PALADIN RESOURCES LTD
A.C.N. 061 681 098

GRAND CENTRAL 1ST FLOOR, 26 RAILWAY ROAD
SUBIACO WESTERN AUSTRALIA 6008
PO BOX 201, SUBIACO WESTERN AUSTRALIA 6904

TELEPHONE: (+61 8) 9381 4366 FAX: (+61 8) 9381 4978
EMAIL: paladin@paladinresources.com.au
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Ref: 3640v1

7 October 2005

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

By Electronic Lodgement

Dear Sir/Madam

2005 Annual Report and Notice of Annual General Meeting

Attached please find 2005 Annual Report together with Notice of Annual General Meeting as forwarded to shareholders.

Yours faithfully
Paladin Resources Ltd

JOHN BORSHOFF
Managing Director

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NOTICE OF ANNUAL GENERAL MEETING

PROXY FORM

AND

MANAGEMENT INFORMATION CIRCULAR

Date of Meeting
9 November 2005

Time of Meeting
2.30pm

Place of Meeting
The Celtic Club
48 Ord Street
West Perth, Western Australia

NOTICE OF ANNUAL GENERAL MEETING

TO THE HOLDERS OF ORDINARY SHARES OF PALADIN RESOURCES LTD:

The Annual General Meeting (the "Meeting") of Paladin Resources Ltd (the "Company") will be held at the Celtic Club, 48 Ord Street, West Perth, Western Australia on Wednesday, 9 November 2005 at 2:30pm, Perth time, for the following purposes:

FINANCIAL REPORT

To receive and consider the consolidated Financial Statements of the Company for the financial year ended 30 June 2005, and the Directors' and Auditors' Reports thereon.

Resolution 1: Election of Sean Reveille Llewelyn as Director

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

"*That Mr Sean Reveille Llewelyn be elected as a Director.*"

Resolution 2: Election of George Edward Pirie as Director

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

"*That Mr George Edward Pirie be elected as a Director.*"

Resolution 3: Election of Ian Urquhart Noble as Director

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

"*That Mr Ian Urquhart Noble be elected as a Director.*"

Resolution 4: Election of Rick Wayne Crabb as Director

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

"*That Mr Rick Wayne Crabb be re-elected as a Director.*"

Resolution 5: Approval of Termination Payment to John Borshoff

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

"*That pursuant to section 200B(1) of the Corporations Act and Listing Rule 10.19 of the Listing Rules of Australian Stock Exchange Limited, the shareholders approve John Borshoff's entitlement to the termination payment specified in his employment contract dated 27 July 2005 with the Company and to the making of the termination payment by the Company in accordance with the terms of John Borshoff's employment contract, further details of which are set out in the Explanatory Memorandum accompanying this Notice of Meeting*."

Voting Exclusions

The Company will in accordance with Listing Rule 10.19 of the Listing Rules of Australian Stock Exchange Limited disregard any votes cast on Resolution 5 by John Borshoff or any associate of John Borshoff. However, the Company need not disregard a vote if:

- it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

Resolution 6: Directors' Fees

To consider and, if thought fit, to approve the following resolution as an **ordinary resolution**:

"*That the total pool of fees payable to directors be increased from A$125,000 to A$400,000*."

Voting Exclusions

The Company will in accordance with Listing Rule 10.17 ASX, disregard any votes cast on Resolution 6 by a director of the Company, and an associate of the director. However, the Company need not disregard a vote if:

- it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

Resolution 7: Change of Auditors

To consider and, if thought fit, to approve the following resolution as an **ordinary resolution**:

"*That Ernst and Young be appointed as the Company's auditor.*"

Resolution 8: Ratification of Issue of Shares to Balmain Resources Pty Ltd

To consider and, if thought fit, to approve the following resolution as an **ordinary resolution**:

"*That, for the purposes of listing rule 7.4 of the Listing Rules of Australian Stock Exchange Limited, and for all other purposes, the Company approve and ratify the allotment and issue of 4,350,000 fully paid Ordinary Shares to Balmain Resources Pty Ltd at an issue price of A$1.235 per share, further details of which are set out in the Explanatory Memorandum accompanying this Notice of Meeting*."

Voting Exclusions

For the purposes of Resolution 8:

(1) The shares issued are fully paid ordinary shares which rank *pari passu* with existing shares.

(2) The Company will disregard any votes cast by Balmain Resources Pty Ltd or any associate of Balmain Resources Pty Ltd. However, the Company need not disregard a vote if:
- it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

Resolution 9: Remuneration Report

To consider and, if thought fit, to approve the following resolution as an **ordinary resolution**:

"*To adopt the Remuneration Report for the year ended 30 June 2005.*"

Note: *The vote on this resolution is advisory only and does not bind the Directors of the Company*

OTHER BUSINESS

To transact such other business as may properly come before the Meeting.

Information in relation to each of the foregoing resolutions accompanies this Notice of Meeting.

The Directors have determined the close of business on 7 November 2005 as the snapshot date for determining Shareholders who are entitled to attend and vote at the Meeting.

If you cannot attend the Meeting in person, you are encouraged to date, sign and deliver the accompanying proxy and return it prior to 2:30pm Perth time on 7 November 2005. Information in relation to proxy voting is set out in the following documentation.

DATED at Perth, Western Australia, on 3 October 2005.

By order of the Board
(*signed*) Gillian Swaby
Company Secretary

MANAGEMENT INFORMATION CIRCULAR

3 October 2005

SOLICITATION OF PROXIES

This Information Circular is furnished in connection with the solicitation of proxies by the management of **PALADIN RESOURCES LTD** (the "Company") for use at the Annual General Meeting of the Company (the "Meeting") to be held on Wednesday, 9 November 2005, and any adjournments thereof, at the time and place and for the purposes set forth in the accompanying Notice of Annual General Meeting.

VOTING BY PROXIES

This section headed "Voting by Proxies" only applies to registered holders (a "Shareholder") of Ordinary shares of the Company ("Ordinary Shares").

The form of proxy accompanying this Information Circular confers discretionary authority upon the proxy nominee with respect to any amendments or variations to the matters identified in the Notice of Annual General Meeting and any other matters that may properly come before the Meeting. On any ballot, the Ordinary Shares represented by the proxy will be voted or withheld from voting in accordance with the instructions of the Shareholder as specified in the proxy with respect to any matter to be acted on. **If a choice is not specified with respect to any matter, the Ordinary Shares represented by a proxy given to management are intended to be voted in favour of the resolutions contemplated herein. A Shareholder has the right to appoint a person (who need not be a Shareholder) to attend and act for the Shareholder and on the Shareholder's behalf at the Meeting other than the persons designated in the form of proxy and may exercise such right by inserting the name in full of the desired person in the blank space provided in the form of proxy.** Proxies must be delivered prior to 2:30pm Perth time on 7 November 2005 to either of the following:

Computershare Investor Services Pty Limited GPO Box D182 PERTH WA 6840 AUSTRALIA Telephone: Australia: 1300 85 05 05 Overseas: +61 (0) 3 9415 4000	**Or**	Facsimile: Australia: 08 9323 2033 Overseas: +61 8 9323 2033
Computershare Investor Service Inc Attention: Proxy General 100 University Avenue 9th Floor TORONTO, ON M5J 2Y1 CANADA Telephone: 1-800-564-6253/514-982-7555	**Or**	Facsimile: 1 866 249 7775

Management of the Company are not aware of any amendments to the matters to be presented for action at the Meeting or of any other matters to be presented for action at the Meeting.

ADVICE TO BENEFICIAL HOLDERS OF SHARES

The information set forth in this section is of significant importance to persons who beneficially own Ordinary Shares, as a substantial number of such persons do not hold Ordinary Shares in their own name. Persons who hold Ordinary Shares through their brokers, intermediaries, trustees or other persons, or who otherwise do not hold such securities in their own name (referred to in this section as "Beneficial Holders") should note that only proxies deposited by persons whose names appear on the records of the Company may be recognized and acted upon at the Meeting. If Ordinary Shares are listed in an account statement provided to a Beneficial Holder by a broker, then in almost all cases those Ordinary Shares will not be registered in the Beneficial Holder's name on the records of the Company. Such Ordinary Shares will more likely be registered under the names of the broker or an agent of that broker. In Canada, the vast majority of shares are registered under the name of CDS & Co. (the registration name for The Canadian Depository for Securities Limited, which acts as nominee for many Canadian brokerage firms). Ordinary Shares held by brokers, agents or nominees can only be voted (for or against resolutions) upon the written instructions of the Beneficial Holder.

Without specific instructions, brokers, agents and nominees are prohibited from voting securities for their clients. **Therefore, Beneficial Holders should ensure that instructions respecting the voting of their Ordinary Shares are communicated to the appropriate person by the appropriate time.**

Applicable regulatory policy requires intermediaries/brokers to seek voting instructions from Beneficial Holders in advance of shareholders' meetings. Each intermediary/broker has its own mailing procedures and provides its own return instructions to clients, which should be carefully followed by Beneficial Holders to ensure that their Ordinary Shares are voted at the Meeting. The purpose of the form of proxy or voting instruction form supplied to a Beneficial Holder by its broker, agent or nominee is limited to instructing the registered Shareholder (the broker or agent of the broker) how to vote on behalf of the Beneficial Holder. The majority of brokers now delegate responsibility for obtaining instructions from clients to Independent Investor Communications Company ("IICC"). IICC typically supplies a voting instruction form, mails those forms to the Beneficial Holders and asks Beneficial Holders to return the forms to IICC or follow specified telephone voting procedures. IICC then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of Ordinary Shares to be represented at the appropriate Meeting. **A Beneficial Holder receiving a voting instruction form from IICC cannot use that form to vote Ordinary Shares directly at the Meeting - the voting instruction forms must be returned to IICC or the telephone procedures completed well in advance of the Meeting in order to have such shares voted.**

Although Beneficial Holders may not be recognized directly at the Meeting for the purpose of voting shares registered in the name of their broker, agent or nominee, a Beneficial Holder may attend at the Meeting as proxy holder for the Shareholder and vote the Ordinary Shares, as the case may be, in that capacity. Beneficial Holders who wish to attend at the Meeting and indirectly vote their Ordinary Shares, as the case may be, as proxy holder for the registered Shareholder, should enter their own names in the blank space on the form of proxy or voting instruction form provided to them and return the same to their broker (or the broker's agent) in accordance with the instructions provided by such broker (or agent), well in advance of the Meeting.

REVOCATION OF PROXIES

A Shareholder executing and delivering a proxy has the power to revoke it in accordance with the provisions of the Australian *Corporations Act*, which provides that every proxy may be revoked by an instrument in writing executed by the Shareholder or by his or her attorney authorized in writing and delivered either to the registered office of the Company at any time up to and including the last business day preceding the day of the Meeting, or any adjournment thereof at which the proxy is to be used, or to the chairman of the Meeting on the day of the Meeting or any adjournment thereof, or in any other manner permitted by law.

A proxy is valid only in respect of the Meeting.

PERSONS MAKING THE SOLICITATION

This solicitation of proxies is made by management of the Company. The cost of the solicitation has been and will be borne by the Company.

VOTING SHARES AND PRINCIPAL HOLDERS THEREOF

As of 19 September 2005, the issued and outstanding capital of the Company consists of 406,285,713 Ordinary Shares. Subject to certain exclusions of votes contemplated below, each Ordinary Share is entitled to be voted at the Meeting. On a ballot, each Ordinary Share is entitled to one vote.

The snapshot date for determination of the Shareholders entitled to attend and vote at the Meeting is close of business on 7 November 2005.

A simple majority of votes cast are required to approve all matters to be submitted to a vote of Shareholders at the Meeting.

PARTICULARS OF MATTERS TO BE ACTED ON

Resolutions 1, 2, 3, & 4: Election of Directors

Messrs Llewelyn, Pirie and Noble were appointed as directors of the Company since the last Annual General Meeting. In accordance with the Company's Constitution, they cease to hold office at the next Annual General Meeting following their appointment, however, being eligible, are all offering themselves for election.

Further, the Company's Constitution provides that at each Annual General Meeting one-third of the Directors or, if their number is not a multiple of three, then the number nearest to but not more than one-third of the Directors must retire from office. Mr Crabb, therefore, retires from office in accordance with this requirement and submits himself for re-election.

Information in respect of each Director seeking election, as well as in respect of John Borshoff, an existing director of the Company, who is not required by the Company's Constitution to retire at this Annual General Meeting, is set out below:

Name and Residence	Position with Paladin	Principal Occupations during preceding 5 years	Ordinary Shares beneficially owned directly or indirectly
Rick Wayne Crabb Perth, Australia	Chairman (27 March 2003 to present); Non-Executive Director (8 February 1994 to present)	Partner: Blakiston and Crabb (1980 to 2004).	5,964,746 (1.47%)
Sean Reveille Llewelyn Gold Coast, Australia	Non-Executive Director (12 April 2005 to present)	None	None
George Edward Pirie Toronto, Canada	Non-Executive Director (1 June 2005 to present)	President and CEO: Breakwater Resources Inc. (4 July 2005 to present); Placer Dome Canada (December 2002 to 31 December 2004).	None
Ian Urquhart Noble Gold Coast, Australia	Non-Executive Director (29 June 2005 to present)	None	16,000 (0%)
John Borshoff Perth, Australia	Managing Director	Managing Director of the Company (24 September 1993 to present)	14,591,394 (3.59%)

Resolution 5: Approval of Termination Payment to John Borshoff

Shareholder approval is being sought in Resolution 5 to John Borshoff's entitlement to the termination payment specified in his employment contract dated 27 July 2005 with the Company ("**Employment Contract**") and to the making of the termination payment by the Company in accordance with the terms of the Employment Contract in certain events of termination described below. The Company's obligation to make the termination payment is conditional on shareholders approving the obligation by 30 November 2005.

John Borshoff has been the Company's Managing Director since 24 September 1993. A new contract was entered into with Mr Borshoff engaging Mr Borshoff as the Company's Managing Director for a period of 3 years commencing on 1 March 2005. His term of office may be extended for a further period of 2 years by mutual agreement.

The termination payment is equal to two times the average of the base salary component of John Borshoff's remuneration package for the two year period immediately preceding the termination of Mr Borshoff's employment ("**Termination Payment**"). At the date of this Notice, John Borshoff's base salary was $400,000 per annum (inclusive of statutory superannuation).

John Borshoff's total remuneration package will be reviewed annually, the first review of which will take effect on 1 January 2006, by mutual agreement and with regard to market movements in remuneration levels of executive resource and mining companies in Australia. John Borshoff's total remuneration package cannot be reduced as a result of an annual review.

In addition to his base salary, at the Board's discretion John Borshoff is entitled to performance based short term incentives and to long term incentives in the form of participation in any employee performance incentive programs should they be established by the Company. He is also entitled to be reimbursed for all reasonable travelling, entertainment, accommodation and general expenses incurred in connection with his employment. The Company will also take out life insurance coverage for him to the value of $1,000,000.

Under the Employment Contract the Company must pay the Termination Payment to John Borshoff if the Employment Contract is terminated prior to the end of the term in the following circumstances:

(a) by the Company without cause, including as a result of the Company's shareholders resolving to remove John Borshoff as a director of the Company; or

(b) by John Borshoff as a result of the Company's repudiation or breach of the Employment Contract or because the Company requests Mr Borshoff to assume responsibilities not reasonably consistent with the services required of him under the Employment Contract or to perform a substantially lower level of services to those required of him under the Employment Contract.

However, the Termination Payment must not be paid, unless otherwise determined by the Directors, if the Employment Contract is terminated in the following circumstances:

(a) by John Borshoff without cause;

(b) by the Company as a result of John Borshoff's gross misconduct, neglect, incapacity or death, bankruptcy, unremedied breach or serious or persistent breach or other lawful termination by the Company in accordance with the terms of the Employment Agreement; or

(c) by the Company or John Borshoff if for any reason the terms of the Employment Contract become illegal or offend any statute relating to the conduct of the Company's business.

Termination payments

Corporations Act

Section 200B(1) of the Corporations Act prohibits a company from giving a person a benefit in connection with that person's retirement from a board or managerial office without shareholder approval under section 200E. Retirement from an office includes loss of office, resignation from office and death of a person at a time when they held office.

The Company's obligation under the Employment Contract to make the Termination Payment to John Borshoff and the making of the Termination Payment to Mr Borshoff on the terms of the Employment Contract is the giving of a benefit in connection with Mr Borshoff's retirement from a board or managerial office for the purposes of section 200B(1) of the Corporations Act.

Information requirements

For the purposes of section 200E of the Corporations Act the following details regarding the benefit is provided:

The amount of the payment or the manner in which its value is to be calculated and any matter, event or circumstance that will or is likely to affect the calculation of that value:

The Termination Payment is equal to two times the average of the base salary component of John Borshoff's remuneration package for the two year period immediately preceding the termination of Mr Borshoff's employment. The amount of the Termination Payment is therefore dependent upon Mr Borshoff's base salary. Mr Borshoff's existing base salary and the basis for future salary reviews are summarised above.

Resolution 6: Directors' Fees

Shareholder approval is being sought to increase the total pool of fees available from which to pay directors' fees. The quantum is currently set at A$125,000 per annum, however, given the recent Board expansion and growth of the Company, it is considered that this level needs to be increased. This is necessary to attract and retain directors of a calibre required to effectively guide and monitor the business of the Company.

The Directors' fees have been considered and A$400,000 has been decided as an appropriate maximum level of Directors' fees. This will also allow for non-executive directors to be remunerated appropriately for the expectations placed upon them both by the Company and the regulatory environment in which it operates. It should be noted that Directors' fees have not increased since 2001.

Resolution 7: Change of Auditors

The auditor, Ernst & Young was appointed on 21 June 2005 to replace RSM Bird Cameron Partners. The Board of Directors resolved at a Board meeting on 16 June 1005 to seek approval from the Australian Securities and Investments Commission (ASIC) for RSM Bird Cameron partners to resign as auditor. This situation arose as the Canadian member firm of RSM International was unable to assist RSM Bird Cameron Partners in the audit of the required AGAAP to CGAAP reconciliation note and accordingly this firm and its Canadian international affiliate were not able to provide the professional services required by the Company for the year ended 30 June 2005. It was, therefore, necessary for RSM Bird Cameron partners to resign as auditor of the Company to permit another accounting firm who could provide the required professional services, to be appointed as auditor to the Company for the year ended 30 June 2005. In these circumstances, it was appropriate for ASIC to permit a resignation, at a date other than the next Annual General Meeting. Ernst and Young consented to act as auditor, subject to the approval of ASIC. Approval was granted by ASIC on 21 June 2005.

The Board unanimously recommends that shareholders vote in favour of appointing Ernst and Young as the Company's auditor.

Resolution 8: Ratification of Issue of Shares to Balmain Resources Pty Ltd

Shareholder approval is being sought for the ratification of the issuance of 4,350,000 fully paid Ordinary Shares to Balmain Resources Pty Ltd ("Balmain") at an issue price of A$1.235. The shares are in consideration for the purchase of Balmain's remaining 10% interest in the Kayelekera Uranium Project bringing the Company's interest in the project to 100%.

Australian Stock Exchange Listing Rule 7.4 permits the ratification of previous issuances of securities made without prior shareholder approval provided the issuance did not breach the 15% threshold set by Listing Rule 7.1. The effect of such ratification is to restore a Company's maximum discretionary power to issue further shares up to 15% of the issued capital of the Company without requiring shareholder approval.

The rights and restrictions attached to the Ordinary Shares issued to Balmain are the same as the existing issued and outstanding ordinary shares and, accordingly, rank equally in all respects with the existing Ordinary Shares on issue.

Resolution 9: Remuneration Report

The Board is voluntarily submitting its Remuneration Report to shareholders for consideration and adoption by way of a non-binding resolution.

The Remuneration Report forms part of the Directors' Report, included in the 2005 Annual Report, which Remuneration Report is incorporated by reference herein. The Report:

- Explains the Boards policy for determining the nature and amount of remuneration of executive directors and senior executives of the Company;
- Explains the relationship between the Board's remuneration policy and the Company's performance;
- Sets out remuneration details for each Director and the most highly remunerated senior executives of the Company; and
- Details and explains any performance conditions applicable to the remuneration of executive directors and senior executives of the Company.

A reasonable opportunity will be provided for discussion of the Remuneration Report at the meeting.

INCORPORATING INFORMATION BY REFERENCE

On 8 September 2005, the Company held a General Meeting ("September Meeting") to approve certain issuances of ordinary shares. In furtherance of the September Meeting, a Notice of General Meeting, Proxy Form and Information Circular date 2 August 2005 was mailed to shareholders ("August Information Circular"), which described the issuances of ordinary shares referenced above and which also provided certain other information concerning the Company that was prescribed by Canadian securities laws. Certain information in the August Information Circular is incorporated by reference into this Management Information Circular. In particular, the Summary Compensation Table, the Option Grants During the Most Recently Completed Financial Year, the Aggregated Options Exercised during the Most Recently Completed Financial Year and Financial Year-End Option Values, Employment Contracts, Composition of the Remuneration Committee, Report on Executive Compensation, Remuneration of Directors, Performance Graph and Equity Compensation Plan Information and all of the information related thereto is incorporated by reference herein.

In addition, in respect of the disclosure requirement in Canada under National Instrument 58-101 relating to disclosure of corporate governance practices of the Company, the Company has previously made this disclosure in its 2005 Annual Report. As such, the Corporate Governance Statement contained in the 2005 Annual Report is incorporated by reference into this Management Information Circular.

The August Information Circular and the 2005 Annual Report are both filed on www.asx.com.au and on SEDAR at www.sedar.com. Copies of the August Information Circular and the 2005 Annual Report will both be provided free of charge to shareholders of the Company upon written request of the Company.

AVAILABILITY OF DOCUMENTS

In addition to as otherwise contemplated herein, the Company will provide to any person, upon request to the Company Secretary, one copy of the following documents (i) the comparative financial statements of the Corporation filed with the applicable securities regulatory authorities for the Company's most recently completed year in respect of which such financial statements have been issued, together with the report of the auditors thereon, Management's Discussion and Analysis and any interim financial statements of the Company filed with the applicable securities regulatory authorities subsequent to the filing of the annual financial statements and (ii) the Notice of Meeting and Explanatory Memorandum filed with the applicable securities regulatory authorities in respect of the most recent annual meeting of Shareholders of the Company which involved the election of directors.

Copies of the above documents will be provided free of charge to security holders of the Company. The Company may require the payment of a reasonable charge by any person or company who is not a security holder of the Corporation, and who requests a copy of such document. Additionally, copies of publicly filed information concerning the Company can be found at www.asx.com.au or at www.sedar.com.

APPROVAL OF THIS INFORMATION CIRCULAR

The contents and the sending of this Information Circular have been approved by the directors of the Company.

By order of the Board
(signed) Gillian Swaby
Company Secretary

Proxy Form

Paladin Resources Ltd
ABN 47 061 681 098

All correspondence to:
Computershare Investor Services Pty Limited
GPO Box D182 Perth
Western Australia 6840 Australia
Enquiries (within Australia) 1300 557 010
(outside Australia) 61 3 9415 4000
Facsimile 61 8 9323 2033
www.computershare.com

Mark this box with an 'X' if you have made any changes to your address details (see reverse) ☐

000001
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PDN
MR JOHN SMITH 1
FLAT 123
123 SAMPLE STREET
THE SAMPLE HILL
SAMPLE ESTATE
SAMPLEVILLE VIC 3030

Securityholder Reference Number (SRN)

I 1234567890 I N D

Appointment of Proxy

I/We being a member/s of Paladin Resources Ltd and entitled to attend and vote hereby appoint

☐ the Chairman of the Meeting (mark with an 'X') **OR** ☐

If you are not appointing the Chairman of the Meeting as your proxy please write here the full name of the individual or body corporate (excluding the registered Securityholder) you are appointing as your proxy.

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, as the proxy sees fit) at the Annual General Meeting of Paladin Resources Ltd to be held at The Celtic Club, 48 Ord Street, West Perth, Western Australia on 9 November 2005 at 2.30 pm WST and at any adjournment of that meeting.

☞ ☐ **IMPORTANT: FOR ITEM 6 BELOW**

If the Chairman of the Meeting is your nominated proxy, or may be appointed by default, and you have not directed your proxy how to vote on Item 6 below, please place a mark in this box. By marking this box you acknowledge that the Chairman of the Meeting may exercise your proxy even if he has an interest in the outcome of that Item and that votes cast by him, other than as proxy holder, would be disregarded because of that interest. If you do not mark this box, and you have not directed your proxy how to vote, the Chairman of the Meeting will not cast your votes on Item 6 and your votes will not be counted in computing the required majority if a poll is called on this Item. The Chairman of the Meeting intends to vote undirected proxies in favour of Item 6.

Voting directions to your proxy - please mark X to indicate your directions

		For	Against	Abstain*
1	Election of Sean Llewelyn as Director	☐	☐	☐
2	Election of George Pirie as Director	☐	☐	☐
3	Election of Ian Noble as Director	☐	☐	☐
4	Election of Rick Crabb as Director	☐	☐	☐
5	Approval of Termination Payment to John Borshoff	☐	☐	☐
6	Directors' Fees	☐	☐	☐
7	Change of Auditors	☐	☐	☐
8	Ratify Issue of Shares to Balmain Resources Pty Ltd	☐	☐	☐
9	Remuneration Report	☐	☐	☐

* If you mark the Abstain box for a particular item, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

PLEASE SIGN HERE

This section *must* be signed in accordance with the instructions overleaf to enable your directions to be implemented.

Individual or Securityholder 1	Securityholder 2	Securityholder 3
Sole Director and Sole Company Secretary	Director	Director/Company Secretary

In addition to signing the Proxy form in the above box(es) please provide the information below in case we need to contact you.

Contact Name ______ Contact Daytime Telephone ______ Date / /

P D N 1 9 P R

PDN_WIP_142254/000001/000001/i

How to complete the Proxy Form

1 Your Address

This is your address as it appears on the company's share register. If this information is incorrect, please mark the box and make the correction on the form. Securityholders sponsored by a broker (in which case your reference number overleaf will commence with an 'x') should advise your broker of any changes. **Please note, you cannot change ownership of your securities using this form.**

2 Appointment of a Proxy

If you wish to appoint the Chairman of the Meeting as your proxy, mark the box. If the individual or body corporate you wish to appoint as your proxy is someone other than the Chairman of the Meeting please write the full name of that individual or body corporate in the space provided. If you leave this section blank, or your named proxy does not attend the meeting, the Chairman of the Meeting will be your proxy. A proxy need not be a securityholder of the company. Do not write the name of the issuer company or the registered securityholder in the space.

3 Votes on Items of Business

You may direct your proxy how to vote by placing a mark in one of the three boxes opposite each item of business. All your securities will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of securities you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on a given item, your proxy may vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid.

4 Appointment of a Second Proxy

You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by telephoning the company's share registry or you may copy this form.

To appoint a second proxy you must:

(a) on each of the first Proxy Form and the second Proxy Form state the percentage of your voting rights or number of securities applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded.

(b) return both forms together in the same envelope.

5 Signing Instructions

You must sign this form as follows in the spaces provided:

Individual:	where the holding is in one name, the holder must sign.
Joint Holding:	where the holding is in more than one name, all of the securityholders should sign.
Power of Attorney:	to sign under Power of Attorney, you must have already lodged this document with the registry. If you have not previously lodged this document for notation, please attach a certified photocopy of the Power of Attorney to this form when you return it.
Companies:	where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please indicate the office held by signing in the appropriate place.

If a representative of a corporate Securityholder or proxy is to attend the meeting the appropriate "Certificate of Appointment of Corporate Representative" should be produced prior to admission. A form of the certificate may be obtained from the company's share registry or at **www.computershare.com**.

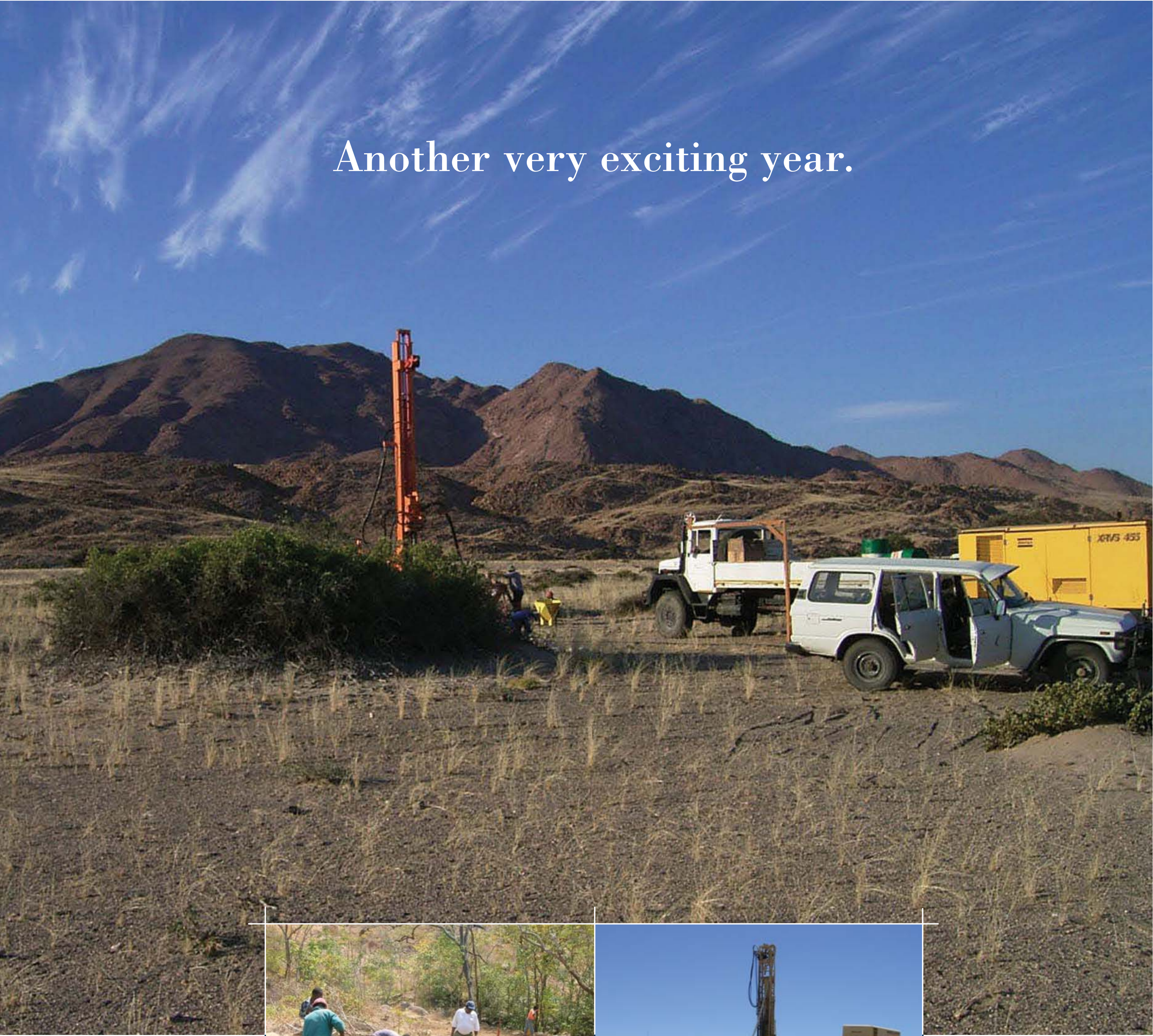
Lodgement of a Proxy

This Proxy Form (and any Power of Attorney under which it is signed) must be received at an address given below no later than 48 hours before the commencement of the meeting at 2.30 pm WST on 9 November 2005. Any Proxy Form received after that time will not be valid for the scheduled meeting.

Documents may be lodged:

IN PERSON	Registered Office - Grand Central, 1st Floor, 26 Railway Road, SUBIACO WESTERN AUSTRALIA 6008 AUSTRALIA Share Registry - Computershare Investor Services Pty Limited, Level 2, Reserve Bank Building, 45 St Georges Terrace, Perth WA 6000 Australia
BY MAIL	Registered Office - Grand Central, 1st Floor, 26 Railway Road, SUBIACO WESTERN AUSTRALIA 6008 AUSTRALIA Share Registry - Computershare Investor Services Pty Limited, GPO Box D182, Perth WA 6840 Australia
BY FAX	61 8 9323 2033

Another very exciting year.



Paladin Resources Ltd
2005 Annual Report

DIRECTORS

Mr Rick Crabb	Non-Executive Chairman
Mr John Borshoff	Managing Director
Mr Sean Llewelyn	Non-Executive Director
Mr George Pirie	Non-Executive Director
Mr Ian Noble	Non-Executive Director
Ms Gillian Swaby	Company Secretary

REGISTERED OFFICE

Grand Central, 1st Floor,
26 Railway Road, Subiaco
Western Australia 6008
(PO Box 201, Subiaco, 6904)
Telephone: (+61 8) 9381 4366
Facsimile: (+61 8) 9381 4978
Email: paladin@paladinresources.com.au
Web: www.paladinresources.com.au

SHARE REGISTERS

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Level 2, 45 St Georges Terrace
Perth Western Australia 6000
Telephone: (+61 8) 9323 2000
Facsimile: (+61 8) 9323 2033

North America
Computershare Investor Services Pty Ltd
100 University Avenue, 11th Floor
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Telephone: (+1) 416 263 9200
Facsimile: (+1) 416 263 9261

INVESTOR RELATIONS

Australia - Head Office
Ms Gillian Swaby
Grand Central, 1st Floor,
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Western Australia 6008
(PO Box 201, Subiaco, 6904)
Telephone: (+61 8) 9381 4366
Facsimile: (+61 8) 9381 4978
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North America
Mr Greg Taylor
Ontario, Canada
Business/Cell: (416) 605 5120
Facsimile: (905) 844 6532
Email: greg.taylor@paladinresources.com.au

AUDITORS

Ernst & Young
11 Mounts Bay Road, Perth
Western Australia 6000

SOLICITORS TO THE COMPANY

Blakiston & Crabb
1202 Hay Street, West Perth
Western Australia 6005

STOCK EXCHANGE LISTINGS

Australian Stock Exchange and Toronto Stock Exchange Code: PDN
Munich, Berlin, Stuttgart and Frankfurt Stock Exchanges Code: PUR

CONTENTS

The Annual Report covers both Paladin Resources Ltd as an individual entity and the Consolidated Entity consisting of Paladin Resources Ltd and its controlled entities.

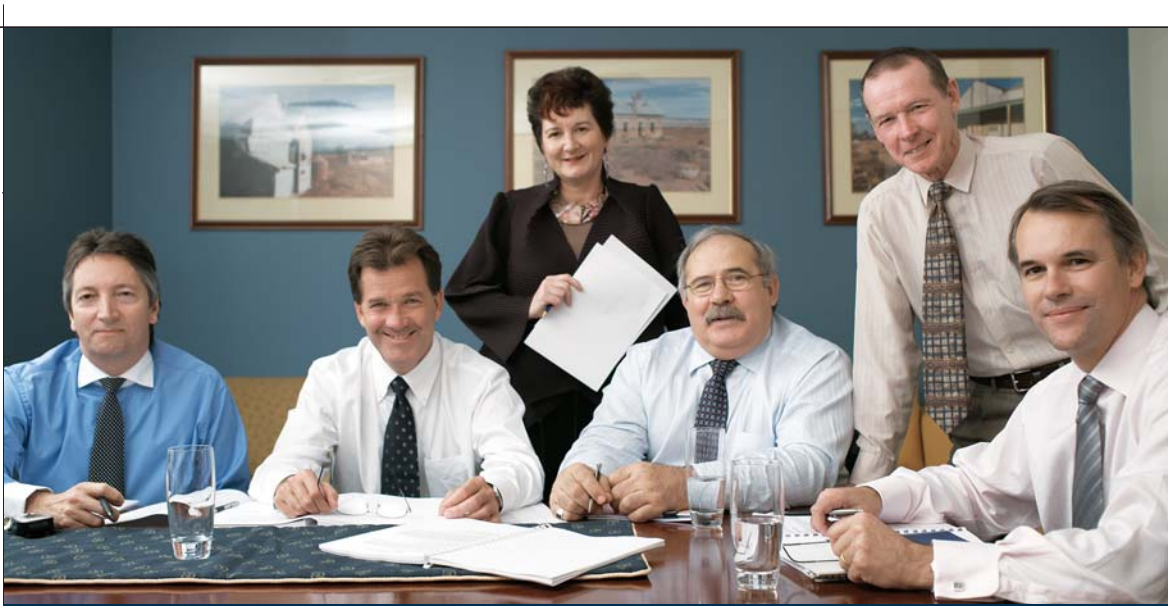
Paladin Resources Ltd is a company limited by shares, incorporated and domiciled in Australia. Through the use of the internet, we have ensured that our corporate reporting is timely, complete, and available globally at minimum cost to the Company. All press releases, financial statements and other information is available on our website www.paladinresources.com.au.

Paladin is one of the leading emerging uranium producers in the world. It has accumulated quality uranium projects suitable for development in both Southern Africa and Australia during a period of extended downturn in the uranium market. This unique vision has allowed the Company to attain strong share market performance and provide a solid foundation to its shareholders for future growth.

Objectives

The primary objective of Paladin is to create shareholder wealth through:-

- Developing the considerable opportunities it has generated to become a significant player in the global uranium supply market
- Operating with a safe best practice philosophy and with due regard for the environment, rewarding employee performance and providing a fulfilling work environment for them
- Contributing to the growth and prosperity of the countries in which it operates by conducting operations in an efficient and effective manner and by seeking out opportunities for expansion
- Responding to the attitudes and expectations of the communities in which it operates as part of its corporate social responsibility obligations
- Acting with integrity, honesty and cultural sensitivity in all of its dealings



BOARD OF DIRECTORS

(left to right) Mr Sean Llewelyn, Non-Executive Director; Mr George Pirie, Non-Executive Director; Ms Gillian Swaby, Company Secretary; Mr John Borshoff, Managing Director; Mr Ian Noble, Non-Executive Director; Mr Rick Crabb, Non-Executive Chairman.

In the past two years Paladin has achieved the following milestones:-

Best performing resource stock on the Australian Stock Exchange (ASX) in the year to June 2004 (+1127%)

Best performing resource stock on the ASX in the year to December 2004 (+840%)

Best performing stock overall in S&P/ASX 200 in the year to June 2005 (+740%)

- Entered the S&P/ASX 300 in March 2005
- Entered the S&P/ASX 200 in May 2005

It is indeed a rare event when, as Chairman, you can look back on the previous year's letter to shareholders and conclude that your prediction of an "exciting" year ahead was a major understatement!

In April 2005, Paladin successfully dual listed on the Toronto Stock Exchange (TSX) and it is fair to say that, with good volumes of trading on both the TSX and the ASX, the Company has been one of the most successful dual listings.

This strong institutional support in both Australia and North America has seen Paladin's market capitalisation grow from some A$47 million to some A$520 million during the financial year. It has since grown, as at 31 August 2005, to A$696 million. Paladin has been the best performing stock on the ASX and, importantly, it entered the S&P/ASX 200 effective close of trade 17 June 2005.

Paladin has benefited from the intense interest that now exists in the world energy debate and the realisation of the critical role that uranium will play for many years, if not decades, to come. However, it is only due to the work undertaken by John Borshoff and fellow Directors and staff over the previous 7 years, mostly within a sceptical and unsupportive investor environment, to accumulate near-production uranium deposits, that Paladin can now be seen as an important emerging contributor to world energy supply.

Most importantly though, throughout this remarkable period of market and media attention, Paladin's Board and management has been focused on delivering the project outcomes promised. The Langer Heinrich feasibility study was successfully completed and, due to fundraising and operational groundwork previously undertaken, implementation of the project construction plan was underway in rapid time. The Kayelekera feasibility study was commenced as expected in April 2005 and it is apparent that the valuable experience gained by both Paladin's and GRD Minproc's staff on Langer Heinrich will greatly assist this study's timely completion. Considerable work has been undertaken by Paladin's experienced marketing team to intimately understand the current state of the uranium market and also to establish Paladin's credentials with product end users. Much work has been undertaken on new project identification and development. We feel that Paladin's extensive proprietary uranium database and experienced uranium industry operatives give the Company an edge in what is becoming a competitive market. Thus, much of the project generation work must necessarily be kept confidential until outcomes are achieved.

Significant work has been undertaken, to expand and enhance existing corporate governance policies and procedures. Paladin aims to achieve best practice in this regard and I wish to thank our company secretary, Gillian Swaby for all her valuable

work particularly on the TSX listing and corporate governance. On this theme, during the year a Board restructure was undertaken. Executive Director Leon Pretorius retired from the Board but remains involved in a consultative role with Company activities. My thanks to Leon for his important work and support whilst a Director. The Company and its shareholders are fortunate that Sean Llewellyn, George Pirie and Ian Noble have joined the Board. I consider that we have a sound combination of technical, financial, marketing and legal skills with much commercial and uranium experience. Importantly, I feel that the Board works well together, is made up of independent thinkers and can engage in open and robust debate where needed.

I extend, on behalf of the Board and shareholders, a special thank you to our Managing Director, Mr John Borshoff. It is fair to say that John has enjoyed being vindicated for holding his ground on his uranium strategy but also retains a strong sense of reality and has not lost focus on the important tasks ahead. I also extend my thanks to the Paladin staff and consultants, for sharing our dream and working professionally in the growing business.

Dare I say it for a third year running but – the coming 12 months promises to be another exciting period for Paladin!

Mr Rick Crabb

CHAIRMAN

Company Snapshot

The New Energy in the Market

Emerging uranium producer with an initial primary focus in Southern Africa

- Paladin is clearly differentiated as a leader in this market space

Langer Heinrich Uranium Project, Namibia

- Bankable Feasibility Study successfully completed
- 25 year Mining Licence granted
- Project finance (credit committee approved)
- Project construction commenced
- September 2006 planned start up

Kayelekera Project, Malawi

- Bankable Feasibility Study commenced

Uranium price at 25 year high

- Mid to long term supply shortages predicted

Successful dual listing on Toronto Stock Exchange (TSX), Canada

Paladin Share Price Performance

PALADIN RESOURCES LTD

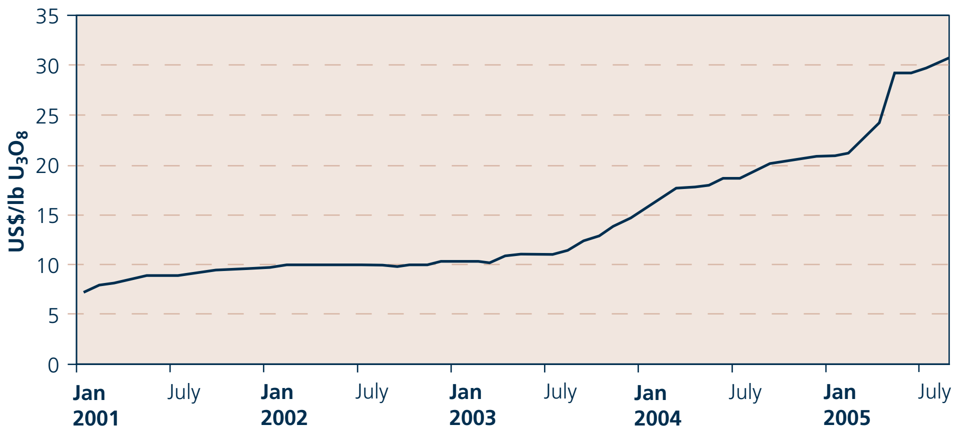
NEW MINING SUPPLY ESSENTIAL

The economic, technological and environmental imperatives offered by nuclear power could result in a ten-fold increase in nuclear energy during the 21st century. Today – in 30 countries representing 2/3 of humankind – there are 439 reactors producing 16 percent of global electricity.

Uranium Demand Increasing - Mine Supply the Key

World requirement for U_3O_8 is currently about 77,000t per year rising between 1,200t to 2,400t per year and is forecast to be around 125,000t per year by the early 2020's. Currently mine production is around 47,000t per year with the other 30,000t required to meet demand coming from the down blending of weapons grade material and inventories. These inventories have now been consumed to the extent that they can no longer be used to dictate the downward pricing of uranium – as had been the case for the past 25 years. Annual mining output is expected to increase to 54,000t in the next 3 to 5 years but the supply situation is expected to remain tight with upward pressure on prices predicted to continue. Fundamental changes are needed to remedy the mine supply shortage in the mid to long term to be able to feed the ever growing fuel requirement of nuclear reactors. **The focus now is fully on increasing exploration spending and expanding mine production to meet future demand.**

Uranium Spot Price Graph



Nuclear acceptance and implementation for production of electricity is upon the world as can be evidenced by the following 2004 reported milestones.

WORLD

The International Atomic Energy Agency (IAEA) raises nuclear capacity projection: IAEA has significantly increased its projection of world nuclear generating capacity 15 years hence. It now anticipates at least 60 new plants in the next 15 years, with 430 GWe in place in 2020 - 130 GWe more than projected in 2000 and 17% more than now. The change is based on specific plans and actions in a number of countries, including China, India, Japan, Russia, Finland and France, coupled also with the changed outlook due to the Kyoto Protocol. This would allow nuclear power to maintain a 17% share in electricity production in 2020.

World nuclear output up in 2004: The world's 439 nuclear reactors generated 3.7% more power last year than in 2003, with a steady 16% share of world output, according to IAEA figures.

Nuclear competitiveness improved since 1998: A joint report by the OECD Nuclear Energy Agency and the IAEA shows that nuclear power has increased its competitiveness over the last seven years. Nuclear power is comfortably cheaper than coal in seven of ten countries and cheaper than gas in all but one.

Call for acceleration of nuclear renaissance: Ministers, senior officials and experts from 74 countries attended a 2-day conference in Paris organised by the IAEA in 2005. They affirmed the important role of nuclear power as a proven and economically competitive technology in meeting world energy needs in the light of environmental, energy security and price stability considerations.

Environmentalists' attitudes changing: Stewart Brand, founder of The Whole Earth Catalogue, has written about Environmental Heresies in the May 2005 issue of MIT's Technology Review. *"Over the next ten years, I predict, the mainstream of the environmental movement will reverse its opinion and activism in four major areas: population growth, urbanisation, genetically engineered organisms, and nuclear power."* Patrick Moore, one of the founders of Greenpeace has significantly changed his position on nuclear power, which he now favours. He states significant reduction in greenhouse gas emissions seems unlikely given continued heavy reliance on fossil fuel consumption. UK environmentalist James Lovelock, now sees nuclear energy as key to our planet's future health. Lovelock said *"civilization is in imminent danger, and has to use nuclear - the one safe, available energy source."*

ASIA

China and Nuclear: China expects the share of its power supplied by nuclear generation to grow to 4 percent by 2020 from 2.3 percent today. To meet that goal, it must build about two new reactors every year. Shen Wenquan, Vice Chairman of China National Nuclear Corporation's science and technology committee, said at an industry conference in Shanghai: *"After 2020, nuclear power's growth will increase much, much faster. Its importance in China's energy framework will be indisputable."* Shen forecast that by 2060, nuclear power could provide about a third of the country's energy needs.

Japan outlines hydrogen targets: An evaluation by Japan's Atomic Energy Research Institute has indicated that by 2010 it expects to confirm the safety of high-temperature reactors and establish operational technology to make hydrogen thermo chemically.

South Korean plans for hydrogen: The Korea Atomic Energy Research Institute has embarked upon a US$1 billion R&D and demonstration program aiming to produce commercial hydrogen using nuclear heat around 2020.

Japan looks to double nuclear share by 2050: Japan's Atomic Industrial Forum has released a report on the future prospects for nuclear power in the country. It brings together a number of considerations including 60% reduction in carbon dioxide emissions and 20% population reduction but with constant GDP. Nuclear generating capacity in 2050 is seen as 90 GWe. This means doubling both nuclear generating capacity and nuclear share to about 60% of total power produced. In addition, some 20 GW (thermal) of nuclear heat will be utilised for hydrogen production.

USA-India Accord on nuclear power: The US President announced that he will ask Congress to end nuclear sanctions against India. The agreement aims to put India on the same footing as China. The IAEA has welcomed the agreement as it will effectively bring India into the international non-proliferation regime. It will also mean that India will be able to buy uranium and reactors on world markets, and sell its own smaller reactors to developing countries.

USA

Hydrogen production development: One step towards the nuclear-driven hydrogen economy has been demonstrated in the USA by the Department of Energy and Ceramatec Inc, with the laboratory-scale electrolytic production of hydrogen from steam at over 800°C.

EU

Dutch reversal on nuclear policy: The ruling coalition in the Netherlands has reversed its previous policy of closing down the countries only remaining nuclear power reactor by 2013, and is looking at increasing the nuclear contribution - for energy security reasons and to limit greenhouse gas emissions. The change is based on a Government report on sustainable energy.

Swedish political change of view: Recently the leadership of the Governing Centre Party of Sweden has indicated a substantial reversal of its earlier anti-nuclear position, saying that climate change must be put ahead of nuclear decommissioning. A March public opinion poll showed 83% support for maintaining or increasing nuclear power in Sweden, and a similar proportion saying that limiting greenhouse gas emissions should be the top environmental priority.

German conservative parties set out nuclear policy: In a pre-election manifesto, the German CDU and CSU opposition parties have promised longer operating lives for the country's nuclear power plants, abandoning the present intended phase-out. They state *"A global solution to the carbon dioxide problem that does not contain nuclear power is unthinkable."*

UK report queries renewables: A 127-page report from the House of Lords Science & Technology Committee raised major questions about the practicality and cost of the UK government's policy targets for renewable energy - basically wind. The report comments that the government may need to accept the need for new nuclear plants if it wants a secure supply of affordable electricity for the UK, with low carbon emissions.

GLOSSARY OF TERMS

c/kWh	cents per kilowatt hour	p/kWh	pence/kilowatt hour
GDP	Gross Domestic Product	U_3O_8	uranium oxide (yellowcake)
GW	gigawatt	t	tonnes
GWe	gigawatt electric	Mt	million tonnes

The following Management Discussion and Analysis (MD&A) for Paladin Resources Ltd should be read in conjunction with the Directors' Report and Financial Report for the year ended 30 June 2005. The effective date of this discussion and analysis is 1 September 2005.

The financial information presented in this MD&A has been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standard Board, Urgent Issues Group Consensus Views, the Corporations Act 2001 and the historical cost convention.

This MD&A also includes additional information in order for the Company to comply with reporting requirements of applicable Canadian securities law, as the Company is listed on the Toronto Stock Exchange (trading commenced on Friday, 29 April 2005).

Overview

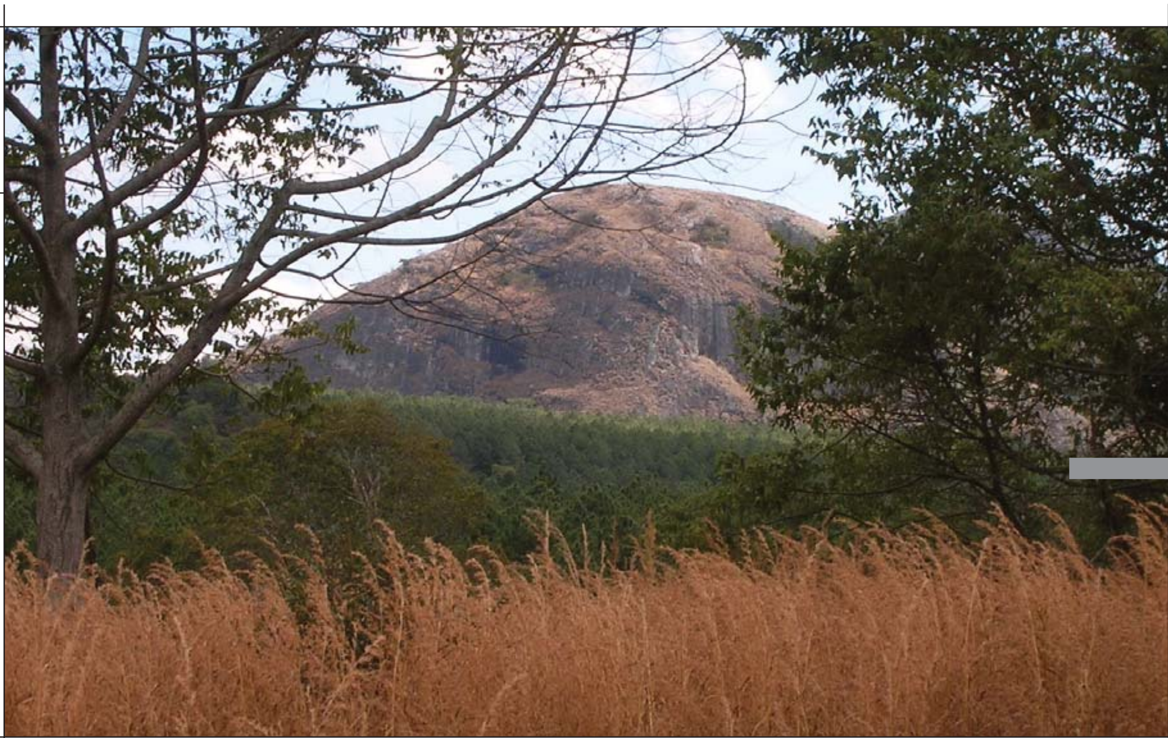
The Company primarily operates in the resource industry with some consequential activity in the financial investment and property industries. The principal activity of the Company is the evaluation and development of uranium projects in Africa and Australia.

The main activities undertaken during the year were completion of a Bankable Feasibility Study and commencement of mine construction at the Langer Heinrich Uranium Project in Namibia; commencement of a Bankable Feasibility Study for the Kayelekera Uranium Project in Malawi; acquisition of financial investment in Deep Yellow Ltd upon sale of non core uranium projects; sale of its property business segment and completion of two share placements raising net funds of A$39,789,306.

Forward Looking Statements

Some of the statements contained in this MD&A, including those relating to strategies and other statements, are predictive in nature, and depend upon or refer to future events or conditions, or include words such as "expects", "intends", "plans", "anticipates", "believes", "estimates" or similar expressions that are forward looking statements. Forward looking statements include, without limitation, the information concerning possible or assumed further results of operations as set forth herein. These statements are not historical facts but instead represent only expectations, estimates and projections regarding future events and are qualified in their entirety by the inherent risks and uncertainties surrounding future expectations generally.

The forward looking statements contained in this MD&A are not guarantees of future performance and involve certain risks and uncertainties that are difficult to predict. The future results of the Company may differ materially from those expressed in the forward looking statements contained in this MD&A due to, among other factors, the risks and uncertainties inherent in the business of the Company. The Company does not undertake any obligation to update or release any revisions to these forward looking statements to reflect events or circumstances after the date of this MD&A or to reflect the occurrence of unanticipated events.



IN SUMMARY

It has been a year of ground breaking achievements for Paladin. After entering the S&P/ASX 200 in May 2005 Paladin came out a clear winner as the best performing company in that category for the year ending 30 June 2005 in terms of share price increase. The Company's share price improved dramatically in this period from A$0.135 per share to A$1.175 per share.

This ongoing upward recalibration of the Company has been the result of two critical developments:–

- Paladin's persistence in accumulating advanced quality uranium projects between 1997 and 2002 during a period of extended depressed outlook for this commodity; and
- The continued recovery that has occurred in the nuclear industry causing the price for uranium to rise to a 25 year high, needing clear focus on mine production to alleviate forecast supply shortages.

Paladin remains in a unique position being the only junior uranium company in the world so well prepared to benefit from the uranium upswing. Paladin has a solid portfolio of advanced quality uranium projects. These are the Langer Heinrich Uranium Project in Namibia, the Kayelekera Uranium Project in Malawi and the Manyingee Uranium Project in Western Australia.

The Langer Heinrich Uranium Project is undergoing development with production expected in September 2006 and the Kayelekera Uranium Project is undergoing a Bankable Feasibility Study, expected to be completed toward the end of 2006. The Company's Western Australian uranium projects are not being progressed because of negative uranium policies adopted by the State Labour Government. These projects, nevertheless, still represent significant assets of the Company and which could be considered for development later in the decade, particularly with the

strong support now being shown by the Australian Federal Government.

Add to this the extensive uranium database which the Company owns covering both Australia and Africa and it becomes evident that Paladin, overall, is very well placed to benefit from the considerable opportunities which are now becoming available from this uranium boom.

With the recognised shortage of uranium supply which is forecast Paladin has expanded its interests to include a 12% equity holding (fully diluted) in Deep Yellow Ltd an Australian publicly listed company with exploration focusing in Australia, namely Northern Territory and South Australia.

PROJECT SUMMARY

	LANGER HEINRICH PROJECT	KAYELEKERA PROJECT	MANYINGEE PROJECT	OOBAGOOMA PROJECT
LOCATION/EQUITY	Namibia 100% ex GENCOR	Malawi 100% ex CEGB	West Australia 100% ex TOTAL	West Australia 100% ex Cogema
RESOURCES	32,800t U_3O_8 @ 0.07%	10,850t U_3O_8 @ 0.12%	10,890t U_3O_8 @ 0.09%	9,950t U_3O_8 @ 0.12%
HISTORICAL EXPENDITURE	A$20M	A$9M	A$16M	A$5M
MAIN ACTIVITY PERIOD	1973 - 1980 Feasibility studies	1982 - 1990 Feasibility studies	1979 - 1988 Feasibility studies	1982 - 1985 Pre-feasibility
WORK REQUIRED	Project Construction	15 months BFS	3 year staged BFS	2 year reserve drilling
CURRENT STATUS	PROJECT CONSTRUCTION	BFS COMMENCED MAY 2005	ON HOLD	N/A
IN 12 MONTHS	Commissioning	BFS completed	ON HOLD	N/A

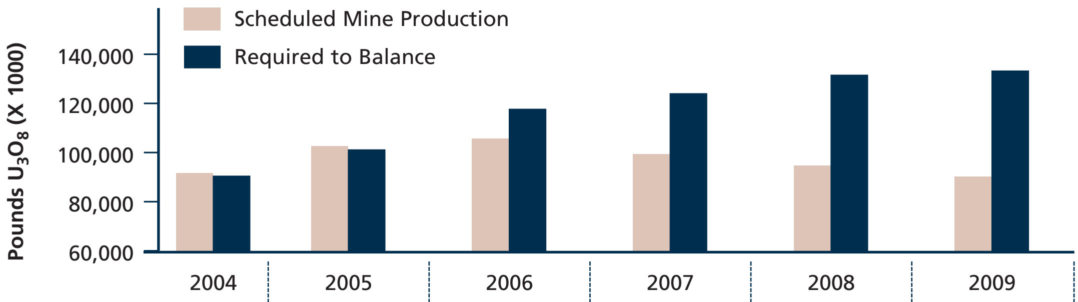
Paladin's overall uranium resource inventory totals 64,500t or 144Mlb of contained U3O8 at an average grade of 0.09% U_3O_8.

For the dual listing on the TSX, National Instrument 43-101 compliant reports have been released for the Langer Heinrich and Kayelekera Projects.

ANTICIPATED PRODUCTION SCHEDULE

Project	Production Start	Production (U_3O_8) million pounds
LANGER HEINRICH (STAGE 1)	SEPTEMBER 2006	2.60
KAYELEKERA	APRIL 2008	2.30
LANGER HEINRICH (STAGE 2)	JULY 2008	1.10
TOTAL		**6.00MLB**

DEVELOPMENT SCHEDULE versus URANIUM DEMAND OUTLOOK



	2004	2005	2006	2007	2008	2009
Langer Heinrich 100% (Namibia)	BFS-US$3.2M	CONSTRUCTION	PRODUCTION - 2.6Mlb pa (1,180 tpa) - 15 YEARS PLUS			
Kayelekera 100% (Malawi)	PRE-FEASIBILITY UPDATE	BFS-US$2.3M	CONSTRUCTION	PRODUCTION 2.2Mlb (1,000 tpa) -10 YEARS		
Uranium database exploitation	GLOBAL EXPLORATION COMMENCED - IDENTIFY NEW PROJECT OPPORTUNITIES					
Manyingee 100% (W. Aust)	PRE-FEASIBILITY COMPLETED (PROJECT ON HOLD)			DEVELOPMENT OPPORTUNITY 2012 & BEYOND		

LANGER HEINRICH URANIUM PROJECT

The Langer Heinrich Uranium Project in Namibia is owned 100% by Paladin through its wholly owned Namibian subsidiary, Langer Heinrich Uranium (Pty) Ltd. Paladin purchased the Langer Heinrich Project in August 2002. Langer Heinrich is a calcrete type uranium deposit containing a mineral resource of 38,400t U_3O_8 at a grade of 0.06% (200ppm cut off) in seven designated mineralised zones, named as Details 1 to 7, within a 15 kilometre length of an extensive palaeodrainage system. The deposit is located in the Namib Desert, 80 kilometres east of the major seaport of Walvis Bay.

The Bankable Feasibility Study ("BFS") of the Langer Heinrich Project was completed in April 2005. The BFS confirmed that Langer Heinrich can be developed as a profitable uranium mining operation. An application was made to the Ministry of Mines and Energy in Namibia for a mining licence covering the Langer Heinrich deposit and this was granted for a 25-year term from 26 July 2005.

The mining operation is designed to produce 1,180 tonnes (2.6Mlbs) per annum (tpa) of uranium oxide concentrate (U_3O_8) from 1.5Mtpa of calcrete associated ores by ore beneficiation, alkaline leaching (heating to 75°C), counter-current decantation, ion exchange, precipitation and calcining to produce saleable U_3O_8.

The JORC (1999) Code compliant Mineral Resource base used for the BFS pit optimisation work has been previously announced and is summarised as follows:-

TOTAL ESTIMATED RECOVERABLE RESOURCES

Cut-off	Measured			Indicated			Inferred		
ppm	Mt	ppm	t U_3O_8	Mt	ppm	t U_3O_8	Mt	ppm	t U_3O_8
300	15.24	740	11,208	9.01	660	5,900	22.02	710	15,703

Utilising the Measured and Indicated Resources, and using a uranium price of US$25/lb U_3O_8, the BFS determined the following Ore Reserves:-

U_3O_8 Price US$/lb	Ore (Mt)	Grade U_3O_8 (ppm)	Recovered U_3O_8 (t)	Waste (Mt)	Total (Mt)	Strip Ratio Waste:ore	Cut-off U_3O_8 (ppm)
25	22.24	705	14,107	40.02	62.26	2.1:1	250

The BFS Ore Reserves generated from the Indicated and Measured Resources, determined a scheduled mine life of 11 years and a process plant life of 15 years. Based on the mill throughput design, the BFS demonstrates that 1,180tpa of U_3O_8 can be produced for the first 11 years at a head feed grade of 0.0875% U_3O_8 and 401tpa U_3O_8 over the last 4 years, using the accumulated low grade stockpile grading 0.032% U_3O_8.

Capital costs including a 10% contingency total US$92M. During the BFS process it became evident that a longer project life utilising the available Inferred Resources is possible, and this made minimisation of operating costs a priority objective. Increasing capital expenditure to facilitate this exhibits, on an incremental basis, comparatively small impact on project economics, compared to operational cost increases and long term performance.

Paladin has employed the core project development personnel and development of the project has commenced. It is anticipated that construction will be completed by September 2006. The project will be funded via a debt/equity package.

A 10,000-metre reverse-circulation drilling program is underway to test a previously unknown 5km fertile palaeochannel discovered during the 2004 drilling. This mineralisation is similar to the existing known Langer Heinrich deposits and is expected to add to the present mineral resources of the Project.

KAYELEKERA PROJECT

The Kayelekera Uranium Project is located in northern Malawi, 40 kilometres west of the provincial town of Karonga and 8 kilometres south of the main road that connects Karonga with the township of Chitipa to the west.

The Kayelekera Uranium Project is owned 100% by Paladin through its wholly owned Malawi subsidiary Paladin (Africa) Ltd having purchased the remaining 10% equity interest in August 2005 from Balmain Resources Pty Ltd for a consideration of 4,350,000 fully paid shares in Paladin, valued at the time at A$1.235 per share.

In 2004 the Paladin 2000 Pre-Feasibility Study was updated in the light of increasing uranium prices. This work showed the project could be considered viable on the parameters utilised (i.e. 1,000t U_3O_8 year production at US$20/lb U_3O_8, acid leach process and 10 year mine life).

As part of this programme Hellman and Schofield Pty Ltd (H&S), mineral resource specialists, completed a resource estimate for the Kayelekera Uranium Project. These are reported here according to the JORC (1999) Code. This work indicates the Inferred Resources in the 300ppm and 500ppm cut off ranges are as follows:-

- 9.4Mt of ore at 0.12% U_3O_8 containing 10,850t U_3O_8 (300ppm cut-off)
- 7Mt of ore at 0.14% U_3O_8 containing 9,900t U_3O_8 (500ppm cut-off)

(Although the appropriate cut-off for mining will not be known until the BFS is completed, a range is provided although it is expected it will be in the vicinity of 300ppm U_3O_8.)

The deposit has been extensively drilled previously and verification of this work together with some additional drilling which is underway will allow the present Inferred Resources and the possible additional resources to be upgraded to Measured and Indicated Resource categories for the BFS mine modelling.

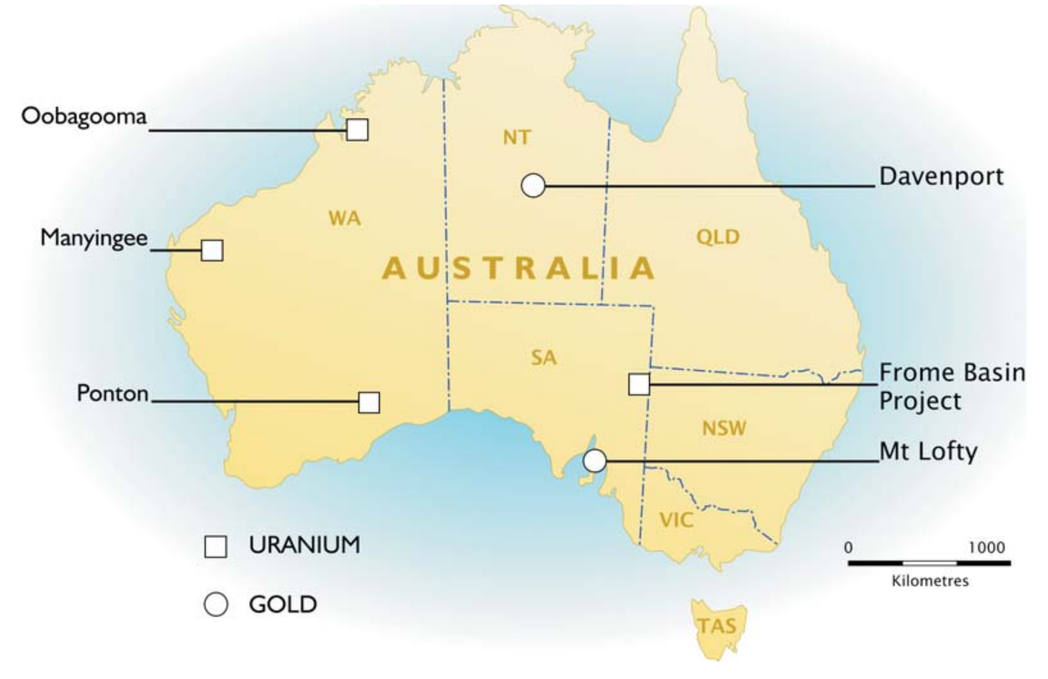
In April 2005 Paladin announced the go-ahead of a US$2.3M BFS as a result of the improved economics shown by the pre-feasibility work. Overall project management of the BFS has been awarded to GRD Minproc, based in Johannesburg.

On current scheduling it is anticipated the BFS will be completed by August 2006. With early approvals, production start-up is expected in early/mid 2008 with annual production of 1,000t of U_3O_8 (2.3Mlb) over the currently planned ten-year mine life.

Paladin is providing in-country logistical and technical support for the BFS. A permanent office has been established in Lilongwe, the capital of Malawi, staffed by a company representative to both liaise with Government Departments and facilitate field activities. A field base has also been established at Karonga (600km north of Lilongwe) to support on-site activities at Kayelekera and support local BFS activities.

An eleven-hole 680-metre diamond drilling program to provide fresh, unweathered drill core for metallurgical testwork was completed in August 2005. Approximately two tonnes of drill core samples will be shipped to Johannesburg in South Africa for test work at a commercial metallurgical laboratory.

A 5,000m RC drilling programme commenced in August 2005 to more clearly define the peripheral mineralisation for pit optimisation purposes and increase the currently stated resource base. Some sterilisation work is also planned.



MANYINGEE PROJECT

The Manyingee Uranium Project is located in the northwest of Western Australia, 85km inland from the coastal township of Onslow. Good access to the site exists, either via the North West Coastal Highway (39km) or the Barradale-Onslow road 22km to the west. The Tubridgi Natural Gas Pipeline passes 500 metre east of the licence area. The property is protected by 3 Mining Leases totalling 13km^2.

The project contains JORC (1999) Code compliant Indicated Resources of 7.9Mt of ore at a grade of 0.1% U_3O_8 containing 8,080t of U_3O_8 and an Inferred Resource of 4.2Mt of ore at 0.067% U_3O_8 containing 2,810t of U_3O_8 in permeable sandstone. Previous field trial test work indicates the deposit is amenable to In-situ Leach Mining (ISL).

The project is currently mothballed and no field work was carried out during the year, with the Southern African development projects being given priority.

OOBAGOOMA PROJECT

The Oobagooma Project is located 75km north east of Derby in the Kimberley Region of Western Australia on freehold land owned by the Commonwealth and used by the military. The area is covered by two EL applications covering 392km^2. The project was explored by Afmeco from 1983 to 1986 during which time extensive zones of uranium mineralisation were discovered. Using geostatisical methods Afmeco calculated total geological resources of 8.2Mt of ore at a grade of 0.12% U_3O_8 containing 9,950t U_3O_8 (300ppm cut off).

No work was carried out on this project during the year. The main exploration effort, once the tenements have been granted, will be to confirm continuity of the uranium mineralisation by infill drilling concentrating on mineralised redox fronts as re-interpreted and further develop the reserves for consideration of a future ISL mining operation.

Paladin has a solid portfolio of advanced quality uranium projects and remains in a unique position being the only junior uranium company in the world so well prepared to benefit from the uranium upswing.

QUASAR-PALADIN JOINT VENTURE

Paladin is in joint venture in South Australia on EL3001 and EL3078 with Quasar Resources Pty Ltd, a wholly owned subsidiary of Heathgate Resources Ltd, owner of the Beverley ISL uranium mining operation in the Frome Basin which commenced operations in 2001. Heathgate Resources is an Australian affiliate of General Atomics of the USA.

The two tenements cover 1,050km^2 and are located immediately north of the Beverley Mine tenements. Heathgate can earn an 80% interest in these properties with Paladin retaining a free carried interest of 20% and 15% respectively until completion of a bankable feasibility study and a decision to mine.

DEEP YELLOW LTD

Paladin has farmed out 3 non-core Australian uranium projects to Deep Yellow Ltd (Deep Yellow - an Australian ASX listed company). These include Napperby and Northeast Arunta in the Northern Territory and Paladin's 90% share of the Siccus Joint Venture in the Frome Basin in South Australia. Northeast Arunta and Napperby were sold for A$100,000 cash, a 2% gross royalty, 15,000,000 fully paid shares in Deep Yellow and 25,000,000 1c options expiring on 31 December 2007. Paladin's share of the Siccus Joint Venture was sold for 7,500,000 fully paid shares in Deep Yellow, and 12,500,000 12c options expiring on 15 July 2008.

The most advanced of the projects is the Napperby Project in the Northern Territory. A drilling programme at Napperby was completed in August 2005 by Deep Yellow. 559 holes were drilled and 2,500 samples were collected during the programme.

URANIUM DATABASE ACTIVITIES

Paladin owns a unique uranium database, compiled over 30 years of investigations by the international uranium mining house Uranerzbergbau in Germany. The database incorporates all aspects of the uranium mining and exploration industry and includes detailed exploration data for Africa and Australia. It can be used to quickly research uranium prospects, deposits and mineralisation on a country by country basis. The Company continues to evaluate opportunities for acquiring additional uranium projects from this database.

NON URANIUM ACTIVITIES

MT LOFTY PROJECT

The first pass exploration work on the Mt Lofty Joint Venture tenements was completed with Absolut Resources Corp. ("Absolut") completing its minimum expenditure of A$60,000 to earn a 10% interest in the project. Absolut can earn a total of 45% on expenditure of a further A$345,000 on EL2863. Absolute has agreed to fund the next stage of evaluation and continue earning further equity in the joint venture. The investigations to date have isolated high grade gold mineralisation in the Stockyard Gully area.

Encouraging results of the first pass investigations warrant further exploration once the small exemption area within the prospective zone has been lifted by the Mines Department and access clearance has been achieved to carry out drilling in the Forest Reserve area. No active exploration was carried out on this project during the year due to this access clearance being delayed. The planned exploration work will involve RC drilling, targeted to test both depth extension and lateral continuity of the identified mineralisation.

Statements of Financial Performance

	Year Ended 30 June	
	2005	2004
	A$000	A$000
Revenue from ordinary activities	2,975	785
Expenses from ordinary activities	**(4,359)**	(595)
Profit/(loss) from ordinary activities before and after income tax expense	**(1,384)**	190
	Cents	Cents
Profit/(loss) per share – basic and diluted	**(0.38)**	0.07

Revenues from ordinary activities have increased to A$2,974,917 in 2005 as a result of the one off proceeds received in 2005 from sale of land and buildings and sale of tenements which exceeded the revenue from sale of investment in ST Synergy Ltd in 2004.

On 11 March 2005, an offer was accepted for sale of the commercial premises (land and buildings located in Belmont, Western Australia) for A$1,200,000, subject to due diligence. On 2 May 2005, this offer became unconditional and settlement occurred on 24 June 2005. This thereby discontinues the Company's operations in the property business segment.

On 9 December 2004, the Company announced the sale of non-core uranium properties to Deep Yellow Ltd (Deep Yellow) being the Napperby and Northeast Arunta Projects located in Northern Territory, Australia. The sale consideration totalled A$810,000 and comprised A$100,000 cash payment, 15,000,000 fully paid ordinary shares in Deep Yellow (A$360,000), 25,000,000 unlisted Deep Yellow options exercisable at 1 cent on or before 31 December 2007 (A$350,000), and a 2% gross royalty (A$Nil). As a result of this sale, from 9 December 2004, the Company has a financial investment in Deep Yellow shares and options.

Expenses from ordinary activities have increased significantly to A$4,358,593 in 2005 when compared to 2004 relating to the cost of land and buildings sold, the cost of tenements sold, the A$894,438 provision for non-recovery of convertible note and interest receivable owing from Didasko Technologies Pty Ltd, the increase in borrowing costs and the expanded corporate activities attributable to the significant growth of the Company in the last year.

As a result of the Company's previous investment in the telecommunications business segment the Company retains a convertible note of A$800,000 with Didasko Technologies Pty Ltd for a term of 4 years with a maturity date of 20 November 2006. The convertible note accrues interest at a rate of 5% per annum which is payable at maturity and the Company retains the right to convert the note into Didasko Ltd (100% holding company of Didasko Technologies Pty Ltd) shares.

During the year the Company made a provision for non-recovery of the convertible note and interest receivable of A$894,438 as a result of Didasko Ltd and Didasko Technologies Pty Ltd entering into Deeds of Company Arrangements with their respective creditors. However, the Company will use all legal means available to seek full recovery of amounts owing from Didasko Technologies Pty Ltd.

The loss for the year ended 30 June 2005 of (A$1,383,676) compares unfavourably to the profit for the year ended 30 June 2004 of A$189,872. In 2004 the result was positively impacted by the A$537,555 profit on sale of investment in ST Synergy Limited. In 2005 the result was negatively impacted by the A$894,438 provision for non-recovery of convertible note and interest receivable from Didasko Technologies Pty Ltd and the increase in borrowing and corporate costs, which more than offset the profit from sale of tenements and land and buildings.

Earnings Per Share

The earnings per share noted on the Statements of Financial Performance reflected the profit or loss from ordinary activities for the specific reported periods and the increase in number of fully paid ordinary shares in 2005.

Segment Disclosure

During the year the Company operated in the following business segments - primarily resources and consequentially financial investments and property. In the Statements of Financial Performance in 2005 the Company reflects a more dominant resource focus than in 2004 as a result of the continued divestment of non core financial investment and property business segments.

The resources business segment has been impacted by the sale of tenements on 9 December 2004, reflected by A$810,000 in proceeds on sale and A$24,425 in cost of assets sold, and the increase in borrowing and corporate costs.

The provision for non-recovery of amounts owing from Didasko Technologies Pty Ltd has impacted the financial investments segment by A$894,438 in relation to convertible note and interest receivable assets.

The sale of commercial premises located in Belmont, Western Australia on 24 June 2005 has impacted the property segment by A$1,200,000 in proceeds on sale and A$1,095,838 cost of assets sold.

The Company operates in two geographic segments – Australia and Africa. In the Statements of Financial Performance in 2005 the Company continued to reflect predominantly the Australian geographic segment as a result of the capital nature of the current African activities.

Statements of Financial Position

	30 June 2005 A$000	30 June 2004 A$000
Total current assets	**40,057**	5,802
Total non current assets	**10,979**	4,928
Total assets	**51,036**	10,730
Total current liabilities	**1,325**	1,320
Total liabilities	**1,325**	1,320
Net assets	**49,711**	9,410
Equity:		
Contributed equity	**65,950**	24,265
Reserves	**174**	174
Accumulated losses	**(16,413)**	(15,029)
Total equity	**49,711**	9,410

Current assets have increased to A$40,057,355 at 30 June 2005 as a result of the funds received from issue of shares and draw down of borrowings, exceeding the payments for project evaluation and development, plant and equipment, and corporate costs. Of the A$39,489,026 held in cash as at 30 June 2005, A$38,184,703 has been invested in short term commercial bank bills. This increase has occurred even though the sale of commercial premises in Belmont, Western Australia, was classified as current property, plant and equipment at 30 June 2004 to the value of A$1,114,242.

Non current assets have increased by A$6,048,794 during the year as a result of project development activities for the Langer Heinrich Uranium Project in Namibia; evaluation activities for the Kayelekera Uranium Project in Malawi; purchase of plant and equipment; and financial investment in Deep Yellow shares and options. This increase occurred even though a provision was recorded for the non-recovery of convertible note and interest receivable owing from Didasko Technologies Pty Ltd, which impacted non current assets by A$894,438.

Statements of Financial Position (continued)

Current liabilities remain unchanged at 30 June 2005 primarily as a result of the offset of the sale of commercial premises in Belmont, Western Australia (which repaid bank loans of A$733,326 and A$402,836 in specific accounts payable) with the A$500,000 debt draw down on a A$2,000,000 loan facility established with Société Générale Australia Branch on 30 September 2004 and higher payables at 30 June 2005 from the increase in project evaluation and development activities.

Following settlement of the commercial premises on 24 June 2005 for A$1,200,000, the specific creditor balances totalling A$402,836 were paid out in full prior to 30 June 2005. These outstanding creditor balances relate to unclaimed salaries and fees owing to Directors, former Directors and associates of Directors of the Company for the years 2002 to 2003.

Contributed equity increased by A$41,685,106 during the year from both share placements which raised net funds of A$39,789,306, proceeds from the exercise of share options which contributed A$1,574,800 and A$321,000 transferred from reserves relating to the fair value of options granted to Société Générale Australia Branch on establishment of A$2,000,000 loan facility which were exercised during the year. The number of fully paid ordinary shares on issue at 30 June 2005 is 400,885,713, an increase of 67,200,000 during the year. Share options of 33,600,000 remain outstanding at 30 June 2005 to Directors, employees, and consultants directly engaged in corporate, project evaluation and development work for the Company.

Accumulated losses increased to A$16,412,941 at 30 June 2005 as a result of the loss for the year discussed under Statements of Financial Performance above.

Segment Disclosure

In the Statements of Financial Position in 2005 the Company reflects a dominant resource business segment with the continued project evaluation and development of uranium projects; the provision recorded for non-recovery of convertible note and interest receivable owing from Didasko Technologies Pty Ltd; and the sale of commercial premises in Belmont, Western Australia.

In the Statements of Financial Position in 2005 the Company reflected a significant increase in the African geographical segment attributable to the focus on the Langer Heinrich Uranium Project in Namibia, and the Kayelekera Uranium Project in Malawi.

Statements of Cash Flows

	Year ended 30 June 2005 A$000	2004 A$000
Net cash outflow from operating activities	**(1,281)**	(99)
Net cash outflow from investing activities	**(5,000)**	(38)
Net cash inflow from financing activities	**41,131**	4,654
Net increase in cash held	**34,850**	4,517
Cash at the beginning of the financial year	**4,639**	122
Cash at the end of the financial year	**39,489**	4,639

Net cash outflows from **operating activities** increased to (A$1,281,331) in 2005 primarily from higher payments to suppliers and employees relating to expanded corporate activities attributable to the significant growth of the Company in the past year.

In 2005 **investing activities** represented a net cash outflow of (A$4,999,125) as a result of the Langer Heinrich Uranium Project development, Kayelekera Uranium Project evaluation, and payments for plant and equipment. This occurred despite the A$1,200,000 received on sale of commercial premises in Belmont, Western Australia and A$100,000 received on sale of tenements. This represents a significant change from 2004 where a net cash outflow of A$39,112 was recorded as a result of the A$537,839 received on sale of investment in ST Synergy Ltd.

Net cash inflows from **financing activities** increased to A$41,130,780 in 2005 from share placements and proceeds from exercise of share options. The number of shares issued in 2005 was 67,200,000 (at an average issue price of A$0.63) which are similar to the 68,100,000 issued in 2004 (at a lower average issue price of A$0.07). In 2005 a A$500,000 debt draw down was received relating to the Langer Heinrich Bankable Feasibility Study loan facility established with Société Générale Australia Branch on 30 September 2004; and repayment of A$733,326 in bank loans relating to the sale of commercial premises in Belmont, Western Australia. No significant debt draw downs or repayments existed in the comparative period for 2004.

Overall the net increase in cash in 2005 was A$34,850,324. This was higher than the net increase in cash in 2004 despite the increased project evaluation and development, payments for plant and equipment, and corporate costs; as a result of higher proceeds from share placements.

The cash at 30 June 2005 of A$39,489,026 represents a considerable increase in cash from the comparative period in 2004.

Liquidity and Capital Resources

The Company's principal source of liquidity as at 30 June 2005 is cash of A$39,489,026 (30 June 2004 – A$4,638,702). The majority of this amount is invested in short term commercial bank bills.

The Company's principal sources of cash for the year ended 30 June 2005 were share placements, proceeds from exercise of share options and draw down of unsecured bank loans.

The following is a summary of the Company's outstanding commitments as at 30 June 2005:

		Payments due by period		
	Total A$	Less than 1 year A$	1 to 5 years A$	Unknown A$
Exploration tenements	**3,076,000**	1,776,000	1,300,000	-
Operating leases	**684,571**	142,917	541,654	-
Manyingee acquisition	**750,000**	-	-	750,000
Total commitments	**4,510,571**	1,918,917	1,841,654	750,000

In relation to the Manyingee Uranium Project, the re-negotiated acquisition terms provide for a payment of A$750,000 by the Company to the vendors when all project development approvals are further obtained.

In addition to the 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$750,000 and are subject to the Department of Minerals & Energy granting tenements comprising 2 exploration licence applications. The A$750,000 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 3 months after the date the tenements are granted.

The Company has no other off balance sheet arrangements.

Outstanding Share Information

As at 1 September 2005 the Company had 401,385,713 fully paid ordinary shares issued and outstanding. The following table sets out the fully paid ordinary shares issuable under the Company Employee Share Incentive Option Plan:

As at 1 September 2005	Number
Outstanding shares	**401,385,713**
Issuable under Employee Share Incentive Option Plan	**33,350,000**
Total	***434,735,713**

* Note that on 6 July 2005, the Company announced the purchase of the remaining 10% joint venture interest in the Kayelekera Uranium Project in Malawi for 4,350,000 ordinary fully paid shares. This is subject to a private escrow agreement which is not finalised and as such these shares have not been included above.

Critical Accounting Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Significant areas requiring the use of management estimates relate to the determination of the carrying value or impairment of interests in mineral properties and financial investments.

Statements of Cash Flows (continued)

Financial Instruments

At 30 June 2005 the Company has exposure to interest rate risk which is limited to the floating market rate for cash and unsecured bank loans.

The Company does not have foreign currency risk for non-monetary assets and liabilities of the Namibia and Malawi operations as these are translated into Australian currency using historic rates of exchange. The Company has no significant monetary foreign currency assets and liabilities.

The Company currently does not engage in any hedging or derivative transactions to manage interest rate or foreign currency risks.

Transactions with Related Parties

During the year ended 30 June 2005 payments were made to Director related entities in the normal course of business as follows:

Mr John Borshoff – Managing Director - fees paid for geological and consulting services totalling A$212,184 to a company of which Mr John Borshoff is a director and shareholder.

Dr Leon Pretorius – Executive Director (resigned 12 April 2005) - fees paid for geological and consulting services totalling A$120,000 to a company of which Dr Leon Pretorius is a director and shareholder.

Mr Michael Blakiston – Alternate Director for Chairman (resigned 20 December 2004) - fees paid for legal services totalling A$69,788 to Blakiston & Crabb, Solicitors, a firm in which Mr Michael Blakiston is a partner.

Internal Controls

The Company has made no changes to its internal controls over financial reporting since 31 March 2005 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

Disclosure Controls

The Company has formalised a Disclosure Control Policy and applied this policy to the preparation of the 30 June 2005 Annual Report. An evaluation of the Company's disclosure controls and procedures used during the 30 June 2005 Annual Report preparation process has been undertaken which concluded that the disclosure controls and procedures were effective.

Canadian GAAP

In the Financial Report for the year ended 30 June 2005 the Company has presented Canadian GAAP reporting in a separate note in order to comply with applicable Canadian securities law as a result of listing the Company's ordinary shares on the Toronto Stock Exchange.

The loss for the year ended 30 June 2005 of (A$1,383,676) as reported in the Financial Statements prepared in accordance with Australian GAAP has been increased by A$2,969,096 to (A$4,352,772) to accord with Canadian GAAP. This adjustment relates to the requirement under Canadian GAAP to account for the stock-based compensation issued to employees using a fair value-based method of accounting (an expense of A$2,969,096 on the basis of allocating the total value over the vesting period).

For the year ended 30 June 2004 the profit, as reported in accordance with Australian GAAP, has been reduced to a loss of (A$355,128) to accord with Canadian GAAP. This adjustment also relates to the requirement under Canadian GAAP to account for the stock-based compensation issued to employees using a fair value-based method of accounting (an expense of A$545,000 as there was no vesting period).

Corporate Governance Statement

CORPORATE GOVERNANCE FRAMEWORK

The Board of Directors of Paladin Resources Ltd is responsible for the corporate governance of the Consolidated Entity.

Paladin has adopted systems of control and accountability as the basis for the administration of corporate governance.

This Corporate Governance Statement outlines the key principles and practices of the Company which, taken as a whole, is the system of governance.

Shareholders are reminded that Paladin operates with a dual listing in Australia on the Australian Stock Exchange (ASX) and in Canada on the Toronto Stock Exchange (TSX). In formulating our governance framework, the regulatory requirements in both Australia and Canada have been taken into account.

The Company has complied with each of the Ten Essential Corporate Governance Principles and the corresponding Best Practice Recommendations as published by the ASX Corporate Governance Council. Further the Company has also complied with the Ontario Securities Commission's corporate governance requirements as set out in National Instrument 58-101, Disclosure of Corporate Governance Practices, which came into force on June 30, 2005.

The Company reviews and amends its corporate governance policies as appropriate to reflect the growth of the Company, current legislation and good practice. The website (www.paladinresources.com.au) includes copies or summaries of key corporate governance policy documents.

RELATIONSHIP WITH SHAREHOLDERS

The Company places a high priority on communications with and accountability to shareholders. The Board recognises that shareholders, as the ultimate owners of the Company, are entitled to receive timely and relevant high quality information about their investment. Similarly, prospective investors should be able to make an informed decision when considering the purchase of shares in Paladin.

To safeguard the effective dissemination of information, the Board has implemented a Disclosure Control Policy, detailed later in this Statement, and adopted a Shareholder Communications Policy. These reinforce the Company's commitment to its continuous disclosure obligations imposed by law.

Information will be communicated to shareholders by:-

- Ensuring that published financial and other statutory reports are prepared in accordance with applicable laws and industry best practice;
- Ensuring the disclosure of full and timely information about the Company's activities in accordance with the general and continuous disclosure principles in the ASX Listing Rules, the Corporations Act in Australia and all relevant legislation in Canada;
- Providing detailed reports from the Chairman and the Managing Director at the Annual General Meeting;
- Placing all material information released to the market (including notices of meeting and explanatory materials) on the Company's website as soon as practical following release; and
- Placing the Company's market announcements and financial data for the preceding three years on its website.

In addition, the website includes a facility to allow interested parties to subscribe to receive, electronically, public releases and other relevant material concerning the Company.

Shareholders are encouraged to attend Annual General Meetings and ask questions of Directors and senior management and also the Company's external auditors, who are required to be in attendance. In the event that shareholders are unable to attend meetings, they are encouraged to lodge proxies signifying their approval or otherwise of the business to be considered.

Corporate Governance Statement

BOARD OF DIRECTORS

Role of the Board

The Board guides and monitors the business of Paladin on behalf of shareholders, by whom they are elected and to whom they are accountable. The Board is responsible for setting corporate direction, defining policies and monitoring the business of the Company, to ensure it is conducted appropriately and in the best interests of shareholders.

The role of the Board is to oversee and guide the management of the Company with the aim of protecting and enhancing the interests of its shareholders, taking into account the interests of other stakeholders including employees, customers, suppliers and the wider community.

The Board operates under a Charter and has a written Code of Conduct which establishes guidelines for its conduct. The purpose of the Code is to ensure that Directors act honestly, responsibly, legally and ethically and in the best interests of the Company.

The Board is responsible for setting the strategic direction and establishing goals for management and the monitoring of the achievements against these goals.

Composition of the Board

The Board comprises four Non-executive Directors, including the Chairman and one Executive Director, being the Managing Director. The names of the Directors, both in office at the date of this report and those who held the position during the past year, are set out in the Directors' Report. This information includes their status as non-executive, executive or independent, their qualifications and experience and length of service.

The structure of the Board has evolved over the past year to reflect the changing needs of the Company to ensure an appropriate mix of skills and experience are available to oversee the growth of Paladin to its full potential.

Skills sets represented at Board level include managerial, technical, financial, corporate, legal and commercial. Particularly, members have a broad range of qualifications, experience and expertise in the uranium business.

Director Independence

Directors are expected to bring independent views and judgement to the Board's deliberations. All of the Non-executive Directors are considered by the Board to be independent. In considering whether a Director is independent, the Board has regard to the independence criteria set out in the ASX Corporate Governance Council's Principles of Good Corporate Governance and Best Practice Recommendations and the Corporate Governance Guidelines developed by the Ontario Securities Commission pursuant to National Policy 58-201 and other facts, information and circumstances that the Board considers relevant.

The Board assesses the independence of new Directors prior to appointment and reviews the independence of all Directors as appropriate.

Mr Rick Wayne Crabb was a principal of the legal firm, Blakiston and Crabb, until 30 June 2004. Blakiston and Crabb is the main provider of legal services to the Company in respect of matters concerning Australian law. Accordingly, Mr Crabb does not fit within paragraph 3 of the Independence Test as determined by box 2.1 of ASX Corporate Governance Council Principles ("Independence Test") because this paragraph excludes any person who has been a principal of a material advisor within the previous 3 year period. Mr Crabb passes all other aspects of the Independence Test. The Board of Paladin (in the absence of Mr Crabb) considered Mr Crabb demonstrates he consistently makes decisions and takes actions which are designed to be in the best interest of the Company. The Board notes the fees paid to Blakiston and Crabb are not material to the Company and were not high enough to be material to Mr Crabb's practice at the firm Blakiston and Crabb during the time he was a partner there and are not relevant at all past his date of retirement from that firm. Therefore, the Board considers Mr Crabb to be independent.

Meetings of the Board

The Board meets formally at least six times a year and on other occasions, as required. On the invitation of the Board, members of senior management attend and make presentations at Board meetings. Non-executive Directors are able meet without executive Directors and management being present, as considered appropriate. Due to the restructuring and expansion of the Board in the final quarter (prior to this, the Board comprised only one Non-executive Director), no such meetings were held in the year to 30 June 2005.

The Board holds an annual strategic planning session with management at which the Company's strategic plans for each operating activity and the group as a whole are presented. This was held in April, 2005 over a 2 day period. At this session, the Board reviewed and endorsed strategies designed to progress development of the Company into a major supplier of uranium.

Retirement and Re-election

The Constitution of the Company requires one third of the Directors, other than the Managing Director, to retire from office at each Annual General Meeting. Directors who have been appointed by the Board are required to retire from office at the next Annual General Meeting and are not taken into account in determining the number of Directors to retire by rotation at that Annual General Meeting. Directors cannot hold office for a period in excess of three years or later than the third Annual General Meeting following their appointment without submitting themselves for re-election. Retiring Directors are eligible for re-election by shareholders. Details of those Directors seeking re-election at the 2005 Annual General Meeting are set out in the Directors' Report.

The Board does not believe that any Director has served on the Board for a period which could, or be perceived to, materially interfere with his ability to act in the best interests of the Company.

In reaching this conclusion, the Board has noted that each of R Crabb (the Chairman) and J Borshoff (the Managing Director) will have each served on the Board for 11 years. Notwithstanding their period of service, the Board concluded that both Directors retain independence of character and judgement and continue to make outstanding contributions at Board level. Both bring their unique skills to the Board and participate in robust constructive debate.

Nomination and Appointment of New Directors

If it is necessary to appoint a new Director to fill a vacancy on the Board or to complement the existing Board, a wide potential base of possible candidates is considered and external consultants are engaged to assist in the selection process, if required. The Board assesses the qualifications of the proposed new Director against a range of criteria including background, experience, professional skills, personal qualities, the potential for the candidate's skills to augment the existing Board and the candidate's availability to commit to the Board's activities. If these criteria are met and the Board appoints the candidate as a Director, that Director must retire at the next following Annual General Meeting and will be eligible for re-election by shareholders at that Annual General Meeting.

New Directors appointed to the Board are invited to participate in an induction programme which includes provision of comprehensive written material regarding the Company such as:-

- Information on the financial, strategic and operational position of the Company;
- A comprehensive letter of appointment which sets out the Company's expectations on acceptance of the position;
- A written statement which sets out the duties, rights and responsibilities they undertake on becoming a Director together with material detailing the operations, policies and practices of the Company; and
- Copies of previous minutes of Board meetings together with recent Annual Reports and interim financial statements.

Further, new Directors are invited to attend briefing sessions with the Managing Director and key members of the senior management team where they may ask questions and direct any queries they may have to the Chairman or the Managing Director or obtain any other briefings they feel necessary from the Chairman or the Managing Director. They are encouraged to attend site visits in liaison with the Managing Director, at appropriate times. Directors agree to participate in continuous improvement programs from time to time, as considered appropriate.

Evaluation of Board Performance

Improvement in Board processes and effectiveness is a continuing objective and the primary purpose of Board evaluation is to identify ways to improve performance. The Chairman is responsible for conducting an annual review of the Board performance.

The Chairman conducted a review during the year of the Board's operations, structure and membership analysing its strengths and weaknesses. It was determined that a greater mix of skills and expertise, in the form of non-executive directors, was required at the Company's current stage of development which led to a restructure of the Board composition.

As discussed earlier, under the heading Composition of the Board the Board membership underwent a major restructure during the last quarter of the financial year. Accordingly, an appropriate assessment on the effectiveness of Board members' interaction and individual contributions in terms of the current Board composition could not be made.

An evaluation of the performance of the Board will be carried out in the first quarter of the 2006 calendar year. This process will involve completion of individual questionnaires focused on process, structure, effectiveness and contributions and will take into consideration benchmarking of progress towards strategic goals. Responses to the questionnaire will be collated and discussed at the Board's annual strategic planning session and recommendations for improvement will be considered.

Knowledge, Skills and Experience

To assist Directors to maintain an appropriate level of knowledge, skill and experience in the operations of the Company, Directors have the opportunity to undertake site visits to familiarize themselves with the Company's operations.

Directors are also provided with papers, presentations and briefings on the Company's operations and on matters which may affect the Company. These are provided in addition to Board papers and are designed to assist the Directors to gain relevant and timely information to assist in their decision making process. Directors are also encouraged to undertake continuing education relevant to the discharge of their obligations as Directors of the Company. Subject to prior approval by the Company Secretary, the reasonable cost of such education is met by the Company.

BOARD OF DIRECTORS (continued)

Position Descriptions

The Board has developed and adopted written position descriptions for the Non-Executive Chairman of the Board, the Chairman of each Board Committee, the Managing Director and the Company Secretary.

These delineate the role and responsibility of each position and provide clarity on the expectations for those individuals occupying these key positions within the Company.

Conflicts of Interest

The Code of Conduct for Directors, a copy of which is available on the Company's website, sets out the procedure to be followed if there is, or may be, a conflict between the personal or other interests of a Director and the business of the Company. A Director with an actual or potential conflict of interest in relation to a matter before the Board does not receive the Board papers relating to that matter and when the matter comes before the Board for discussion, the Director withdraws from the meeting for the period the matter is considered and takes no part in the discussions or decision-making process.

Minutes reporting on matters in which a Director is considered to have a conflict of interest are not provided to that Director, however, the Director is given notice of the nature of the matter for discussions and, as much as practicable, of the general nature of the discussion or decision reached.

Remuneration

Details of the remuneration policies and practices of the Company and the remuneration paid to the Directors (executive and non-executive) and Senior Executives are set out in the Remuneration Report included in the Directors' Report. Shareholders will be invited to consider and to approve the Remuneration Report at the Annual General Meeting in 2005.

In relation to the Non-executive Directors there are no termination or retirement benefits.

Independent advice

The Board and its Committees may seek advice from independent experts whenever it is considered appropriate. With the consent of the Chairman, individual Directors may seek independent professional advice, at the expense of the Company, on any matter connected with the discharge of their responsibilities. No Director availed himself of this right during the course of the year.

BOARD COMMITTEES

The Board has established Audit, Nomination and Remuneration Committees which assist in the discharge of the Board's responsibilities.

Board approved charters set out the terms of reference and rules governing these Committees.

Audit Committee

Due to the size and composition of the Board prior to 12 April 2005 (being two executive Directors and one Non-executive Director), no formal committee was formed until 12 April 2005. At this date, the Board commenced its expansion and the committee was formed, comprising R Crabb, C Davis and S Llewelyn. Prior to this date the duties usually carried out by an audit committee were performed by R Crabb who has relevant financial and industry experience to qualify him to perform this role.

The Audit Committee assists the Board in discharging its responsibilities to ensure that the Company complies with appropriate and effective accounting, auditing, internal control, business risk management, compliance and reporting practices in accordance with the Audit Committee Charter.

The role of the Audit Committee is to:

- Monitor the integrity of the financial statements of the Company, reviewing significant financial reporting judgments;
- Review the Company's internal financial control system and, unless expressly addressed by a separate risk committee or by the Board itself, risk management systems;
- Monitor and review the effectiveness of the Company's internal audit function (if any);
- Monitor and review the external audit function including matters concerning appointment and remuneration, independence and non-audit services; and
- Perform such other functions as assigned by law, the Company's constitution, or the Board.

The Audit Committee comprises three members, all of whom are independent Non-executive Directors. The current members of the Audit Committee are:-

George Pirie	– Chairman	Non-Executive, Independent Director
Sean Llewelyn	– Non-Executive Director	Independent Director
Ian Noble	– Non-Executive Director	Independent Director

The Audit Committee meets at least once a quarter and at any other time requested by a Board member, Company Secretary or external auditor. The external auditors attend at least twice a year and on other occasions where circumstances warrant.

The number of meetings of the Audit Committee during the reporting period and the names on the attendance record is set out in the Directors' Report.

The external auditors are Ernst and Young who were appointed as the Company's auditors in June 2005.

Nomination Committee

The Company established a separate Nomination Committee on 1 June 2005 comprised of all members of the Board. 4 out of 5 Directors are independent Non-executive Directors. Prior to that date, the functions of the Nomination Committee were carried out by the full Board, but not under a specific Nomination Committee Charter.

The responsibilities of the Nomination Committee include:-

- Reviewing the size and composition of the Board and making recommendations to the Board on any appropriate changes;
- Developing and planning for identifying, assessing and enhancing Director competencies;
- Making recommendations on the appointment and removal of Directors;
- Evaluating Board performance so that individual and collective performance is regularly and fairly assessed; and
- Providing new Directors with an induction into the Company and provide all Directors with access to on going education relevant to their position.

The Chairman of the Board will chair the Nomination Committee and the Committee shall meet at least once per year and at such additional times as is necessary to fulfil its duties. Having regard to the size of the Board, it is considered appropriate that all members of the Board are members of the Nomination Committee.

Prior to the formation of the Nomination Committee, the full Board met to consider the matters of Board composition and Board appointments on 2 occasions. No meetings of the Nomination Committee were held prior to 30 June 2005.

Remuneration Committee

The Company established a separate Remuneration Committee on 1 June 2005. Prior to that date, the functions of the Remuneration Committee were carried out by the full Board.

The role of the Committee, in accordance with the Remuneration Committee Charter, is to assist the Board with respect to remuneration by reviewing and making appropriate recommendations on:-

a) Remuneration packages of executive Directors, Non-executive Directors and senior executives; and
b) Employee incentive and equity based plans including the appropriateness of performance hurdles and total payments proposed.

The ASX Listing Rules and the Constitution require that the maximum aggregate amount of remuneration to be allocated among the Non-executive Directors be approved by the shareholders in general meeting. In proposing the maximum amount for consideration by shareholders, and in determining the allocation, the Remuneration Committee will take into account the time demands made on Directors and such factors as fees paid on Non-executive Directors in comparable Australian companies.

The remuneration paid to Directors and senior executives is shown in the Directors' Report.

The Remuneration Committee comprises three members, all of whom are independent Directors. The Chairman of the Board is the Chairman of the Remuneration Committee and the Committee shall meet at least twice a year and otherwise as required.

The current members of the Remuneration Committee are:-

Rick Crabb	– Chairman	Non-Executive, Independent Director
Sean Llewelyn	– Non-Executive Director	Independent Director
George Pirie	– Non-Executive Director	Independent Director

Prior to the formation of the Remuneration Committee, the full Board met to consider key remuneration matters on 3 occasions. No meetings of the Remuneration Committee were held prior to 30 June 2005.

FINANCIAL REPORTING

CEO and CFO Sign-offs

In accordance with the Corporations Act 2001, ASX Corporate Governance Principle 4 (Safeguard Integrity in Financial Reporting) and Canadian Securities Law, relevant declarations, statements and certifications have been provided by the Managing Director and the Chief Financial Officer in relation to the Company's 30 June 2005 Annual Report, including financial statements.

International Financial Reporting Standards

In July 2002, the Financial Reporting Council announced that Australia would adopt international Financial Reporting Standard (IFRS). The Company will be required to report under IFRS in its financial statements for the first quarter ended 30 September 2005, half year ended 31 December 2005, third quarter ended 31 March 2006, and the year ending 30 June 2006.

DISCLOSURE CONTROLS

Paladin is committed to ensuring that shareholders and the market are provided with full and timely information and that all stakeholders have equal and timely access to material information concerning the Company.

The Company understands and respects that timely disclosure of price sensitive information is central to the efficient operation of the Australian Stock Exchange's and Toronto Stock Exchange's securities market and has adopted a Disclosure Control Policy with underlying procedures covering public announcements, the prevention of selective or inadvertent disclosure, conduct of investor and analysts briefings, and media communications. This policy reflects the commitment of the Directors and management to promoting consistent disclosure practices aimed at accurate, timely and broadly disseminated disclosure of material information to the market. The Company has formed a Disclosure Control Committee which has responsibility for overseeing and co-ordinating disclosure of all public information. Members of this Committee are the Managing Director, Company Secretary and Chief Finance Officer.

RISK MANAGEMENT

The Company has established a Risk Management Policy which sets out a framework for a system of risk management and internal compliance and control, whereby the Board delegates day-to-day management of risk to the Managing Director. The Managing Director, with the assistance of senior management as required, has responsibility for identifying, assessing, treating and monitoring risks and reporting to the Board on risk management. The Company's risk management system is evolving. This is an on-going process and it is recognised that the level and extent of the risk management system will evolve commensurate with the evolution and growth of the Company's activities.

SECURITIES OWNERSHIP AND DEALINGS

The Company has a Policy for Trading in Company Securities which is binding on all Directors and employees. The purpose of this policy is to provide a brief summary of the law on insider trading and other relevant laws, set out the restrictions on dealing in securities by people who work for or are associated with Paladin and assist in maintaining market confidence in the integrity of dealings in Paladin's securities.

CODES OF CONDUCT

The Board has approved a **Code of Conduct for Directors** (incorporating underlying Guidelines for the Interpretation of Principles) together with a **Code of Business Conduct and Ethics**, which applies to all Directors, Officers and Employees including those employed by subsidiaries, in all countries where Paladin does business. A copy of the Code is available on the Company's website.

These Codes demonstrate and codify Paladin's commitment to appropriate and ethical corporate practices. Compliance with the Codes will also assist the Company to effectively manage its operating risks and meeting its legal and compliance obligations, as well as enhancing Paladin's corporate reputation.

The principles outlined in this document are intended to:

- Establish a minimum global standard of conduct by which all Paladin employees are expected to abide;
- Protect the business interests of Paladin, its employees and customers;
- Maintain Paladin's reputation for integrity; and
- Facilitate compliance by Paladin employees with applicable legal and regulatory obligations.

The Code of Business Conduct and Ethics addresses honesty and integrity, following the law, conflicts of interest, confidentiality, protection of Company assets, dealing with public officials, responsibility for international operations, employment practices, record keeping and community relations.

The Board has appointed the Company Secretary as the Company's compliance officer in the case of employees, and the Chairman of the Audit Committee in the case of Directors and officers, as the person responsible for receiving reports of breaches of the Code and this is the mechanism by which compliance with the Code is monitored.

The Board has also approved a **Whistleblower Policy** which documents commitment to maintaining an open working environment in which employees and contractors are able to report instances of unethical, unlawful or undesirable conduct without fear of intimidation or reprisal.

The purpose of the Whistleblower Policy is to:

- Help detect and address unacceptable conduct;
- Help provide employees and contractors with a supportive working environment in which they feel able to raise issues of legitimate concern to them and to the Company; and
- Help protect people who report unacceptable conduct in good faith.

The Company has a firm commitment to protecting the privacy of any personal information that it collects and holds and recognizes its obligations under the existing privacy legislation. It has adopted a **Privacy Policy** which provides details on the collection and use of personal information, circumstances under which it can be disclosed, management and security of personal information and how it can be accessed.

Any changes to the above Codes and Policies are considered by the Board for approval.

Directors' Report

The Directors present their report on the Consolidated Entity consisting of Paladin Resources Ltd and the entities it controlled at the end of, or during, the year ended 30 June 2005.

Directors

The following persons were Directors of Paladin Resources Ltd ("Company") and were in office for this entire period unless otherwise stated:

Current

Mr Rick Wayne Crabb (Non-Executive Chairman)	
Mr John Borshoff (Managing Director)	
Mr Sean Llewelyn (Non-Executive Director)	appointed 12 April 2005
Mr George Pirie (Non-Executive Director)	appointed 1 June 2005
Mr Ian Noble (Non-Executive Director)	appointed 29 June 2005

Former

Mr Michael Blakiston (Alternate Director for Mr Rick Wayne Crabb)	resigned 20 December 2004
Dr Leon Pretorius (Executive Director)	resigned 12 April 2005
Mr Cliff Davis (Non-Executive Director)	appointed 12 April 2005 and resigned 31 May 2005

Principal Activity

The principal activity of the Consolidated Entity was evaluation and development of uranium projects in Africa and Australia.

Review of Operations

A detailed operational and financial review of the Consolidated Entity is set out on pages 11 to 26 of this report under the section titled Management Discussion and Analysis.

Dividends

No dividend has been paid during the financial year and no dividend is recommended for the current year.

Significant Changes in the State of Affairs

There were no significant changes in the state of affairs of the Consolidated Entity during the financial year not otherwise dealt with in this report.

Matters Subsequent to the End of the Financial Year

There has not arisen since the end of the financial year any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors of the Company, to affect substantially the operations of the Consolidated Entity in subsequent financial years with the exception of the following the financial effects of which have not been provided for in the 30 June 2005 Financial Report:

Langer Heinrich Uranium Project, Namibia – Mining Licence Approval Granted

On 27 July 2005, the Company announced that the Minister of Mines in Namibia approved the granting of a 25 year Mining Licence to Langer Heinrich Uranium (Pty) Ltd, wholly owned by the Company, allowing full scale development of the mining operation to proceed. During the Mining Licence approval process a significant amount of preparatory work has been carried out, including negotiations with construction engineers; water and power utilities; identification and ordering of long lead time equipment items; establishment of office facilities in Swakopmund; and identification of key development personnel.

Langer Heinrich Uranium Project, Namibia – Bank Approval for Project Finance

On 29 August 2005, the Company announced that it had accepted credit committee approved offers of financing totalling US$71,000,000 for the Langer Heinrich Uranium Project in Namibia. The financing is being provided by Société Générale Australia Branch (as lead arranger), Nedbank Ltd and Standard Bank of South Africa Ltd and consists of a 7 year Project Finance Facility of US$65,000,000 and a Standby Cost Overrun Facility of US$6,000,000. Draw down of the financing is subject to completion of legal due diligence and documentation, and fulfilment of other conditions precedent usual for this type of funding.

Kayelekera Uranium Project, Malawi – Purchase 10% interest

On 6 July 2005, the Company announced the purchase of the remaining 10% joint venture interest in the Kayelekera Uranium Project in Malawi. The consideration of A$5,372,250 will be satisfied by the issue of 4,350,000 ordinary fully paid shares at an issue price of A$1.235 per share. The purchase is conditional upon the joint venture partner entering into a private escrow agreement in dealing with the 4,350,000 shares in the Company.

Matters Subsequent to the End of the Financial Year (continued)

Sale of Non-Core South Australian Uranium Property Database

On 18 July 2005, the Company announced the sale of a non-core uranium exploration property in the Frome Basin in South Australia together with the licence for a comprehensive regional database to Deep Yellow Ltd (Deep Yellow). The consideration received comprises 7,500,000 fully paid ordinary shares in Deep Yellow and 12,500,000 unlisted Deep Yellow options exercisable at 12 cents on or before 15 July 2008.

Allotment of Shares and Issue of Employee Options

On 15 July 2005, the Company announced the allotment of 150,000 fully paid ordinary shares after exercise of employee options, and the granting of 250,000 unlisted employee options exercisable at A$1.50 on or before 15 July 2008. On 5 August 2005, the Company announced the allotment of 350,000 fully paid ordinary shares after exercise of employee options.

Langer Heinrich Uranium Project, Namibia – Bank Guarantee

On 26 July 2005, the Company issued a N$5,000,000 (Namibian dollars) (A$998,279) bank guarantee as part of the mine construction activities, on behalf of Langer Heinrich Uranium (Pty) Ltd, wholly owned by the Company. The guarantee was issued from the loan facility established with Société Générale Australia Branch on 30 September 2004, leaving the Company with a current approximate available facility for draw down of A$500,000.

Likely Developments

Likely developments in the operations of the Consolidated Entity constituted by the Company and the entities it controls from time to time are set out under the section titled Management, Discussion and Analysis.

Environmental Regulations

The Consolidated Entity is subject to significant environmental regulation in respect to its evaluation and development activities.

The Company aims to ensure the appropriate standard of environmental care is achieved, and in doing so, that it is aware of and is in compliance with all environmental legislation. The Directors of the Company reviewed the Company's projects during the year and are not aware of any breach of environmental legislation for the financial year under review.

Information on Directors

Mr Rick Wayne Crabb (Non-Executive Chairman) Age 48

B. Juris (Hons), LLB, MBA

Mr Crabb holds degrees of Bachelor of Jurisprudence (Honours), Bachelor of Laws and Master of Business Administration from the University of Western Australia. He has practiced as a solicitor from 1980 to 2004 specialising in mining, corporate and commercial law. Mr Crabb now focuses on his public company directorships and investments. He is also a director of Port Bouvard Ltd (since 1996), Ashburton Minerals Ltd (since 1999), Alcaston Mining NL (since 2001), Thundelarra Exploration Ltd (since 2003) and Ottoman Energy Ltd (since 2004).

Mr Crabb was appointed a Director on 8 February 1994.

Former directorships of listed companies in last three years
ST Synergy Ltd from 2001 to 2005
Deep Yellow Ltd from 2003 to 2004
Aldershot Resources Ltd from 2004 to 2005

Special Responsibilities
Chairman of the Board
Chairman of Audit Committee from 12 April 2005 to 1 June 2005
Chairman of Remuneration Committee from 1 June 2005
Chairman of Nomination Committee from 1 June 2005

Mr John Borshoff (Managing Director) Age 60

B.Sc., F.AusIMM, FAICD

Mr Borshoff is a geologist who has been involved in the Australian and African exploration and mining industry for 33 years. Mr Borshoff worked for International Nickel and Canadian Superior Mining before joining a German mining group, Uranerz from 1976 to 1991. He became Chief Geologist/Exploration Manager during the period 1981-1986 and served as its chief executive from 1987 to mid 1991 when the German parent of Uranerz made the decision to close its Australian operations. Uranerz's primary focus was for the search and development of Uranium Projects with the company operating extensively throughout Australia, North America and Africa.

Mr Borshoff founded Paladin Resources Ltd and was appointed a Director on 24 September 1993. He has extensive experience in uranium, gold and base metal exploration, company management, strategic planning and administration.

Special Responsibilities
Managing Director
Member of Nomination Committee from 1 June 2005

Mr Sean Reveille Llewelyn (Non-Executive Director) Age 57

LL.B

Mr Llewelyn, first qualified as a solicitor in Australia and England. His life work however has been in finance and merchant banking having worked for more than 20 years in this capacity in Australia, the UK, the USA and South Africa. His considerable experience has been on derivatives, structured finance and early stage investment relating to the metal markets. He has been involved with uranium for over 10 years and has a comprehensive understanding of the uranium market.

Mr Llewelyn was involved as a key player in the formation of a joint venture company between Anglo Gold and First Rand International to assume marketing responsibility for uranium on behalf of Nuclear Fuels Corporation of South Africa (Nufcor).

Mr Llewelyn was appointed to the Board on 12 April 2005.

Special Responsibilities
Member of Audit Committee from 12 April 2005
Member of Remuneration Committee from 1 June 2005
Member of Nomination Committee from 1 June 2005

Mr George Edward Pirie (Non-Executive Director) Age 52

B.Com (Hons)

Mr Pirie has 24 years experience in the mining business. In 1980 he was with Pamour Porcupine Mines, a division of Noranda and then joined Dome Mines Limited in 1985, holding various positions until April 1999 when he was promoted to Chief Financial Officer for Placer Dome North America, where he was responsible for re-establishing both Placer Dome U.S. and Placer Dome Canada. In January 2000, he joined Placer Dome Canada as Chief Financial Officer and was appointed Acting President and Chief Executive Officer of Placer Dome Canada in October 2001. He was responsible for the formation of the Porcupine Joint Venture in July of 2002 and was promoted to Executive Vice President of Placer Dome Inc. and President and Chief Executive Officer of Placer Dome Canada in December 2002. Mr Pirie resigned his position with Placer Dome effective 31 December 2004.

Mr Pirie currently serves on several boards including: Ontario Mining Association, Mining Association of Canada, Canadian Mineral Industry Education Foundation, Miraco Mining Innovation, Co-Chair of the Mining Cluster Initiative for the Ministry of Northern Development & Mines, and effective 4 July 2005 appointed President and Chief Executive Officer of Breakwater Resources Inc.

Mr Pirie was appointed to the Board on 1 June 2005.

Special Responsibilities
Chairman of Audit Committee from 1 June 2005
Member of Remuneration Committee from 1 June 2005
Member of Nomination Committee from 1 June 2005

Information on Directors (continued)

Mr Ian Urquhart Noble (Non-Executive Director) Age 64

BSc (Metallurgy), ARCST

Mr Noble has more than 40 years experience covering the mining, chemical and nuclear industries with a strong emphasis in the mining and mineral processing fields. He is an internationally recognised consultant, specialising in hydrometallurgy and comminution, and has been involved in many of the major mining developments within Australia and overseas. He has held senior management positions with both Wright Engineers Australia Ltd and Fluor Australia and took a lead role in the design of Australia's two major uranium processing plants.

Mr Noble's initial involvement with uranium was with Wright Engineers Pty Limited on the Rabbit Lake project in Canada. In Australia, in 1976, he was Lead Engineer on the Ranger Uranium Feasibility Study, followed by a three year involvement in the design construction phase, initially as Process Engineering Manager, and then a period as Project Engineer for the hydrometallurgical plant, and finally a year on site as Pre-Commissioning and Commissioning Manager. He was subsequently Lead Process Engineer for the design of Western Mining Corporation's Olympic Dam Project.

Mr Noble was appointed to the Board on 29 June 2005.

Special Responsibilities
Member of Audit Committee from 29 June 2005
Member of Nomination Committee from 29 June 2005

Mr Michael Gerrard Blakiston (Alternate Director for Mr Rick Wayne Crabb) Age 47

B.Juris.LL.B

Mr Blakiston is a Solicitor in the firm Blakiston & Crabb. For some years he has practised extensively in the field of corporate and resource law and has had considerable experience in commercial and corporate management. Mr Blakiston is a Director of Rox Resources Ltd (since 2003), Vulcan Resources Ltd (since 2002), Colltech Australia Ltd (since 2003), Australian Development Capital Ltd (since 2003), Alcaston Mining NL (since 2005), Aurora Oil and Gas Ltd (since 2003) and Platinum Australia Ltd (since 2000).

Mr Blakiston's appointment as Alternate Director ceased on 20 December 2004.

Former directorships of listed companies in last three years
Antares Energy Ltd from 2000 to 2002
Black Range Minerals Ltd from 1994 to 2004
GFB Ltd from 2002 to 2005
Ranger Minerals Ltd from 1988 to 2002
Southern Amity Ltd from 2001 to 2002

Special Responsibilities
Alternate Director for Chairman of the Board

Dr Leon Eugene Pretorius (Executive Director) Age 54

BSc(Hons), MSc, PhD, FAusIMM (CP), MAIG, PrSciNat

Dr Pretorius is a geochemist with 33 years experience working both in Australia and Africa. He has extensive experience in gold, base metal, industrial mineral, uranium exploration and has a sound knowledge of opencast mining operations in Sub-Saharan Africa. From 1984 to 1990 Dr Pretorius was Managing Director of Australian publicly listed company Keela-Wee Exploration Ltd and since has been actively involved in the resource sector both in Australia and Southern Africa.

Dr Pretorius resigned from the Board on 12 April 2005.

Special Responsibilities
Technical Executive Director

Mr Clifford John Davis (Non-Executive Director) Age 62

Mr Davis has more than 40 years international experience in the operation and development of both underground and open pit gold and base metal mines. His career has given him extensive exposure to mining operations in locations throughout North America, Europe and Africa. Mr Davis is a graduate in mining engineering from the Royal School of Mines in London, England. Mr Davis has held numerous senior executive positions at levels up to President, Chief Executive Officer, and Chief Operating Officer with a variety of large multinational mining companies and smaller development companies. These have included Rio Tinto, Kennecott, TVX Gold Inc, Echo Bay Mines Ltd, and Gabriel Resources.

Mr Davis is based in Toronto and is currently a director of Tiberon Minerals Ltd (since 2003), Rio Narcea Gold Mines Ltd (since 2004) and DRC Resources Corporation (since 2005), all listed on the Toronto Stock Exchange.

Mr Davis was appointed to the Board on 12 April 2005 and resigned on 31 May 2005.

Former directorships of listed companies in last three years
Defiance Mining Corporation from 2002 to 2004

Special Responsibilities
Member of Audit Committee from 12 April 2005 to 31 May 2005

Ms Gillian Swaby (Company Secretary) Age 45

B.Bus, FCIS, FAICD

Ms Swaby has been involved in financial and corporate administration for listed companies, as both Director and Company Secretary covering a broad range of industry sectors, for over 25 years. Ms Swaby has extensive experience in the area of secretarial practice, management accounting and corporate and financial management and sits on a number of advisory committees.

Ms Swaby is past Chair of the Western Australian Council of Chartered Secretaries of Australia, a former Director on their National Board and lecturer for the Securities Institute of Australia. Ms Swaby is the principal of a corporate consulting company and was a member of the Paladin Board for a period of 9 years.

Directors' Meetings

The number of Directors' meetings and meetings of committees held in the period each Director held office during the financial year, and the number of meetings attended by each Director are:

	Board of Directors' meetings		Audit Committee meetings	
Name	Number attended	Number eligible to attend	Number attended	Number eligible to attend
Mr Rick Crabb	12	14	2	2
Mr John Borshoff	14	14	-	-
Mr Sean Llewelyn	7	7	2	2
Mr George Pirie	1	1	1	1
Mr Ian Noble	-	-	-	-
Mr Michael Blakiston	2	2	-	-
Dr Leon Pretorius	6	6	-	-
Mr Cliff Davis	3	7	1	1

Resignation, Election and Continuation in Office of Directors

Dr Leon Pretorius and Mr Cliff Davis resigned as Directors during the year.

Mr Sean Llewelyn, Mr George Pirie and Mr Ian Noble were appointed Directors during the year. In accordance with the Constitution of the Company they retire as Directors at the Annual General Meeting and, being eligible, offer themselves for re-election.

Mr Rick Crabb is a Director retiring by rotation who, being eligible, offers himself for re-election at the Annual General Meeting.

Remuneration Report

The remuneration report is set out under the following main headings:

A Principles used to determine the nature and amount of remuneration

B Details of remuneration

C Service agreements

D Share-based compensation

A Principles used to determine the nature and amount of remuneration

The Remuneration Committee, on behalf of the Board of Directors, monitors compensation of Directors and Executives of the Company. The Remuneration Committee was formed on 1 June 2005 and prior to this date this function was carried out by the entire Board.

Generally, compensation is provided by the Company to its Directors and Executives, by way of base salary, short-term bonus, granting of employee options and superannuation. The overall objective is to ensure that remuneration is fair and reasonable and sufficient to attract and retain qualified and experienced Directors and Executives.

The remuneration program for the Directors and Executives of the Company is designed to ensure that the level and form of remuneration achieves certain objectives, including:

(a) attracting and retaining talented, qualified and effective Directors and Executives;

(b) motivating their short and long-term performance; and

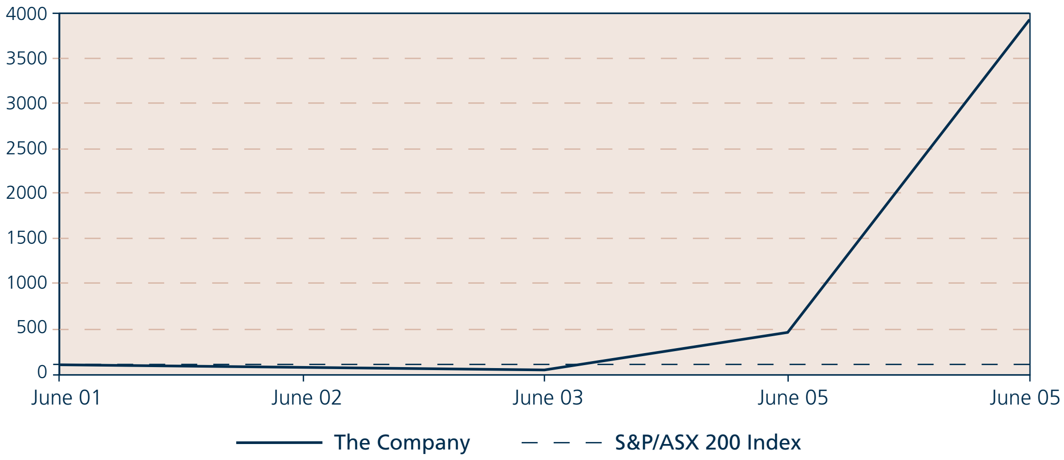
(c) aligning their interests with those of the Company's shareholders.

Given the evolving nature of the Company's business, the Remuneration Committee continues to review and redesign the overall compensation plan for Directors and Executives so as to continue to address the objectives identified above.

Company Performance

The overall level of remuneration takes into account the growth in shareholder wealth of the Company. The chart below compares, assuming an initial investment of $100, the yearly percentage change in the cumulative total shareholder return on the Company's Ordinary Shares against the cumulative total shareholder return of the S&P/ASX 200 Index for the Company's five most recently completed financial years.

THE COMPANY PERFORMANCE AGAINST THE S&P/ASX 200 INDEX



	30 June 2001	30 June 2002	30 June 2003	30 June 2004	30 June 2005
Paladin	A$100.00	A$100.00	A$36.67	A$450.00	A$3,916.67
S&P/ASX 200 Index	A$100.00	A$93.53	A$88.00	A$102.75	A$124.40

As a result of the evaluation and development nature of the Company's activities the overall level of remuneration does not focus on the earnings of the Company.

Directors' Fees

Fees payable to Non-Executive Directors are set at A$40,000 per annum, inclusive of any superannuation obligations. Exceptions to this fee structure are the Chairman of the Audit Committee who receives an additional A$5,000 per annum, and the Chairman of the Board who receives an additional A$10,000 per annum.

Compensation paid to the Managing Director is set out under Section C Service agreements.

In addition, the Company's Constitution provides for additional remuneration to be paid if any of the Directors are called upon to perform extra services or make any special exertions on behalf of the Company or the business of the Company. The Directors may remunerate such Director in accordance with such services or exertions, and such remuneration may be either in addition to or in substitution for the Directors' fees referred to above.

Base Salary

The first step to attracting and retaining talented, qualified and effective Directors and Executives is paying base salaries which are competitive in the markets in which the Company operates. Competitive salary information on companies earning comparable revenues in a similar industry is complied from a variety of sources, including surveys conducted by independent consultants and national and international publications.

Expatriate Benefits

Executives who are required to fulfil their responsibilities as an expatriate receive benefits including health insurance, car allowances and tax advisory services.

Short-term Bonus

The Company provides short-term bonuses to Directors and Executives of up to 20% of base salary.

The short-term bonuses are based on achieving the following measures where these are applicable to the specific Director or Executive:

(a) performance of the Company in meeting its objectives;

(b) additional uranium resources delineated;

(c) financial performance of the Company;

(d) increase in market capitalisation of the Company; and

(e) such other matters determined by the Remuneration Committee in its discretion.

These measures have been selected to align the interests of Directors and Executives with shareholders. The Remuneration Committee is responsible for assessing whether the measures are met and will take into account, amongst other things, the progress of the Company in meeting its objectives, the increase in uranium resources, the financial performance of the Company, and the growth in market capitalisation.

The short term bonus payments may be adjusted up or down in line with under or over achievement against the measures. This is at the discretion of the Remuneration Committee.

Company Employee Share Incentive Option Plan

The Company believes that encouraging its Directors and Executives to become shareholders is the best way of aligning their interests with those of its shareholders. Equity participation is accomplished through the Company's employee option plan. Options are granted to Directors and Executives taking into account a number of factors, including the amount and term of options previously granted, base salary, short-term bonuses and competitive factors.

Information on the Employee Share Incentive Option Plan is set out under Section D Share-based compensation. Options granted during the year included specific performance conditions that are required to be met by the Company in order for the options to vest.

Remuneration Report (continued)

B Details of remuneration (this information has been audited)

Details of the remuneration of each Director of the Company and each of the Executives of the Company and the Consolidated Entity are set out in the following tables.

Directors of the Company

	Year	Primary Salary/Fees A$	Post Employment Superannuation A$	Equity Options A$	Other A$	Total A$
Mr Rick Crabb	**2005**	**23,991**	**2,159**	**299,718**	**-**	**325,868**
(Non-Executive Chairman)	2004	22,936	2,064	73,200	[1]24,689	122,889
Mr John Borshoff	**2005**	**64,736**	**5,826**	**345,829**	**[2]212,184**	**628,575**
(Managing Director)	2004	25,000	2,250	83,750	[2]102,767	213,767
Mr Sean Llewelyn	**2005**	**7,645**	**688**	**-**	**-**	**8,333**
(Non-Executive Director)	2004	-	-	-	-	-
Mr George Pirie	**2005**	**3,750**	**-**	**-**	**-**	**3,750**
(Non-Executive Director)	2004	-	-	-	-	-
Mr Ian Noble	**2005**	**-**	**-**	**-**	**-**	**-**
(Non-Executive Director)	2004	-	-	-	-	-
Mr Michael Blakiston	**2005**	**-**	**-**	**-**	**[3]69,788**	**-**
(Alternate Director for Mr Rick Crabb)	2004	-	-	-	-	-
Dr Leon Pretorius	**2005**	**-**	**-**	**299,718**	**[4]120,000**	**419,718**
(Executive Director)	2004	25,000	-	73,200	[4]79,200	177,400
Mr Cliff Davis	**2005**	**-**	**-**	**-**	**-**	**-**
(Non-Executive Director)	2004	-	-	-	-	-
Total	**2005**	**100,122**	**8,673**	**945,265**	**401,972**	**1,456,032**
	2004	72,936	4,314	230,150	206,656	514,056

1. Fees paid in the normal course of business in 2004 for legal services totalling A$24,689 were paid/payable (balance outstanding at 30 June 2004 and included in trade creditors A$45,659) to Blakiston & Crabb, Solicitors, a firm in which Mr Rick Crabb was a partner to 30 June 2004;
2. Fees paid in the normal course of business in 2005 for geological and consulting services totalling A$212,184 (2004: A$102,767) were paid/payable (balance outstanding at 30 June 2005 and included in trade creditors A$Nil (2004 : A$195,227)) to a company of which Mr John Borshoff is a director and shareholder;
3. Fees paid in the normal course of business in 2005 for legal services totalling A$69,788 (2004: A$ not applicable) were paid/payable to Blakiston & Crabb, Solicitors, a firm in which Mr Michael Blakiston is a partner for the period he was a Director; and
4. Fees paid in the normal course of business in 2005 for geological and consulting services totalling A$120,000 (2004: A$79,200) were paid/payable (balance outstanding at 30 June 2005 and included in trade creditors: A$Nil (2004: A$6,600)) to a company of which Dr Leon Pretorius is a director and shareholder.

Other Executives of the Company and Consolidated Entity
- being the executives receiving the highest remuneration

	Year	Primary Salary/Fees A$	Post Employment Superannuation A$	Equity Options A$	Other A$	Total A$
Mr Garnet Halliday[1] *(Executive General Manager for Operations and Development)*	**2005**	**226,576**	**20,392**	**302,145**	**-**	**549,113**
Ms Gillian Swaby[2] *(Company Secretary)*	**2005**	**-**	**-**	**264,775**	**[4]70,000**	**334,775**
Mr Ron Chamberlain[3] *(Chief Financial Officer)*	**2005**	**81,667**	**7,350**	**81,015**	**-**	**170,032**
Total	**2005**	**308,243**	**27,742**	**647,935**	**70,000**	**1,053,920**

1. Mr Garnet Halliday was appointed on 1 December 2004 at which time he was granted 2,000,000 options at A$1.00 expiring 30 November 2007 and 1,000,000 options at A$1.25 expiring 30 November 2007.
2. Ms Gillian Swaby has been deemed to be an Executive as of 1 July 2004, prior to this date services to the Company were of a Non-Executive nature. On 30 November 2004 Ms Gillian Swaby was granted 2,750,000 options at $1.00 expiring 30 November 2007.
3. Mr Ron Chamberlain was appointed on 1 December 2004 at which time he was granted 500,000 options at A$1.00 expiring 30 November 2007 and 300,000 options at A$1.25 expiring 30 November 2007.
4. Fees paid in the normal course of business in 2005 for company secretarial services totalling A$70,000 were paid/payable (balance outstanding at 30 June 2005 and included in trade creditors A$19,800) to a company of which Ms Gillian Swaby is a director and shareholder.

C Service agreements

Remuneration and other terms of employment for the Managing Director, Executive General Manager for Operations and Development and Chief Financial Officer are formalised in service agreements.

All contracts with executives may be terminated early by either party with 3 months notice, subject to termination payments as detailed below.

Mr John Borshoff, *Managing Director*

- Term of agreement – 3 years commencing 1 March 2005 renewable for a further 2 year term subject to agreement.
- Base salary, inclusive of superannuation, of A$400,000 to be reviewed effective 1 January 2006 and annually thereafter.
- Payment of a termination benefit on early termination by the Company, other than for gross misconduct, equal to 2 times base salary for the two years immediately preceding the termination date. This benefit is subject to approval of Company shareholders to be received no later than 30 November 2005.

Mr Garnet Halliday, *Executive General Manager for Operations and Development (from 1 December 2004)*

- Term of agreement – no fixed term.
- Base salary, inclusive of superannuation, for the year ended 1 December 2005, of A$400,000 to be reviewed annually.
- No termination benefit is specified in the agreement.

Mr Ron Chamberlain, *Chief Financial Officer (from 1 December 2004)*

- Term of agreement – no fixed term.
- Base salary, inclusive of superannuation, for the year ended 1 December 2005, of A$152,600 to be reviewed annually.
- No termination benefit is specified in the agreement.

Remuneration Report (continued)

D Share-based compensation

Options are granted under the Company Employee Share Incentive Option Plan which was approved by the Directors on 23 March 2004. Staff eligible to participate in the plan is those who have been continuously employed by the Company for a period of at least one year.

Options are granted under the plan for no consideration. Options are granted for a three year period, and 100% of each new tranche becomes exercisable after one year of the date of grant. Entitlements to the options are vested as soon as they become exercisable and performance conditions have been met.

The terms and conditions of each grant of options affecting remuneration in this or future reporting periods are as follows:

Grant Date	Expiry date	Exercise price	Value per option at grant date	Date exercisable
30 November 2004	30 November 2007	A$1.25	A$0.1722	30 November 2005
30 November 2004	30 November 2007	A$1.00	A$0.1513	30 November 2005
20 December 2004	20 December 2007	A$1.00	A$0.1513	20 December 2005

The above options only vest to the employee on a positive outcome for the Larger Heinrich Uranium Project bankable feasibility study together with completion of acceptable project funding. These vesting conditions were selected as a result of the importance of the Larger Heinrich Uranium Project to the Company. The vesting conditions will be met based on the recommendation of the Board to proceed with development of the project; and the agreement of lenders to provide project bank finance and completion of equity funding for the project.

Options granted under the plan carry no dividend or voting rights.

The amounts disclosed for emoluments relating to options above are the assessed fair values at grant date of options granted to Directors and other executives, allocated equally over the period from grant date to vesting date. Fair values at grant date are independently determined using the Black Scholes Option Valuation Methodology that takes into account the exercise price, the term of the option, the vesting and market related criteria, the impact of dilution, the non-tradeable nature of the option, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option.

As a result of the vesting conditions the value of the options at grant date has been apportioned over the relevant financial years and for remuneration disclosure purposes only the allocation of value for the year ending 30 June 2005 has been included for Directors and Executives.

The model inputs for options granted during the year ended 30 June 2005 included:

(a) options are granted for no consideration, 100% of each tranche vests and is exercisable after one year subject to vesting conditions noted above

(b) exercise price: A$1.00 - A$1.25

(c) grant date: November-December 2004

(d) expiry date: November-December 2007

(e) share price at grant date: A$0.52 - A$0.56

(f) expected price volatility of the company's shares: 86.9% - 100%

(g) expected dividend yield: Nil%

(h) risk-free interest rate: 4.90% - 5.03%

Further details relating to options are set out below:

	A Remuneration Consisting of Options %	B Value at grant date A$	C Value at exercise date A$	D Value at lapse date A$	E Total of columns B-D A$
Mr Rick Crabb	95%	491,725	-	-	491,725
Mr John Borshoff	67%	567,375	-	-	567,375
Dr Leon Pretorius	80%	491,725	-	-	491,725
Mr Garnet Halliday	66%	474,800	-	-	474,800
Ms Gillian Swaby	86%	416,075	-	-	416,075
Mr Ron Chamberlain	59%	127,310	-	-	127,310

A = The percentage of the value of remuneration consisting of options, based on the value at grant date set out in column B.

B = The value at grant date calculated in accordance with AASB 1046 Director and Executive Disclosure by Disclosing Entities of options granted during the year as part of remuneration.

C = The value at exercise date of options that were granted as part of remuneration and were exercised during the year.

D = The value at lapse date of options that were granted as part of remuneration and that lapsed during the year.

Directors' Interests in Shares and Options of the Company

	Fully Paid Shares	Options*	Options**	Options***
Mr Rick Crabb	5,964,746	2,250,000	750,000	3,250,000
Mr John Borshoff	14,591,394	2,500,000	1,000,000	3,750,000
Mr Sean Llewelyn	-	-	-	-
Mr George Pirie	-	-	-	-
Mr Ian Noble	16,000	-	-	-

The particulars of Directors' interests in shares and options are as at the date of this report.

* Unlisted and exercisable at A$0.22 on or before 26 May 2006

** Unlisted and exercisable at A$0.32 on or before 26 May 2006

*** Unlisted and exercisable at A$1.00 on or before 20 December 2007; not vested at 30 June 2005

Shares Under Option

Unissued ordinary shares of the Company under option at the date of this report are as follows:

Date options granted	Expiry date	Exercise price of options	Number under option
28 May 2004	26 May 2006	A$0.22	7,000,000
28 May 2004	26 May 2006	A$0.32	2,500,000
30 June 2004	26 May 2006	A$0.22	3,500,000
30 June 2004	26 May 2006	A$0.32	500,000
30 November 2004	30 November 2007	A$1.00	8,050,000
30 November 2004	30 November 2007	A$1.25	1,300,000
20 December 2004	20 December 2007	A$1.00	10,250,000
15 July 2005	15 July 2008	A$1.50	250,000
Total			**33,350,000**

No option holder has any right under the options to participate in any other share issue of the Company or of any other entity.

Shares Issued on the Exercise of Options

The following ordinary shares of the Company were issued during the year ended 30 June 2005 on the exercise of options granted under the Company Employee Share Incentive Option Plan. No amounts are unpaid on any of the shares.

Date options granted	Exercise price of options	Number under option
20 June 2002	A$0.15	4,700,000
28 May 2004 and 30 June 2004	A$0.22	1,000,000
Total		**5,700,000**

On 15 July 2005 150,000 options with an exercise price of A$0.22 were exercised resulting in the issue of 150,000 fully paid ordinary shares to employees. On 5 August 2005 350,000 options with an exercise price of A$0.22 were exercised resulting in the issue of 350,000 fully paid ordinary shares to employees.

Insurance of Officers

During the financial year, the Company has paid premiums to insure the Directors and Specified Executives against certain liabilities arising out of their conduct while acting as an officer of the Company. Under the terms and conditions of the insurance contract, the nature of liabilities insured against and the premium paid cannot be disclosed.

Auditor

Ernst & Young were appointed auditors for the Company on 21 June 2005, which is subject to approval by shareholders at the 2005 Annual General Meeting. RSM Bird Cameron were the previous auditors for the Company and resigned effective 21 June 2005 as the Canadian member firm of RSM International was unable to provide the professional services required.

Non-Audit Services and Auditor Independence

The Company may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Company and/or the Consolidated Entity are important.

Details of the amounts paid or payable to the auditor for audit and non-audit services provided during the year are set out below.

The Board of Directors has considered the position and is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The Directors are satisfied that the provision of non-audit services by the auditor, as set out below, did not compromise the auditor independence requirements of the Corporation Act 2001 as none of the services undermine the general principles relating to auditor independence as set out in Professional Statement F1, including reviewing or auditing the auditor's own work, acting in a management or a decision-making capacity for the Company, acting as advocate for the Company or jointly sharing economic risk and rewards.

The Directors received an independence declaration from the auditor of the Company and a copy as required under section 307C of the Corporation Act 2001 is set out on page 44.

During the year the following fees were paid or payable for services provided by the auditor of the parent entity, its related practices and non-related audit firms:

	CONSOLIDATED 2005 A$	2004 A$
Audit services		
Auditors of the Company:		
Ernst & Young	37,923	-
RSM Bird Cameron/RSM International	29,610	14,650
Other auditors of entities in the Consolidated Entity	3,166	5,538
Total remuneration for audit services	**70,699**	**20,188**
Non audit services		
Auditors of the Company:		
Taxation services	2,650	7,090
Other auditors of entities in the Consolidated Entity		
Taxation services	5,846	-
Total remuneration for non audit services	**8,496**	**7,090**

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

Mr John Borshoff
Managing Director

Perth, Western Australia
1 September 2005

Auditor's Independence Declaration

Auditor's Independence Declaration to the Directors of Paladin Resources Limited

In relation to our audit of the financial report of Paladin Resources Limited for the financial year ended 30 June 2005, 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.

Ernst & Young

Rudolf Brunovs, Partner

Perth, 1 September 2005

PALADIN

Paladin Resources Ltd
Financial Report

for the year ended 30 June 2005

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Statements of Financial Performance

for the year ended 30 June 2005

	Notes	CONSOLIDATED 2005 A$000	CONSOLIDATED 2004 A$000	PARENT ENTITY 2005 A$000	PARENT ENTITY 2004 A$000
Revenue from ordinary activities	3	**2,975**	785	**1,165**	662
Borrowing costs	4	**(412)**	(59)	**(354)**	(2)
Depreciation and amortisation	4	**(109)**	(92)	**(32)**	(5)
Provision for doubtful debts	4	**(17)**	-	**-**	-
Exploration costs written off	4	**(72)**	-	**-**	-
General and administration		**(1,736)**	(429)	**(1,698)**	(473)
Write down of convertible note	4	**(894)**	-	**(894)**	-
Write down of intercompany loan	4	**-**	-	**(327)**	(3)
Cost of land and buildings sold		**(1,095)**	-	**-**	-
Costs of tenements sold		**(24)**	(15)	**-**	-
Cost of investments sold		**-**	-	**-**	(589)
Expenses from ordinary activities		**(4,359)**	(595)	**(3,305)**	(1,072)
Profit/(loss) from ordinary activities before income tax	20	**(1,384)**	190	**(2,140)**	(410)
Income tax expense	5	**-**	-	**-**	-
Profit/(loss) from ordinary activities after income tax		**(1,384)**	190	**(2,140)**	(410)
Share issue costs	18(b)	**(1,010)**	(39)	**(1,010)**	(39)
Total revenues, expenses and valuation adjustments attributable to members of Paladin Resources Ltd and recognised directly in equity		**(1,010)**	(39)	**(1,010)**	(39)
Total changes in equity other than those resulting from transactions with owners as owners	21	**(2,394)**	151	**(3,150)**	(449)
		Cents	Cents		
Basic and diluted earnings per share	32	**(0.38)**	0.07		

The above Statements of Financial Performance should be read in conjunction with the accompanying notes.

Statements of Financial Position

as at 30 June 2005

	Notes	CONSOLIDATED 2005 A$000	CONSOLIDATED 2004 A$000	PARENT ENTITY 2005 A$000	PARENT ENTITY 2004 A$000
Current assets					
Cash	7	**39,489**	4,639	**39,000**	4,518
Receivables	8	**568**	49	**472**	24
Property, plant and equipment	9	**-**	1,114	**-**	-
Total current assets		**40,057**	5,802	**39,472**	4,542
Non current assets					
Receivables	10	**-**	64	**10,183**	4,106
Other financial assets	11	**710**	800	**488**	1,352
Property, plant and equipment	12	**1,268**	249	**390**	26
Other – mineral properties	13	**9,001**	3,815	**-**	-
Total non current assets		**10,979**	4,928	**11,061**	5,484
Total assets		**51,036**	10,730	**50,533**	10,026
Current liabilities					
Payables	14	**727**	554	**591**	528
Provisions	15	**65**	33	**65**	33
Interest bearing liabilities	16	**533**	733	**533**	-
Total current liabilities		**1,325**	1,320	**1,189**	561
Non current liabilities					
Payables	17	**-**	-	**334**	-
Total non current liabilities		**-**	-	**334**	-
Total liabilities		**1,325**	1,320	**1,523**	561
Net assets		**49,711**	9,410	**49,010**	9,465
Equity					
Contributed equity	18(a)	**65,950**	24,265	**65,950**	24,265
Reserves	19	**174**	174	**174**	174
Accumulated losses	20	**(16,413)**	(15,029)	**(17,114)**	(14,974)
Total equity	21	**49,711**	9,410	**49,010**	9,465

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

Statements of Cash Flows

for the year ended 30 June 2005

	Notes	CONSOLIDATED 2005 A$000	CONSOLIDATED 2004 A$000	PARENT ENTITY 2005 A$000	PARENT ENTITY 2004 A$000
Cash flows from operating activities					
Payments to suppliers and employees		**(1,831)**	(378)	**(1,665)**	(279)
Interest received		**414**	32	**414**	33
Borrowing costs paid		**(58)**	(59)	**-**	(2)
Rental income		**116**	169	**-**	-
Other receipts		**78**	137	**76**	137
Net cash outflow from operating activities	30	**(1,281)**	(99)	**(1,175)**	(111)
Cash flows from investing activities					
Payments for property, plant and equipment		**(946)**	(19)	**(396)**	(19)
Project exploration, evaluation and development expenditure		**(5,151)**	(572)	**-**	-
Loans to controlled entities		**-**	-	**(6,311)**	(679)
Loans from controlled entities		**-**	-	**500**	-
Sale of land and buildings		**1,200**	-	**-**	-
Sale of investments		**-**	538	**-**	538
Payment for controlled entities net of cash acquired	11(a)	**(203)**	-	**-**	-
Sale of tenements and exploration data		**100**	15	**-**	-
Net cash outflow from investing activities		**(5,000)**	(38)	**(6,207)**	(160)
Cash flows from financing activities					
Share placement		**40,800**	4,762	**40,800**	4,762
Proceeds from exercise of share options		**1,575**	-	**1,575**	-
Fundraising costs		**(1,011)**	(38)	**(1,011)**	(38)
Proceeds from borrowings		**500**	-	**500**	-
Repayment of borrowings		**(733)**	(70)	**-**	(50)
Net cash inflow from financing activities		**41,131**	4,654	**41,864**	4,674
Net increase in cash held		**34,850**	4,517	**34,482**	4,403
Cash at the beginning of the financial year		**4,639**	122	**4,518**	115
Cash at the end of the financial year	7	**39,489**	4,639	**39,000**	4,518
Non cash financing and investing activities	31				

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Nature of Operations

Paladin Resources Ltd ("Company") operates primarily in the resource industry with some consequential activity in the financial investment and property industries. The principal business of the Company is the evaluation and development of uranium projects in Africa and Australia. The Company is incorporated under the laws of Western Australia with a primary share market listing on the Australian Stock Exchange and additional listings on the Toronto Stock Exchange in Canada; and Munich, Berlin, Stuttgart and Frankfurt Stock Exchanges in Europe. The Company's principal place of business and registered office is Grand Central, First Floor, 26 Railway Road, Subiaco, Western Australia, 6008.

(b) Basis of Preparation

This general purpose financial report has been prepared in accordance with Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Consensus View, the Corporations Act 2001 and the historical cost convention.

This financial report also includes additional information in order for the Company to comply with reporting requirements of applicable Canadian securities law, as the Company is listed on the Toronto Stock Exchange.

Unless otherwise stated, the accounting policies adopted are consistent with those of the previous year. Comparative information has been changed where appropriate to be consistent with the presentation adopted in the current year.

(c) Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Significant areas requiring the use of management estimates relate to the determination of the carrying value or impairment of interests in mineral properties and financial investments.

(d) Principles of Consolidation

The consolidated financial statements incorporate the assets and liabilities and equity of Paladin Resources Ltd and of all entities controlled by the Company as at 30 June 2005 and the results of the Company and all controlled entities for the year then ended. The Company and its controlled entities together are referred to in this financial report as the Consolidated Entity. The effects of all transactions between entities in the Consolidated Entity are eliminated in full.

Where control of an entity is obtained during a financial year, its results are included in the consolidated Statement of Financial Performance from the date on which control commences. Where control of an entity ceases during a financial year its results are included for that part of the year during which control existed. The financial statements of controlled entities are prepared for the same reporting period as the Company, using consistent accounting policies.

(e) Income Tax

Tax effect accounting procedures are followed whereby the income tax expense in the Statement of Financial Performance is matched with the accounting profit after allowing for permanent differences. The future tax benefit relating to tax losses is not carried forward as an asset unless the benefit is virtually certain of realisation. Income tax on cumulative timing differences is set aside to the deferred income tax or the future income tax benefit accounts at the rates which are expected to apply when those timing differences reverse.

The Company and its wholly-owned Australian controlled entities have decided to implement the tax consolidation legislation as of 1 July 2003. As a consequence, the Company, as the head entity in the tax consolidated group, recognises current and deferred tax amounts relating to transactions, events and balances of the wholly-owned Australian controlled entities in this group as if those transactions, events and balances were its own, in addition to the current and deferred tax amounts arising in relation to its own transactions, events and balances. Amounts receivable or payable under an accounting tax sharing agreement with the tax consolidated entities are recognised separately as tax-related amounts receivable or payable. Expenses and revenues arising under the tax sharing agreement are recognised as a component of income tax expense/(revenue).

(f) Foreign Currency Translation

i) Transactions

Foreign currency transactions are initially translated into Australian currency at the rate of exchange at the date of the transaction. At balance date amounts payable and receivable in foreign currencies are translated to Australian currency at rates of exchange current at that date. Resulting exchange differences are recognised in determining the profit and loss for the year.

(ii) Foreign Controlled Entities

The activities undertaken in Namibia and Malawi are integrated with the activities of the Company. The assets, liabilities and equity of the Namibia and Malawi operations are consolidated into the Company using the temporal method of translation whereby non-monetary assets and liabilities and equity items, including revenue and expenses, are translated into Australian currency using historic rates of exchange, and monetary assets and liabilities are translated using rates of exchange current at the reporting date. Any resultant exchange differences are recorded as revenue or expense by the Consolidated Entity.

(g) Acquisition of Assets

The purchase method of accounting is used for all acquisitions of assets regardless of whether equity instruments or other assets are acquired. Cost is measured as the fair value of the assets given up, shares issued or liabilities undertaken at the date of acquisition plus incidental costs directly attributable to the acquisition. Where equity instruments are issued in an acquisition, the value of the instruments is their market price as at the acquisition date, unless the notional price at which they could be placed in the market is a better indicator of value. Transaction costs arising on the issue of equity instruments are recognised directly in equity.

Where an entity or operation is acquired, the identifiable net assets acquired are measured at fair value. The excess of the fair value of the cost of acquisition over the fair value of the identifiable net assets acquired is brought to account as goodwill and amortised on a straight line basis over the period during which the benefits are expected to arise.

(h) Revenue Recognition

Interest revenue from investments in cash and convertible notes is recognised in the Statements of Financial Performance in the periods in which it is receivable, as this represents the pattern of legal benefit to the Company.

Rental revenue from leasing of the investment property is recognised in the Statements of Financial Performance in the periods in which it is receivable, as this represents the pattern of service rendered through the provision of the property.

(i) Receivables

All trade debtors are recognised at the amounts receivable as they are due for settlement no more than 30 days from the date of recognition.

Collectibility of trade debtors is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. A provision for doubtful debts is raised when some doubt as to collection exists.

All receivables from the wholly owned group are recognised in the Statements of Financial Position when receivable and are accounted for in accordance with the principles of consolidation. Interest is charged on certain receivables from the wholly owned group. A provision for non-recovery is raised in relation to receivables from the wholly owned group when the asset is not substantiated by the net tangible assets of the controlled entity.

(j) Recoverable Amount of Non Current Assets

The recoverable amount of an asset is the net amount expected to be recovered through the cash inflows and outflows arising from its continued use and subsequent disposal.

Where the carrying amount of a non current asset is greater than its recoverable amount, the asset is written down to its recoverable amount. The decrement in the carrying amount is recognised as an expense in net profit or loss in the reporting period in which the recoverable amount write-down occurs.

The expected net cash flows included in determining recoverable amounts of non current assets are discounted to their present values using a market-determined, risk-adjusted discount rate. The discount rate used for all assets was 10% (2004: 10%).

(k) Investments

Interests in listed securities and convertibles notes are brought to account at cost and dividend or interest revenue is recognised in the Statements of Financial Performance when receivable. The carrying value of listed securities is compared to market value at each reporting period, and any necessary write downs are recorded where cost exceeds market value. The carrying value of convertible notes is reviewed on an ongoing basis and a provision for non-recovery is raised when some doubt as to collection exists.

Investments in controlled entities are brought to account at cost and are accounted for in accordance with the policy for principles of consolidation. A provision for non-recovery is raised in relation to investments in controlled entities when the asset is not substantiated by the net tangible assets of the controlled entity.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(l) Depreciation of Property, Plant and Equipment

Depreciation is calculated on a straight line basis to write off the net cost of each item of property, plant and equipment (excluding land) over its expected useful life to the Consolidated Entity. Estimates of remaining useful lives are made on a regular basis for all assets. The expected useful lives remained unchanged from the prior year and are as follows:

Buildings – twenty years

Databases - ten years

Plant and equipment - four to six years

(m) Leasehold Improvements

The cost of improvements to or on leasehold properties is amortised over the unexpired period of the lease or the estimated useful life of the improvement to the Consolidated Entity, whichever is the shorter. Leasehold improvements held at the reporting date are being amortised over 5 years.

(n) Operating Leases

Incentives received on entering into operating leases are recognised as liabilities. Lease payments are allocated between rental expense and reduction of the liability on a straight line basis over the period of the lease.

(o) Project Exploration, Evaluation and Development Expenditure

Exploration and evaluation expenditure is accumulated separately for each area of interest. Such expenditure comprises net direct costs and an appropriate portion of related overhead expenditure directly related to operational activities in the area of interest.

Each area of interest is limited to a size related to a known or probable mineral resource capable of supporting a mining operation.

Expenditure is carried forward when incurred if the Directors consider that the costs are expected to be fully recouped through the successful development of the area, or where activities to date have not reached a stage to allow reasonable assessment regarding existence of economically recoverable reserves. Each area of interest is reviewed regularly.

Expenditure is not carried forward in respect of any area of interest unless the Company's rights of tenure to that area of interest are current.

If the project is abandoned or if it is considered unlikely the project will proceed to development, accumulated costs to that point are written off immediately.

Projects are advanced to development status upon positive outcome from feasibility studies and at this stage all expenditure is carried forward up to commencement of operations.

(p) Trade and Other Creditors

These amounts represent liabilities for goods and services provided to the Consolidated Entity prior to the end of the financial year and which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

(q) Interest Bearing Liabilities

Bank loans are carried at their principal amounts which represent the present value of future cash flows associated with servicing the debt. Interest is accrued over the period it becomes due and is recorded as part of other creditors and as an expense.

(r) Joint Ventures

The proportionate interests in assets, liabilities and expenses of a joint venture operation have been incorporated in the financial statements under the appropriate headings.

(s) Employee Benefits

Provision is made for employee benefits accumulated as a result of employees rendering services up to the reporting date. Employee benefit expenses and revenues arising in respect of wages and salaries, annual leave, sick leave, long service leave, non monetary benefits, and other benefits are recognised against profits on a net basis in their respective categories.

i) Wages and Salaries, Annual Leave and Sick Leave

Liabilities for wages and salaries, annual leave and accumulating sick leave expected to be settled within twelve months of the reporting date are recognised in respect of employees' services up to the reporting date and are measured at their nominal amounts based on remuneration rates which are expected to be paid when the liabilities are settled.

ii) **Long Service Leave**

The liability for long service leave expected to be settled within 12 months of the reporting date is recognised and is measured in accordance with (i) above. The liability for long service leave expected to be settled more than 12 months from the reporting date is recognised and is measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. In determining the present value of future cash outflows, the market yield as at the reporting date on national government bonds which have terms to maturity approximating the terms of the related liability are used.

iii) **Employee Benefit On-costs**

Employee benefit on-costs, including payroll tax, are recognised and included in employee benefit liabilities and costs when the employee benefits to which they relate are recognised as liabilities.

iv) **Equity-based Compensation Benefits**

Equity-based compensation benefits are provided to employees via the Company Employee Share Incentive Option Plan.

No accounting entries are made in relation to the Employee Share Incentive Option Plan until the options are exercised, at which time the amounts received from employees are recognised in the Statements of Financial Position as share capital. The amounts disclosed for remuneration of Directors and Executives include the assessed fair value of options at the date they were granted.

(t) Contributed Equity

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares or options, or for the acquisition of a business, are included in the cost of the acquisition as part of the purchase consideration.

(u) Borrowing Costs

Borrowing costs are recognised as expenses in the period in which they are incurred.

Borrowing costs include interest on bank overdrafts and short-term and long-term borrowings, fair value of unlisted options granted and ancillary costs incurred in connection with the arrangement of borrowings.

The fair value of unlisted options granted in relation to establishment of a loan facility is recognised as a borrowing cost with a corresponding increase in equity and is measured at the date a commitment for the loan facility is obtained. The fair value at measurement date is independently determined using the Cox, Ross and Rubinstein Binomial Tree Model that takes into account the exercise price, the term of the option, the vesting and performance criteria, the impact of dilution, the non tradable nature of the option, the share price at measurement date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option.

Upon the exercise of options, the balance of the Option Premium Reserve relating to these options is transferred to share capital.

(v) Cash

Cash on hand and in banks, short term deposits, and bank bills are stated at nominal value. For the purposes of the Statements of Cash Flows, cash includes deposits which are readily convertible to cash on hand and which are used in the cash management function on a day-to-day basis, net of outstanding bank overdrafts.

(w) Earnings per Share

i) **Basic Earnings Per Share**

Basic earnings per share is determined by dividing net profit after income tax attributable to members of the company, excluding any costs of servicing equity other than dividends, by the weighted average number of ordinary shares outstanding during the financial year.

ii) **Diluted Earnings Per Share**

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

(x) Rounding of Amounts

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 financial report. Amounts in the financial report have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases to the nearest dollar.

2. SEGMENT INFORMATION

Accounting policy

Segment information is prepared in conformity with the accounting policies of the Company as disclosed in Note 1 and accounting standard AASB 1005 Segment Reporting.

Segment revenues, expenses, assets and liabilities are those that are directly attributable to a segment and the relevant portion that can be allocated to the segment on a reasonable basis. Segment assets include all assets used by a segment and consist primarily of operating cash, receivables, property, plant and equipment and project exploration, evaluation and development expenditure, net of related provisions. Segment liabilities consist primarily of trade and other creditors, employee benefits and bank loans. Segment assets and liabilities do not include income taxes.

The Consolidated Entity operates in the following segments:

Business segments – primary reporting

Resources

Principal focus on evaluation and development of uranium projects in Africa and Australia. The resource segment includes ownership of a proprietary database with focus on uranium, gold, copper and platinum resources.

Financial Investments (consequential activity)

This segment consists of investment in convertible notes, listed company shares, and options over listed company shares.

The Company holds a convertible note from Didasko Technologies Pty Ltd which has a maturity date of 20 November 2006 and accrues interest to the Company at 5% per annum payable upon maturity. The Company has made full provision for non-recovery of the convertible note and accrued interest up to 31 March 2005 - refer Note 11(c).

The Company acquired shares and options on 9 December 2004 in Deep Yellow Ltd, a company listed on the Australian Stock Exchange, from the sale of non core uranium properties – refer Note 11(b).

The Company sold a 23% investment in ST Synergy Ltd, a knowledge management software company listed on the Australian Stock Exchange, during the year ended 30 June 2004.

Property (consequential activity)

Ownership and lease of commercial premises consisting of buildings and telecommunications tower located in Belmont, Perth, Western Australia. The commercial premises were sold on 24 June 2005 – refer Note 6.

Business segments – primary reporting

Year Ended 30 June 2005	Resources A$000	Financial Investments A$000	Discontinuing Operations Property A$000	Consolidated A$000
Other revenue	1,552	30	1,393	2,975
Total segment revenue	1,552	30	1,393	2,975
Profit/(loss) from ordinary activities before income tax expense	(648)	(864)	128	(1,384)
Income tax expense	-	-	-	-
Profit/(loss) from ordinary activities after income tax expense/segment result	(648)	(864)	128	(1,384)
Total assets/segment assets	50,311	710	15	51,036
Segment liabilities	1,322	-	3	1,325
Acquisitions of non current assets	6,431	710	-	7,141
Non cash expenses:				
Depreciation and amortisation	90	-	19	109
Provision for doubtful debts	-	-	17	17
Bad debts written off	-	-	5	5
Write down of convertible note	-	894	-	894
Exploration costs written off	72	-	-	72

Business segments – primary reporting

Year Ended 30 June 2004	Resources A$000	Financial Investments A$000	Discontinuing Operations Property A$000	Consolidated A$000
Other revenue	203	413	169	785
Total segment revenue	203	413	169	785
Profit/(loss) from ordinary activities before income tax expense	(281)	413	58	190
Income tax expense	-	-	-	-
Profit/(loss) from ordinary activities after income tax expense/segment result	(281)	413	58	190
Total assets/segment assets	8,720	800	1,210	10,730
Segment liabilities	583	-	737	1,320
Acquisitions of non current assets	669	-	-	669
Non cash expenses:				
Depreciation and amortisation	73	-	19	92

Geographical segments – secondary reporting

Year Ended 30 June 2005	Australia A$000	Africa* A$000	Consolidated A$000
Other revenue	**2,974**	**1**	**2,975**
Total segment revenue	**2,974**	**1**	**2,975**
Loss from ordinary activities before income tax expense	**(1,362)**	**(22)**	**(1,384)**
Income tax expense	**-**	**-**	**-**
Loss from ordinary activities after income tax expense/segment result	**(1,362)**	**(22)**	**(1,384)**
Total assets/segment assets	**42,941**	**8,095**	**51,036**
Segment liabilities	**1,195**	**130**	**1,325**
Acquisitions of non current assets	**1,263**	**5,878**	**7,141**
Non cash expenses:			
Depreciation and amortisation	**109**	**-**	**109**
Provision for doubtful debts	**17**	**-**	**17**
Bad debts written off	**5**	**-**	**5**
Write down of convertible note	**894**	**-**	**894**
Exploration costs written off	**72**	**-**	**72**

Geographical segments – secondary reporting

30 June 2004			
Other revenue	785	-	785
Total segment revenue	785	-	785
Profit from ordinary activities before income tax expense	190	-	190
Income tax expense	-	-	-
Profit from ordinary activities after income tax expense/segment result	190	-	190
Total assets/segment assets	8,987	1,743	10,730
Segment liabilities	1,300	20	1,320
Acquisitions of non current assets	111	558	669
Non cash expenses:			
Depreciation and amortisation	92	-	92

* Namibia and Malawi

	CONSOLIDATED 2005 A$000	CONSOLIDATED 2004 A$000	PARENT ENTITY 2005 A$000	PARENT ENTITY 2004 A$000
3. REVENUE				
Revenue from outside the operating activities:				
Interest received from non related parties	**769**	73	**768**	73
Interest received from the wholly owned group (Note 10 (a))	**-**	-	**322**	47
Proceeds on sale of tenements	**810**	-	**-**	-
Property rental	**121**	129	**-**	
Proceeds on sale of land and buildings	**1,200**	-	**-**	-
Proceeds on sale of investments	**-**	538	**-**	538
Building contribution	**-**	40	**-**	-
Net foreign exchange gain unrealised	**2**	-	**3**	-
Other	**73**	5	**72**	4
Total revenue from ordinary activities	**2,975**	785	**1,165**	662
4. OPERATING PROFIT/(LOSS)				
Profit/(loss) from ordinary activities before income tax expense includes the following specific net gains and expenses:				
Net gains/(losses):				
Net gain on disposal of investments	**-**	538	**-**	125
Net gain on disposal of land and buildings	**105**	-	**-**	-
Net gain on disposal of tenements	**786**	-	**-**	-
Net loss on disposal of investments	**-**	-	**-**	(176)
Expenses:				
Depreciation and amortisation				
- plant and equipment	**17**	6	**18**	5
- buildings	**19**	19	**-**	-
- technical database	**-**	9	**-**	-
- project generation database	**59**	59	**-**	-
- leasehold improvements	**14**	-	**14**	-
Total depreciation and amortisation	**109**	92	**32**	5
Interest paid to non related parties	**412**	59	**354**	2
Employee benefits	**48**	(3)	**48**	(3)
Operating lease rental expense	**49**	-	**33**	-
Bad debts written off	**5**	-	**-**	-
Exploration costs written off	**72**	-	**-**	-
Other charges against assets:				
Provision for non-recovery of				
- intercompany loan	**-**	-	**327**	3
- investment in controlled entity	**-**	-	**64**	65
- investment in convertible note	**894**	-	**894**	-
- doubtful debts to non related parties	**17**	-	**-**	-

	CONSOLIDATED 2005 A$000	CONSOLIDATED 2004 A$000	PARENT ENTITY 2005 A$000	PARENT ENTITY 2004 A$000

5. INCOME TAX

The aggregate amount of income tax attributable to the financial year differs from the amount calculated on the profit/(loss) from ordinary activities. The differences are reconciled as follows:

	CONSOLIDATED 2005 A$000	CONSOLIDATED 2004 A$000	PARENT ENTITY 2005 A$000	PARENT ENTITY 2004 A$000
Operating profit/(loss) before income tax	**(1,384)**	190	**(2,140)**	(410)
Prima facie tax payable on profit/(loss) from ordinary activities before income tax at 30% (2004:30%)				
- economic entity	**(415)**	57	**-**	-
- parent entity	**-**	-	**(642)**	(123)
- other members of the income tax consolidation group net of intercompany transactions	**-**	-	**285**	-
	(415)	57	**(357)**	(123)
Tax effect of permanent differences:				
Capital (profits)/losses not subject to income tax	**(71)**	(197)	**46**	-
Non-deductible expenditure	**242**	15	**242**	12
Income tax adjusted for permanent differences	**(244)**	(125)	**(69)**	(111)
Tax benefit not recognised	**244**	125	**69**	111
Income tax attributable profit/(loss) from ordinary activities	**-**	-	**-**	-
The Directors estimate that the potential future income tax benefit at 30 June not brought to account is:				
Tax losses *	**5,820**	4,039	**2,637**	1,051
Capital losses	**1,186**	1,257	**1,303**	1,257

*Includes eligible exploration expenditures

This benefit for tax and capital losses will only be obtained if:

(i) the Consolidated Entity derives future assessable income of a nature and of an amount sufficient to enable the benefit from the deductions for the losses to be realised;

(ii) the Consolidated Entity continues to comply with the conditions for deductibility imposed by tax legislation (no expiry date exists for tax and capital losses); and

(iii) no changes in tax legislation adversely affect the Consolidated Entity in realising the benefit from the deductions for the losses.

Tax Consolidation Legislation

The Company and its wholly owned Australian controlled entities have decided to implement the tax consolidation legislation as of 1 July 2003. The Australian Taxation Office has been notified of this decision. The accounting policy on implementation of the legislation is set out in Note 1(e). The impact on the income tax expense for the year is disclosed in the tax reconciliation above.

6. DISCONTINUING OPERATION

On 11 March 2005 an offer and acceptance was signed for the sale of the premises for A$1,200,000 subject to due diligence. On 2 May 2005 this offer became unconditional and settlement occurred on 24 June 2005. This thereby discontinues the Company's operations in the property business segment.

Financial information relating to the discontinuing operation for the period to the date of disposal is set out below. Further information is set out in Note 2.

	CONSOLIDATED 2005 A$000	2004 A$000
Financial performance information for the period 1 July 2004 to 24 June 2005 and the year ended 30 June 2004		
Revenue from ordinary activities, excluding the sale of commercial premises	**193**	169
Revenue from the sale of commercial premises	**1,200**	-
Total revenue from ordinary activities	**1,393**	169
Expenses from ordinary activities, excluding the carrying amount of assets of commercial premises	**170**	111
Carrying amount of the assets of commercial premises	**1,095**	-
Total expenses from ordinary activities	**1,265**	111
Profit from ordinary activities before related income tax	**128**	58
Income tax expense	**-**	-
Net profit	**128**	58
Carrying amount of assets and liabilities as at 24 June 2005 and 30 June 2004		
Cash	**10**	72
Trade debtors	**5**	24
Other debtors	**1**	-
Property, plant and equipment	**1,095**	1,114
Total assets	**1,111**	1,210
Trade creditors	**3**	4
Interest bearing liabilities	**738**	733
Intercompany loan	**324**	424
Total liabilities	**1,065**	1,161
Net assets	**46**	49
Cash flow information for the period 1 July 2004 to 24 June 2005 and the year ended 30 June 2004		
Net cash inflow from ordinary activities	**60**	74
Net cash inflow from sale of commercial premises	**1,200**	-
Net cash outflow from repayment of secured bank loans	**(733)**	-
Net cash outflow from other financing activities	**(99)**	(8)
Net increase in cash generated by the commercial premises	**428**	66
Details of the sale of the commercial premises are as follows:		
Cash consideration received	**1,200**	-
Carrying amount of net assets sold	**(1,095)**	-
Gain on sale before related income tax	**105**	-
Income tax expense	**-**	-
Gain on sale after related income tax expense	**105**	-
Earnings per share information for the period 1 July 2004 to 24 June 2005 and the year ended 30 June 2004		
	Cents	Cents
Basic and diluted earnings per share for discontinued operations	**0.04**	0.02

	CONSOLIDATED 2005 A$000	CONSOLIDATED 2004 A$000	PARENT ENTITY 2005 A$000	PARENT ENTITY 2004 A$000

7. CASH

Cash at bank and on hand	**1,244**	4,639	**755**	4,518
Bank bills - (a)	**38,185**	-	**38,185**	-
Term deposit	**60**	-	**60**	-
Total cash	**39,489**	4,639	**39,000**	4,518

(a) The bank bills are bearing interest rates between 5.62% and 5.68% (2004: not applicable).

8. CURRENT RECEIVABLES

Trade debtors	**27**	27	**-**	-
Less provision for doubtful debts	**(17)**	-	**-**	-
Net trade debtors	**10**	27	**-**	-
Interest receivable	**324**	-	**324**	-
Deferred lease rental	**33**	-	**33**	-
Prepayments	**84**	-	**7**	-
GST and VAT	**97**	22	**90**	21
Sundry debtors - (a)	**20**	-	**18**	3
Total current receivables	**568**	49	**472**	24

(a) These amounts generally arise from transactions outside the usual operating activities of the Consolidated Entity and Company. Interest is not normally charged and collateral is not normally obtained.

9. CURRENT PROPERTY, PLANT AND EQUIPMENT

Land and buildings – at cost	**-**	1,175	**-**	-
Less provision for depreciation	**-**	(61)	**-**	-
Total current property, plant and equipment	**-**	1,114	**-**	-

The land and buildings at 5-7 Belmont Avenue, Belmont were previously classified as a current asset in light of active negotiations to sell the property. On 24 June 2005 the sale of the property was finalised for A$1,200,000 and as a result no current property plant and equipment exists as at 30 June 2005.

Reconciliations

Reconciliations of the carrying amounts of land and buildings at the beginning and end of the year are set out below:

Carrying amount at start of year	**1,114**	1,133	**-**	-
Depreciation (Note 4)	**(19)**	(19)	**-**	-
Cost of land and buildings sold	**(1,095)**	-	**-**	-
Carrying amount at end of year	**-**	1,114	**-**	-

10. NON CURRENT RECEIVABLES

Unsecured loans to wholly owned group - (a)	**-**	-	**13,453**	6,985
Less provision for non-recovery	**-**	-	**(3,270)**	(2,943)
Net unsecured loans to the wholly owned group	**-**	-	**10,183**	4,042
Interest receivable - (b)	**94**	64	**94**	64
Less provision for non-recovery	**(94)**	-	**(94)**	-
Net interest receivable	**-**	64	**-**	64
Total non current receivables	**-**	64	**10,183**	4,106

(a) Of the unsecured loans to the wholly owned group the Company charges interest only on the loan to Langer Heinrich Uranium (Pty) Ltd. The interest rate payable is the standard commercial lending rate of National Australia Bank plus 2%. In the year ending 30 June 2005 the average rate charged was 11.2% (2004: 8.6%) and disclosure of interest revenue earned is set out in Note 3.

(b) This represents interest at 5% per annum on the A$800,000 convertible note effective from 22 November 2002. At 31 March 2005 the Company ceased to accrue interest on the convertible note and made full provision for interest receivable at this date; refer Note 11(c).

	CONSOLIDATED 2005 A$000	CONSOLIDATED 2004 A$000	PARENT ENTITY 2005 A$000	PARENT ENTITY 2004 A$000
11. NON CURRENT OTHER FINANCIAL ASSETS				
Shares at cost – in the wholly owned group	**-**	-	**1,961**	1,961
Less provision for non-recovery	**-**	-	**(1,473)**	(1,409)
Net shares at cost – in the wholly owned group - (a)	**-**	-	**488**	552
Shares at cost – non related party - (b)	**710**	-	**-**	-
Convertible note	**800**	800	**800**	800
Less provision for non-recovery	**(800)**	-	**(800)**	-
Net convertible note - (c)	**-**	800	**-**	800
Total non current other financial assets	**710**	800	**488**	1,352

(a) Investments in Material Controlled Entities

NAME	COUNTRY OF INCORPORATION	PERCENTAGE INTEREST HELD 2005 %	PERCENTAGE INTEREST HELD 2004 %	COST OF PARENT ENTITY'S INTEREST 2005 A$000	COST OF PARENT ENTITY'S INTEREST 2004 A$000
Paladin Energy Minerals NL ƒ	Australia	**100**	100	**-**	-
Eden Creek Pty Ltd * ƒ	Australia	**100**	100	**1,700**	1,700
Etron Properties Pty Ltd *ƒ	Australia	**100**	100	**261**	261
Paladin (Africa) Ltd #	Malawi	**100**	100	**-**	-
Lahndrik Holdings SA # 1	Luxembourg	**100**	100	**-**	-
Langer Heinrich Uranium (Pty) Ltd +	Namibia	**100**	100	**-**	-
Tarquin Investments (Pty) Ltd^ 2	Namibia	**100**	-	**-**	-
Total investments in controlled entities				**1,961**	1,961
Less provision for non-recovery of investments				**(1,473)**	(1,409)
Net investments in controlled entities				**488**	552

All investments comprise ordinary shares and all shares held are unquoted.

ƒ Held by Paladin Resources Ltd

^ Held by Langer Heinrich Uranium (Pty) Ltd

* These entities are not required to prepare or lodge audited accounts

Held by Paladin Energy Minerals NL

+ Held by Lahndrik Holdings SA

1 Not audited by Ernst & Young

2 Acquired on 27 September 2004 for N$900,000 (Namibian dollars) (A$202,548). The only asset in this company is land and building in the form of an office and apartment with a fair value of A$202,548 which equates to the cash consideration paid. No goodwill has arisen on acquisition of this entity.

	CONSOLIDATED		PARENT ENTITY	
	2005	2004	2005	2004
	A$000	A$000	A$000	A$000
Outflow of cash to acquire controlled entities, net of cash acquired				
Cash consideration	**203**	-	**-**	-
Less: balances acquired				
Cash	**-**	-	**-**	-
Outflow of cash	**203**	-	**-**	-

(b) Investments in Non Related Parties

On 9 December 2004, the Consolidated Entity acquired an investment in Deep Yellow Ltd (Deep Yellow) as a result of the sale of non-core uranium properties. The Consolidated Entity holds 15,000,000 fully paid ordinary shares and 25,000,000 unlisted options exercisable at one cent on or before 31 December 2007. The holding of these fully paid ordinary shares represents less than 5% of the ordinary shares of Deep Yellow, an emerging uranium explorer. The quoted market value of the shares and options in Deep Yellow at 30 June 2005 is A$2,430,000 based on a share price of 6.7 cents per share (2004: not applicable).

(c) Convertible Note

As a result of the Company's previous investment in the telecommunications business segment the Company retains a convertible note of A$800,000 with Didasko Technologies Pty Ltd for a term of 4 years with a maturity date of 20 November 2006. The convertible note accrues interest at a rate of 5% per annum which is payable at maturity and the Company retains the right to convert the note into Didasko Ltd (100% holding company of Didasko Technologies Pty Ltd) shares.

During the year the Company made a provision for non-recovery of the convertible note and interest receivable of A$894,438 as a result of Didasko Ltd and Didasko Technologies Pty Ltd entering into Deeds of Company Arrangements with their respective creditors. However, the Company will use all legal means available to seek full recovery of amounts owing from Didasko Technologies Pty Ltd.

	CONSOLIDATED		PARENT ENTITY	
	2005 A$000	2004 A$000	2005 A$000	2004 A$000

12. NON CURRENT PROPERTY, PLANT AND EQUIPMENT

	2005 A$000	2004 A$000	2005 A$000	2004 A$000
Plant and equipment – at cost	**753**	420	**527**	420
Less provision for depreciation	**(480)**	(394)	**(410)**	(394)
Total plant and equipment	**273**	26	**117**	26
Leasehold improvements – at cost	**294**	-	**287**	-
Less provision for depreciation	**(14)**	-	**(14)**	-
Total leasehold improvements	**280**	-	**273**	-
Technical database – at cost	**262**	262	**-**	-
Less provision for amortisation	**(262)**	(262)	**-**	-
Total technical database	**-**	-	**-**	-
Project generation database – at cost	**579**	579	**-**	-
Less provision for amortisation	**(415)**	(356)	**-**	-
Total project generation database	**164**	223	**-**	-
Land and buildings - at cost	**203**	-	**-**	-
Less provision for depreciation	**(6)**	-	**-**	-
Total land and buildings	**197**	-	**-**	-
Construction work in progress – at cost	**354**	-	**-**	-
Total non current property, plant and equipment	**1,268**	249	**390**	26

Reconciliations

Reconciliations of the carrying amounts of each class of property, plant and equipment at the beginning and end of the year are set out below:

	Total A$000	Plant and Equipment A$000	Database A$000	Building A$000	Leasehold Improvements A$000	Construction Work in Progress A$000
Consolidated – 2005						
Carrying amount at start of year	**249**	**26**	**223**	**-**	**-**	**-**
Additions	**1,149**	**298**	**-**	**203**	**294**	**354**
Depreciation and amortisation expense (Note 4)	**(90)**	**(17)**	**(59)**	**-**	**(14)**	**-**
Depreciation capitalised	**(40)**	**(34)**	**-**	**(6)**	**-**	**-**
Carrying amount at end of year	**1,268**	**273**	**164**	**197**	**280**	**354**
Parent Entity - 2005						
Carrying amount at start of year	**26**	**26**	**-**	**-**	**-**	**-**
Additions	**396**	**109**	**-**	**-**	**287**	**-**
Depreciation and amortisation expense (Note 4)	**(32)**	**(18)**	**-**	**-**	**(14)**	**-**
Carrying amount at end of year	**390**	**117**	**-**	**-**	**273**	**-**

13. NON CURRENT OTHER ASSETS – MINERAL PROPERTIES

Canadian GAAP and securities law requires the following disclosure for the Consolidated Entity's interests in mineral property tenements:

Langer Heinrich Uranium Project (Namibia) - Paladin 100%

The Langer Heinrich Uranium Project consists of one Mineral Deposit Retention Licence – MDRL 2236 - covering 4,375 hectares in the Namib Naukluft Desert 180km west of Windhoek, the capital of Namibia, and 80 kilometres east of the major seaport of Walvis Bay. The project was purchased from Acclaim Uranium NL (now Aztec Mining Ltd) in August 2002. The licence was granted on 16 August 1994 with the current term expiring on 15 August 2005. Rights conferred by the licence include the right to retain the retention area for future mining operations, carry on prospecting operations and remove minerals for any purpose other than sale or disposal. In April 2005 the Consolidated Entity applied for a mining licence covering the Langer Heinrich Uranium Project. Subsequent to year end on 26 July 2005 the Ministry of Mines and Energy in Namibia approved the granting of a Mining Licence for a 25 year term – refer Note 29(a). The Langer Heinrich Uranium Project is owned through a wholly owned Namibian entity, Langer Heinrich Uranium (Pty) Ltd.

Kayelekera Uranium Project (Malawi) – Paladin 90%

(Subsequent to 30 June 2005 – Paladin 100%, refer to Note 29(c))

The Kayelekera Uranium Project consists of one exclusive prospecting licence – EPL 070 - covering 15,700 hectares in northern Malawi 650 kilometres north of Lilongwe, the capital of Malawi, and 40 kilometres west of the provincial town of Karonga on the shore of Lake Malawi. The Consolidated Entity acquired its interest in the Kayelekera Uranium Project in February 1988 when it entered into a joint venture with Balmain Resources Pty Ltd, an unlisted company based in Perth Western Australia. At 30 June 2005 Balmain Resources Pty Ltd retained a 10% free-carried interest in the project until completion of a bankable feasibility study. Rights conferred by the licence include the exclusive right to carry on prospecting operations for uranium and associated minerals. EPL 070 was granted on 26 January 1998 with the current term expiring on 25 July 2005 and on 7 July 2005, the licence was renewed for a further two years to 25 July 2007. On 6 July 2005, agreement was reached whereby the Consolidated Entity will acquire the 10% interest of Balmain Resources Pty Ltd – refer Note 29(b). The Kayelekera Uranium Project is held through a wholly owned Malawian entity, Paladin (Africa) Limited.

Manyingee Uranium Project (Australia) – Paladin 100%

The Manyingee Uranium Project consists of three granted mining leases – M08/86, M08/87 and M08/88 - covering 1,307 hectares in the North West of Western Australia, 1,100 kilometres north of Perth, the State Capital and 90 kilometres south of the township of Onslow on the North West coast. The Consolidated Entity purchased the Manyingee Uranium Project in 1998 from Afmeco Mining and Exploration Pty Ltd ("AFMEX"), a subsidiary company of Cogema of France. Under the terms (as amended) of the purchase agreement a final payment of A$750,000 is payable to AFMEX when all development approvals have been obtained. Royalties of 2.5% for the first 2,000 tonnes of uranium oxide and 1.5% for the following 2,000 tonnes of uranium oxide are also payable to AFMEX and associated companies which formerly held interests in the project. The three mining leases were granted on May 18, 1989 for a 21-year term renewable for a further term or terms of 21 years. Rights conferred by the three mining leases include the exclusive right to explore and mine minerals, subject to environmental and other approvals. The interest in Manyingee is held through the wholly owned entity, Paladin Energy Minerals NL.

Oobagooma Uranium Project (Australia) – Paladin 100%

The Oobagooma Uranium Project consists of four applications for exploration licences covering 45,200 hectares in the West Kimberley region of northern Western Australia, 1,900 kilometres north-north-east of Perth, the State Capital and 70 kilometres north east of the regional town of Derby. The four applications for exploration licences are 04/145 and 04/146 lodged on December 28, 1983 and 04/776 and 04/777 lodged on November 28, 1991 which largely overly the earlier applications. The Consolidated Entity purchased the Oobagooma Project in 1998 from AFMEX. Under the terms of the purchase agreement a final payment of A$750,000 is payable to AFMEX when the tenements are granted. A gross royalty of 1.0% on production is also payable to AFMEX. The applications for exploration licences remain in the name of Afmeco Pty Ltd (a company associated with AFMEX) until the date that they are granted after which title will be transferred. The interest in Oobagooma is held through the wholly owned entity, Paladin Energy Minerals NL.

Other mineral property interests

The Consolidated Entity holds various other mineral property interests, however, these are not considered material and as a result no further disclosure of mineral property tenement information has been included in the consolidated schedules of information.

13. NON CURRENT OTHER ASSETS – MINERAL PROPERTIES (continued)

Environmental contingency

The Consolidated Entity's exploration activities are subject to various federal, provincial and local laws and regulations governing the protection of the environment. These laws and regulations are continually changing and generally becoming more restrictive. The Consolidated Entity has made, and expects to make in the future, expenditures to comply with such laws and regulations. The impact, if any, of future legislative or regulatory changes cannot be determined.

The following table summarises the Consolidated Entity's interest in mineral properties as at 30 June 2005:

Areas of Interest	Acquisition A$000	Expenditure A$000	Carrying value A$000
Langer Heinrich Uranium Project	15	5,031	5,046
Kayelekera Uranium Project	171	1,603	1,774
Manyingee Uranium Project	1,157	646	1,803
Oobagooma Uranium Project	174	20	194
Other Projects	-	184	184
Balance 30 June 2005	1,517	7,484	9,001

The following table summarises the Consolidated Entity's interest in mineral properties as at 30 June 2004:

Areas of Interest	Acquisition A$000	Expenditure A$000	Carrying value A$000
Langer Heinrich Uranium Project	15	753	768
Kayelekera Uranium Project	171	791	962
Manyingee Uranium Project	1,157	607	1,764
Oobagooma Uranium Project	174	19	193
Other Projects	-	128	128
Balance 30 June 2004	1,517	2,298	3,815

The following table details the consolidated expenditures (parent entity expenditures $Nil) on interests in mineral properties by area of interest for the year ended 30 June 2005:

Areas of Interest	Langer Heinrich A$000	Kayelekera Project A$000	Manyingee Project A$000	Oobagooma Project A$000	Other Projects A$000	Total Projects A$000
Balance 30 June 2004	768	962	1,764	193	128	3,815
Acquisition						
Property payments	-	-	-	-	-	-
Total Acquisition	-	-	-	-	-	-
Project evaluation and development expenditure						
Interest received	(5)	-	-	-	-	(5)
Joint venture contributions	-	-	-	-	(9)	(9)
Tenement costs	6	-	30	-	20	56
Labour	431	201	2	-	38	672
Consultants and contractors	202	19	-	-	37	258
Materials and utilities	47	34	-	-	4	85
Transportation and communications	293	149	-	-	19	461
Outside services	2,661	157	-	-	2	2,820
Legal and accounting	109	21	-	-	5	135
Insurance	31	5	-	-	2	38
Camp expenses	50	32	-	-	3	85
Overheads	228	136	5	-	19	388
Other	225	58	2	1	12	298
Total expenditure	**4,278**	**812**	**39**	**1**	**152**	**5,282**
Write off of expenditure (Note 4)	-	-	-	-	(72)	(72)
Cost of tenements sold	-	-	-	-	(24)	(24)
Balance 30 June 2005	**5,046**	**1,774**	**1,803**	**194**	**184**	**9,001**

13. NON CURRENT OTHER ASSETS – MINERAL PROPERTIES (continued)

The following table details the consolidated expenditures (parent entity $Nil) on interests in mineral properties by area of interest for the year ended 30 June 2004:

Areas of Interest	Langer Heinrich A$000	Kayelekera Project A$000	Manyingee Project A$000	Oobagooma Project A$000	Other Projects A$000	Total Projects A$000
Balance 30 June 2003	257	890	1,714	191	114	3,166
Acquisition						
Property payments	-	-	-	-	-	-
Total Acquisition	-	-	-	-	-	-
Project evaluation and development expenditure						
Joint venture contributions	-	-	-	-	(17)	(17)
Tenement costs	(17)	-	42	-	2	27
Labour	189	28	1	-	10	228
Consultants and contractors	79	1	1	-	6	87
Materials and utilities	3	-	-	-	-	3
Transportation and communications	58	5	-	-	2	65
Outside services	4	-	-	-	-	4
Legal and accounting	44	-	-	-	1	45
Insurance	7	2	-	-	2	11
Camp expenses	15	1	-	-	1	17
Overheads	85	14	4	-	7	110
Other	44	21	2	2	-	69
Total Expenditure	**511**	**72**	**50**	**2**	**14**	**649**
Write off of expenditure	-	-	-	-	-	-
Balance 30 June 2004	**768**	**962**	**1,764**	**193**	**128**	**3,815**

	CONSOLIDATED 2005 A$000	CONSOLIDATED 2004 A$000	PARENT ENTITY 2005 A$000	PARENT ENTITY 2004 A$000
14. CURRENT PAYABLES				
Trade creditors and accruals	**660**	554	**524**	528
Lease incentive	**67**	-	**67**	-
Total current payables	**727**	554	**591**	528
15. CURRENT PROVISIONS				
Employee benefits (Note 26)	**65**	33	**65**	33

	CONSOLIDATED 2005 A$000	CONSOLIDATED 2004 A$000	PARENT ENTITY 2005 A$000	PARENT ENTITY 2004 A$000

16. CURRENT INTEREST BEARING LIABILITIES

	2005	2004	2005	2004
Bank loans – secured (a)	-	733	-	-
Bank loans – unsecured (b)	533	-	533	-
Total current interest bearing liabilities	533	733	533	-

(a) The bank loans used to finance the purchase of 5-7 Belmont Avenue, Belmont were classified as current liabilities at 30 June 2004 in light of active negotiations to sell the property and then repay the bank loans. On 24 June 2005 the sale of the property was finalised for A$1,200,000, and the bank loans repaid prior to 30 June 2005. The bank loans referred to above of the Consolidated Entity were secured by a first mortgage over the Consolidated Entity's freehold land and buildings, being charged interest at the rate of 8.16% on A$260,000 and 8.16% on A$472,500 (2004: 7.7% on A$260,000 and 8.05% on A$472,500).

(b) The bank loans from Société Générale Australia Branch are unsecured; however, a negative pledge exists that imposes certain covenants on the Consolidated Entity. The negative pledge states that subject to certain conditions, the Consolidated Entity will not provide any entity or other security over its assets, will not incur indebtedness other than agreed, will not dispose of an interest in any of its assets, undertaking or property and will not provide indebtedness guarantee to or on behalf of any entity or person except in certain agreed circumstances. The bank loans bear interest at the bank bill standard yield plus 3%. At 30 June 2005 A$500,000 plus interest has been drawn of the total facility of A$2,000,000. Refer Note 29 (f) for details of draw down under the facility after 30 June 2005.

Assets pledged as security

The carrying amounts of non current assets pledged as security are:

First mortgage

	2005	2004	2005	2004
Freehold land and buildings	-	1,114	-	-

17. NON CURRENT PAYABLES

	2005	2004	2005	2004
Unsecured loans from wholly owned group - (a)	-	-	**334**	-

(a) The unsecured loans from wholly owned group are interest free and have no fixed terms of repayment.

18. CONTRIBUTED EQUITY

(a) Issued and paid up capital

	NUMBER OF SHARES		CONSOLIDATED PARENT ENTITY 2005 A$000	2004 A$000
Ordinary shares fully paid	**400,885,713**	333,685,713	**65,950**	24,265

(b) Movements in ordinary share capital

		NUMBER OF SHARES	Issue Price Cents	Total A$000
Date	**Balance 30 June 2003**	**265,585,713**		**19,470**
August 2003	Placement	5,000,000	1¢	50
September 2003	Issue in lieu of fees	3,000,000	1¢	30
October 2003	Placement	6,350,000	2.1¢	133
October 2003	Issue in lieu of fees	1,000,000	2.58¢	26
February 2004	Placement	10,000,000	5.25¢	525
February 2004	Option conversions	4,500,000	1.1¢	50
February 2004	Placement	6,250,000	8¢	500
May 2004	Placement	32,000,000	11¢	3,520
	Less: Transaction costs arising on share issues			(39)
	Balance 30 June 2004	**333,685,713**		**24,265**

		NUMBER OF SHARES Cents	Issue Price A$000	Total
August 2004	Options conversions	**4,200,000**	**1.2¢**	**50**
August 2004	Options conversions	**3,800,000**	**1.3¢**	**49**
September 2004	Placement	**7,500,000**	**40¢**	**3,000**
December 2004	Options conversions	**4,700,000**	**15¢**	**705**
December 2004	Options conversions	**10,000,000**	**5.5¢**	**550**
December 2004	Transfer from reserves refer Note 19(b)	**-**	**-**	**321**
March 2005	Options conversions	**1,000,000**	**22¢**	**220**
April 2005	Placement	**36,000,000**	**A$1.05**	**37,800**
	Less: Transaction costs arising on share issues			**(1,010)**
	Balance 30 June 2005	**400,885,713**		**65,950**

	NUMBER OF OPTIONS 2005	2004

(c) Issued Options

Unlisted Options

(i) Exercisable at 1.1 cents, on or before 31 March 2004

	2005	2004
Balance at 1 July	**-**	-
Issued during year	**-**	4,500,000
Exercised during year	**-**	(4,500,000)
Balance at 30 June	**-**	-

The options were exercised in February 2004 raising A$49,500 in contributed equity and at the time of exercise the shares had a market value of A$400,500.

(ii) Exercisable at 1.2 cents, on or before 31 December 2004

	2005	2004
Balance at 1 July	**4,200,000**	-
Issued during year	**-**	4,200,000
Exercised during year	**(4,200,000)**	-
Balance at 30 June	**-**	4,200,000

The options were exercised in August 2004 raising A$50,400 in contributed equity and at the time of exercise the shares had a market value of A$651,000.

(iii) Exercisable at 1.3 cents, on or before 30 November 2005

	2005	2004
Balance at 1 July	**3,800,000**	-
Issued during year	**-**	3,800,000
Exercised during year	**(3,800,000)**	-
Balance at 30 June	**-**	3,800,000

The options were exercised in August 2004 raising A$49,400 in contributed equity and at the time of exercise the shares had a market value of A$570,000.

(iv) Exercisable at 5.5 cents, on or before 30 September 2007

	2005	2004
Balance at 1 July	**-**	-
Issued during year	**10,000,000**	-
Exercised during year	**(10,000,000)**	-
Balance at 30 June	**-**	-

These options were issued to Société Générale Australia Branch as part of the establishment of a A$2,000,000 loan facility on 30 September 2004, refer Note 19(b). The options were exercised in December 2004 raising A$550,000 in contributed equity and at the time of exercise the shares had a market value of A$4,850,000.

Unlisted Options – Directors, Employees and Consultants

On 23 March 2004 the Directors approved the Employee Share Incentive Option Plan for which up to ten percent of the ordinary shares on issue can be on offer at any one time to Directors, employees and consultants directly engaged in corporate, project development, exploration and evaluation work for the Company. The maximum term of the options is 5 years, with the vesting requirements and exercise price of the options determined by the Directors at the time of grant. The options are convertible into fully paid ordinary shares of the Company on a one for one basis and may not be exercised within 12 months of their date of grant, except in the case of a takeover bid or a scheme of arrangement or if otherwise approved by shareholders. Options are granted at no cost under the plan and carry no dividend or voting rights.

18. CONTRIBUTED EQUITY (continued)

(c) Issued Options (continued)

	Number of Options 2005	2004
Unlisted Options – Directors, Employees and Consultants (continued)		
(v) Exercisable at 15 cents, on or before 30 November 2004 (granted 20 June 2002) (No vesting requirements)		
Balance at 1 July	**4,700,000**	4,700,000
Exercised during year	**(4,700,000)**	-
Balance at 30 June	**-**	4,700,000
The options were exercised in December 2004 raising A$705,000 in contributed equity and at the time of exercise the shares had a market value of A$2,279,500		
(vi) Exercisable at 22 cents, on or before 26 May 2006 (granted 28 May 2004 to 30 June 2004) (No vesting requirements)		
Balance at 1 July	**12,000,000**	-
Issued during year	**-**	12,000,000
Exercised during year	**(1,000,000)**	-
Balance at 30 June	**11,000,000**	12,000,000
The options were exercised in March 2005 raising A$220,000 in contributed equity and at the time of exercise the shares had a market value of A$1,160,000		
(vii) Exercisable at 32 cents, on or before 26 May 2006 (granted 28 May 2004 to 30 June 2004) (No vesting requirements)		
Balance at 1 July	**3,000,000**	-
Issued during year	**-**	3,000,000
Balance at 30 June	**3,000,000**	3,000,000
(viii) Exercisable at $1.00, on or before 30 November 2007 (granted 30 November 2004) (Vest on positive outcome for Langer Heinrich Uranium Project bankable feasibility study together with completion of acceptable project funding)		
Balance at 1 July	**-**	-
Issued during year	**8,050,000**	-
Balance at 30 June	**8,050,000**	-
(ix) Exercisable at $1.00, on or before 20 December 2007 (granted 20 December 2004) (Vest on positive outcome for Langer Heinrich Uranium Project bankable feasibility study together with completion of acceptable project funding)		
Balance at 1 July	**-**	-
Issued during year	**10,250,000**	-
Balance at 30 June	**10,250,000**	-
(x) Exercisable at $1.25, on or before 30 November 2007 (granted 30 November 2004) (Vest on positive outcome for Langer Heinrich Uranium Project bankable feasibility study together with completion of acceptable project funding)		
Balance at 1 July	**-**	-
Issued during year	**1,300,000**	-
Balance at 30 June	**1,300,000**	-

	Number of Options 2005	2004
Listed Options		
(xi) Exercisable at 10 cents, on or before 21 January 2004		
Balance at 1 July	-	63,000,000
Expired during year	-	(63,000,000)
Balance at 30 June	-	-

(d) Ordinary Shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of and amounts paid on the shares held.

On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

19. RESERVES

	CONSOLIDATED 2005 A$000	CONSOLIDATED 2004 A$000	PARENT ENTITY 2005 A$000	PARENT ENTITY 2004 A$000
Listed option application reserve - (a)	**174**	174	**174**	174
Option premium reserve - (b)	**-**	-	**-**	-
Total reserves	**174**	174	**174**	174

(a) No movement for the years ended 30 June 2005 or 30 June 2004. The Listed Option Application Reserve consists of proceeds from the issue of listed options, net of expenses of issue. These listed options expired unexercised and no restriction exists for the distribution of this reserve.

(b) Increase of A$321,000 for the year ending 30 June 2005 (2004 not applicable). The Option Premium Reserve arose from granting of 10,000,000 unlisted options exercisable at 5.5 cents on or before 30 September 2007 to Société Générale Australia Branch as part of the establishment of a A$2,000,000 loan facility on 30 September 2004. These unlisted options have been fair valued using the Cox, Ross and Rubinstein Binomial Tree Model at the date the Company obtained commitment for the loan facility. As the options were exercised in December 2004 the amount of A$321,000 in Option Premium Reserve has been transferred to contributed equity.

20. ACCUMULATED LOSSES

Accumulated losses at beginning of financial year	**(15,029)**	(15,219)	**(14,974)**	(14,564)
Net profit/(loss) attributable to members of Paladin Resources Ltd	**(1,384)**	190	**(2,140)**	(410)
Accumulated losses at the end of the financial year	**(16,413)**	(15,029)	**(17,114)**	(14,974)

21. TOTAL EQUITY

Total equity at beginning of financial year	**9,410**	4,425	**9,465**	5,080
Total changes in equity recognised in the Statements of Financial Performance	**(2,394)**	151	**(3,150)**	(449)
Transactions with owners as owners: Contributions of equity	**42,695**	4,834	**42,695**	4,834
Total equity at the end of the financial year	**49,711**	9,410	**49,010**	9,465

22. FINANCIAL INSTRUMENTS

(a) Credit Risk Exposure

The credit risk on financial assets of the Consolidated Entity which have been recognised on the Statements of Financial Position, other than investments in shares, equates to the carrying amount, net of any provisions for doubtful debts or non-recovery.

The Consolidated Entity has a concentration of credit risk with Didasko Technologies Pty Ltd at 30 June 2004. At 30 June 2005 the Company has made full provision for non-recovery of the convertible note and interest receivable, refer Note 11(c).

(b) Interest Rate Risk Exposure

The Consolidated Entity's exposure to interest rate risk is limited to the floating market rate for cash and both secured and unsecured bank loans. The convertible note financial asset bears interest at a fixed rate of 5%, matures on 20 November 2006 and as a result does not provide exposure to interest risk as the Company intends to hold the note until maturity. All other financial assets and liabilities, in the form of receivables, investments in shares, payables and provisions, are non-interest bearing. The weighted average interest rate on cash, convertible note and both secured and unsecured bank loans is 5.6% (2004: 4%), 5% (2004: 5%) and 8.9% (2004: 8%) respectively.

(c) Net Fair Value of Financial Assets and Liabilities

The net fair value of cash, convertible note, both secured and unsecured bank loans and non-interest bearing financial assets and financial liabilities of the Consolidated Entity equates to their carrying amount, net of any provision for doubtful debts or non-recovery. The net fair value of investments in shares exceeds carrying amount and the net fair value is disclosed in Note 11(b).

The net fair value of other monetary financial assets and financial liabilities is based upon market prices where a market exists or by discounting the expected future cash flows by the current interest rates for assets and liabilities with similar risks profiles.

The net fair value of equity investments traded on organised markets have been valued by reference to market prices prevailing at balance date. For non-traded equity investments, the net fair value is an assessment by circumstances pertaining to a particular investment.

23. DIRECTORS' AND EXECUTIVES' DISCLOSURE

The Company has applied the exemption under Corporations Amendments Regulation 2005 which exempts listed companies from providing remuneration disclosures in relation to Directors and specified Executives in the Financial Report by Accounting Standard AASB 1046 Director and Executive Disclosures by Disclosing Entities. These remuneration disclosures are provided in the Remuneration Report section of the Directors' Report under Details of Remuneration and are designated as audited.

Shareholdings of Directors and Specified Executives

	Balance 1 July 2004	Net Change	Balance 30 June 2005
Mr Rick Crabb	5,464,746	1,000,000	6,464,746
Mr John Borshoff	13,091,394	1,500,000	14,591,394
Mr Sean Llewelyn	-	-	-
Mr George Pirie	-	-	-
Mr Ian Noble	-	-	-
Mr Michael Blakiston (1)	-	-	-
Dr Leon Pretorius (2)	8,550,000	(8,550,000)	-
Mr Cliff Davis (3)	-	-	-
Mr Garnet Halliday	-	-	-
Ms Gillian Swaby	5,595,515	1,004,485	6,600,000
Mr Ron Chamberlain	-	-	-

(1) Mr Michael Blakiston's appointment as Alternate Director ceased on 20 December 2004.

(2) Dr Leon Pretorius resigned from the Board on 12 April 2005 and as such is no longer required to be disclosed in the above table and this fact has been reflected in the net change column.

(3) Mr Cliff Davis resigned from the Board on 31 May 2005.

Option Holdings of Directors

	Balance 1 July 2004	Options Granted	Options Exercised	Balance 30 June 2005	Vested and exercisable at 30 June 2005
Mr Rick Crabb					
A$0.15*	1,000,000	-	(1,000,000)	-	-
A$0.22**	2,250,000	-	-	2,250,000	2,250,000
A$0.32***	750,000	-	-	750,000	750,000
A$1.00****	-	3,250,000	-	3,250,000	-
Total	4,000,000	3,250,000	(1,000,000)	6,250,000	3,000,000
Mr John Borshoff					
A$0.15*	1,500,000	-	(1,500,000)	-	-
A$0.22**	2,500,000	-	-	2,500,000	2,500,000
A$0.32***	1,000,000	-	-	1,000,000	1,000,000
A$1.00****	-	3,750,000	-	3,750,000	-
Total	5,000,000	3,750,000	(1,500,000)	7,250,000	3,500,000
Dr Leon Pretorius (1)					
A$0.22**	2,250,000	-	-	2,250,000	2,250,000
A$0.32***	750,000	-	-	750,000	750,000
A$1.00****	-	3,250,000	-	3,250,000	-
Total	3,000,000	3,250,000	-	6,250,000	3,000,000

(1) Dr Leon Pretorius resigned from the Board on 12 April 2005.
* Unlisted and exercisable at A$0.15 on or before 30 November 2004
** Unlisted and exercisable at A$0.22 on or before 26 May 2006
*** Unlisted and exercisable at A$0.32 on or before 26 May 2006
**** Unlisted and exercisable at A$1.00 on or before 20 December 2007

Messrs Sean Llewelyn, George Pirie, Ian Noble, Michael Blakiston and Cliff Davis have not been granted options and therefore do not hold any options at 30 June 2005. Mr Michael Blakiston's appointment as Alternate Director ceased on 20 December 2004. Mr Cliff Davis resigned from the Board on 31 May 2005.

Option Holdings of Specified Executives

	Balance 1 July 2004	Options Granted	Options Exercised	Balance 30 June 2005	Vested and exercisable at 30 June 2005
Mr Garnet Halliday					
A$1.00****	-	2,000,000	-	2,000,000	-
A$1.25*****	-	1,000,000	-	1,000,000	-
Total	-	3,000,000	-	3,000,000	-
Ms Gillian Swaby					
A$0.15*	1,200,000	-	(1,200,000)	-	-
A$0.22**	2,000,000	-	-	2,000,000	2,000,000
A$0.32***	500,000	-	-	500,000	500,000
A$1.00****	-	2,750,000	-	2,750,000	-
Total	3,700,000	2,750,000	(1,200,000)	5,250,000	2,500,000
Mr Ron Chamberlain					
A$1.00****	-	500,000	-	500,000	-
A$1.25*****	-	300,000	-	300,000	-
Total	-	800,000	-	800,000	-

* Unlisted and exercisable at A$0.15 on or before 30 November 2004
** Unlisted and exercisable at A$0.22 on or before 26 May 2006
*** Unlisted and exercisable at A$0.32 on or before 26 May 2006
**** Unlisted and exercisable at A$1.00 on or before 30 November 2007
***** Unlisted and exercisable at A$1.25 on or before 30 November 2007

24. AUDITORS' REMUNERATION

Ernst & Young were appointed auditors for the Company on 21 June 2005, which is subject to approval by shareholders at the 2005 Annual General Meeting. RSM Bird Cameron were the previous auditors for the Company and resigned effective 21 June 2005 as the Canadian member firm of RSM International was unable to provide the professional services required.

During the year the following services were paid to the auditor of the Company, its related practices and non-related audit firms:

	CONSOLIDATED 2005 A$000	CONSOLIDATED 2004 A$000	PARENT ENTITY 2005 A$000	PARENT ENTITY 2004 A$000
(a) Audit services				
Auditors of the Company				
Ernst & Young	**37,923**	-	**37,923**	-
RSM International	**29,610**	14,650	**29,610**	14,650
Other auditors of the Consolidated Entity				
Audit and review of financial reports	**3,166**	5,538	**-**	-
Total audit services	**70,699**	20,188	**67,533**	14,650
(b) Non audit services				
Auditors of the Company				
Taxation services	**2,650**	7,090	**2,650**	7,090
Other auditors of the Consolidated Entity				
Taxation services	**5,846**	-	**-**	-
Total non audit services	**8,496**	7,090	**2,650**	7,090

25. COMMITMENTS AND CONTINGENT LIABILITIES

There were no outstanding commitments or contingent liabilities, which are not disclosed in the financial report of the Consolidated Entity and the Company as at 30 June 2005 other than:

(a) Exploration Tenements

Commitments for the exploration tenements of contracted for at the reporting date but not recognised as liabilities, payable:

	CONSOLIDATED 2005 A$000	CONSOLIDATED 2004 A$000	PARENT ENTITY 2005 A$000	PARENT ENTITY 2004 A$000
Within one year	**1,776**	-	**-**	-
Later than one year but not later than 5 years	**1,300**	-	**-**	-
Total exploration tenements commitment	**3,076**	-	**-**	-

These include commitments relating to tenement lease rentals and, the minimum expenditure requirements of the Namibian, Malawi, Western Australian, and South Australian Mines Departments attaching to the tenements and are subject to re-negotiation upon expiry of the exploration leases or when application for a mining licence is made.

These are necessary in order to maintain the tenements in which the Consolidated Entity and other parties are involved. All parties are committed to meet the conditions under which the tenements were granted in accordance with the relevant mining legislation in Namibia, Malawi and Australia.

	CONSOLIDATED 2005 A$000	CONSOLIDATED 2004 A$000	PARENT ENTITY 2005 A$000	PARENT ENTITY 2004 A$000

(b) Operating Leases

Commitments for minimum lease payments in relation to non-cancellable operating leases relating to rental of offices are payable as follows:

Within one year	**143**	-	**100**	-
Later than one year but not later than 5 years	**542**	-	**511**	-
Total operating lease commitment	**685**	-	**611**	-

(c) Acquisition Costs

The Consolidated Entity 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$750,000 and are subject to the Department of Minerals & Energy granting tenements comprising 2 exploration licence applications. The A$750,000 is payable by the Consolidated Entity 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 3 months after the date the tenements are granted.

In relation to the Manyingee Uranium Project, the re-negotiated acquisition terms provide for a payment of A$750,000 by the Consolidated Entity to the vendors when all project development approvals are further obtained.

26. EMPLOYEE BENEFITS

	CONSOLIDATED 2005 A$000	CONSOLIDATED 2004 A$000	PARENT ENTITY 2005 A$000	PARENT ENTITY 2004 A$000
Provision for Annual Leave and Long Service Leave				
Aggregate employment benefit liability	**65**	33	**65**	33
Employee numbers			**Number**	**Number**
Average number of employees during the financial year			**14**	4

Superannuation

The Company contributes to employees' superannuation plans in accordance with the requirements of Occupational Superannuation Legislation. Contributions by the Company represent a defined percentage of each employee's salary. Employee contributions are voluntary.

Employee Share Incentive Option Plan

Details of the Employee Share Incentive Option Plan for the Company are disclosed in Note 18(c).

27. RELATED PARTIES

Directors and Specified Executives

Disclosures relating to Directors and Specified Executives are set out in the Directors' Report under the section entitled Remuneration Report and in Note 23.

Wholly Owned Group

The wholly owned group consists of the Company and its wholly owned controlled entities set out in Note 11(a).

Transactions between the Company and other entities in the wholly owned group during the years ended 30 June 2005 and 2004 consisted of:

(a) loans advanced by the Company (Note 10);

(b) loans advanced to the Company (Note 17); and

(c) the payment of interest on the loans to Langer Heinrich Uranium (Pty) Ltd (Note 10(a))

Controlled Entities

The ultimate parent entity in the wholly owned group is Paladin Resources Ltd.

28. INTERESTS IN JOINT VENTURES

(a) Kayelekera Uranium Project – Malawi

A controlled entity (Paladin (Africa) Ltd) has entered into a joint venture operation for the Kayelekera Uranium Project to develop exclusive prospecting licence – EPL 070 – located in Malawi. The controlled entity has a 90% participating interest in this joint venture with Balmain Resources Pty Ltd retaining a 10% free carried interest in the project until completion of a bankable feasibility study. The Consolidated Entity's interests in the assets employed in this joint venture are included in the Statements of Financial Position, in accordance with the accounting policy described in Note 1(r) under the following classifications:

	CONSOLIDATED		PARENT ENTITY	
	2005	2004	2005	2004
	A$000	A$000	A$000	A$000
Non current assets				
Other - mineral properties	**1,774**	962	**-**	-
Share of assets employed in joint venture	**1,774**	962	**-**	-

For exploration tenement commitments relating to the Kayelekera Uranium Project refer to Note 25(a).

The Consolidated Entity has increased its ownership in the Kayelekera Uranium Project to 100% after 30 June 2005 – refer Note 29(b).

(b) The Consolidated Entity also has a number of interests in joint ventures to explore for uranium and other minerals. The Consolidated Entity's share of expenditure in respect of these exploration activities is capitalised in accordance with the accounting policy stated in Note 1(o) and no revenue is generated. The Consolidated Entity's share of the assets and liabilities in respect of these joint ventures is not material.

29. EVENTS SUBSEQUENT TO BALANCE DATE

There has not arisen since the end of the financial year any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors of the Company, to affect substantially the operations of the Consolidated Entity in subsequent financial years with the exception of the following the financial effects of which have not been provided for in the 30 June 2005 Financial Report:

(a) Langer Heinrich Uranium Project, Namibia – Mining Licence Approval Granted

On 27 July 2005, the Company announced that the Minister of Mines in Namibia approved the granting of a 25 year Mining Licence to Langer Heinrich Uranium (Pty) Ltd, wholly owned by the Company, allowing full scale development of the mining operation to proceed. During the Mining Licence approval process a significant amount of preparatory work has been carried out, including negotiations with construction engineers; water and power utilities; identification and ordering of long lead time equipment items; establishment of office facilities in Swakopmund; and identification of key development personnel.

(b) Langer Heinrich Uranium Project, Namibia – Bank Approval for Project Finance

On 29 August 2005, the Company announced that it had accepted credit committee approved offers of financing totalling US$71,000,000 for the Langer Heinrich Uranium Project in Namibia. The financing is being provided by Société Générale Australia Branch (as lead arranger), Nedbank Ltd and Standard Bank of South Africa Ltd and consists of a 7 year Project Finance Facility of US$65,000,000 and a Standby Cost Overrun Facility of US$6,000,000. Draw down of the financing is subject to completion of legal due diligence and documentation, and fulfilment of other conditions precedent usual for this type of funding.

(c) Kayelekera Uranium Project, Malawi – Purchase 10% interest

On 6 July 2005, the Company announced the purchase of the remaining 10% joint venture interest in the Kayelekera Uranium Project in Malawi. The consideration of A$5,372,250 will be satisfied by the issue by the Company of 4,350,000 ordinary fully paid shares at an issue price of A$1.235 per share. The purchase is conditional upon the joint venture partner entering into a private escrow agreement in dealing with the 4,350,000 shares in the Company.

(d) Sale of Non-Core South Australian Uranium Property Database

On 18 July 2005, the Company announced the sale of a non-core uranium exploration property in the Frome Basin in South Australia together with the licence for a comprehensive regional database to Deep Yellow Ltd (Deep Yellow). The consideration received comprises 7,500,000 fully paid ordinary shares in Deep Yellow and 12,500,000 unlisted Deep Yellow options exercisable at 12 cents on or before 15 July 2008.

(e) **Allotment of Shares and Issue of Employee Options**

On 15 July 2005, the Company announced the allotment of 150,000 fully paid ordinary shares after exercise of employee options, and the granting of 250,000 unlisted employee options exercisable at A$1.50 on or before 15 July 2008. On 5 August 2005, the Company announced the allotment of 350,000 fully paid ordinary shares after exercise of employee options.

(f) **Langer Heinrich Uranium Project, Namibia – Bank Guarantee**

On 26 July 2005, the Company issued a N$5,000,000 (Namibian dollars) (A$998,279) bank guarantee as part of the mine construction activities, on behalf of Langer Heinrich Uranium (Pty) Ltd, wholly owned by the Company. The guarantee was issued from the loan facility established with Société Générale Australia Branch on 30 September 2004, leaving the Company with a current approximate available facility for draw downs of A$500,000.

30. RECONCILATION OF OPERATING PROFIT/(LOSS) AFTER INCOME TAX TO NET CASH OUTFLOW FROM OPERATING ACTIVITIES

	CONSOLIDATED		PARENT ENTITY	
	2005 A$000	2004 A$000	2005 A$000	2004 A$000
Operating profit/(loss) after income tax	**(1,384)**	190	**(2,140)**	(410)
Non cash items:				
Depreciation and amortisation	**109**	92	**32**	5
Exploration expenditure written off	**72**	-	**-**	-
Provision for non-recovery of intercompany loan	**-**	-	**327**	3
Provision for non-recovery of intercompany investments	**-**	-	**64**	65
Write back of provision for non-recovery of convertible note	**894**	-	**894**	-
(Profit)/loss on sale of investments	**-**	(538)	**-**	51
Profit on sale of tenements	**(786)**	-	**-**	-
Profit on sale of land and buildings	**(105)**	-	**-**	-
Bad debts written off	**5**	-	**-**	-
Provision for doubtful debts	**17**	-	**-**	-
Grant of options on establishment of loan facility	**321**	-	**321**	-
Change in operating assets and liabilities:				
Increase/(decrease) in operating assets	**(488)**	6	**(797)**	82
Decrease in operating liabilities	**64**	151	**124**	93
Net cash outflow from operating activities	**(1,281)**	(99)	**(1,175)**	(111)

31. NON CASH FINANCING AND INVESTMENT ACTIVITIES

(a) **Non Cash Financing and Investment Activities**

Issue of shares in lieu of technical consulting fees	**-**	56	**-**	56
Options granted to Société Générale Australia Branch on establishment of loan facility	**321**	-	**321**	-

(b) **Unused Loan Facilities**

On 30 September 2004 a A$2,000,000 loan facility was established with Société Générale Australia Branch to assist with funding the bankable feasibility study of the Langer Heinrich Uranium Project. At 30 June 2005, A$500,000 plus capitalised interest has been drawn down in relation to this facility – refer Note 16(b).

	CONSOLIDATED 2005 A$000	2004 A$000

32. EARNINGS PER SHARE

	2005	2004
(a) Basic and Diluted Profit/(Loss) Per Share	(0.38)	0.07
	Number	Number
Weighted average number of ordinary shares on issue during the year used as the denominator in calculating basic earnings per share	363,040,234	288,130,097
	A$000	A$000
Earnings used in calculating basic and diluted earnings per share	(1,384)	190

(b) Diluted Earnings Per Share

Diluted earnings per share is the same as basic earnings per share in 2005 as the Consolidated Entity is a loss position, and diluted earnings per share is the same in 2004 as there are no potential ordinary shares that are dilutive.

33. IMPACTS OF ADOPTING AUSTRALIAN EQUIVALENTS TO IFRS

The Australian Accounting Standards Board (AASB) is adopting International Financial Reporting Standards (IFRS) for application to reporting periods beginning on or after 1 January 2005. The AASB has issued Australian equivalents to IFRS, and the Urgent Issues Group has issued interpretations corresponding to IASB interpretations originated by the International Financial Reporting Interpretations Committee (IFRIC) or the former Standing Interpretations Committee. These Australian equivalents to IFRS are referred to hereafter as AIFRS. The adoption of AIFRS will be first reflected in the Consolidated Entity's financial statements for the first quarter ended 30 September 2005, half year ended 31 December 2005, third quarter ended 31 March 2006 and the year ending 30 June 2006.

Entities complying with AIFRS for the first time will be required to restate their comparative financial statements to amounts reflecting the application of AIFRS to that comparative period. Most adjustments required on transition to AIFRS will be made, retrospectively, against opening retained earnings as at 1 July 2004.

The Company's management has analysed all of the AIFRS and has identified the accounting policy changes that will be required. In some cases choices of accounting policies are available, including elective exemptions under Accounting Standard AASB 1 First-time Adoption of Australian Equivalents to International Financial Reporting Standards. These choices have been analysed to determine the most appropriate accounting policy for the Consolidated Entity.

The known or reliably estimated impacts on the financial report for the year ended 30 June 2005 had it been prepared using AIFRS are set out below. The expected financial effects of adopting AIFRS are shown for each line item in the Statements of Financial Performance and Statements of Financial Position, with descriptions of the differences. No material impacts are expected in relation to the Statements of Cash Flows.

The figures disclosed in this note are based on the Company management's best estimates of the quantitative impact of the changes as at the date of preparing the 30 June 2005 Financial Report. The actual effects of transition to AIFRS may differ from the estimates disclosed due to:

(1) Ongoing work being undertaken by the AIFRS project teams;

(2) Potential amendments to AIFRS's and interpretations thereof being issued by the standard setters and IFRIC; and

(3) Emerging accepted practice in the interpretation and application of AIFRS and Urgent Issues Group interpretations.

(a) Impact on the Statements of Financial Performance for the year ended 30 June 2005

	NOTES	CONSOLIDATED EXISTING GAAP A$000	CONSOLIDATED EFFECT OF CHANGE A$000	CONSOLIDATED AIFRS A$000	PARENT ENTITY EXISTING GAAP A$000	PARENT ENTITY EFFECT OF CHANGE A$000	PARENT ENTITY AIFRS A$000
Revenue from ordinary activities	iv/v	2,975	(2,010)	**965**	1,165	-	**1,165**
Other income	iii/iv/v	-	872	**872**	-	-	**-**
Borrowing costs		(412)	-	**(412)**	(354)	-	**(354)**
Depreciation and amortisation	iii	(109)	19	**(90)**	(32)	-	**(32)**
Provision for doubtful debts		(17)	-	**(17)**	-	-	**-**
Exploration costs written off		(72)	-	**(72)**	-	-	**-**
General and administration	i	(1,736)	(2,969)	**(4,705)**	(1,698)	(2,969)	**(4,667)**
Write down of convertible note		(894)	-	**(894)**	(894)	-	**(894)**
Write down of intercompany loan		-	-	**-**	(327)	-	**(327)**
Cost of land and buildings sold	iv	(1,095)	1,095	**-**	-	-	**-**
Costs of tenements sold	v	(24)	24	**-**	-	-	**-**
Expenses from ordinary activities		(4,359)	(1,831)	**(6,190)**	(3,305)	(2,969)	**(6,274)**
Loss from ordinary activities before income tax		(1,384)	(2,969)	**(4,353)**	(2,140)	(2,969)	**(5,109)**
Income tax expense		-	-	**-**	-	-	**-**
Loss from ordinary activities after income tax		(1,384)	(2,969)	**(4,353)**	(2,140)	(2,969)	**(5,109)**
Share issue costs		(1,010)	-	**(1,010)**	(1,010)	-	**(1,010)**
Total revenues, expenses and valuation adjustments attributable to members of Paladin Resources Ltd and recognised directly in equity		(1,010)	-	**(1,010)**	(1,010)	-	**(1,010)**
Total changes in equity other than those resulting from transactions with owners as owners		(2,394)	(2,969)	**(5,363)**	(3,150)	(2,969)	**(6,119)**
		Cents	Cents	Cents			
Basic and diluted earnings per share		(0.38)	(0.82)	**(1.20)**			

33. IMPACTS OF ADOPTING AUSTRALIAN EQUIVALENTS TO IFRS (continued)

(b) Impact on the Statements of Financial Position as at 30 June 2005

		CONSOLIDATED			PARENT ENTITY		
	NOTES	EXISTING GAAP A$000	EFFECT OF CHANGE A$000	AIFRS A$000	EXISTING GAAP A$000	EFFECT OF CHANGE A$000	AIFRS A$000
Current assets							
Cash		39,489	-	**39,489**	39,000	-	**39,000**
Receivables	i	568	1,806	**2,374**	472	1,806	**2,278**
Total current assets		40,057	1,806	**41,863**	39,472	1,806	**41,278**
Non current assets							
Receivables		-	-	**-**	10,183	-	**10,183**
Other financial assets	ii	710	1,720	**2,430**	488	-	**488**
Property, plant and equipment		1,268	-	**1,268**	390	-	**390**
Other – mineral properties		9,001	-	**9,001**	-	-	**-**
Total non current assets		10,979	1,720	**12,699**	11,061	-	**11,061**
Total assets		51,036	3,526	**54,562**	50,533	1,806	**52,339**
Current liabilities							
Payables		727	-	**727**	591	-	**591**
Provisions		65	-	**65**	65	-	**65**
Interest bearing liabilities		533	-	**533**	533	-	**533**
Total current liabilities		1,325	-	**1,325**	1,189	-	**1,189**
Non current liabilities							
Payables		-	-	**-**	334	-	**334**
Total non current liabilities		-	-	**-**	334	-	**334**
Total liabilities		1,325	-	**1,325**	1,523	-	**1,523**
Net assets		49,711	3,526	**53,237**	49,010	1,806	**50,816**
Equity							
Contributed equity		65,950	-	**65,950**	65,950	-	**65,950**
Reserves	i/ii	174	7,040	**7,214**	174	5,320	**5,494**
Accumulated losses	i	(16,413)	(3,514)	**(19,927)**	(17,114)	(3,514)	**(20,628)**
Total equity		49,711	3,526	**53,237**	49,010	1,806	**50,816**

(c) Notes explaining the impacts on the Statements of Financial Performance for the year ended 30 June 2005 and the Statements of Financial Position as at 30 June 2005

(i) **Equity-based payment transactions**

Under AASB 2 Share-based Payment, from 1 July 2004 the Consolidated Entity and Company are required to recognise an expense for those options that were issued to employees under the Company Employee Share Incentive Option Plan after 7 November 2002 but that had not vested by 1 January 2005.

This will result in a change to the current accounting policy under which no expense is recognised for equity-based payment transactions to employees.

If the policy required by AASB 2 had been applied during the year ended 30 June 2005, options to the value of A$5,320,055 would have been recognised as an increase in the Consolidated Entity and Company share-based payment reserve as at 30 June 2005. This valuation has been determined using the Cox, Ross and Rubinstein Binomial Tree Model. A corresponding increase of A$3,514,096 would occur to accumulated losses at 30 June 2005 to reflect the current year expense portion (A$2,969,096) of the issued options and the transition date 1 July 2004 adjustment (A$545,000) of the issued options. In addition, as a result of vesting conditions of the options issued to employees, at 30 June 2005 A$1,805,959 would remain deferred in receivables, to be expensed in future periods.

For the year ended 30 June 2005, the Consolidated Entity and Company employee benefits expense would have been A$2,969,096 higher, with a corresponding increase in the net movement in the share-based payment reserve.

(ii) Financial instruments

The Consolidated Entity and Company have opted to apply AASB 132 Financial Instruments: Disclosure and Presentation and AASB 139 Financial Instruments: Recognition and Measurement from 1 July 2004.

Under AASB 132, the current classification of financial instruments issued by entities in the Consolidated Entity does not change.

Under AASB 139, financial assets held by entities in the Consolidated Entity will be classified as either at fair value through the profit and loss, held-to-maturity, available for sale or loans and receivables and, depending upon classification, measured at fair value or amortised cost.

Non-traded equity securities will be classified as available for sale and measured at fair value, with changes in fair value recognised directly in equity until the underlying asset is derecognised. If the policy required by AASB 139 had been applied during the year ended 30 June 2005, Consolidated Entity financial assets as at 30 June 2005 would have been A$1,720,000 higher (Company: not applicable), with a corresponding increase in the investment asset reserve.

The convertible note will be classified as held-to-maturity and measured at amortised cost, using the effective interest rate method.

Loans, receivables and financial liabilities classifications will remain unchanged. Measurement of these instruments will be at amortised cost, using the effective interest rate method.

(iii) Non current assets held for sale

Under AASB 5 Non current Assets Held for Sale and Discontinuing Operations, a non current asset will be classified as held for sale if its carrying amount is to be recovered principally through a sale transaction rather than through continued use. The asset will be measured at the lower of carrying amount and fair value, less costs to sell.

Under AASB 5 Non current Assets Held for Sale and Discontinuing Operations, a non current asset once classified as held for sale is no longer required to be depreciated up to the date of sale. This will result in a change to the current accounting policies under which the asset is measured at the lower of carrying value and recoverable amount, and depreciation expense is recognised up to date of sale.

If the policy required by AASB 5 had been applied during the year ended 30 June 2005, the Consolidated Entity's measurement of the asset remains the same (Company: not applicable) – at carrying amount; and consolidated depreciation would have been A$18,404 lower, with a corresponding reduction in consolidated other income as the asset was sold prior to 30 June 2005.

(iv) Disclosure of discontinued operation

During the year ended 30 June 2005, the land and buildings were sold (refer Note 6 Discontinued Operation). Under AIFRS, the profit or loss relating to the discontinued operation, including both the post tax gain or loss on the sale and the post tax operating profit or loss up until the date of sale, is required to be disclosed as a single amount on the face of the Statements of Financial Performance. Under Australian GAAP, such disclosures may be made either on the face of the Statements of Financial Performance or in the notes. The Company elected to make the required disclosures in the notes in the year ended 30 June 2005, thereby resulting in a difference between Australian GAAP and AIFRS.

If the policy required under AIFRS had been applied during the year ended 30 June 2005, the consolidated revenue from ordinary activities would have been A$1,200,000 lower, the consolidated expenses from ordinary activities, excluding the carrying amount of the commercial premises, would have been A$1,095,838 lower and the consolidated carrying amount of net assets of the commercial premises sold disclosed as an expense in the Statements of Financial Performance would have been A$1,095,838 lower. The consolidated profit from discontinued operations would have been disclosed in other income. There would have been no effect on the Company.

(v) Revenue disclosures in relation to the sale of tenements

Under AIFRS, the revenue recognised in relation to the sale of tenements is the net gain on the sale. This is in contrast to the current Australian GAAP treatment under which the gross proceeds from the sale are recognised as revenue and the carrying amount of the assets sold is recognised as an expense. The net impact on the profit and loss of this difference is nil.

Not including the sale of the discontinuing operation covered in (iv) above, if the policy required under AIFRS had been applied during the year ended 30 June 2005, the consolidated revenue from ordinary activities would have been A$810,000 lower, the consolidated carrying amount of tenements sold disclosed as an expense in the Statements of Financial Performance would have been A$24,425 lower. The consolidated profit on sale of tenements would have been disclosed in other income. There would have been no effect on the Company.

34. AUSTRALIAN GAAP TO CANADIAN GAAP REPORTING

The Company is listed on the Toronto Stock Exchange and as a result this Financial Report includes additional information in order for the Company to comply with reporting requirements of applicable Canadian securities law.

The financial report of the Company has been prepared in accordance with Australian accounting and reporting standards ('Australian GAAP') which, as applied in the consolidated financial statements for the years ended 30 June 2005 and 30 June 2004, conform in all material respects to those accounting principles generally accepted in the Canada ('Canadian GAAP'); except for the significant variances from the application of Canadian GAAP on the Company's consolidated financial statements as set out below:

(a) Consolidated Statements of Income and Accumulated Losses:

	Notes	CONSOLIDATED 2005 A$000	2004 A$000
Revenue			
Total revenues, as reported in accordance with Australian GAAP		**2,975**	785
Adjustment to accord with Canadian GAAP relating to:			
Reclassification of land and buildings sold	i	**(1,095)**	-
Reduced profit on land and buildings sold	ii	**(19)**	-
Reclassification of cost of tenements sold	i	**(24)**	-
Total revenues, as reported in accordance with Canadian GAAP		**1,837**	785
Expenses			
Total expenses, as reported in accordance with Australian GAAP		**(4,359)**	(595)
Adjustment to accord with Canadian GAAP relating to:			
Reclassification of land and buildings sold	i	**1,095**	-
Reclassification of cost of tenements sold	i	**24**	-
Reversal of depreciation on asset held for sale	ii	**19**	-
Recognition of employee cost expense relating to stock options granted to employees	iii	**(2,969)**	(545)
Total expenses, as reported in accordance with Canadian GAAP		**(6,190)**	(1,140)
Loss for year, before and after tax		**(4,353)**	(355)
Accumulated losses, beginning of year		**(15,574)**	(15,219)
Accumulated losses, end of year		**(19,927)**	(15,574)
		Cents	**Cents**
Loss per share – basic and dilutive	iv	**(1.20)**	(0.12)
Weight average number of shares - basic and dilutive		**363,040,234**	288,130,097

	Notes	CONSOLIDATED 2005 A$000	2004 A$000
(b) Consolidated Balance Sheets			
Assets			
Total current assets, as reported in accordance with Australian GAAP		**40,057**	5,802
Adjustment to accord with Canadian GAAP relating to:			
Reclassification of land and buildings to non-current	v	**-**	(1,114)
Total current assets, as reported in accordance with Canadian GAAP		**40,057**	4,688
Total non current assets, as reported in accordance with Australian GAAP		**10,979**	4,928
Adjustment to accord with Canadian GAAP relating to:			
Reclassification of land and buildings to non-current	v	**-**	1,114
Total non current assets, as reported in accordance with Canadian GAAP		**10,979**	6,042
Total assets, as reported in accordance with Canadian GAAP		**51,036**	10,730
Liabilities			
Total current liabilities, as reported in accordance with Australian GAAP		**1,325**	1,320
Adjustment to accord with Canadian GAAP relating to:			
Specific land and buildings payables	vi	**-**	(403)
Land and buildings bank loans	vii	**-**	(733)
Total current liabilities, as reported in accordance with Canadian GAAP		**1,325**	184
Total non current liabilities, as reported in accordance with Australian GAAP		**-**	-
Adjustment to accord with Canadian GAAP relating to:			
Specific land and buildings payables	vi	**-**	403
Land and buildings bank loans	vii	**-**	733
Total non current liabilities, as reported in accordance with Canadian GAAP		**-**	1,136
Total liabilities, as reported in accordance with Canadian GAAP		**1,325**	1,320
Shareholders' equity			
Share capital, as reported in accordance with Australian GAAP		**65,950**	24,265
Adjustment to accord with Canadian GAAP relating to:			
Grant of warrants	viii	**(8)**	(8)
Warrants exercised	ix	**5**	1
Share capital, as reported in accordance with Canadian GAAP		**65,947**	24,258
Warrants, as reported in accordance with Australian GAAP		**-**	-
Adjustment to accord with Canadian GAAP relating to:			
Grant of warrants	viii	**8**	8
Warrants expired unexercised	x	**(3)**	(3)
Warrants exercised	ix	**(5)**	(1)
Warrants, as reported in accordance with Canadian GAAP		**-**	4
Reserves, as reported in accordance with Australian GAAP		**174**	174
Adjustment to accord with Canadian GAAP relating to:			
Warrants expired unexercised	x	**3**	3
Fair value of stock options granted to employees in relation to services performed and to be performed	iii	**3,514**	545
Reserves, as reported in accordance with Canadian GAAP		**3,691**	722
Accumulated losses, as reported in accordance with Australian GAAP		**(16,413)**	(15,029)
Adjustment to accord with Canadian GAAP relating to:			
Recognition of employee cost expense relating to stock options granted to employees for services performed	iii	**(3,514)**	(545)
Accumulated losses, as reported in accordance with Canadian GAAP		**(19,927)**	(15,574)
Total shareholders' equity, as reported in accordance with Canadian GAAP		**49,711**	9,410
Total liabilities and shareholders' equity, as reported in accordance with Canadian GAAP		**51,036**	10,730

34. AUSTRALIAN GAAP TO CANADIAN GAAP REPORTING (continued)

(c) Notes explaining the adjustments to Consolidated Statements of Income, Accumulated Losses and Balance Sheets

(i) Reclassification of assets sold

Under Canadian GAAP the net profit on sale of assets is required to be disclosed in revenue. For Australian GAAP purposes the gross proceeds on sale of assets have been disclosed in revenue and the cost of assets sold in expenses. As a result the proceeds on sale of tenements for Australian GAAP purposes of A$250,000 and the proceeds on sale of land and buildings for Australian GAAP purposes of A$1,200,000 are required to be reduced by the cost of tenements sold of A$24,425 and the cost of land and buildings sold of $1,095,838, to reflect the Canadian GAAP net profit on sale of tenements of A$225,575 and the net profit on sale of land and buildings of A$104,162.

(ii) Reversal of depreciation on asset held for sale

Under Canadian GAAP once an asset has been classified as being held for sale, depreciation of the asset ceases. As a result, to accord with Canadian GAAP the depreciation on the land and buildings assets held for sale for the year ended 30 June 2005 of $18,404 has been reversed. The Canadian requirements for disclosure as an asset held for sale have not been met before 30 June 2004, and as such no adjustment has been made to reverse depreciation on the asset held for sale before this date. As a result of the land and buildings being sold before 30 June 2005, the $18,404 depreciation reversed is also required to be adjusted against the Canadian GAAP net profit on sale.

(iii) Recognition of employee cost expense relating to stock options granted to employees

Under Australian GAAP, a Company is not required to account for the fair value of stockbased compensation. Under Canadian GAAP, stockbased compensation to employees is required to be accounted for using a fair valuebased method of accounting.

The fair value of options granted to employees during the year ended 30 June 2005 amounts to A$4,775,055 (30 June 2004 A$545,000) and has been determined using the Cox, Ross and Rubinstein Binomial Tree Model.

The model inputs for options granted during the year ended 30 June 2005 included:

a) options are granted for no consideration, 100% of each tranche vests and is exercisable after one year subject to vesting conditions
b) exercise price: A$1.00 - A$1.25
c) grant date: November-December 2004
d) expiry date: November-December 2007
e) expected life: 2 years
f) share price at grant date: A$0.52 - A$0.53
g) expected price volatility of the company's shares: 100% - 112%
h) expected dividend yield: Nil%
i) risk-free interest rate: 4.90% - 4.97%

When compensation costs are expensed for the year ended 30 June 2005, the expense is A$2,969,096 (year ended 30 June 2004 - A$545,000) as a result of a vesting period for the options (year ended 30 June 2004 – no vesting period applicable). The balance of the fair value amount of $1,805,959 at 30 June 2005 is required to be amortised over the remaining vesting period after 30 June 2005.

(iv) Earnings per share

Both basic and dilutive earnings per share computations presented in the Consolidated Statements of Income and Accumulated Losses have been based upon the weighted average number of common shares outstanding during the year. Under Canadian GAAP, an entity is required to calculate the dilutive effect of options, warrants and similar instruments on its earnings per share using the treasury stock method. In 2004 the outstanding options and warrants of the Company are not considered dilutive in accordance with the treasury stock method. In 2005 the Company is in a loss position and as such the effects of outstanding options and warrants are anti-dilutive. Therefore, both basic and dilutive profit or loss per share are the same figure for both 2005 and 2004 under Canadian GAAP.

(v) Reclassification of current and non current assets – land and buildings

In order to conform to Canadian GAAP the land and buildings asset have been reclassified to non current assets as at 30 June 2004 as they do not meet the Canadian requirements for disclosure as an asset held for sale. As this asset was sold during the year ended 30 June 2005 no adjustment is required as at 30 June 2005.

(vi) Reclassification of current and non current liabilities – payables

Specific payables of the Company, to be settled only on sale of land and buildings discussed in Note v above, as at 30 June 2004 have been classified for Australian GAAP purposes as a current liability. To conform to Canadian GAAP this liability has been reclassified to non current liabilities as contractual arrangements have been made for repayment from the proceeds received on sale of land and buildings.

(vii) Reclassification of current and non current liabilities – bank loans

Specific land and buildings bank loans of the Company as at 30 June 2004 have been classified for Australian GAAP purposes as a current liability as it related to the land and buildings discussed in Note v above. To conform to Canadian GAAP this liability has been reclassified to non current liabilities as contractual arrangements have been made for repayment from the proceeds received on sale of land and buildings asset.

(viii) Grant of warrants

Some of the issued share options granted by the Company historically meets the definition of a warrant in Canada as they were attached to the issue of shares. The warrants are as follows:

During the year ended 30 June 2003, the Company issued 750,000 warrants in lieu of technical consulting services. These warrants were attached to the issue of 1,795,000 shares and each warrant entitled the holder to acquire one additional common share at a price of A$0.10 per share up to 21 January 2004.

During the year ended 30 June 2004, the Company issued 12,500,000 warrants as part of a private share placement issue of 5,000,000 shares. Of these 4,500,000 warrants entitled the holder to acquire one additional common share at a price of A$0.011 per share up to 31 March 2004; 4,200,000 warrants entitled the holder to acquire one additional common share at a price of A$0.012 per share up to 31 December 2004; and 3,800,000 warrants entitled the holder to acquire one additional common share at a price of A$0.013 per share up to 30 November 2005.

The total fair value of warrants issued by the Company noted above was A$8,525.

(ix) Warrants exercised

During the year ended 30 June 2004, 4,500,000 of the warrants issued during the year ended 30 June 2004 were exercised. The fair value of both these warrants exercised was A$1,000.

During the year ended 30 June 2005, the 4,200,000 and 3,800,000 warrants issued during the year ended 30 June 2004 were both exercised. The fair value of both these warrants exercised was $4,000.

(x) Warrants expired unexercised

During the year ended 30 June 2004 the 750,000 warrants issued during the year ended 30 June 2003 expired unexercised. The fair value of these warrants that expired unexercised was A$3,525.

(d) Consolidated Cash Flow Statements

There is no difference between Australian and Canadian GAAP in relation to the preparation of statements of cash flows. Under Canadian GAAP information pertaining to non-cash investing and financing activities must be presented as supplemental information on the Statements of Cash Flows and this additional disclosure is presented below.

	Year Ended 30 June	
	2005 A$000	2004 A$000
Supplementary disclosure of non-cash investing and financing activities required under Canadian GAAP		
Shares issues in lieu of technical consulting fees	**-**	55
Stock options granted to non-employees on establishment of loan facility	**321**	-
Stock options granted to employees for services performed	**3,514**	545

34. AUSTRALIAN GAAP TO CANADIAN GAAP REPORTING (continued)

(e) Segment Reporting

As a result of the adjustments made to the Consolidated Statements of Income and the Consolidated Balance Sheets as described above, the restated segmented information as required under Canadian GAAP is set out below:

Business segments
Year ended 30 June 2005

	Resources A$000	Financial Investments A$000	Discontinuing Operations Property A$000	Consolidated A$000
Total segment revenue	1,527	30	280	1,837
Profit/(loss) from ordinary activities before and after income tax expense	(3,617)	(864)	128	(4,353)
Total assets	50,311	710	15	51,036
Depreciation and amortisation	90	-	-	90

Geographical segments
Year ended 30 June 2005

	Australia A$000	Africa* A$000	Consolidated A$000
Total segment revenue	1,836	1	1,837
Loss from ordinary activities before and after income tax expense	(4,333)	(22)	(4,353)
Total assets	40,584	10,452	51,036
Depreciation and amortisation	90	-	90

Business segments
Year ended 30 June 2004

	Resources A$000	Financial Investments A$000	Discontinuing Operations Property A$000	Consolidated A$000
Profit/(loss) from ordinary activities before and after income tax expense	(826)	413	58	(355)

Geographical segments
Year ended 30 June 2004

	Australia A$000	Africa* A$000	Consolidated A$000
Loss from ordinary activities before and after income tax expense	(355)	-	(355)

* Namibia and Malawi

(f) Income Tax

Under Australian GAAP tax effect accounting procedures are followed whereby the tax expense is matched with the accounting profit after allowing for permanent differences. The future tax benefit relating to tax losses is not carried forward as an asset unless the benefit is virtually certain of realisation. Income tax on cumulative timing differences is set aside to the deferred income tax or the future income tax benefits accounts at the rates, which are expected to apply when those timing differences reverse.

Under Canadian GAAP, income taxes are accounted for by the asset and liability method. Under this method, future tax assets and liabilities are recognised for the future tax consequences attributable to differences between the financial statement carrying value and the tax basis of assets and liabilities. Future tax assets and liabilities are measured using the enacted or substantively enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on future tax assets and liabilities of a change in tax rates in recognised in income in the period during which the change in rates is considered to be substantially enacted.

Despite the contrast in treatment of income tax under Australian and Canadian GAAP no differences exist for the Company.

(g) Issued Options

Canadian GAAP requires the disclosure of the weighted average exercise price and the weighted average contractual life of all issued options outstanding at 30 June 2005. This required disclosure is set out below:

Number of options	Exercise price A$	Weighted average exercise price A$	Contractual life years	Weighted average contractual life years
11,000,000	A$0.22		0.92	
3,000,000	A$0.32		0.92	
8,050,000	A$1.00		2.42	
10,250,000	A$1.00		2.50	
1,300,000	A$1.25		2.42	
33,600,000		**A$0.69**		**1.82**

Only the A$0.22 and A$0.32 exercise price issued options are exercisable at 30 June 2005, the A$1.00 and A$1.25 exercise price issued options were granted with vesting conditions which remain outstanding at 30 June 2005. For the issued options exercisable at 30 June 2005 the weighted average exercise price is A$0.24 and the weighted average contractual life is 0.92 years.

(h) Foreign Exchange Data

All amounts included in the Financial Statements are reported in Australian dollars. The following table reflects the low and high rates of exchange for one Australian dollar, expressed in Canadian dollars in effect during the periods noted, the rates of exchange at the end of such periods and the average rates of exchange during such periods, based on the Bank of Canada average noon spot rate of exchange.

Year ended 30 June	2005	2004
Low for period	C$0.8854:A$1	C$0.8784:A$1
High for period	C$0.9843:A$1	C$1.0490:A$1
Rate at the end of period	C$0.9334:A$1	C$0.9316:A$1
Average noon spot rate for year	C$0.9408:A$1	C$0.9580:A$1

Directors' Declaration

In the Directors' opinion

(a) the financial statements, notes and the additional disclosures included in the Directors' Report designated as audited, of the Company and of the Consolidated Entity are in accordance with the Corporation Act 2001, including:

  (i) complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and

  (ii) giving a true and fair view of the Company's and Consolidated Entity's financial position as at 30 June 2005 and of their performance, as represented by the results of their operations and their cash flows, for the financial year ended on that date; 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.

This declaration has been made after receiving the declarations by the chief executive officer and chief financial officer required by section 295A of the Corporations Act 2001 for the financial period ending 30 June 2005.

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

John Borshoff

Mr John Borshoff
Managing Director

Perth, Western Australia
1 September 2005

Independent Audit Report - Australia

To Members of Paladin Resources Limited

Scope

The financial report and directors' responsibility

The financial report comprises the statement of financial position, statement of financial performance, statement of cash flows, accompanying notes to the financial statements, and the directors' declaration for Paladin Resources Limited (the company) and the consolidated entity, for the year ended 30 June 2005. The consolidated entity comprises both the company and the entities it controlled during that year.

The directors of the company are responsible for preparing a financial report and the additional disclosures in the Remuneration Report Section B included in the directors' report designated as audited ('the additional disclosures') that gives a true and fair view of the financial position and performance of the company and the consolidated entity, and that complies with Accounting Standards in Australia, in accordance with the Corporations Act 2001. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report and the additional disclosures.

Audit approach

We conducted an independent audit of the financial report and the additional disclosures in order to express an opinion on them to the members of the company. Our audit was conducted in accordance with Australian Auditing Standards in order to provide reasonable assurance as to whether the financial report and the additional disclosures are free of material misstatement. The nature of an audit is influenced by factors such as the use of professional judgement, selective testing, the inherent limitations of internal control, and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.

We performed procedures to assess whether in all material respects the financial report and the additional disclosures present fairly, in accordance with the Corporations Act 2001, including compliance with Accounting Standards in Australia, and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of the company's and the consolidated entity's financial position, and of their performance as represented by the results of their operations and cash flows.

We formed our audit opinion on the basis of these procedures, which included:

- examining, on a test basis, information to provide evidence supporting the amounts and disclosures in the financial report and the additional disclosures; and
- assessing the appropriateness of the accounting policies and disclosures used and the reasonableness of significant accounting estimates made by the directors.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our audit was not designed to provide assurance on internal controls.

We performed procedures to assess whether the substance of business transactions was accurately reflected in the financial report and the additional disclosures. These and our other procedures did not include consideration or judgement of the appropriateness or reasonableness of the business plans or strategies adopted by the directors and management of the company.

Independence

We are independent of the company, and have met the independence requirements of Australian professional ethical pronouncements and 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. The Auditors' Independence Declaration would have been expressed in the same terms if it had been given to the directors at the date this audit report was signed. In addition to our audit of the financial report and the additional disclosures, we were engaged to undertake the services disclosed in the notes to the financial statements. The provision of these services has not impaired our independence.

Audit opinion

In our opinion, the financial report and the additional disclosures included in the directors' report designated as audited of Paladin Resources Limited are in accordance with:

(a) the Corporations Act 2001, including:

  (i) giving a true and fair view of the financial position of Paladin Resources Limited and the consolidated entity at 30 June 2005 and of their performance for the year ended on that date; and

  (ii) complying with Accounting Standards in Australia and the Corporations Act Regulations 2001; and

(b) other mandatory financial reporting requirements in Australia.

Ernst & Young

Rudolf Brunovs, Partner
Perth, 1 September 2005

The Ernst & Young Building
11 Mounts Bay Road
Perth WA 6000
Australia

Auditors' Report - Canada

To the Shareholders of Paladin Resources Limited

We have audited the consolidated balance sheet of Paladin Resources Ltd as at June 30, 2005 and the consolidated statements of operations and accumulated losses and cash flows for the year then ended. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the company in accordance with Australian generally accepted accounting principles as at June 30, 2005 and for the year then ended.

Significant differences between the Australian generally accepted accounting principles applied in the accompanying consolidated financial statements and those under Canadian generally accepted accounting principles are quantified and explained in Note 34 to the financial statements.

The consolidated financial statements as at June 30, 2004 and for the year then ended, were audited by other auditors who expressed opinions without reservation on those statements in their reports dated September 29, 2004 and February 28, 2005.

Vancouver, Canada
September 1, 2005

Ernst & Young LLP (A Member of Ernst & Young Global)
Chartered Accountants
Pacific Centre
700 West Georgia Street
PO Box 10101
Vancouver BC V7Y 1C7

Additional Information

Pursuant to the Listing Requirements of Australian Stock Exchange Limited as at 31 August 2005:

(a) Distribution and number of holders

			SHAREHOLDERS
1	-	1,000	553
1,001	-	5,000	1,611
5,001	-	10,000	906
10,001	-	100,000	1,134
100,001	-	maximum	173
			4,377

26 shareholders hold less than a marketable parcel of shares.

(b) The twenty largest shareholders hold 72.82% of the total shares issued.

Holder	No. of Shares	%
ANZ Nominees Limited	56,650,974	16.46
Westpac Custodian Nominees Limited	49,207,543	14.30
National Nominees Limited	32,319,584	9.39
Citicorp Nominees Pty Limited	18,792,970	5.46
J P Morgan Nominees Australia Limited	18,017,472	5.24
Mr Robert Anthony Healy and Mrs Helen Maree Healy	13,256,384	3.85
Aylworth Holdings Pty Ltd	12,476,237	3.63
HSBC Custody Nominees (Australia) Limited-GSCO ECSA	10,761,407	3.13
Merrill Lynch (Australia) Nominees Pty Ltd	6,985,089	2.03
Ms Gillian Swaby	5,795,515	1.68
Société Générale Australia Branch	5,000,000	1.45
Mr Gregory James Buchanan and Mrs Heather Joy Buchanan	3,500,000	1.02
Mr Rick Wayne Crabb and Mrs Carol Jean Crabb	3,198,050	0.93
Queensland Investment Corporation	3,050,000	0.89
Mr James U Blanchard III C/- Jefferson Financial Inc	2,777,778	0.81
Dr Leon Eugene Pretorius	2,199,321	0.64
Cogent Nominees Pty Limited	1,728,745	0.50
Mr Zac Rossi and Mrs Thelma Rossi	1,626,000	0.47
John Borshoff	1,605,157	0.47
Mr Leslie Murray McKenzie	1,600,355	0.47
	250,548,581	72.82

(c) Voting rights
For all shares, voting rights are one vote per member on a show of hands and one vote per share in a poll.

Pursuant to the Listing Requirements of Australian Stock Exchange Limited as at 31 August 2005:

(d) Tenements held –

URANIUM PROJECTS

Project	Tenement	Interest %	JV Partner/s	Operator
NAMIBIA – AFRICA				
Langer Heinrich	1 MLI	100%	-	-
MALAWI – AFRICA				
Kayelekera	1 EPL	100%	-	-
WESTERN AUSTRALIA				
Manyingee	3 ML's	100%	-	-
Oobagooma	4 EL(A)'s	100%	-	-
SOUTH AUSTRALIA				
Petermorra	1 EL	20%	Quasar Resources Pty Ltd	Quasar Resources Pty Ltd
Mt Yerila	1 EL	15%	Quasar Resources Pty Ltd Red Metal Limited J E Risinger	Quasar Resources Pty Ltd Red Metal Limited

NON-URANIUM PROJECTS

Project	Tenement	Interest %	JV Partner/s	Operator
SOUTH AUSTRALIA				
Mt Lofty Ranges	1 EL	90%	Absolut Resources Corporation	Paladin Resources Ltd
Reaphook JV	1 EL	7.5%	Perilya Limited Signature Resources NL	Perilya Limited

Tenement Types

EL Exploration Licence (Australia)

EL(A) Exploration Licence Application (Australia)

EPL Exclusive Prospecting Licence (Malawi)

ML Mining Lease (Australia)

MLI Mining Licence (Namibia)

PALADIN

Paladin Resources Ltd

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