0.76)	(0.01)	(0.01)	(0.01)

PALADIN ENERGY LTD

Management Discussion and Analysis *For the Six Months Ended 31 December 2009* *(All figures are in US dollars unless otherwise indicated)*

Total revenue for the quarters ended December and March have increased when compared to the equivalent comparative quarter as a result of higher sales of uranium.

Total revenues for the quarters ended September and June are lower than the comparative quarters due to lower 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.

Profit after tax for the quarter ended December is a turnaround from the comparative quarter predominantly as a result of the recognition in 2008 of an impairment of the Mount Isa exploration and evaluation asset of US\$527.6M net of the deferred tax liability.

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.

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 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 segment of the Company reflected a higher profit before tax and finance costs than in 2008 of US\$24.3M as a consequence of higher sales volumes. In the Malawian segment the Company reflected a profit before tax and finance costs of US\$5.0M reflecting KM's first contracted sale. Operating costs to 31 December 2009 have been capitalised as KM ramps up production, net of product sold. The 2008 loss for KM relates to exploration and evaluation expenditure and corporate costs. In the Australian geographical segment the Company reflected the remaining Income Statement activities.

PALADIN ENERGY LTD

Management Discussion and Analysis

For the Six Months Ended 31 December 2009
(All figures are in US dollars unless otherwise indicated)

SUMMARISED STATEMENT OF COMPREHENSIVE INCOME

	Three Months Ended 31 December		Six Months Ended 31 December	
	2009 US\$M	2008 US\$M	2009 US\$M	2008 US\$M
Net Profit/(loss) after tax from operations	0.6	(566.3)	(19.4)	(571.4)
Net (loss)/gain on available for sale financial assets	(3.0)	(7.4)	(4.6)	1.0
Foreign currency translation	7.1	(177.2)	62.5	(377.6)
Income tax on items of other comprehensive income	3.3	(1.5)	2.3	0.3
Total comprehensive income/(loss) for the period	8.0	(752.4)	40.8	(947.7)

Three months Ended 31 December 2009

References to 2008 and 2009 refer to the equivalent three months ended 31 December 2008 and 2009 respectively.

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

Net Loss on Available for Sale Financial Assets in 2009 of a US\$3.0M 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.

Six months Ended 31 December 2009

References to 2008 and 2009 refer to the equivalent six months ended 31 December 2008 and 2009 respectively.

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

Net Loss on Available for Sale Financial Assets in 2009 of a US\$4.6M 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.

PALADIN ENERGY LTD

Management Discussion and Analysis

For the Six Months Ended 31 December 2009

(All figures are in US dollars unless otherwise indicated)

SUMMARISED STATEMENT OF FINANCIAL POSITION	31 December 2009 unaudited US\$M	30 June 2009 audited US\$M
Total current assets	570.8	182.0
Total non current assets	1,448.3	1,281.5
Total assets	2,019.1	1,463.5
Total current liabilities	90.8	91.3
Total non current liabilities	887.3	741.0
Total liabilities	978.1	832.3
Net Assets	1,041.0	631.2

Current Assets have increased to US\$570.8M at 31 December 2009 due to an increase in cash and trade receivables which is partially offset by a decrease in inventories.

Cash and cash equivalents has increased to US\$432.6M at 31 December 2009 as a result of US\$363.8M net proceeds from the share placement and US\$145.0M proceeds from the drawdown of KM project finance facilities and by US\$29.8M 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 six months ended 31 December 2009.

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

Trade and other receivables have increased from US\$29.0M to US\$58.0M during the six months ended 31 December 2009. Trade receivables have increased by US\$19.8M reflecting higher sales volumes and the timing of deliveries as compared to June 2009. Prepayments and sundry debtors have increased primarily as a result of the ramp-up of operations at KM. This has been partially offset by a decrease in GST/VAT receivable.

Inventories have decreased from US\$85.8M to US\$79.3M at 31 December 2009 as a result of sales volumes being larger than the record production volumes. Finished goods, at cost, as at 31 December 2009 have increased by US\$9.1M to US\$47.7M.

Finished goods, at net realisable value, at 31 December 2009 have decreased from US\$28.1M to US\$5.2M as part of the uranium held by Paladin Nuclear Ltd, the Company's marketing entity, was loaned to KM and used to fulfil a contracted sale. There have been no further impairment adjustments made to the uranium held by Paladin Nuclear Ltd since an impairment loss of US\$3.7M was recorded in September 2008.

Non Current Assets have increased to US\$1,448.3M at 31 December 2009 primarily as a result of the foreign exchange movement on the Australian dollar denominated exploration assets, capital expenditure at LHM and KM and an increase in inventories. Following a review of KM's capitalised

PALADIN ENERGY LTD

Management Discussion and Analysis

For the Six Months Ended 31 December 2009

(All figures are in US dollars unless otherwise indicated)

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\$90.8M at 31 December 2009 primarily as a result of lower trade and other payables due to reduced construction activities at KM which has been partially offset by an increase in interest bearing loans and borrowings as a result of the drawdown of KM project finance facilities and the recognition of an other provision.

Non Current Liabilities have increased from US\$741.0M to US\$887.3M at 31 December 2009 primarily as a result of the US\$145.0M the drawdown of KM project finance facilities and an increase in deferred tax liabilities. The deferred tax liabilities have increased due to the foreign exchange movement on the translation of property, plant and equipment in Namibia and Australia and also as a result of the deferred tax charge on the profits reported for LHM.

Segment Disclosure (refer to Note 3)

In the Statement of Financial Position as at 31 December 2009, the Company reflected an increase in the Australian segment assets for the six months predominantly as a result of the an increase in cash and cash equivalents and the foreign exchange movement on the Australian dollar denominated exploration assets. For the Namibian segment an increase occurred in the six months in assets predominantly due to the Stage II expansion, operations and exploration and evaluation activities for LHM. For the Malawian segment, an increase occurred in the six months in the assets predominantly as a result of mine construction and the drawdown of the project finance loan for KM.

SUMMARISED STATEMENT OF CHANGES IN EQUITY

	Six Months Ended 31 December	
	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	40.8	(947.7)
Recognised value of unlisted employee options	5.2	6.1
Contributions of equity, net of transaction costs	363.8	3.4
Total Equity at the End of the Financial Period	1,041.0	491.1

Total Comprehensive Income for the Six months Ended 31 December 2009 is discussed under the Statement of Comprehensive Income section.

Recognised Value of Unlisted Employee Options in 2009 of US\$5.2M. During the period no employee options were exercised or granted, 452,000 were forfeited during the six months with exercise prices ranging from A\$4.50 to A\$5.37 per share and 1,000,000 expired with an exercise price of A\$5.50.

Contributions of Equity in 2009 of US\$363.8M increase relates to the share placement of 93,450,000 shares. The number of fully paid ordinary shares on issue at 31 December 2009 is 717,142,802, an increase of 93,450,000 during the six month period.

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(All figures are in US dollars unless otherwise indicated)

Share options of 13,775,455 remain outstanding at 31 December 2009 to the employees and consultants directly engaged in corporate, mine construction, operations, exploration and evaluation work.

SUMMARISED STATEMENT OF CASH FLOWS

	Three Months Ended 31 December		Six Months Ended 31 December	
	2009 US\$M	2008 US\$M	2009 US\$M	2008 US\$M
Net cash (outflow)/inflow from operating activities	(13.5)	(7.6)	(22.5)	3.8
Net cash outflow from investing activities	(55.7)	(72.6)	(107.3)	(144.1)
Net cash inflow/(outflow) from financing activities	5.9	(5.6)	495.0	(2.6)
Net (decrease)/increase in cash held	(63.3)	(85.8)	365.2	(142.9)
Cash at the beginning of the financial period	494.5	279.7	66.2	337.6
Effects of exchange rate changes	1.4	(1.7)	1.2	(2.5)
Cash at the End of the Financial Period	432.6	192.2	432.6	192.2

Three months Ended 31 December 2009

Net Cash Outflow from Operating Activities was US\$13.5M in 2009 primarily due to payments to suppliers and employees of US\$39.9M relating to the mine operations at LHM and KM, exploration and evaluation project expenditure of US\$4.0M and interest payments of US\$6.8M on project finance facilities and convertible bonds which was partly offset by uranium sales receipts of US\$28.9M and an insurance recovery relating to heat exchangers at LHM of US\$7.8M.

Net Cash Outflow from Investing Activities was US\$55.7M in 2009 as a result of mine construction at KM, Stage II expansion at LHM and the acquisition of shares in NGM of US\$0.4M. The net cash outflow of US\$72.6 million in 2008 was as a result of mine construction at the KM, Stage II expansion at LHM and the acquisition of additional investments in Deep Yellow Ltd of US\$0.7M.

Net Cash Inflow from Financing Activities of US\$5.9M in 2009 is attributable to the US\$13.0M drawdown of KM project finance facilities which was partly offset by a US\$6.6M repayment of project finance facilities for LHM. The net cash outflow of US\$5.6M in 2008 was attributable to the repayment of project finance facilities for LHM.

Net Decrease in Cash in 2009 was US\$63.3M, as compared to the net decrease in cash over the previous corresponding period in 2008 of US\$85.8M. The change is predominantly the result of the

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(All figures are in US dollars unless otherwise indicated)

drawdown of KM project financing facilities of US\$13.0M in 2009 and lower cash outflows from investing activities which has been partly offset by higher cash outflows from operating activities.

Effect of Exchange Rate Changes on cash balances is a gain of US\$1.4M for 2009.

Six months Ended 31 December 2009

Net Cash Outflow from Operating Activities was US\$22.5M in 2009 primarily due to payments to suppliers and employees of US\$86.8M relating to the mine operations at LHM and KM, exploration and evaluation project expenditure of US\$9.5M and interest payments of US\$15.1M on project finance facilities and convertible bonds which was partly offset by uranium sales receipts of US\$80.4M and an insurance recovery relating to heat exchangers at LHM of US\$7.8M.

Net Cash Outflow from Investing Activities was US\$107.3M in 2009 as a result of mine construction at KM, Stage II expansion at LHM and the acquisition of shares in NGM of US\$1.5M. The net cash outflow of US\$144.1 million in 2008 was as a result of mine construction at the KM, Stage II expansion at LHM, the acquisition of additional investments in Deep Yellow Ltd of US\$11.2M and third party uranium purchases US\$6.0M.

Net Cash Inflow from Financing Activities of US\$495.0M in 2009 is attributable to the US\$363.8M net proceeds from the share placement and US\$145.0M proceeds from the drawdown of KM project finance facilities which was partly offset by a US\$6.6M repayment of project finance facilities for LHM and US\$7.2M KM project finance facility establishment costs. The net cash outflow of US\$2.6M in 2008 was attributable to US\$5.6M repayment of project finance facilities for LHM which has been partly offset by US\$2.4M proceeds from the exercise of 500,000 unlisted employee options and US\$1.1M net proceeds from external parties from the Summit Resources Ltd renounceable rights issue.

Net Increase in Cash in 2009 was US\$365.2M, as compared to the net decrease in cash over the previous corresponding period in 2008 of US\$142.9M. The change is predominantly the result of the net proceeds from the share placement of the US\$363.8M, the drawdown of KM project financing facilities of US\$145.0M in 2009 and lower cash outflows from investing activities which has been partly offset by higher cash outflows from operating activities.

Effect of Exchange Rate Changes on cash balances is a gain of US\$1.2M for 2009.

LIQUIDITY AND CAPITAL RESOURCES

The Company's principal source of liquidity as at 31 December 2009 is cash of US\$432.6M (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 six months ended 31 December 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\$47.5M which have been fully drawn down.

For KM, the Company has financing totalling US\$167.0M, consisting of a six year Project Finance Facility of US\$145M, a Standby Cost Overrun Facility of US\$12M and a Performance Bond Facility of US\$10M. At 31 December 2009, US\$145M had been drawn. US\$2M was available to be issued under the Performance Bond Facility and the Standby Costs Overrun Facility remains undrawn.

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Management Discussion and Analysis

For the Six Months Ended 31 December 2009

(All figures are in US dollars unless otherwise indicated)

The following is a summary of the Group's outstanding commitments as at 31 December 2009:

	Total	Less than 1 yr	1 to 5yrs	5yrs+ or unknown
Payments due by period	US\$M	US\$M	US\$M	US\$M
Tenements	19.1	2.2	16.9	-
Mine construction	21.4	21.4	-	-
Operating leases	5.4	0.8	3.2	1.4
Manyingee acquisition costs	0.7	-	-	0.7
Total commitments	46.6	24.4	20.1	2.1

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.

As at 11 February 2010 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 11 February 2010	Number
Outstanding shares	717,142,802
Issuable under Executive Share Option Plan	13,775,455
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	812,766,308

CRITICAL ACCOUNTING ESTIMATES

The preparation of the half year financial report 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.

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Management Discussion and Analysis

For the Six Months Ended 31 December 2009

(All figures are in US dollars unless otherwise indicated)

FINANCIAL INSTRUMENTS

At 31 December 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 historically low US dollar interest rates 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, deferred tax liabilities 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 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 half year ended 31 December 2009 no payments were made to Director related entities. Directors of the Company receive standard personal based compensation.

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(All figures are in US dollars unless otherwise indicated)

DISCLOSURE CONTROLS

The Company has applied its Disclosure Control Policy to the preparation of the Consolidated Financial Report for the half year ended 31 December 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 half year ended 31 December 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 31 December 2009.

During the six months 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 six months 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 half year, 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 periods with the exception of the following, the financial effects of which have not been provided for in the 31 December 2009 Financial Report:

Increased Holding in Summit Resources Ltd

On 14 January 2010, the Company acquired an additional 3,452,102 shares in Summit Resources Ltd pursuant to a renounceable rights issue and 126,572 shares via subscription for the shortfall of the rights issue. The additional investment totalled A\$6.9 million (US\$6.2 million). After these acquisitions the Company now holds 82.05% of Summit Resources Ltd.

PALADIN ENERGY LTD

Directors' Report

For the Six Months Ended 31 December 2009
(All figures are in US dollars unless otherwise indicated)

The Directors present their report on the Group consisting of Paladin Energy Ltd and the entities it controlled at the end of, or during, the six months ended 31 December 2009.

Directors

The following persons were Directors of Paladin Energy Ltd (Company) during the whole of the six months and up to the date of this report unless otherwise indicated:

Mr Rick Wayne Crabb (Non-executive Chairman)
Mr John Borshoff (Managing Director/CEO)
Mr Sean Llewelyn (Non-executive Director)
Mr Ian Noble (Non-executive Director)
Mr Donald Shumka (Non-executive Director)

Review of Operations

A detailed operational and financial review of the Group is set out on pages 3 to 23 under the sections titled Report to Shareholders and Management Discussion and Analysis.

The loss after tax attributable to the ordinary equity holders for the six months ended 31 December 2009 was US\$19.0M (loss after tax of US\$475.6M for the six months ended 31 December 2008).

Auditor's Independence Declaration

A copy of the auditor's independence declaration as required under Section 307C of the Corporations Act 2001 is set out on page 25, which forms part of the Directors' Report.

Rounding

The Company is of a kind referred to in Class Order 98/0100 issued by the Australian Securities and Investments Commission, relating to the "rounding off" of amounts in the Directors' Report and Financial Report. Amounts in the Directors' Report and Financial Report have been rounded off to the nearest US\$100,000 in accordance with that class order.

This report is made in accordance with a resolution of the Directors.



Mr John Borshoff
Managing Director/CEO

Perth, Western Australia
11 February 2010

Auditor's Independence Declaration to the Directors of Paladin Energy Ltd

In relation to our review of the financial report of Paladin Energy Ltd for the half-year ended 31 December 2009, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Corporations Act 2001* or any applicable code of professional conduct.

A handwritten signature in black ink, appearing to read 'Ernst & Young'.

Ernst & Young

A handwritten signature in black ink, appearing to read 'G H Meyerowitz'.

G H Meyerowitz
Partner
Perth
11 February 2010

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

	Notes	Three Months Ended 31 December		Six Months Ended 31 December	
		2009 US\$M	2008 US\$M	2009 US\$M	2008 US\$M
Revenue					
Revenue	4(a)	62.6	14.2	101.2	66.7
Cost of sales		(43.0)	(6.5)	(61.7)	(29.8)
		19.6	7.7	39.5	36.9
Depreciation and amortisation		(3.3)	(1.0)	(6.6)	(5.0)
Product distribution costs		(0.8)	(0.1)	(1.4)	(1.4)
Royalties		(0.8)	(0.3)	(1.9)	(2.1)
Gross profit		14.7	6.3	29.6	28.4
Other income	4(b)	9.6	-	9.6	1.5
Exploration and evaluation	10	(4.4)	(2.8)	(9.5)	(6.4)
Administration and marketing		(11.2)	(6.8)	(18.6)	(15.4)
Other expenses	4(c)	(2.3)	(0.8)	(3.5)	(3.7)
Impairment of exploration and evaluation		-	(753.8)	-	(753.8)
Impairment of available-for-sale financial assets		-	(26.0)	-	(26.0)
Finance costs	4(d)	(5.6)	(8.2)	(10.8)	(17.4)
Movement in financial assets held for trading		(0.1)	(0.2)	(0.1)	(0.4)
Share of loss of an associate		-	(1.0)	-	(1.0)
Profit/(loss) before income tax		0.7	(793.3)	(3.3)	(794.2)
Income tax (expense)/benefit		(0.1)	227.0	(16.1)	222.8
Net profit/(loss) after tax from operations		0.6	(566.3)	(19.4)	(571.4)
Net profit/(loss) attributable to:					
Non controlling interests	15	0.2	(95.5)	(0.4)	(95.8)
Members of the parent		0.4	(470.8)	(19.0)	(475.6)
		0.6	(566.3)	(19.4)	(571.4)
Profit/(loss) per share					
Profit/(loss) after tax from operations attributable to ordinary equity holders of the Company		US\$	US\$	US\$	US\$
- basic and diluted		-	(0.76)	(0.03)	(0.77)

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

	Notes	Three Months Ended 31 December		Six Months Ended 31 December	
		2009 US\$M	2008 US\$M	2009 US\$M	2008 US\$M
Net profit/(loss) after tax from operations		0.6	(566.3)	(19.4)	(571.4)
Other comprehensive income					
Net (loss)/gain on available-for-sale financial assets		(3.0)	(7.4)	(4.6)	1.0
Foreign currency translation		7.1	(177.2)	62.5	(377.6)
Income tax on items of other comprehensive income		3.3	(1.5)	2.3	0.3
Other comprehensive income/(loss) for the period, net of tax		7.4	(186.1)	60.2	(376.3)
Total comprehensive income/(loss) for the period		8.0	(752.4)	40.8	(947.7)
Total comprehensive income/(loss) attributable to:					
Non controlling interests	15	1.8	(66.2)	6.4	(95.8)
Members of the parent		6.2	(686.2)	34.4	(851.9)
		8.0	(752.4)	40.8	(947.7)

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	31 December 2009 Unaudited US\$M	30 June 2009 Audited US\$M
ASSETS			
Current assets			
Cash and cash equivalents	5	432.6	66.2
Trade and other receivables	6	58.0	29.0
Inventories	7	79.3	85.8
Financial assets held for trading		0.9	1.0
TOTAL CURRENT ASSETS		570.8	182.0
Non current assets			
Trade and other receivables	6	0.3	2.2
Inventories	7	33.9	24.9
Other financial assets		73.3	69.2
Deferred borrowing costs		-	8.2
Property, plant and equipment	8	489.1	457.8
Mine development	9	117.7	54.2
Exploration and evaluation expenditure	10	708.9	635.5
Deferred tax asset		-	3.9
Intangible assets	11	25.1	25.6
TOTAL NON CURRENT ASSETS		1,448.3	1,281.5
TOTAL ASSETS		2,019.1	1,463.5
LIABILITIES			
Current liabilities			
Trade and other payables		47.0	67.1
Unearned revenue		0.2	0.2
Interest bearing loans and borrowings	12	31.0	14.2
Provisions	13	12.6	9.8
TOTAL CURRENT LIABILITIES		90.8	91.3
Non current liabilities			
Unearned revenue		0.2	0.2
Interest bearing loans and borrowings	12	690.7	572.0
Deferred tax liabilities		161.9	136.5
Provisions	13	34.5	32.3
TOTAL NON CURRENT LIABILITIES		887.3	741.0
TOTAL LIABILITIES		978.1	832.3
NET ASSETS		1,041.0	631.2
Equity			
Contributed equity	14(a)	1,475.4	1,111.6
Reserves		90.5	31.9
Accumulated losses		(600.2)	(581.2)
Parent interests		965.7	562.3
Non controlling interests	15	75.3	68.9
TOTAL EQUITY		1,041.0	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	Owners of the Parent US\$M	Non Controlling Interests US\$M	Total US\$M
Balance at 1 July 2008	1,088.4	234.1	(101.0)	1,221.5	207.8	1,429.3
Changes in equity for the six months to 31 December 2008						
Share based payment	-	6.1	-	6.1	-	6.1
Exercise of unlisted employee options	0.8	(0.8)	-	-	-	-
Contributions of equity, net of transactions costs	2.3	-	-	2.3	1.1	3.4
Total comprehensive loss for the six months, net of tax	-	(317.7)	(475.5)	(793.2)	(154.5)	(947.7)
Balance at 31 December 2008	1,091.5	(78.3)	(576.5)	(436.7)	54.4	491.1
Balance at 1 July 2009	1,111.6	31.9	(581.2)	562.3	68.9	631.2
Changes in equity for the six months to 31 December 2009						
Share based payment	-	5.2	-	5.2	-	5.2
Contributions of equity, net of transactions costs	363.8	-	-	363.8	-	363.8
Total comprehensive income/(loss) for the six months, net of tax	-	53.4	(19.0)	34.4	6.4	40.8
Balance at 31 December 2009	1,475.4	90.5	(600.2)	965.7	75.3	1,041.0

The above Consolidated Statement 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

	Three Months Ended 31 December		Six Months Ended 31 December	
	2009 US\$M	2008 US\$M	2009 US\$M	2008 US\$M
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	28.9	29.6	80.4	79.7
Payments to suppliers and employees	(39.9)	(27.3)	(86.8)	(53.8)
Exploration and evaluation expenditure	(4.0)	(3.1)	(9.5)	(7.3)
Insurance recovery relating to heat exchangers	7.8	-	7.8	-
Interest received	0.5	1.0	0.7	2.2
Interest paid	(6.8)	(7.8)	(15.1)	(17.0)
NET CASH (OUTFLOW)/INFLOW FROM OPERATING ACTIVITIES	(13.5)	(7.6)	(22.5)	3.8
CASH FLOWS FROM INVESTING ACTIVITIES				
Payments for property, plant and equipment	(55.3)	(71.9)	(105.8)	(127.1)
Payments for available-for-sale financial assets	(0.4)	(0.7)	(1.5)	(11.2)
Proceeds from sale of property, plant and equipment	-	-	-	0.2
Payments for third party uranium	-	-	-	(6.0)
NET CASH OUTFLOW FROM INVESTING ACTIVITIES	(55.7)	(72.6)	(107.3)	(144.1)
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from rights issue	-	-	-	1.1
Proceeds from exercise of share options	-	-	-	2.4
Proceeds from share placement	-	-	374.2	-
Equity fundraising costs	(0.7)	-	(10.4)	(0.1)
Project finance facility establishment costs	0.2	-	(7.2)	(0.4)
Repayment of borrowings	(6.6)	(5.6)	(6.6)	(5.6)
Drawdown of borrowings	13.0	-	145.0	-
NET CASH INFLOW/(OUTFLOW) FROM FINANCING ACTIVITIES	5.9	(5.6)	495.0	(2.6)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(63.3)	(85.8)	365.2	(142.9)
Cash and cash equivalents at the beginning of the financial period	494.5	279.7	66.2	337.6
Effects of exchange rate changes on cash and cash equivalents	1.4	(1.7)	1.2	(2.5)
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL PERIOD	432.6	192.2	432.6	192.2

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 SIX MONTHS ENDED 31 DECEMBER 2009
EXPRESSED IN US DOLLARS

NOTE 1. CORPORATE INFORMATION

The financial report of Paladin Energy Ltd (the Company) for the six months ended 31 December 2009 was authorised for issue in accordance with a resolution of the Directors on 9 February 2010.

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 10 to 23.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

This general purpose condensed financial report for the six months ended 31 December 2009 has been prepared in accordance with Australian Accounting Standards Board (AASB) 134 *Interim Financial Reporting*, International Financial Reporting Standard, IAS 34 Interim Financial Reporting and the Corporations Act 2001.

In addition to these Australian requirements further information has been included in the Consolidated Financial Statements for the six months ended 31 December 2009 in order to comply with applicable Canadian securities law, as the Company is listed on the Toronto Stock Exchange.

This half year 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.

From 1 July 2009 the Company has adopted all Australian Accounting Standards and Interpretations for annual periods on or after 1 July 2009 including:-

AASB 8 (IFRS 8) Operating Segments

AASB 8 replaced AASB 114 (IAS 14) Segments Reporting upon its effective date. The Company concluded that the operating segments determined in accordance with AASB 8 are the same as the geographic segments previously identified under AASB 114. AASB 8 disclosures are shown in note 3, including the related revised comparative information.

AASB 101 (IAS 1) Presentation of Financial Statements

The revised Standard separates owner and non owner changes in equity. The statement of changes in equity includes only details of transaction with owners, with non owner changes in equity presented in a reconciliation of each component of equity and included in the new statement of comprehensive income. The statement of comprehensive income presents all items of recognised income and expense, either in one single statement, or in two linked statements. The Group has elected to present two statements.

PALADIN ENERGY LTD AND CONTROLLED ENTITIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 31 DECEMBER 2009
EXPRESSED IN US DOLLARS

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of preparation (continued)

AASB 123 (IAS 23) Borrowing Costs

The revised AASB 123 requires capitalised of borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset. The Company's previous policy was to capitalise borrowing costs.

The Company has not elected to early adopt any new accounting standards and interpretations.

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.

NOTE 3. SEGMENT INFORMATION

Identification of reportable segments

The Company has adopted AASB 8 (IFRS 8) Operating Segments with effect for 1 July 2009. AASB 8 requires operating segments to be identified on the basis of the internal reports that are reviewed and used by the executive management team (the chief operating decision makers) in assessing performance and in determining the allocation of resources.

The Company has identified its operating segments to be Australia, Namibia and Malawi, on the basis of geographical location and different regulatory environments.

Discrete financial information about each of these operating segments is reported to the chief operating decision makers on at least a monthly basis.

The accounting policies used by the Group in reporting segments internally are the same as those contained in note 2 to the accounts and in the prior period.

Corporate charges comprise non-segmental expenses such as corporate office expenses. A proportion of the corporate charges are allocated to Namibia and Malawi with the balance remaining in Australia.

The following items are not allocated to segments as they are not considered part of the core operations of any segment:

- Interest revenue
- Finance costs

The following tables present revenue, expenditure and asset information regarding geographical segments for the six months ended 31 December 2009 and 31 December 2008.

PALADIN ENERGY LTD AND CONTROLLED ENTITIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 31 DECEMBER 2009
EXPRESSED IN US DOLLARS

NOTE 3. SEGMENT INFORMATION (continued)

Six months ended 31 December 2009	Australia US\$M	Namibia US\$M	Malawi US\$M	Consolidated US\$M
Sales to external customers	-	67.2	33.0	100.2
Other revenue	0.1	-	-	0.1
Total segment revenue	0.1	67.2	33.0	100.3
Unallocated revenue				0.9
Total consolidated revenue				101.2
(Loss)/profit before income tax and finance costs	(21.8)	24.3	5.0	7.5
Finance costs				(10.8)
Loss from continuing operations before income tax expense				(3.3)
Income tax expense	6.0	(20.4)	(1.7)	(16.1)
Loss from continuing operations after income tax expense				(19.4)
Segment assets/total assets	1,074.6	350.1	594.4	2,019.1

Six months ended 31 December 2008	Australia US\$M	Namibia US\$M	Malawi US\$M	Consolidated US\$M
Sales to external customers	-	64.3	-	64.3
Other revenue	0.1	-	-	0.1
Total segment revenue	0.1	64.3	-	64.4
Unallocated revenue				2.3
Total consolidated revenue				66.7
(Loss)/profit before income tax and finance costs	(795.6)	22.4	(2.6)	(775.8)
Finance costs				(17.4)
Share of loss of associate				(1.0)
Loss from continuing operations before income tax expense				(794.2)
Income tax benefit/(expense)	237.1	(11.0)	(3.3)	222.8
Loss from continuing operations after income tax benefit				(571.4)
Segment assets/total assets	807.7	271.1	295.9	1,374.7

PALADIN ENERGY LTD AND CONTROLLED ENTITIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 31 DECEMBER 2009
EXPRESSED IN US DOLLARS

NOTE 4. REVENUE AND EXPENSES

	Three Months Ended		Six Months Ended	
	31 December		31 December	
	2009	2008	2009	2008
	US\$M	US\$M	US\$M	US\$M
(a) Revenue				
Sale of uranium	61.9	13.2	100.2	64.3
Interest income from non-related parties	0.7	1.0	0.9	2.3
Database licence revenue	-	-	0.1	0.1
Total revenue	62.6	14.2	101.2	66.7
(b) Other income				
Insurance recovery relating to heat exchangers	7.8	-	7.8	-
Foreign exchange gain (net)	-	-	-	1.5
Gain on re-estimation of cash flows attributable to a financial liability	1.8	-	1.8	-
Total other income	9.6	-	9.6	1.5
(c) Other expenses				
Impairment of inventory	-	-	-	(3.7)
Foreign exchange loss (net)	(2.3)	(0.8)	(3.5)	-
Total other expenses	(2.3)	(0.8)	(3.5)	(3.7)
(d) Finance costs				
Interest expense	(1.1)	(4.1)	(2.1)	(9.1)
Accretion relating to convertible bonds (non-cash)	(2.8)	(2.8)	(5.6)	(5.5)
Mine closure provision discount interest expense	(0.6)	(0.1)	(1.1)	(0.4)
Facility costs	(1.1)	(1.2)	(2.0)	(2.4)
Total finance costs	(5.6)	(8.2)	(10.8)	(17.4)

PALADIN ENERGY LTD AND CONTROLLED ENTITIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 31 DECEMBER 2009
EXPRESSED IN US DOLLARS

NOTE 5. CASH AND CASH EQUIVALENTS

	31 December 2009 US\$M	30 June 2009 US\$M
Cash at bank and in hand	32.5	18.8
Short-term bank deposits	400.1	47.4
Total cash and cash equivalents	432.6	66.2

Total cash and cash equivalents includes US\$4.0M restricted to social responsibility projects in Malawi and US\$12.7M in respect of the LHM and KM project finance facilities.

NOTE 6. TRADE AND OTHER RECEIVABLES

Current

Trade receivables	33.0	13.2
Less allowance for doubtful debts	-	-
Net trade receivables	33.0	13.2

Prepayments	8.7	2.7
GST and VAT	7.3	11.1
Sundry debtors	9.0	2.0

Total current receivables	58.0	29.0
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Non Current

Sundry debtors	0.3	2.2
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Total non current receivables	0.3	2.2
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NOTE 7. INVENTORIES

Current

Stores and spares (at cost)	19.6	12.8
Stockpiles (at cost)	3.4	2.3
Work-in-progress (at cost)	3.4	4.0
Finished goods (at cost)	47.7	38.6
Third party uranium purchased:		
Finished goods (at net realisable value)	5.2	28.1

Total current inventories at the lower of cost and net realisable value	79.3	85.8
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Non Current

Stockpiles (at cost)	33.9	24.9
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Total non current inventories at the lower of cost and net realisable value	33.9	24.9
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PALADIN ENERGY LTD AND CONTROLLED ENTITIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 31 DECEMBER 2009
EXPRESSED IN US DOLLARS

NOTE 8. PROPERTY, PLANT AND EQUIPMENT

	31 December 2009 US\$M	30 June 2009 US\$M
Plant and equipment – at cost	249.7	169.4
Less provision for depreciation	(26.7)	(22.4)
Total plant and equipment	223.0	147.0
Land and buildings – at cost	9.2	6.4
Less provision for depreciation	(0.7)	(0.6)
Total land and buildings	8.5	5.8
Construction work in progress – at cost	257.6	305.0
Total property, plant and equipment	489.1	457.8

NOTE 9. MINE DEVELOPMENT

Mine development	122.0	57.4
Less provision for depreciation	(4.3)	(3.2)
Total mine development	117.7	54.2

PALADIN ENERGY LTD AND CONTROLLED ENTITIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 31 DECEMBER 2009
EXPRESSED IN US DOLLARS

NOTE 10. EXPLORATION AND EVALUATION EXPENDITURE

The following table details the expenditures on interests in mineral properties by area of interest for the six months ended 31 December 2009:

Areas of interest	Valhalla /Skal ⁽¹⁾ US\$M	Isa North US\$M	Fusion US\$M	Angela US\$M	Bigryli Pamela US\$M	KM US\$M	LHM US\$M	Other US\$M	Total Uranium US\$M
Balance 30 June 2009 (audited)	494.386	117.740	8.055	-	14.283	-	-	1.071	635.535
Acquisition property payments	2.848	0.679	-	-	-	-	-	-	3.527
Project exploration and evaluation expenditure									
Labour	0.679	0.384	0.143	0.046	0.012	0.193	-	0.314	1.771
Outside services	0.697	0.758	0.022	-	-	1.096	0.185	0.115	2.873
Joint venture contributions	-	-	-	2.560	0.750	-	-	-	3.310
Other expenses	0.747	0.360	0.106	0.019	0.046	0.166	-	0.360	1.804
Total expenditure	2.123	1.502	0.271	2.625	0.808	1.455	0.185	0.789	9.758
Exploration expenditure expensed	(2.123)	(1.502)	(0.271)	(2.625)	(0.808)	(1.244)	(0.185)	(0.789)	(9.547)
Exploration expenditure capitalised	-	-	-	-	-	0.211	-	-	0.211
Foreign exchange differences	54.321	12.937	0.879	-	1.569	-	-	0.118	69.824
Transferred to Mine Development	-	-	-	-	-	(0.211)	-	-	(0.211)
Balance 31 December 2009 (unaudited)	551.555	131.356	8.934	-	15.852	-	-	1.189	708.886

- ⁽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 non controlling 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 SIX MONTHS ENDED 31 DECEMBER 2009
EXPRESSED IN US DOLLARS

NOTE 11. INTANGIBLE ASSETS

	31 December 2009 US\$M	30 June 2009 US\$M
Cost	27.8	27.8
Accumulated amortisation	(2.7)	(2.2)
Net carrying amount of non current intangible assets	25.1	25.6

NOTE 12. INTEREST BEARING LOANS AND BORROWINGS

	Maturity		
Current			
Secured bank loans		31.0	14.2
Non Current			
Unsecured convertible bonds	2011	232.1	227.5
Unsecured convertible bonds	2013	307.3	304.6
Secured bank loan	2012	31.3	39.9
Secured bank loan	2015	120.0	-
Total non current interest bearing loans and borrowings		690.7	572.0

The above figures include deferred borrowing costs.

On 31 July 2009, the Company announced the completion of all conditions precedent to enable drawdown under the US\$167M KM project finance. The project finance consists of a six year Project Finance Facility of US\$145M, a Standby Cost Overrun Facility of US\$12M and a Performance Bond Facility of US\$10M. The facilities are being provided by Société Générale Corporate and Investment Banking (as inter-creditor agent and commercial lender), Nedbank Capital a division of Nedbank Limited (ECIC lender) and Standard Bank Limited (as ECIC facility agent and lender). The Project Finance Facility bears interest at the London Interbank Offered Rate (LIBOR) plus 3.5%. The facilities are secured over the assets of Paladin (Africa) Ltd.

NOTE 13. PROVISIONS

Current			
Social responsibility		4.0	7.7
Other provision		6.2	-
Employee benefits		2.4	2.1
Total current provisions		12.6	9.8
Non Current			
Social responsibility		2.0	2.0
Employee benefits		0.1	0.1
Rehabilitation provision		19.1	16.7
Mine closure		11.5	11.7
Demobilisation provision		1.8	1.8
Total non current provisions		34.5	32.3

PALADIN ENERGY LTD AND CONTROLLED ENTITIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 31 DECEMBER 2009
EXPRESSED IN US DOLLARS

NOTE 14. CONTRIBUTED EQUITY

(a) Issued and paid up capital

	31 December		31 December	
	2009	2008	2009	2008
Ordinary shares	Number of Shares		US\$M	US\$M
Issued and fully paid	717,142,802	613,997,369	1,475.4	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 31 December 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				(10.4)
Balance 31 December 2009		717,142,802			1,475.4

PALADIN ENERGY LTD AND CONTROLLED ENTITIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 31 DECEMBER 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:

				31 December 2009
				Number
Number of unlisted employee options				<u>13,775,455</u>
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	7,252,485
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	300,000
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>13,775,455</u>

NOTE 15. NON CONTROLLING INTERESTS

	31 December 2009 US\$M	30 June 2009 US\$M
Non Controlling interests comprise:		
Share capital	22.0	22.0
Opening accumulated losses	(108.3)	(12.1)
Reserves	162.0	155.2
Current period (loss)	<u>(0.4)</u>	<u>(96.2)</u>
Total non controlling interests	<u>75.3</u>	<u>68.9</u>

The non controlling interests recognised relate to the 18.0% interest in Summit Resources Ltd not held by the Company and the 15% interest in Paladin (Africa) Ltd held by the Government of Malawi.

PALADIN ENERGY LTD AND CONTROLLED ENTITIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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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, Mt Isa Uranium Pty Ltd (MIU) entered into a settlement agreement with respect to proceedings which had been commenced by Summit Resources (Aust) Pty Ltd (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.

On 3 December 2009, Paladin announced that its subsidiary, Mt Isa Uranium Pty Ltd (MIU) had entered into a conditional agreement with (amongst others) Areva NC (Australia) Pty Ltd (Areva), Resolute Limited (Resolute) and Summit Resources Limited (Summit) (the settlement agreement)

The settlement agreement relates to Areva's application to the Supreme Court of Western Australia under section 237 of the Corporations Act 2001 (Cth) for leave to intervene in the proceedings that were brought by Summit's wholly owned subsidiary, Summit Resources (Aust) Pty Ltd (SRA), against Resolute and MIU.

The settlement agreement is conditional upon the Honourable Chief Justice making orders in the form sought by the parties.

Paladin will make a further announcement to the market once it becomes known whether the Honourable Chief Justice will make the orders sought by the parties. There is no guarantee that such orders will be made, or made in the form sought by the parties.

The Company has recognised a provision for the expected litigation settlement amount.

**PALADIN ENERGY LTD AND CONTROLLED ENTITIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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EXPRESSED IN US DOLLARS**

NOTE 17. EVENTS AFTER THE BALANCE SHEET DATE

Increased Holding in Summit Resources Ltd

On 14 January 2010, the Company acquired an additional 3,452,102 shares in Summit Resources Ltd pursuant to a renounceable rights issue and 126,572 shares via subscription for the shortfall of the rights issue. The additional investment totalled A\$6.9 million (US\$6.2 million). After these acquisitions the Company now holds 82.05% of Summit Resources Ltd.

Directors' Declaration

In accordance with a resolution of the Directors of Paladin Energy Ltd, I state that:

In the opinion of the directors:

- (a) the financial statements and notes of the consolidated entity are in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the financial position as at 31 December 2009 and the performance for the second quarter and half-year ended on that date of the consolidated entity; and
 - (ii) comply with Accounting Standard AASB 134 *Interim Financial Reporting*, International Financial Reporting Standard, IAS 34 *Interim Financial Reporting* and the Corporations Regulations 2001; and
- (b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

On behalf of the Board



Mr John Borshoff
Managing Director/CEO

Perth, Western Australia
11 February 2009

To the members of Paladin Energy Ltd

Report on the Second Quarter and Half-Year Financial Report

We have reviewed the accompanying second quarter and half-year financial report of Paladin Energy Ltd, which comprises the statement of financial position as at 31 December 2009, the statement of comprehensive income and statement of cash flows for the second quarter and half-year ended on that date and the statement of changes in equity for the half-year ended on that date and other selected explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

Directors' Responsibility for the Second Quarter and Half-Year Financial Report

The directors of the company are responsible for the preparation and fair presentation of the second quarter and half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the second quarter and half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express a conclusion on the second quarter and half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of Interim and Other Financial Reports Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2009 and its performance for the second quarter and half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Paladin Energy Ltd and the entities it controlled during the second quarter and half-year, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of an interim financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

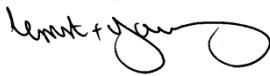
Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the Directors' Report.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the second quarter and half-year financial report of Paladin Energy Ltd is not in accordance with the *Corporations Act 2001*, including:

- i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2009 and of its performance for the second quarter and half-year ended on that date; and
- ii) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A handwritten signature in black ink, appearing to read 'Ernst & Young'.

Ernst & Young

A handwritten signature in black ink, appearing to read 'G H Meyerowitz'.

G H Meyerowitz
Partner
Perth
11 February 2010

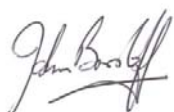
APPENDIX A

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 31 December 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 31 December 2009 that has materially affected, or is reasonably likely to materially affect, the issuer's ICFR.

Dated: 11 February 2010



John Borshoff
Managing Director/CEO

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APPENDIX A

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

I, Garry Korte, 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 31 December 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 31 December 2009 that has materially affected, or is reasonably likely to materially affect, the issuer's ICFR.

Dated: 11 February 2010



Garry Korte
Chief Financial Officer