PALADIN ENERGY LTD

A.C.N. 061 681 098

FINANCIAL REPORT

FOR THE NINE MONTHS ENDED

31 MARCH 2014

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The financial report covers the Group consisting of Paladin Energy Ltd (referred throughout as the Company or Paladin) and its controlled entities.

The following Management Discussion and Analysis ("MD&A") for Paladin Energy Ltd ("Company") and its controlled entities ("Group") should be read in conjunction with the Consolidated Financial Statements for the nine months ended 31 March 2014. The effective date of this report is 15 May 2014.

The financial information presented in this MD&A has been extracted from the attached financial statements. For the purpose of preparing our MD&A, we consider the materiality of information. Information is considered material if: (i) such information results in, or would reasonably be expected to result in, a significant change in market price or value of our shares; or (ii) there is a substantial likelihood that a reasonable investor would consider it important in making an investment decision; or (iii) it would significantly alter the total mix of information available to investors. We evaluate materiality with reference to all relevant circumstances, including potential market sensitivity.

In addition to these Australian requirements, further information has been included in the Consolidated Financial Statements for the nine months ended 31 March 2014 in order to comply with applicable Canadian securities law, as the Company is also listed on the Toronto Stock Exchange.

Additional information relating to the Company and its operations, including the Company's Quarterly Activities Report for each of the periods ended 30 September 2013, 31 December 2013 and 31 March 2014 and the most recent Annual Report for the year ended 30 June 2013 and other public announcements are available at www.paladinenergy.com.au.

FORWARD LOOKING STATEMENTS

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

The forward looking statements contained in this MD&A are not guarantees of future performance and involve certain risks and uncertainties that are difficult to predict. The future results of the Group 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 Group. 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 anticipated events.

NON IFRS MEASURE

C1 cost of production = cost of production excluding product distribution costs, sales royalties and depreciation and amortisation before adjustment for impairment. C1 cost, which is non-IFRS information, is a widely used 'industry standard' term. We use this measure as a meaningful way to compare our performance from period to period. We believe that, in addition to conventional measures prepared in accordance with IFRS, certain investors use this information to evaluate our performance. C1 cost information (unreviewed) has been extracted from the financial statements. For an analysis of total cost of sales refer to Note 5(b) to the financial statements. Refer to page 8 for reconciliation.

OVERVIEW

The Group has two operating uranium mines in Africa[(1)], uranium exploration projects in Australia, Africa and Canada, and a strategy to become a major uranium mining house. The Company is incorporated under the laws of Western Australia with a primary share market listing on the Australian Securities Exchange ("ASX") and additional listings on the Toronto Stock Exchange ("TSX") in Canada; as well as the Munich, Berlin, Stuttgart and Frankfurt Stock Exchanges in Europe; and the Namibian Stock Exchange in Africa.

(1) On 7 February 2014, the Company announced that Paladin (Africa) Limited, is suspending production at Kayelekera Mine in Malawi and will place the mine on care and maintenance.

The main activities and results during the nine months ended 31 March 2014 were:

OPERATIONS

- Continued steady combined production for Langer Heinrich (LHM) and Kayelekera (KM) mines demonstrating stable operation near or above budget production and below budget unit cost:
  - combined production of 2.089Mlb (948t) U_3O_8 for March 2014 quarter.
  - combined production of 6.342Mlb (2,877t) U_3O_8 for nine months to March 2014.
- LHM produced a record 1,392,694lb (632t) U_3O_8 for the March 2014 quarter, achieving 4% above budget. Production for the nine months to 31 March 2014 of 4,253,379lb, an increase of 8% over the nine months to 31 March 2013:
  - overall recovery for March 2014 quarter of 85.8%.
  - feed grades for the March 2014 quarter down to 750ppm U_3O_8.
  - previous water issues resolved.
- KM produced 696,710lb (316t) U_3O_8 for the March 2014 quarter, in line with the care and maintenance budget. Production for the nine months to 31 March 2014 of 2,088,328lb, a decrease of 4% over the nine months to 31 March 2014 in line with the care and maintenance budget:
  - recovery of 86.7% for the March 2014 quarter.
  - acid recovery plant successfully commissioned.
- C1 cost of production:
  - LHM C1 cost of production has fallen 3% from US$29.8/lb in the March 2013 quarter to US$29.0/lb in the March 2014 quarter.
  - KM C1 cost of production has decreased 17% from US$39.8/lb in the March 2013 quarter to US$32.9/lb in the March 2014 quarter.
- Following the decision to place KM on care and maintenance, Paladin's revised FY14 production guidance of 7.8 - 8.0Mlb U_3O_8 remains on track.

SALES AND REVENUE

- Sales revenue of US$88.6M for the quarter, selling 2.405Mlb U_3O_8 at an average price of US$36.8/lb. Sales for the nine months of 6.853Mlb U_3O_8 generated revenue of US$259.6M at an average price of US$37.9/lb.

CORPORATE INITIATIVES

- Sale of a 25% equity stake in LHM in Namibia to China Uranium Corporation Limited, a wholly owned subsidiary of China National Nuclear Corporation (CNNC), for US$190M announced in January 2014. Completion subject to certain Chinese regulatory approvals which are expected to be obtained by June 2014. Paladin satisfied the conditions to allow release of the escrowed US$20M non-refundable deposit from CNNC. The escrow agent forwarded these funds to Paladin's bank account in April 2014.
- Refinancing of the LHM and the KM project finance facilities completed. The new facility provides significant cash flow benefits with annual principal repayments reduced by US$35.5M in CY 2014 and US$23.7M in CY2015.
- Institutional placement of shares in August 2013 raised A$88M/US$80.6M.
- On 7 February 2014, the Company announced that its subsidiary company, Paladin (Africa) Limited ("PAL"), would be suspending production at KM in Malawi and will place the mine on care and maintenance to preserve the remaining ore body until Paladin determines that a sustained recovery in the price of uranium oxide would enable production to resume on a profitable basis. Production will continue until early May when reagent stocks will be depleted.

OTHERS

- Due to the continued uranium price weakness, for the six months ended 31 December 2013, an impairment expense of US$24.9M was recorded on inventory at KM. No further impairment was recorded for the quarter ended 31 March 2014.
- The recoverable amount of the Queensland exploration assets was reduced by an impairment expense of US$323.6M (US$226.5M after tax) in the quarter ended 31 December 2013.

FINANCIAL RESULTS

	Three months ended 31 March			Nine months ended 31 March		
	% Change	2014	2013	% Change	2014	2013
Production volume (Mlb)	5%	2.089	1.992	4%	6.342	6.112
Sales volume (Mlb)	25%	2.405	1.920	16%	6.853	5.928
Realised sales price (US$/lb)	(33)%	36.8/lb	55.2/lb	(25)%	37.9/lb	50.8/lb
		US$M	**US$M**		**US$M**	**US$M**
Revenue	(17)%	88.6	106.4	(14)%	260.1	301.9
Cost of Sales	2%	(87.0)	(89.0)	static	(262.8)	(262.8)
Impairment – inventory, stores and consumables	100%	-	(3.3)	(82)%	(24.9)	(13.7)
Gross profit/(loss)	**(89)%**	**1.6**	**14.1**	**(208)%**	**(27.6)**	**25.4**
Impairments	100%	-	(44.8)	(133)%	(327.9)	(140.8)
Loss after tax attributable to members of the parent	**63%**	**(19.9)**	**(54.1)**	**(11)%**	**(274.9)**	**(247.7)**
Other comprehensive income/(loss) for the period, net of tax		8.9	(5.9)		(11.2)	17.0
Total comprehensive loss attributable to the members of the parent	**82%**	**(11.0)**	**(60.0)**	**(24)%**	**(286.1)**	**(230.7)**
Loss per share - basic & diluted (US cents)	72%	(1.8)	(6.5)	5%	(28.1)	(29.6)

Three Months Ended 31 March 2014

References below to 2014 and 2013 are to the equivalent three months ended 31 March 2014 and 2013 respectively.

Revenue decreased 17% due to a 33% decrease in the average realised uranium price offset by a 25% increase in sales volume. Uranium sales tend to fluctuate quarter on quarter due to the uneven timing of contractual commitments and resultant delivery scheduling by utility customers.

Gross Profit decreased by 89% in 2014 to US$1.6M from a gross profit in 2013 of US$14.1M due to lower revenue.

Impairments have decreased from US$44.8M to US$nil. In 2013, there was an impairment charge of the KM assets of US$44.8M.

Loss after Tax attributable to the members of the parent for 2014 is predominantly due to lower revenue. The loss in 2013 is predominantly due to the US$44.8M impairment of the KM assets.

Nine Months Ended 31 March 2014

References below to 2014 and 2013 are to the equivalent nine months ended 31 March 2014 and 2013 respectively.

Revenue decreased 14%, due to a 25% decrease in realised sales price offset by a 16% increase in sales volume. Uranium sales tend to fluctuate quarter on quarter due to the uneven timing of contractual commitments and resultant delivery scheduling by utility customers.

Gross Loss in 2014 is a turnaround from a gross profit in 2013 due to lower prices and a higher impairment of KM inventory, stores and consumables of US$24.9M (2013: US$13.7M), which has been partially offset by a 16% increase in sales volume.

Impairments have increased predominantly due to the US$323.6M (US$226.5M after tax) impairment of the Queensland exploration assets. In 2013, there was an impairment charge of the KM assets of US$140.8M.

Loss after Tax attributable to the members of the parent for 2014 is predominantly due to the impairment of the Queensland exploration assets and lower prices. The loss in 2013 is predominantly due to the de-recognition of the US$98.2M KM net deferred tax asset and the US$140.8M impairment of the KM assets.

The Namibian segment profit decreased by US$24.1M due to lower revenue. The Malawian segment loss decreased by US$202.5M predominantly as a result of the impairment of the KM assets and the de-recognition of the net deferred tax asset in 2013. Exploration activities loss increased due to the impairment of the Queensland projects. In the Unallocated portion, the Group reflected the remaining Income Statement activities, which for 2014 comprise mainly marketing, corporate, finance and administration costs. The loss in this area has decreased by US$9.7M.

ANALYSIS OF REALISED SALES PRICE AND SALES & PRODUCTION VOLUMES

	THREE MONTHS ENDED 31 MARCH			**NINE MONTHS ENDED 31 MARCH**		
	% Change	**2014 US$M**	**2013 US$M**	**% Change**	**2014 US$M**	**2013 US$M**
Realised uranium sales price	(33)%	US$36.8/lb	US$55.2/lb	(25)%	US$37.9/lb	US$50.8/lb
		Mlb U_3O_8	**Mlb U_3O_8**		**Mlb U_3O_8**	**Mlb U_3O_8**
LHM sales volume	78%	1.405	0.790	13%	4.078	3.623
KM sales volume	(11)%	1.000	1.130	20%	2.775	2.305
Total sales volume	25%	**2.405**	**1.920**	**16%**	**6.853**	**5.928**
LHM production	13%	1.392	1.230	8%	4.253	3.939
KM production	(8)%	0.697	0.762	(4)%	2.089	2.173
Total production	5%	**2.089**	**1.992**	**4%**	**6.342**	**6.112**

The average realised uranium sales price in the quarter ended 31 March 2014 was US$36.8/lb U_3O_8, compared to the average UxC spot price for the quarter of US$35.1/lb U_3O_8.

The average realised uranium sales price in nine months ended 31 March 2014 was US$37.9/lb U_3O_8 compared to the average UxC spot price for the nine months of US$35.4/lb U_3O_8.

RECONCILIATION OF C1 COST OF PRODUCTION TO COST OF GOODS SOLD

	THREE MONTHS ENDED 31 MARCH 2014			THREE MONTHS ENDED 31 MARCH 2013		
	LHM	**KM**	**TOTAL**	**LHM**	**KM**	**TOTAL**
Volume Produced (Mlb)	*1.392*	*0.697*	*2.089*	*1.230*	*0.762*	*1.992*
	US$M	US$M	US$M	US$M	US$M	US$M
Cost of Production (C1)	40.4	22.9	63.3	36.6	30.3	66.9
Cost of Production/lb (C1)	*US$29.0/lb*	*US$32.9/lb*		*US$29.8/lb*	*US$39.8/lb*	
Depreciation & amortisation	10.8	2.4	13.2	6.9	4.4	11.3
Production distribution costs	1.7	1.7	3.4	1.6	2.0	3.6
Royalties	(0.1)	1.3	1.2	1.9	2.3	4.2
Inventory movement	(4.5)	7.5	3.0	(18.7)	15.4	(3.3)
Other	(0.3)	3.2	2.9	1.7	4.6	6.3
Cost of goods sold	**48.0**	**39.0**	**87.0**	**30.0**	**59.0**	**89.0**

The C1 cost of production for LHM, for the three months, in 2014 decreased by 3% to US$29.0/lb U_3O_8 (2013: US$29.8/lb U_3O_8). The C1 cost of production for KM, for the three months, in 2014 decreased by 17% to US$32.9/lb U_3O_8 (2013: US$39.8/lb U_3O_8). These results provide evidence that the benefits from the cost optimisation programme are being realised.

	NINE MONTHS ENDED 31 MARCH 2014			NINE MONTHS ENDED 31 MARCH 2013		
	LHM	**KM**	**TOTAL**	**LHM**	**KM**	**TOTAL**
Volume Produced (Mlb)	*4.253*	*2.089*	*6.342*	*3.939*	*2.173*	*6.112*
	US$M	US$M	US$M	US$M	US$M	US$M
Cost of Production (C1)	119.6	72.7	192.3	119.7	95.3	215.0
Cost of Production/lb (C1)	*US$28.1/lb*	*US$34.8/lb*		*US$30.4/lb*	*US$43.9/lb*	
Depreciation & amortisation	26.2	7.9	34.1	20.9	17.2	38.1
Production distribution costs	4.9	5.2	10.1	4.3	4.8	9.1
Royalties	2.8	3.6	6.4	5.2	3.5	8.7
Inventory movement	(2.3)	19.7	17.4	(22.5)	(4.1)	(26.6)
Other	(0.7)	3.2	2.5	13.4	5.1	18.5
Cost of goods sold	**150.5**	**112.3**	**262.8**	**141.0**	**121.8**	**262.8**

The C1 cost of production for LHM, for the nine months, in 2014 decreased by 8% to US$28.1/lb U_3O_8 (2013: US$30.4/lb U_3O_8). The C1 cost of production for KM, for the nine months, in 2014 decreased by 21% to US$34.8/lb U_3O_8 (2013: US$43.9/lb U_3O_8). These results provide evidence that the benefits from the cost optimisation programme are being realised.

ANALYSIS OF ADMINISTRATION, MARKETING & NON-PRODUCTION COSTS

		THREE MONTHS ENDED 31 MARCH			NINE MONTHS ENDED 31 MARCH	
	% Change	2014 US$M	2013 US$M	% Change	2014 US$M	2013 US$M
Total	**49%**	**(4.8)**	**(9.5)**	**42%**	**(18.0)**	**(31.2)**

Costs for the three months ended 31 March 2014 decreased by US$4.7M primarily due to corporate and marketing cost savings of US$2.3M that were achieved through a cost rationalisation review and a decrease of US$0.5M in non-cash share-based payments expense as there was a reduction in the number of share rights on issue compared to 2013.

Costs for the nine months ended 31 March 2014 decreased by US$13.2M primarily due to corporate and marketing cost savings of US$5.6M that were achieved through a cost rationalisation review and a decrease of US$2.9M in non-cash share-based payments expense as there was a reduction in the number of share rights on issue compared to 2013.

Summary of Quarterly Financial Results

		2014 Mar Qtr	2013 Dec Qtr	2013 Sep Qtr	2013 Jun Qtr
LHM					
Production U_3O_8	**Mlb**	1.393	1.431	1.429	1.353
C1 cost of production	**US$/lb**	29.0	27.5	28.0	29.4
KM					
Production U_3O_8	**Mlb**	0.697	0.777	0.615	0.790
C1 cost of production	**US$/lb**	32.9	33.1	39.3	39.2
Total revenues	**US$M**	88.6	102.1	69.4	109.6
Sales volume	**Mlb**	2.405	2.775	1.673	2.326
Realised uranium sales price	**US$/lb**	36.8	36.7	41.4	46.2
Impairments	**US$M**	-	(337.3)	(15.5)	(181.4)
Loss after tax attributable to members	**US$M**	(19.9)	(215.0)	(40.0)	(173.3)
Basic and diluted loss per share	**US cents**	(1.8)	(22.3)	(4.3)	(20.1)

		2013 Mar Qtr	2012 Dec Qtr	2012 Sep Qtr	2012 Jun Qtr
LHM					
Production U_3O_8	**Mlb**	1.230	1.419	1.290	1.322
C1 cost of production	**US$/lb**	29.8	29.6	31.8	32.2
KM					
Production U_3O_8	**Mlb**	0.762	0.772	0.639	0.726
C1 cost of production	**US$/lb**	39.8	43.5	49.0	52.2
Total revenues	**US$M**	106.4	134.2	61.3	126.2
Sales volume	**Mlb**	1.920	2.783	1.224	2.241
Realised uranium sales price	**US$/lb**	55.2	48.1	49.8	56.1
Impairments	**US$M**	(48.1)	(62.7)	(43.7)	(35.1)
Loss after tax attributable to members	**US$M**	(54.1)	(147.6)	(45.9)	(35.2)
Basic and diluted loss per share	**US cents**	(6.4)	(17.1)	(5.5)	(3.9)

C1 cost of production for LHM has fallen over the last year from US$29.8/lb in the March 2013 quarter to US$29.0/lb in the March 2014 quarter, a decrease of 3%. This is due mainly to reductions in soluble loss, reagent usage and impact of foreign exchange movements.

C1 cost of production for KM has fallen over the last year from US$39.8/lb in the March 2013 quarter to US$32.9/lb in the March 2014 quarter, a decrease of 17%. This is due mainly to improvements in resin in pulp (RIP) recovery and ore blend, commissioning of the acid recovery plant, which has led to a substantial reduction in acid consumption, and commissioning of the nano-filtration, which has led to a reduction in acid consumption.

These results provide evidence that the cost benefits from the continuous improvement and cost optimisation programmes at both sites continue to be realised.

Further improvements in C1 costs are expected over the next two years due to a number of additional cost saving initiatives. These include, at LHM, reductions in process reagents and water consumption as well as enhanced process recoveries.

Total revenues for the quarters ended March 2014, December 2013 and June 2013 are lower than the comparative quarter due to lower prices. Total revenue for the quarter ended September 2013 has increased when compared to the equivalent comparative quarter as a result of higher sales volumes of uranium.

SUMMARISED STATEMENT OF FINANCIAL POSITION

	As at 31 March 2014 Unaudited US$M	As at 30 June 2013 Audited US$M
Cash and cash equivalents	103.3	78.1
Inventories	271.8	300.2
Interest bearing loans and borrowings	633.1	677.8
Net Assets	**392.0**	**648.2**

Cash and cash equivalents have increased by US$25.2M as a result of the net proceeds received from the August 2013 share placement of US$78.2M and the US$110.0M refinancing of the LHM and KM project finance facilities. This has been partially offset by the repayment of the existing KM project finance facility of US$68.1M and LHM project finance facility of US$101.5M. Additionally there were payments for plant and equipment of US$19.2M, exploration and evaluation project expenditure of US$6.2M, as well as finance costs, corporate costs and a decrease in receipts from customers.

Inventories have decreased by US$28.4M predominantly due to a decrease in the value of inventory held by KM as a result of lower volumes of inventory held as the mine transitions towards care and maintenance and the impairment discussed under the Financial Results section. This was partially offset by a planned increase in ROM stockpiles at LHM as part of Stage 3 production expansion in order to meet the future mine plan ore-blend requirements. The Group’s sales volumes for the nine months of 6.853Mlb U_3O_8 were 0.511Mlb U_3O_8 higher than production of 6.342Mlb U_3O_8.

Interest Bearing Loans and Borrowings have decreased by US$44.7M primarily as a result of the US$110.0M refinancing of the LHM and KM project finance facilities, which was partially offset by the repayment of the existing project financing for KM of US$68.1M and LHM of US$101.5M, net of deferred borrowing amortisation and establishment costs of US$14.9M.

Segment Assets Namibian assets have decreased predominantly due to a decrease in trade and other receivables, which was partially offset by an increase in cash and inventory. Malawian assets have decreased as a result of the inventory impairment discussed under the Financial Results section. The Exploration segment has decreased due to the impairment of the Queensland projects discussed under the Financial Results section. In the Unallocated portion, assets increased predominantly due to an increase in cash.

LIQUIDITY AND CAPITAL RESOURCES

The Group's principal source of liquidity as at 31 March 2014 was cash of US$103.3M (30 June 2013: US$78.1M). Any cash available to be invested is held with Australian banks with a minimum AA- Standard & Poor's credit rating over a range of maturities. Of this, US$89.9M is held in US dollars.

Cash flow - three months ended 31 March 2014

Net Cash Inflow from Operating Activities was US$29.2M in 2014 (2013: US$167.6M), primarily due to receipts from customers of US$104.3M (2013: US$109.0M) and in 2013 the receipt of the long-term off-take agreement funds of US$150.0M. This was partially offset by payments to suppliers and employees of US$74.6M (2013: US$86.1M).

Net Cash Outflow from Investing Activities was US$6.2M in 2014 and is due primarily to plant and equipment acquisitions of US$4.2M and capitalised exploration expenditure of US$2.4M. The net cash outflow of US$9.3M in 2013 was due primarily to plant and equipment acquisitions of US$6.1M, predominantly the new tailings facility at LHM, and capitalised exploration expenditure of US$4.1M.

Net Cash Outflow from Financing Activities of US$18.8M in 2014 is attributable to the full repayment of existing project finance facilities for KM of US$48.1M and LHM of US$77.7M. This was partially offset by a drawdown of the new LHM project finance facility of US$110.0M. The net outflow in 2013 of US$149.8M was mainly attributable to the repayment of project financing for KM of US$10.0M and LHM of US$5.7M in addition to the repayment of the U$134.0M convertible bond.

Cash flow - nine months ended 31 March 2014

Net Cash Inflow from Operating Activities was US$33.5M in 2014 (2013: US$216.9M), primarily due to receipts from customers of US$309.5M (2013: US$323.6M) and in 2013 the receipt of the long-term off-take agreement funds of US$200.0M. This was partially offset by payments to suppliers and employees of US$258.4M (2012: US$278.8M) and net interest paid of US$16.5M (2012: US$26.8M).

Net Cash Outflow from Investing Activities was US$23.4M in 2014 and is due primarily to plant and equipment acquisitions of US$19.2M, predominantly the new tailings facility at LHM, nano filtration equipment and tailings pipeline at KM, and capitalised exploration expenditure of US$5.0M. The net cash outflow of US$34.9M in 2013 was due primarily to plant and equipment acquisitions of US$21.6M, predominantly the new tailings facility at LHM and capitalised exploration expenditure of US$14.3M.

Net Cash Inflow from Financing Activities of US$15.5M in 2014 is mainly attributable to the net proceeds received from the share placement of US$78.2M and proceeds received from the drawdown of the new LHM project finance facility of US$110.0M. This has been partially offset by the full repayment of the existing project finance facilities for KM of US$68.1M and LHM of US$101.5M. The net outflow in 2013 of US$181.5M was mainly attributable to the repayment of project financing for KM of US$29.9M and LHM of US$17.0M in addition to the repayment of the U$134.0M convertible bond.

The Group's consolidated financial statements have been prepared on a going concern basis, which contemplates the continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business.

During the nine months ended 31 March 2014, the Group incurred net losses after tax attributable to the members of US$274.9M (2013: US$247.7M) and had net cash inflow of US$25.6M (2013: US$0.5M). At 31 March 2014, the Group had a net working capital surplus of US$172.1M (30 June 2013: US$193.0M) including cash on hand of US$103.3M (30 June 2013: US$78.1M). Included within this cash on hand is US$11.1M (30 June 2013: US$25.7M), which is restricted for use in respect of the LHM project finance facility.

The amount outstanding at 31 March 2014 on the project finance facility was US$110.0M.

Repayment obligations, during the next twelve months to 31 March 2015, in respect of interest bearing loans and borrowings are summarised as follows:

- secured bank loan principal repayments of US$18.3M for project financing; and

- interest payments of US$32.3M for project financing and convertible bonds.

On 20 January 2014, the Company announced that it signed an agreement on 18 January 2014 to sell a 25% equity stake in the Langer Heinrich uranium mining operation in Namibia to China Uranium Corporation Limited, a wholly owned subsidiary of CNNC, the leading Chinese nuclear utility, for consideration of US$190M.

Completion is now subject only to certain Chinese regulatory approvals (including the National Development and Reform Commission), which are expected to be obtained by June 2014. Consents for the transaction from Paladin's project financiers and the Bank of Namibia have been received and as a consequence, on 16 April 2014 the US$20M deposit paid by CNNC has been released from escrow to Paladin and is non-refundable.

Proceeds from the sale will be utilised to repay debt across the Company.

In addition, in arriving at its position in relation to going concern, the Directors have given consideration to the following:

- the refinancing of the LHM and the KM project finance facilities announced in January 2014;

- placing KM on care and maintenance will improve Paladin's forecast cash flow position by US$7-10M in calendar year 2014 and US$20-25M in calendar year 2015; and

- the Group has a history of successful capital raisings.

The following is a summary of the Group's outstanding commitments as at 31 March 2014:

Payments due by period	Total US$M	Less than 1 yr US$M	1 to 5yrs US$M	5yrs+ or Unknown US$M
Tenements	30.3	2.9	4.0	23.4
Operating leases	2.2	1.0	1.2	-
Mining, transport and reagents	29.2	27.2	2.0	-
Oobagooma acquisition costs	0.3	0.3	-	-
Manyingee acquisition costs	0.7	-	-	0.7
Total commitments	**62.7**	**31.4**	**7.2**	**24.1**

In relation to the Manyingee Uranium Project, the acquisition terms provide for a payment of A$0.75M (US$0.69M) by the Group to the vendors when all project development approvals are obtained.

The Group has no other material off balance sheet arrangements.

OUTSTANDING SHARE INFORMATION

As at 15 May 2014 Paladin had 964,367,284 fully paid ordinary shares issued. The following table sets out the fully paid ordinary shares and those issuable under the Group Employee Performance Share Rights Plan and in relation to the Convertible Bonds:

As at 15 May 2014	Number
Ordinary shares	964,367,284
Issuable under Employee Performance Share Rights Plan	2,082,094
Issuable in relation to the US$300 million Convertible Bonds	55,524,708
Issuable in relation to the US$274 million Convertible Bonds	129,919,393
Total	**1,151,893,479**

CRITICAL ACCOUNTING ESTIMATES

The preparation of the Financial Report requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Significant areas requiring the use of management estimates relate to the determination of the following: carrying value or impairment of inventories, financial investments, property, plant and equipment, intangibles, mineral properties and deferred tax assets; carrying value of rehabilitation, mine closure, sales contracts provisions and deferred tax liabilities; and the calculation of share-based payments.

FINANCIAL INSTRUMENTS

At 31 March 2014, the Group has exposure to interest rate risk, which is the risk that the Group's financial position will be adversely affected by movements in interest rates that will increase the cost of floating rate project finance debt or opportunity losses that may arise on fixed rate convertible bonds in a falling interest rate environment. Interest rate risk on cash and short-term deposits is not considered to be a material risk due to the historically low US dollar interest rates of these financial instruments.

The Group has no significant monetary foreign currency assets and liabilities apart from Namibian Dollar and Malawi Kwacha cash, receivables, payables and provisions and Australian dollar cash, payables and Canadian payables.

The Group currently does not engage in any hedging or derivative transactions to manage uranium price movements, interest rate or foreign currency risks.

The Group's credit risk is the risk that a contracting entity will not complete its obligation under a financial instrument that will result in a financial loss to the Group. The carrying amount of financial assets represents the maximum credit exposure. The Group trades only with recognised, credit worthy third parties. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not material.

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

OTHER RISKS AND UNCERTAINTIES

Risk Factors

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

TRANSACTIONS WITH RELATED PARTIES

During the nine months ended 31 March 2014 no payments were made to Director related entities. Directors of the Company receive fees as outlined in the Company's management circular.

DISCLOSURE CONTROLS

The Group has applied its Disclosure Control Policy to the preparation of the Consolidated Financial Report for the nine months ended 31 March 2014, associated Management Discussion and Analysis and Report to Shareholders. An evaluation of the Group's disclosure controls and procedures used has been undertaken and concluded that the disclosure controls and procedures were effective.

INTERNAL CONTROLS

The Group has designed appropriate Internal Controls over Financial Reporting (ICFR) and ensured that these were in place for the nine months ended 31 March 2014. An evaluation of the design of ICFR has concluded that it is adequate to prevent a material misstatement of the Group's Consolidated Financial Report as at 31 March 2014.

During the year, the Group continued to have an internal audit function externally contracted to Deloitte Touche Tohmatsu. Internal audit reports and follow-up reviews were completed during the year and the Group continues to address their recommendations. The resultant changes to the ICFR have improved and will continue to improve the Group's framework of internal control in relation to financial reporting.

SUBSEQUENT EVENTS

Other than disclosed below, since 31 March 2014, the Directors are not aware of any other matter or circumstance not otherwise dealt with in this report, that has significantly or may significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in subsequent periods with the exception of the following, the financial effects of which have not been provided for in the 31 March 2014 Financial Report:

US$20M Deposit Released from Escrow, Langer Heinrich Namibia

On 16 April 2014, the Company announced that, further to the sale of a 25% minority interest in Langer Heinrich to CNNC for US$190M, the conditions required to allow release of the escrowed US$20M non-refundable deposit had been satisfied. The escrow agent has forwarded these funds to Paladin's bank account.

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

	Notes	Three months ended 31 March 2014 US$M	Three months ended 31 March 2013 US$M	Nine months ended 31 March 2014 US$M	Nine months ended 31 March 2013 US$M
Revenue	**5(a)**	88.6	106.4	260.1	301.9
Cost of sales	**5(b)**	(87.0)	(89.0)	(262.8)	(262.8)
Impairment – inventory, stores and consumables		-	(3.3)	(24.9)	(13.7)
Gross profit/(loss)		1.6	14.1	(27.6)	25.4
Other income	**5(c)**	-	0.4	0.4	1.6
Exploration and evaluation expenses	**13**	(0.3)	(0.3)	(1.2)	(1.2)
Administration, marketing and non-production costs	**5(d)**	(4.8)	(9.5)	(18.0)	(31.2)
Other expenses	**5(e)**	0.3	(44.4)	(333.7)	(144.6)
Loss before interest and tax		(3.2)	(39.7)	(380.1)	(150.0)
Finance costs	**5(f)**	(17.0)	(16.0)	(44.9)	(49.6)
Net loss before income tax		**(20.2)**	**(55.7)**	**(425.0)**	**(199.6)**
Income tax (expense)/benefit	**6**	(0.3)	(4.8)	102.3	(84.5)
Net loss after tax		**(20.5)**	**(60.5)**	**(322.7)**	**(284.1)**
Attributable to:					
Non-controlling interests		(0.6)	(6.4)	(47.8)	(36.4)
Members of the parent		(19.9)	(54.1)	(274.9)	(247.7)
Net loss after tax		**(20.5)**	**(60.5)**	**(322.7)**	**(284.1)**
Loss per share (US cents)[(1)]					
Loss after tax from operations attributable to ordinary equity holders of the Company - basic and diluted (US cents)		(1.8)	(6.5)	(28.1)	(29.6)

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

(1) Loss per share for all periods prior to 31 March 2014 have been adjusted by an adjustment facture of 1.04 to reflect the bonus element on the share placement disclosed in Note 18.

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

	Three months ended 31 March		Nine months ended 31 March	
	2014 US$M	**2013 US$M**	**2014 US$M**	**2013 US$M**
Net loss after tax	**(20.5)**	**(60.5)**	**(322.7)**	**(284.1)**
Other comprehensive income				
Items that may be reclassified subsequently to profit or loss:				
Transfer of realised gains to other income on disposal of available-for-sale financial assets	-	(0.4)	(0.3)	(1.2)
Net gain/(loss) on available-for-sale financial assets	3.2	(3.5)	(0.8)	1.3
Transfer of impairment loss on available-for-sale financial assets to income statement	-	-	4.3	-
Foreign currency translation attributable to members of the parent	5.9	(3.1)	(14.3)	16.8
Income tax on items of other comprehensive income	(0.2)	1.1	(0.1)	-
Items that will not be subsequently reclassified to profit or loss:				
Foreign currency translation attributable to non-controlling interests	1.2	0.3	(0.8)	2.0
Other comprehensive income/(loss) for the period, net of tax	**10.1**	**(5.6)**	**(12.0)**	**18.9**
Total comprehensive loss for the period	**(10.4)**	**(66.1)**	**(334.7)**	**(265.2)**
Total comprehensive loss attributable to:				
Non-controlling interests	0.6	(6.1)	(48.6)	(34.5)
Members of the parent	(11.0)	(60.0)	(286.1)	(230.7)
	(10.4)	(66.1)	(334.7)	(265.2)

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

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

	Notes	As at 31 March 2014 Unaudited US$M	As at 30 June 2013 Audited US$M
ASSETS			
Current assets			
Cash and cash equivalents	7	103.3	78.1
Trade and other receivables	8	21.2	78.3
Prepayments		5.4	9.2
Inventories	9	115.1	158.8
TOTAL CURRENT ASSETS		245.0	324.4
Non current assets			
Trade and other receivables	8	1.1	0.1
Inventories	9	156.7	141.4
Other financial assets	10	9.1	10.3
Property, plant and equipment	11	291.2	301.0
Mine development	12	36.2	42.8
Exploration and evaluation expenditure	13	669.4	1,004.9
Intangible assets	14	12.4	12.8
TOTAL NON CURRENT ASSETS		1,176.1	1,513.3
TOTAL ASSETS		1,421.1	1,837.7
LIABILITIES			
Current liabilities			
Trade and other payables		49.8	57.9
Interest bearing loans and borrowings	15	17.8	63.6
Provisions	16	5.3	9.9
TOTAL CURRENT LIABILITIES		72.9	131.4
Non current liabilities			
Interest bearing loans and borrowings	15	615.3	614.2
Deferred tax liabilities		82.9	186.9
Provisions	16	58.0	57.0
Unearned revenue	17	200.0	200.0
TOTAL NON CURRENT LIABILITIES		956.2	1,058.1
TOTAL LIABILITIES		1,029.1	1,189.5
NET ASSETS		**392.0**	**648.2**
EQUITY			
Contributed equity	18(a)	1,926.9	1,845.7
Reserves		92.7	106.6
Accumulated losses		(1,570.4)	(1,295.5)
Parent interests		449.2	656.8
Non-controlling interests		(57.2)	(8.6)
TOTAL EQUITY		**392.0**	**648.2**

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

PALADIN ENERGY LTD AND CONTROLLED ENTITIES
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
EXPRESSED IN US DOLLARS

	Contributed Equity US$M	Available for Sale Reserve US$M	Share-Based Payments Reserve US$M	Convertible Bond Non-Distrib-utable Reserve US$M	Foreign Exchange Revaluation Reserve US$M	Acquisition Reserve US$M	Option Application Reserve US$M	Consoli -dation Reserve US$M	Accumu-lated Losses US$M	Owners of the Parent US$M	Non-Controlling Interests US$M	Total US$M
Balance at 1 July 2012	**1,839.2**	**(2.8)**	**52.2**	**85.5**	**28.1**	**14.9**	**0.1**	**(0.2)**	**(874.6)**	**1,142.4**	**52.4**	**1,194.8**
Loss for the period	-	-	-	-	-	-	-	-	(247.7)	(247.7)	(36.4)	(284.1)
Other comprehensive income	-	0.1	-	-	16.9	-	-	-	-	17.0	1.9	18.9
Total comprehensive income/(loss) for the six months, net of tax	-	0.1	-	-	16.9	-	-	-	(247.7)	(230.7)	(34.5)	(265.2)
Share-based payment	-	-	3.8	-	-	-	-	-	-	3.8	-	3.8
Vesting of performance rights	6.5	-	(6.5)	-	-	-	-	-	-	-	-	-
Balance at 31 March 2013	**1,845.7**	**(2.7)**	**49.5**	**85.5**	**45.0**	**14.9**	**0.1**	**(0.2)**	**(1,122.3)**	**915.5**	**17.9**	**933.4**
Balance at 1 July 2013	**1,845.7**	**(4.2)**	**50.2**	**85.5**	**(39.7)**	**14.9**	**0.1**	**(0.2)**	**(1,295.5)**	**656.8**	**(8.6)**	**648.2**
Loss for the period	-	-	-	-	-	-	-	-	(274.9)	(274.9)	(47.8)	(322.7)
Other comprehensive income	-	3.1	-	-	(14.3)	-	-	-	-	(11.2)	(0.8)	(12.0)
Total comprehensive income/(loss) for the six months, net of tax	-	3.1	-	-	(14.3)	-	-	-	(274.9)	(286.1)	(48.6)	(334.7)
Contributions of equity, net of transaction costs	78.1	-	-	-	-	-	-	-	-	78.1	-	78.1
Share-based payment	-	-	0.4	-	-	-	-	-	-	0.4	-	0.4
Vesting of performance rights	3.1	-	(3.1)	-	-	-	-	-	-	-	-	-
Balance at 31 March 2014	**1,926.9**	**(1.1)**	**47.5**	**85.5**	**(54.0)**	**14.9**	**0.1**	**(0.2)**	**(1,570.4)**	**449.2**	**(57.2)**	**392.0**

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

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

	Three months ended 31 March		Nine months ended 31 March	
	2014 US$M	**2013 US$M**	**2014 US$M**	**2013 US$M**
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	104.3	109.0	309.5	323.6
Proceeds from off-take agreement	-	150.0	-	200.0
Payments to suppliers and employees	(74.6)	(86.1)	(258.4)	(278.8)
Exploration and evaluation expenditure	(0.4)	(0.3)	(1.2)	(1.2)
Other income	-	-	0.1	0.1
Interest received	0.2	0.3	0.5	0.8
Interest paid	(0.3)	(5.3)	(17.0)	(27.6)
NET CASH INFLOW FROM OPERATING ACTIVITIES	29.2	167.6	33.5	216.9
CASH FLOWS FROM INVESTING ACTIVITIES				
Payments for property, plant and equipment	(4.2)	(6.1)	(19.2)	(21.6)
Proceeds from sale of property, plant and equipment	0.4	0.4	0.4	0.4
Proceeds from sale of investments	-	0.5	0.4	1.9
Payments for available-for-sale investments	-	-	-	(1.3)
Capitalised exploration expenditure	(2.4)	(4.1)	(5.0)	(14.3)
NET CASH OUTFLOW FROM INVESTING ACTIVITIES	(6.2)	(9.3)	(23.4)	(34.9)
CASH FLOWS FROM FINANCING ACTIVITIES				
Project finance facility establishment costs	(3.0)	(0.1)	(3.1)	(0.2)
Convertible bond finance costs	-	-	-	(0.4)
Repayment of borrowings	(125.8)	(15.7)	(169.6)	(46.9)
Proceeds from borrowings	110.0	-	110.0	-
Repayment of convertible bonds	-	(134.0)	-	(134.0)
Share placement	-	-	80.7	-
Equity fundraising costs	-	-	(2.5)	-
NET CASH (OUTFLOW)/INFLOW FROM FINANCING ACTIVITIES	(18.8)	(149.8)	15.5	(181.5)
NET INCREASE IN CASH AND CASH EQUIVALENTS	4.2	8.5	25.6	0.5
Cash and cash equivalents at the beginning of the period	99.4	104.7	78.1	112.1
Effects of exchange rate changes on cash and cash equivalents	(0.3)	(0.3)	(0.4)	0.3
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL PERIOD	103.3	112.9	103.3	112.9

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

NOTE 1. CORPORATE INFORMATION

The Interim Financial Report of the Group for the nine months ended 31 March 2014 was authorised for issue in accordance with a resolution of the Directors on 15 May 2014.

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

The nature of the operations and principal activities of the Group are described in the Management Discussion and Analysis on pages 3 to 16.

NOTE 2. GOING CONCERN

The Group's consolidated financial statements have been prepared on a going concern basis which contemplates the continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business.

During the nine months ended 31 March 2014, the Group incurred net losses after tax attributable to the members of US$274.9M (2013: US$247.7M) and had net cash inflow of US$25.6M (2013: inflow US$0.5M). At 31 March 2014, the Group had a net working capital surplus of US$172.1M (30 June 2013: US$193.0M) including cash on hand of US$103.3M (30 June 2013: US$78.1M). Included within this cash on hand is US$11.1M (30 June 2013: US$25.7M) which is restricted for use in respect of the LHM project finance facility.

Repayment obligations, during the next twelve months to 31 March 2015, in respect of interest bearing loans and borrowings are summarised as follows:

- secured bank loan principal repayments of US$18.3M for project financing; and
- interest payments of US$32.3M for project financing and convertible bonds.

On 20 January 2014, the Company announced that it signed an agreement on 18 January 2014 to sell a 25% equity stake in the Langer Heinrich uranium mining operation in Namibia to China Uranium Corporation Limited, a wholly owned subsidiary of CNNC, the leading Chinese nuclear utility, for consideration of US$190M.

The respective Boards of Paladin and CNNC have approved the transaction. Completion is subject only to certain Chinese regulatory approvals (including the National Development and Reform Commission), which are expected to be obtained by mid-2014, and routine consents for the transaction from Paladin's project financiers and the Bank of Namibia. Refer to Note 21 for details regarding the release of the US$20M non-refundable deposit.

In addition, in arriving at its position in relation to going concern, the Directors have given consideration to the following:

- the refinancing of the LHM and the KM project finance facilities announced in January 2014;
- placing KM on care and maintenance will improve Paladin's forecast cash flow position by US$7-10M in calendar year 2014 and US$20-25M in calendar year 2015; and
- the Group has a history of successful capital raisings.

NOTE 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

This general purpose condensed financial report for the nine months ended 31 March 2014 has been prepared in accordance with Australian Accounting Standards Board ("AASB") 134 *Interim Financial Reporting,* International Financial Reporting Standard, IAS 34 Interim Financial Reporting and the Corporations Act.

In addition to these requirements further information has been included in the Consolidated Financial Statements for the nine months ended 31 March 2014 in order to comply with applicable Canadian securities law, as the Company is listed on the Toronto Stock Exchange.

This financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the Annual Report for the year ended 30 June 2013 and any public announcements made by Paladin during the interim reporting period in accordance with the continuous disclosure requirements of ASX listing rules.

The financial report is presented in United States dollars and all values are rounded to the nearest hundred thousand dollars (US$100,000) unless otherwise stated under the option available to the Company under Australian Securities and Investments Commission ("ASIC") Class Order 98/100. The Company is an entity to which the class order applies.

The accounting policies adopted are consistent with those of the previous financial year unless otherwise stated.

New and amended accounting standards and interpretations

From 1 July 2013 the Group has adopted all Australian Accounting Standards and Interpretations effective for annual periods beginning on or before 1 July 2013.

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

New standards adopted by the Group include:

<u>AASB 10 Consolidated Financial Statements and AASB 127 Separate Financial Statements</u>
AASB 10 establishes a single control model that applies to all entities including special purpose entities. AASB 10 changes the definition of control such that an investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.
To meet the definition of control in AASB 10, all three criteria must be met, including:
(a) an investor has power over the investee;
(b) the investor has exposure, or rights, to variable returns from its involvement with the investee; and
(c) the investor has the ability to use its power over the investee to affect the amount of the investor's returns.

AASB 10 had no impact on the consolidation of investments held by the Group.

<u>AASB 11 Joint Arrangements and AASB128 Investment in Associates and Joint Ventures</u>
AASB 11 removes the option to account for jointly controlled entities (JCEs) using proportionate consolidation. Instead, JCEs that meet the definition of a joint venture under AASB 11 must be accounted for using the equity method.

AASB 11 has had no impact on the financial position and performance of the Group.

NOTE 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

New and amended accounting standards and interpretations (continued)

AASB 12 Disclosure of Interests in Other Entities
This Standard requires an entity to disclose information that enables users of its financial statements to evaluate:
(a) the nature of, and risks associated with, its interests in other entities; and
(b) the effects of those interests on its financial position, financial performance and cash flows.

AASB 12 has had no impact on the financial position and performance of the Group.

AASB 13 Fair Value Measurement
This Standard:
(a) defines fair value;
(b) sets out in a single Standard a framework for measuring fair value; and
(c) requires disclosures about fair value measurements.

AASB 13 has had no impact on the financial position and performance of the Group.

AASB 119 Employee Benefits
This Standard changes the definition of short-term employee benefits. The distinction between short-term and other long-term employee benefits is now based on whether the benefits are expected to be settled wholly within 12 months after the reporting date.

AASB 119 has had no impact on the financial position and performance of the Group.

Interpretation 20 Stripping Costs in the Production Phase of a Surface Mine
The Interpretation states that an entity must recognise production stripping costs as part of an asset when all of the following criteria are met:
(a) it is probable that the future economic benefits (improved access to an ore body) associated with the stripping activity will flow to the entity;
(b) the entity can identify the component of an ore body for which access has been improved; and
(c) the costs relating to the improved access to that component can be measured reliably.
The Interpretation considers that production stripping activity may create two benefits, which include:
(i) extraction of ore (inventory) in the current period; and
(ii) improved access to an ore body to be mined in a future period.

To the extent that the benefit is realised in the current period in the form of inventory produced, an entity must account for the associated production stripping costs in accordance with the principles of AASB 102 Inventories.

To the extent that the benefit creates improved access to ore to be mined in future periods, an entity must recognise these production stripping costs as a non-current asset, if the criteria above are met. The Interpretation refers to this non-current asset as the “stripping activity asset”.

The Group has assessed that the useful lives of the individual identifiable components of the relative ore bodies are short and that the strip ratio over the life of component is relatively uniform. Accordingly, the Group accounts for production stripping costs as a production cost in accordance with AASB 102 Inventories. Accordingly, the adoption of Interpretation 20 has had no impact on the financial position or performance of the Group.

NOTE 4. SEGMENT INFORMATION

Identification of reportable segments

The Group has identified its operating segments to be Exploration, Namibia and Malawi, on the basis of the nature of the activity and geographical location and different regulatory environments. The main segment activity in Namibia and Malawi is the production and sale of uranium from the mines located in these geographic regions. The Exploration segment is focused on developing exploration and evaluation projects in Australia, Niger and Canada. The Unallocated portion covers the Group's sales and marketing, treasury, corporate and administration.

Discrete financial information about each of these operating segments is reported to the Group's executive management team (chief operating decision makers) on at least a monthly basis.

The accounting policies used by the Group in reporting segments internally are the same as those used in the prior period.

Inter-entity sales are priced with reference to the UxC spot rate.

Corporate charges comprise expenses such as corporate office expenses. A proportion of the corporate charges are allocated to Namibia and Malawi on the basis of timesheet allocations with the balance remaining in Unallocated.

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

- interest revenue;
- non project finance interest and borrowing expense; and
- unallocated corporate and labour costs.

The Group's customers are major utilities and other entities located mainly in North America, Australia, Asia and Europe. These revenues are attributed the geographic location of the mines being the reporting segments Namibia and Malawi.

NOTE 4. SEGMENT INFORMATION (continued)

The following tables present revenue, expenditure and asset information regarding operating segments for the nine months ended 31 March 2014 and 31 March 2013.

Nine months ended 31 March 2014	**Exploration US$M**	**Namibia US$M**	**Malawi US$M**	**Unallocated US$M**	**Consolidated US$M**
Sales to external customers	-	157.7	101.9	-	259.6
Other revenue	-	-	-	0.5	0.5
Total consolidated revenue	-	157.7	101.9	0.5	260.1
Cost of goods sold	-	(150.5)	(112.3)	-	(262.8)
Impairment of inventory, stores and consumables	-	-	(24.9)	-	(24.9)
Gross Profit/(Loss)	-	7.2	(35.3)	0.5	(27.6)
Other expenses	(0.8)	(1.2)	(7.9)	(19.0)	(28.9)
Impairment of exploration and evaluation	(323.6)	-	-	-	(323.6)
Segment (loss)/profit before income tax and finance costs	(324.4)	6.0	(43.2)	(18.5)	(380.1)
Finance costs	-	(5.9)	(5.1)	(33.9)	(44.9)
(Loss)/Profit before income tax	(324.4)	0.1	(48.3)	(52.4)	(425.0)
Income tax benefit/(expense)	97.3	5.2	-	(0.2)	102.3
(Loss)/profit after income tax	(227.1)	5.3	(48.3)	(52.6)	(322.7)
At 31 March 2014					
Segment total assets	673.3	609.1	75.2	63.5	1,421.1

Nine months ended 31 March 2013	**Exploration US$M**	**Namibia US$M**	**Malawi US$M**	**Unallocated US$M**	**Consolidated US$M**
Sales to external customers	-	177.2	123.8	-	301.0
Other revenue	-	-	-	0.9	0.9
Inter segment sales	-	9.9	4.9	-	14.8
Total segment revenue	-	187.1	128.7	0.9	316.7
Elimination of inter segment sales	-	(9.9)	(4.9)	-	(14.8)
Total consolidated revenue	-	177.2	123.8	0.9	301.9
Cost of goods sold	-	(141.0)	(121.8)	-	(262.8)
Impairment of inventory, stores and consumables	-	-	(13.7)	-	(13.7)
Gross Profit/(Loss)	-	36.2	(11.7)	0.9	25.4
Other expenses	(0.6)	(1.8)	(8.4)	(23.8)	(34.6)
Impairment of asset	-	-	(140.8)	-	(140.8)
Segment (loss)/profit before income tax and finance costs	(0.6)	34.4	(160.9)	(22.9)	(150.0)
Finance costs	-	(5.6)	(4.9)	(39.1)	(49.6)
(Loss)/profit before income tax	(0.6)	28.8	(165.8)	(62.0)	(199.6)
Income tax benefit/(expense)	0.2	0.6	(85.0)	(0.3)	(84.5)
(Loss)/profit after income tax	(0.4)	29.4	(250.8)	(62.3)	(284.1)
At 30 June 2013					
Segment total assets	1,009.3	639.1	140.2	49.1	1,837.7

NOTE 5. REVENUE AND EXPENSES

	Three months ended 31 March		Nine months ended 31 March	
	2014 US$M	**2013 US$M**	**2014 US$M**	**2013 US$M**
(a) Revenue				
Sale of uranium	88.6	106.1	259.6	301.0
Interest income from non-related parties	-	0.3	0.5	0.8
Other revenue	-	-	-	0.1
Total	**88.6**	**106.4**	**260.1**	**301.9**
(b) Cost of Sales				
Costs before depreciation and amortisation	(81.5)	(77.8)	(235.6)	(230.2)
Depreciation and amortisation	(12.8)	(14.1)	(42.3)	(43.1)
Impairment loss reversed on sale of inventory	12.8	9.7	34.1	29.1
Product distribution costs	(4.3)	(3.4)	(13.2)	(9.6)
Royalties	(1.2)	(3.4)	(5.8)	(9.0)
Total	**(87.0)**	**(89.0)**	**(262.8)**	**(262.8)**
(c) Other income				
Gain on disposal of investment	-	0.4	0.4	1.6
Total	**-**	**0.4**	**0.4**	**1.6**
(d) Administration, marketing and non-production costs				
Corporate and marketing	(3.6)	(5.9)	(11.6)	(17.2)
Restructure costs	-	-	(0.1)	(0.4)
Mine sites (LHM and KM)	(0.6)	(2.2)	(4.0)	(6.2)
Canadian operations	-	0.5	(0.1)	(0.3)
Non-cash – Share based payments	(0.2)	(0.7)	(0.4)	(3.3)
Non-cash – Depreciation	(0.4)	(0.5)	(1.2)	(1.5)
LHM Stage 4 expansion evaluation project	-	(0.5)	(0.6)	(1.1)
KM research and development	-	(0.2)	-	(1.2)
Total	**(4.8)**	**(9.5)**	**(18.0)**	**(31.2)**

NOTE 5. REVENUE AND EXPENSES (continued)

	Three months ended 31 March		Nine months ended 31 March	
	2014 US$M	**2013 US$M**	**2014 US$M**	**2013 US$M**
(e) Other expenses				
Impairment of exploration assets [1]	-	-	(323.6)	-
Impairment of available-for-sale financial assets	-	-	(4.3)	-
Impairment of asset [2]	-	(44.8)	-	(140.8)
Slope remediation	-	-	-	(0.2)
KM fixed costs during plant shutdown	-	(0.3)	(4.7)	(2.6)
Foreign exchange gain/(loss) (net)	0.3	0.7	(1.1)	(1.0)
Total	**0.3**	**(44.4)**	**(333.7)**	**(144.6)**

[1] At 31 December 2013, due to the continuing depressed uranium price, an impairment charge of US$323.6M (US$226.5M after tax) was recognised to reduce the carrying value of the Queensland exploration assets. The estimated recoverable amount of the project of US$396.9M (US$338.6M net of deferred tax liability) was determined on the basis of fair value less costs to dispose, using a valuation range provided by recent comparable market transactions and other market indicators.

[2] 2013 - The continued deterioration of the uranium price has resulted in a reduction of the carrying value of fixed assets to the recoverable amount of US$77.6M of the KM assets from US$218.4M resulting in an impairment charge of US$140.8M (2012: US$178.9M).

(f) Finance costs

Interest expense	(8.5)	(10.2)	(25.5)	(32.4)
Accretion relating to convertible bonds (non-cash)	(4.5)	(4.6)	(13.5)	(13.5)
Unwind of discount on mine closure provision	(0.5)	(0.5)	(1.4)	(1.6)
Facility costs	(3.5)	(0.7)	(4.5)	(2.1)
Total	**(17.0)**	**(16.0)**	**(44.9)**	**(49.6)**

NOTE 6. INCOME TAX

Reconciliation of accounting loss to income tax benefit/expense

	Three months ended 31 March		Nine months ended 31 March	
	2014 US$M	**2013 US$M**	**2014 US$M**	**2013 US$M**
Loss before income tax expense	(20.2)	(55.7)	(425.0)	(199.6)
Tax at the Australian rate of 30% (2013 – 30%)	6.1	16.7	127.5	59.9
Tax effect of amounts which are taxable/(non-deductible) in calculating taxable income	(19.9)	39.3	10.5	64.2
	(13.8)	56.0	138.0	124.1
Difference in overseas tax rates	(0.2)	(0.4)	2.5	(4.6)
Under/(over) prior year adjustment	5.1	-	5.1	5.8
Foreign exchange differences	(46.1)	(49.4)	4.3	(83.3)
Other – deferred tax asset recognised/derecognised	54.7	(11.0)	(47.6)	(126.5)
Income tax (expense)/benefit reported in Income Statement	**(0.3)**	**(4.8)**	**102.3**	**(84.5)**

NOTE 7. CASH AND CASH EQUIVALENTS

	31 March 2014 US$M	30 June 2013 US$M
Cash at bank and on hand	12.5	9.8
Short-term bank deposits	90.8	68.3
Total cash and cash equivalents	**103.3**	**78.1**

Total cash and cash equivalents includes US$11.1M (30 June 2013: US$25.7M) restricted for use in respect of the LHM project finance facility (refer to Note 15).

NOTE 8. TRADE AND OTHER RECEIVABLES

	31 March 2014 US$M	30 June 2013 US$M
Current		
Trade receivables	10.4	60.4
GST and VAT	8.7	13.5
Sundry debtors	2.1	4.4
Total current receivables	**21.2**	**78.3**
Non Current		
Sundry debtors	1.1	0.1
Total non current receivables	**1.1**	**0.1**

NOTE 9. INVENTORIES

	31 March 2014 US$M	30 June 2013 US$M
Current		
Stores and consumables (at cost)	8.4	33.5
Stores and consumables (at net realisable value)	18.6	-
Stockpiles (at cost)	5.0	2.0
Work-in-progress (at cost)	3.8	2.3
Work-in-progress (at net realisable value)	1.7	11.4
Finished goods (at cost)	57.7	57.5
Finished goods (at net realisable value)	19.9	52.1
Total current inventories at the lower of cost and net realisable value	**115.1**	**158.8**

During the nine months ended 31 March 2014 an impairment of US$24.9M (2013: US$13.7M) was required to reduce the cost of inventory, stores and consumables held at KM to a net realisable value. This resulted in an impairment expense recognised in cost of sales.

	31 March 2014 US$M	30 June 2013 US$M
Non Current		
Stockpiles (at cost)	156.7	141.4
Total non current inventories at the lower of cost and net realisable value	**156.7**	**141.4**

Stockpiles at LHM that are unlikely to be processed within 12 months of the balance sheet date.

NOTE 10. OTHER FINANCIAL ASSETS

	31 March 2014 US$M	30 June 2013 US$M
Available-for-sale financial assets	**9.1**	**10.3**

The Group has an investment in DYL and at 31 March 2014 held 304,400,275 with a market value of US$8.2M (30 June 2013: 304,400,275 with a market value of US$9.2M) fully paid ordinary shares.

The Group also holds minor investments in other companies.

NOTE 11. PROPERTY, PLANT AND EQUIPMENT

Plant and equipment (at cost) (1)	711.1	704.8
Less accumulated depreciation and impairment	(431.2)	(414.5)
Total plant and equipment	279.9	290.3
Land and buildings (at cost) (2)	11.1	11.4
Less accumulated depreciation	(2.4)	(2.2)
Total land and buildings	8.7	9.2
Construction work in progress (at cost) (3)	9.9	4.3
Less impairment	(7.3)	(2.8)
Total construction work in progress	2.6	1.5
Total property, plant and equipment	**291.2**	**301.0**

(1) Includes additions of US$2.5M (30 June 2013: US$24.9M)
(2) Includes additions of US$Nil (30 June 2013: US$Nil)
(3) Includes additions of US$12.9M (30 June 2013: US$9.5M)

NOTE 12. MINE DEVELOPMENT

Mine development (at cost) (1)	192.3	185.1
Less accumulated depreciation and impairment	(156.1)	(142.3)
Total mine development	**36.2**	**42.8**

(1) Includes additions of US$6.2M (30 June 2013: US$13.9M)

NOTE 13. EXPLORATION AND EVALUATION EXPENDITURE

The following table details the expenditures on interests in mineral properties by area of interest for the nine months ended 31 March 2014:

Areas of interest	Valhalla /Skal [1] US$M	Isa North US$M	Fusion US$M	Angela/ Pamela US$M	Bigrlyi US$M	Niger US$M	KM US$M	Canada US$M	Other Uranium Projects US$M	Total US$M
Balance 30 June 2013	**576.1**	**137.7**	**10.9**	**-**	**10.0**	**-**	**-**	**261.7**	**8.5**	**1,004.9**
Project exploration and evaluation expenditure										
Labour	0.1	0.1	-	0.1	-	0.1	0.1	1.9	0.4	2.8
Outside services	-	-	-	-	-	-	0.2	0.8	0.1	1.1
Other expenses	0.2	0.1	-	0.1	-	0.1	0.1	1.7	0.3	2.6
Total expenditure	0.3	0.2	-	0.2	-	0.2	0.4	4.4	0.8	6.5
Expenditure expensed	-	(0.1)	-	(0.2)	-	(0.2)	(0.4)	-	(0.3)	(1.2)
Expenditure capitalised	0.3	0.1	-	-	-	-	-	4.4	0.5	5.3
Foreign exchange differences	(3.3)	(1.5)	0.2	-	0.1	-	-	(12.8)	0.1	(17.2)
Impairment of exploration and evaluation	(246.7)	(76.9)	-	-	-	-	-	-	-	(323.6)
Balance 31 March 2014	**326.4**	**59.4**	**11.1**	**-**	**10.1**	**-**	**-**	**253.3**	**9.1**	**669.4**

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

NOTE 14. INTANGIBLE ASSETS

	31 March 2014 US$M	30 June 2013 US$M
Intangible assets – at cost	27.8	27.8
Less accumulated depreciation and impairment	(15.4)	(15.0)
Net carrying value – intangible assets	**12.4**	**12.8**

NOTE 15. INTEREST BEARING LOANS AND BORROWINGS

	Maturity	31 March 2014 US$M	30 June 2013 US$M
Current			
Secured bank loans		17.8	63.6
Total current interest bearing loans and borrowings		**17.8**	**63.6**
Non Current			
Unsecured convertible bonds[(1)]	2015	283.3	276.0
Unsecured convertible bonds[(2)]	2017	242.8	236.6
Secured bank loan	amortised to 2015	-	37.0
Secured bank loan	amortised to 2017	-	64.6
Secured bank loan	amortised to 2019	89.2	-
Total non current interest bearing loans and borrowings		**615.3**	**614.2**

The above figures include transaction costs which offset the balance in accordance with the requirements of Accounting Standards.

Unsecured convertible bonds

(1) On 5 November 2010, the Company issued US$300M in convertible bonds with a coupon rate of 3.625%, (underlying effective interest rate of 7.47%) maturing on 5 November 2015 with a conversion price of US$5.403, for Company shares.

(2) On 30 April 2012, the Company issued US$274M in convertible bonds with a coupon rate of 6% (underlying effective interest rate of 10.68%) maturing on 30 April 2017 with a conversion price of US$2.109 for Company shares.

Pursuant to the terms of the Bonds the prevailing Conversion Price is subject to adjustment where any new issue of shares is at less than 95% of the Current Market Price. Following the completion of the Placement on 12 August 2013, the Conversion Prices have been adjusted as follows:

- convertible bonds due 2015: US$5.403 (previously US$5.608); and
- convertible bonds due 2017: US$2.109 (previously US$2.19).

In disclosing the convertible bonds in the Consolidated Financial Statements, the Company has accounted for them in accordance with Australian Accounting Standards. Under these standards, the convertible bonds consist of both a liability (underlying debt) and equity component (conversion rights into Company shares).

NOTE 15. INTEREST BEARING LOANS AND BORROWINGS (continued)

Secured bank loans

Langer Heinrich Mine, Namibia
On 17 January 2014, the Group entered into a project financing facility of US$110.0M for the refinancing of the previous LHM and KM project financing facilities. The facility consists of a six-year US$110.0M project financing facility and a US$20.0M working capital facility. The facility was provided by Nedbank Capital (a division of Nedbank Limited), Nedbank Namibia Limited, the Standard Bank of South Africa Limited and Standard Bank Namibia Limited. The initial refinancing facility was fully drawn down during the March 2014 quarter. The facility bears interest at the LIBOR plus 4.75%. The project finance facility of US$110.0M is repayable on a semi-annually basis over the term of the loan. The facilities are secured with fixed and floating charges over the assets of Langer Heinrich Uranium (Pty) Ltd and its immediate holding companies.

At 31 March 2014 US$110.0M (30 June 2013: US$169.6M) was outstanding under the project finance facilities.

Transaction costs relating to the establishment of the facilities have been included as part of interest bearing loans and borrowings.

NOTE 16. PROVISIONS

	31 March 2014 US$M	**30 June 2013 US$M**
Current		
Employee benefits	5.3	9.9
Total current provisions	**5.3**	**9.9**
Non Current		
Employee benefits	2.2	3.0
Rehabilitation provision	53.8	52.3
Demobilisation provision	2.0	1.7
Total non current provisions	**58.0**	**57.0**

NOTE 17. UNEARNED REVENUE

	31 March 2014 US$M	30 June 2013 US$M
Non Current		
Unearned revenue	200.0	200.0
Total unearned revenue	**200.0**	**200.0**

Total prepayment of US$200M under a six year off-take agreement with EdF, a major electricity generator and distribution company in France, to deliver a total of 13.73Mlb U_3O_8 in the period from 2019 to 2024. Uranium delivered under the off-take agreement will be sold to EdF at market prices prevailing at the time of delivery bounded by escalating floor and ceiling prices.

To secure the Company's obligation to deliver product representing the prepayment amount, EdF holds security over 60.1% of the Group's Michelin project in Canada. The percentage of Michelin secured will be reduced by joint agreement as the value of that project is enhanced by the Group's ongoing work. The Michelin security can also be replaced by other appropriate security if required.

NOTE 18. CONTRIBUTED EQUITY

(a) Issued and paid up capital

Ordinary shares	31 March 2014 Number of Shares	30 June 2013 Number of Shares	31 March 2014 US$M	30 June 2013 US$M
Issued and fully paid	964,367,284	837,187,808	1,926.9	1,845.7

(b) Movements in ordinary shares on issue

Date		Number of Shares	Issue Price A$	Exchange Rate US$: A$	Total US$M
Balance 30 June 2012		835,645,290			1,839.2
September 2012	Rights vested	1,180,361	-	-	-
February 2013	Rights vested	143,635	-	-	-
March 2013	Rights vested	218,522	-	-	-
	Transfer from reserves				6.5
Balance 30 June 2013		**837,187,808** (1)			**1,845.7**

(1) Includes 43,134 shares held by Paladin Employee Plan Pty Ltd.

NOTE 18. CONTRIBUTED EQUITY (continued)

(b) Movements in ordinary shares on issue (continued)

Date		**Number of Shares**	**Issue Price A$**	**Exchange Rate US$: A$**	**Total US$M**
Balance 30 June 2013		837,187,808			1,845.7
August 2013	Share placement	125,578,171	0.70	1.08998	80.6
September 2013	Rights vested	566,095	-	-	-
November 2013	Rights vested	786,493	-	-	-
December 2013	Rights vested	85,437	-	-	-
January 2014	Rights vested	37,630	-	-	-
February 2014	Rights vested	125,650	-	-	-
	Transfer from reserves				3.1
	Transaction costs				(2.5)
Balance 31 March 2014		**964,367,284** (1)			**1,926.9**

(1) Includes 1,084 shares held by Paladin Employee Plan Pty Ltd.

(c) Performance Share Rights

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

	31 March 2014 Number	**30 June 2013 Number**
Number of unlisted employee share rights	2,139,969	3,358,957

Consisting of the following:

Date rights granted	**Vesting date**	**Vesting performance conditions**	**Number**
5 November 2010	5 November 2014	Relative total shareholder return	250,000
2 April 2012	1 September 2014	Time based	402,475
2 April 2012	1 September 2014	Relative total shareholder return	281,980
2 April 2012	1 September 2014	Market price	422,970
15 November 2013	14 November 2014	Time based(2)	732,544
15 November 2013	1 September 2015	Time based(2)	50,000
Total			**2,139,969**

(2) The fair value of the equity-settled share rights granted under the plan is estimated as at the date of grant using the Black-Scholes valuation model for rights with non-market based performance conditions. The weighted average fair value of rights granted during the year was A$0.41.

NOTE 19. COMMITMENTS AND CONTINGENCIES

There were no outstanding commitments or contingencies, which are not disclosed in the Financial Report of the Group as at 31 March 2014 other than:

(a) Tenements	**31 March 2014 US$M**	**30 June 2013 US$M**
Commitments for tenements contracted for at the reporting date but not recognised as liabilities, payable:		
Within one year	2.9	1.0
Later than one year but not later than 5 years	4.0	6.0
More than 5 years	23.4	24.6
Total tenements commitment	**30.3**	**31.6**

These include commitments relating to tenement lease rentals and the minimum expenditure requirements of the Namibian, Malawian, Canadian, Western Australian, South Australian, Northern Territorian and Queensland 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 Group 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, Australia and Canada.

(b) Operating Lease Commitments

The Group has entered into various property leases relating to rental of offices and residential accommodation.

These non-cancellable leases have remaining terms of between 1 month and 6 years. All leases include a clause to enable upward revision of rental charge on an annual basis according to prevailing market conditions.

Future minimum rentals payable under non-cancellable operating leases as at 31 March are as follows:

	31 March 2014 US$M	**30 June 2013 US$M**
Within one year	1.0	1.4
Later than one year but not later than 5 years	1.2	2.2
More than 5 years	-	-
Total operating lease commitment	**2.2**	**3.6**

NOTE 19. COMMITMENTS AND CONTINGENCIES (continued)

	31 March 2014 US$M	30 June 2013 US$M
(c) Other Commitments		
Commitments for mining, transport and reagents contracted for at the reporting date but not recognised as liabilities, payable:		
Within one year	27.2	50.5
Later than one year but not later than 5 years	2.0	2.0
More than 5 years	-	-
Total other commitments	**29.2**	**52.5**

(d) Acquisition Costs

In relation to the Oobagooma Uranium Project, the Group holds a first ranking application for an exploration licence. The Group will pay AREVA Australia A$375,000 / US$0.35M on final grant of the tenement.

In relation to the Manyingee Uranium Project, the re-negotiated acquisition terms provide for a payment of A$0.75M / (US$0.69M) (30 June 2013: A$0.75M (US$0.68M)) by the Group to the vendors when all project development approvals are obtained.

(e) Bank Guarantees

As at 31 March 2014 the Group has outstanding US$765,432 / (A$827,791) (30 June 2013: US$959,302 / A$1,050,387) as a current guarantee provided by a bank for the corporate office lease, a US$228,855 / (A$247,500) (30 June 2013: US$219,193 / A$240,005) guarantee for tenements and a US$10M (30 June 2013: US$10M) KM environmental performance guarantee.

(f) Contingent Liability

A dispute has arisen between a Group company and a contractor in relation to the contract for the Stage 3 expansion at LHM. The contractor is seeking payment of the disputed sum of ZAR235M, which is approximately US$22M. The Group denies the claim and will vigorously defend it. The Group is also counterclaiming damages from the contractor and cross-claiming from another contractor. The precise quantum of the counter-claim and cross claim has not yet been established but is expected to exceed the contractor's claim.

NOTE 20. FINANCIAL INSTRUMENTS

Risk Management Activities

The risk management activities are consistent with those of the previous financial year unless otherwise stated.

Financial Instruments

Set out below is an overview of financial instruments, other than cash and short-term deposits, held by the Group:

	As at 31 March 2014 Unaudited US$M	As at 30 June 2013 Audited US$M
Financial assets:		
Cash and cash equivalents	103.3	78.1
Trade and other receivables – at amortised cost	21.2	78.3
Total current	**124.5**	**156.4**
Trade and other receivables - at amortised cost	1.1	0.1
Available-for-sale financial assets - at fair value	9.1	10.3
Total non-current	**10.2**	**10.4**
Total	**134.7**	**166.8**
Financial liabilities:		
Trade and other payables - at amortised cost	49.8	57.9
Interest bearing loans and borrowings - at amortised cost	17.8	63.6
Total current	**67.6**	**121.5**
Interest bearing loans and borrowings - at amortised cost	615.3	614.2
Total non-current	**615.3**	**614.2**
Total	**682.9**	**735.7**

NOTE 20. FINANCIAL INSTRUMENTS (continued)

Fair Values

Set out below is a comparison by class of the carrying amounts and fair value of the Group's financial instruments, other than those with carrying amounts that are reasonable approximations of fair values as at 31 March 2014:

	Carrying amount US$M	Fair value US$M
Financial liabilities:		
Interest bearing loans and borrowings:		
- Secured bank loan	17.8[1]	18.3
Total current	**17.8**	**18.3**
Interest bearing loans and borrowings		
- Secured bank loan	89.2[1]	91.7
- Unsecured convertible bonds	526.1[1]	505.3[2]
Total non-current	**615.3**	**597.0**
Total	**633.1**	**615.3**

(1) This figure includes transaction costs which offset the balance in accordance with the requirements of Accounting Standards.

(2) The fair value is calculated using quoted prices in an active market.

NOTE 20. FINANCIAL INSTRUMENTS (continued)

Fair value hierarchy

The Group uses various methods in estimating the fair value of a financial instrument. The methods comprise:

Level 1 – the fair value is calculated using quoted prices in active markets.
Level 2 – the fair value is estimated using inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices).
Level 3 – the fair value is estimated using inputs for the asset or liability that are not based on observable market data.

The fair value of the financial instruments as well as the methods used to estimate the fair value are summarised in the table below:

	Quarter ended 31 March 2014				Year ended 30 June 2013			
	Quoted market price (Level 1)	**Valuation technique- market observable inputs (Level 2)**	**Valuation technique- non market observable inputs (Level 3)**	**Total**	**Quoted market price (Level 1)**	**Valuation technique- market observable inputs (Level 2)**	**Valuation technique- non market observable inputs (Level 3)**	**Total**
	US$M	**US$M**	**US$M**	**US$M**	**US$M**	**US$M**	**US$M**	**US$M**
Financial assets recognised at fair value								
Available-for-sale investments								
Listed investments	9.1	-	-	9.1	10.3	-	-	10.3
	9.1	**-**	**-**	**9.1**	**10.3**	**-**	**-**	**10.3**

The Group classifies its investments and other financial assets in the following categories: loans and receivables, held-to-maturity investments, available-for-sale financial assets and financial assets held for trading. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition.

NOTE 21. EVENTS AFTER THE REPORTING PERIOD

Other than disclosed below, since 31 March 2014, the Directors are not aware of any other matter or circumstance not otherwise dealt with in this report, that has significantly or may significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in subsequent periods with the exception of the following, the financial effects of which have not been provided for in the 31 March 2014 Financial Report:

US$20M Deposit Released from Escrow, Langer Heinrich Namibia

On 16 April 2014, the Company announced that, further to the sale of a 25% minority interest in Langer Heinrich to CNNC for US$190M, the conditions required to allow release of the escrowed US$20M non-refundable deposit had been satisfied. The escrow agent has forwarded these funds to Paladin’s bank account.

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

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

1. Review: I have reviewed the interim financial statements and interim MD&A (together, the "interim filings") of Paladin Energy Ltd for the interim period ended 31 March 2014.

2. No misrepresentation: Based on my knowledge, having exercised reasonable diligence, the interim filings do not contain any untrue statement of a material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made, for the period covered by the interim filings.

3. Fair presentation: Based on my knowledge, having exercised reasonable due diligence, the interim financial statements together with the other financial information included in the interim filings fairly present in all material respects the financial condition, results of operations and cash flows of the issuer, as of the date of and for the periods presented in the interim filings.

4. Responsibility: The issuer's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (DC&P) and internal control over financial reporting (ICFR), as those terms are defined in National Instrument 52-109 Certification of Disclosure in Issuer's Annual and Interim Filings, for the issuer.

5. Design: Subject to the limitations, if any, described in paragraphs 5.2 and 5.3, the issuer's other certifying officer and I have, as at the end of the period covered by the interim filings

   (a) designed DC&P, or caused it to be designed under our supervision, to provide reasonable assurance that:

      (i) material information relating to the issuer is made known to us by others, particularly during the period in which the annual filings are being prepared; and

      (ii) information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted by it under securities legislation is recorded, processed, summarised and reported within the time periods specified in securities legislation; and

   (b) designed ICFR, or caused it to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the issuer's GAAP.

5.1 Control Framework: The control framework the issuer's other certifying officer and I used to design the issuer's ICFR is the Internal Control – Integrated Framework issued by the Committee of Sponsoring Organisations of the Treadway Commission (COSO).

5.2 ICFR – material weakness relating to design: N/A

5.3 Limitation on scope of design: N/A

6. Reporting changes in ICFR: The issuer has disclosed in its interim MD&A any change in the issuer's ICFR that occurred during the period beginning on 1 July 2013 and ended on 31 March 2014 that has materially affected, or is reasonably likely to materially affect, the issuer's ICFR.

Dated: 15 May 2014

John Borshoff
Managing Director/CEO

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

I, Alan Rule, the certifying officer and Chief Financial Officer, Paladin Energy Ltd, certify the following:

1. Review: I have reviewed the interim financial statements and interim MD&A (together, the "interim filings") of Paladin Energy Ltd for the interim period ended 31 March 2014.

2. No misrepresentation: Based on my knowledge, having exercised reasonable diligence, the interim filings do not contain any untrue statement of a material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made, for the period covered by the interim filings.

3. Fair presentation: Based on my knowledge, having exercised reasonable due diligence, the interim financial statements together with the other financial information included in the interim filings fairly present in all material respects the financial condition, results of operations and cash flows of the issuer, as of the date of and for the periods presented in the interim filings.

4. Responsibility: The issuer's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (DC&P) and internal control over financial reporting (ICFR), as those terms are defined in National Instrument 52-109 Certification of Disclosure in Issuer's Annual and Interim Filings, for the issuer.

5. Design: Subject to the limitations, if any, described in paragraphs 5.2 and 5.3, the issuer's other certifying officer and I have, as at the end of the period covered by the interim filings

   (a) designed DC&P, or caused it to be designed under our supervision, to provide reasonable assurance that:

      (i) material information relating to the issuer is made known to us by others, particularly during the period in which the annual filings are being prepared; and

      (ii) information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted by it under securities legislation is recorded, processed, summarised and reported within the time periods specified in securities legislation; and

   (b) designed ICFR, or caused it to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the issuer's GAAP.

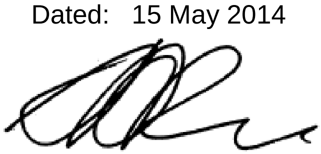
5.1 Control Framework: The control framework the issuer's other certifying officer and I used to design the issuer's ICFR is the Internal Control – Integrated Framework issued by the Committee of Sponsoring Organisations of the Treadway Commission (COSO).

5.2 ICFR – material weakness relating to design: N/A

5.3 Limitation on scope of design: N/A

6. Reporting changes in ICFR: The issuer has disclosed in its interim MD&A any change in the issuer's ICFR that occurred during the period beginning on 1 July 2013 and ended on 31 March 2014 that has materially affected, or is reasonably likely to materially affect, the issuer's ICFR.

Dated: 15 May 2014



Alan Rule
Chief Financial Officer

The following Management Discussion and Analysis ("MD&A") for Paladin Energy Ltd ("Company") and its controlled entities ("Group") should be read in conjunction with the Consolidated Financial Statements for the nine months ended 31 March 2014. The effective date of this report is 15 May 2014.

The financial information presented in this MD&A has been extracted from the attached financial statements. For the purpose of preparing our MD&A, we consider the materiality of information. Information is considered material if: (i) such information results in, or would reasonably be expected to result in, a significant change in market price or value of our shares; or (ii) there is a substantial likelihood that a reasonable investor would consider it important in making an investment decision; or (iii) it would significantly alter the total mix of information available to investors. We evaluate materiality with reference to all relevant circumstances, including potential market sensitivity.

In addition to these Australian requirements, further information has been included in the Consolidated Financial Statements for the nine months ended 31 March 2014 in order to comply with applicable Canadian securities law, as the Company is also listed on the Toronto Stock Exchange.

Additional information relating to the Company and its operations, including the Company's Quarterly Activities Report for each of the periods ended 30 September 2013, 31 December 2013 and 31 March 2014 and the most recent Annual Report for the year ended 30 June 2013 and other public announcements are available at www.paladinenergy.com.au.

FORWARD LOOKING STATEMENTS

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

The forward looking statements contained in this MD&A are not guarantees of future performance and involve certain risks and uncertainties that are difficult to predict. The future results of the Group 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 Group. 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 anticipated events.

NON IFRS MEASURE

C1 cost of production = cost of production excluding product distribution costs, sales royalties and depreciation and amortisation before adjustment for impairment. C1 cost, which is non-IFRS information, is a widely used 'industry standard' term. We use this measure as a meaningful way to compare our performance from period to period. We believe that, in addition to conventional measures prepared in accordance with IFRS, certain investors use this information to evaluate our performance. C1 cost information (unreviewed) has been extracted from the financial statements. For an analysis of total cost of sales refer to Note 5(b) to the financial statements. Refer to page 8 for reconciliation.

OVERVIEW

The Group has two operating uranium mines in Africa[(1)], uranium exploration projects in Australia, Africa and Canada, and a strategy to become a major uranium mining house. The Company is incorporated under the laws of Western Australia with a primary share market listing on the Australian Securities Exchange ("ASX") and additional listings on the Toronto Stock Exchange ("TSX") in Canada; as well as the Munich, Berlin, Stuttgart and Frankfurt Stock Exchanges in Europe; and the Namibian Stock Exchange in Africa.

(1) On 7 February 2014, the Company announced that Paladin (Africa) Limited, is suspending production at Kayelekera Mine in Malawi and will place the mine on care and maintenance.

The main activities and results during the nine months ended 31 March 2014 were:

OPERATIONS

- Continued steady combined production for Langer Heinrich (LHM) and Kayelekera (KM) mines demonstrating stable operation near or above budget production and below budget unit cost:
  - combined production of 2.089Mlb (948t) U_3O_8 for March 2014 quarter.
  - combined production of 6.342Mlb (2,877t) U_3O_8 for nine months to March 2014.
- LHM produced a record 1,392,694lb (632t) U_3O_8 for the March 2014 quarter, achieving 4% above budget. Production for the nine months to 31 March 2014 of 4,253,379lb, an increase of 8% over the nine months to 31 March 2013:
  - overall recovery for March 2014 quarter of 85.8%.
  - feed grades for the March 2014 quarter down to 750ppm U_3O_8.
  - previous water issues resolved.
- KM produced 696,710lb (316t) U_3O_8 for the March 2014 quarter, in line with the care and maintenance budget. Production for the nine months to 31 March 2014 of 2,088,328lb, a decrease of 4% over the nine months to 31 March 2014 in line with the care and maintenance budget:
  - recovery of 86.7% for the March 2014 quarter.
  - acid recovery plant successfully commissioned.
- C1 cost of production:
  - LHM C1 cost of production has fallen 3% from US$29.8/lb in the March 2013 quarter to US$29.0/lb in the March 2014 quarter.
  - KM C1 cost of production has decreased 17% from US$39.8/lb in the March 2013 quarter to US$32.9/lb in the March 2014 quarter.
- Following the decision to place KM on care and maintenance, Paladin's revised FY14 production guidance of 7.8 - 8.0Mlb U_3O_8 remains on track.

SALES AND REVENUE

- Sales revenue of US$88.6M for the quarter, selling 2.405Mlb U_3O_8 at an average price of US$36.8/lb. Sales for the nine months of 6.853Mlb U_3O_8 generated revenue of US$259.6M at an average price of US$37.9/lb.

CORPORATE INITIATIVES

- Sale of a 25% equity stake in LHM in Namibia to China Uranium Corporation Limited, a wholly owned subsidiary of China National Nuclear Corporation (CNNC), for US$190M announced in January 2014. Completion subject to certain Chinese regulatory approvals which are expected to be obtained by June 2014. Paladin satisfied the conditions to allow release of the escrowed US$20M non-refundable deposit from CNNC. The escrow agent forwarded these funds to Paladin's bank account in April 2014.
- Refinancing of the LHM and the KM project finance facilities completed. The new facility provides significant cash flow benefits with annual principal repayments reduced by US$35.5M in CY 2014 and US$23.7M in CY2015.
- Institutional placement of shares in August 2013 raised A$88M/US$80.6M.
- On 7 February 2014, the Company announced that its subsidiary company, Paladin (Africa) Limited ("PAL"), would be suspending production at KM in Malawi and will place the mine on care and maintenance to preserve the remaining ore body until Paladin determines that a sustained recovery in the price of uranium oxide would enable production to resume on a profitable basis. Production will continue until early May when reagent stocks will be depleted.

OTHERS

- Due to the continued uranium price weakness, for the six months ended 31 December 2013, an impairment expense of US$24.9M was recorded on inventory at KM. No further impairment was recorded for the quarter ended 31 March 2014.
- The recoverable amount of the Queensland exploration assets was reduced by an impairment expense of US$323.6M (US$226.5M after tax) in the quarter ended 31 December 2013.

FINANCIAL RESULTS

	Three months ended 31 March			Nine months ended 31 March		
	% Change	2014	2013	% Change	2014	2013
Production volume (Mlb)	5%	2.089	1.992	4%	6.342	6.112
Sales volume (Mlb)	25%	2.405	1.920	16%	6.853	5.928
Realised sales price (US$/lb)	(33)%	36.8/lb	55.2/lb	(25)%	37.9/lb	50.8/lb
		US$M	US$M		US$M	US$M
Revenue	(17)%	88.6	106.4	(14)%	260.1	301.9
Cost of Sales	2%	(87.0)	(89.0)	static	(262.8)	(262.8)
Impairment – inventory, stores and consumables	100%	-	(3.3)	(82)%	(24.9)	(13.7)
Gross profit/(loss)	**(89)%**	**1.6**	**14.1**	**(208)%**	**(27.6)**	**25.4**
Impairments	100%	-	(44.8)	(133)%	(327.9)	(140.8)
Loss after tax attributable to members of the parent	**63%**	**(19.9)**	**(54.1)**	**(11)%**	**(274.9)**	**(247.7)**
Other comprehensive income/(loss) for the period, net of tax		8.9	(5.9)		(11.2)	17.0
Total comprehensive loss attributable to the members of the parent	**82%**	**(11.0)**	**(60.0)**	**(24)%**	**(286.1)**	**(230.7)**
Loss per share - basic & diluted (US cents)	72%	(1.8)	(6.5)	5%	(28.1)	(29.6)

Three Months Ended 31 March 2014

References below to 2014 and 2013 are to the equivalent three months ended 31 March 2014 and 2013 respectively.

Revenue decreased 17% due to a 33% decrease in the average realised uranium price offset by a 25% increase in sales volume. Uranium sales tend to fluctuate quarter on quarter due to the uneven timing of contractual commitments and resultant delivery scheduling by utility customers.

Gross Profit decreased by 89% in 2014 to US$1.6M from a gross profit in 2013 of US$14.1M due to lower revenue.

Impairments have decreased from US$44.8M to US$nil. In 2013, there was an impairment charge of the KM assets of US$44.8M.

Loss after Tax attributable to the members of the parent for 2014 is predominantly due to lower revenue. The loss in 2013 is predominantly due to the US$44.8M impairment of the KM assets.

Nine Months Ended 31 March 2014

References below to 2014 and 2013 are to the equivalent nine months ended 31 March 2014 and 2013 respectively.

Revenue decreased 14%, due to a 25% decrease in realised sales price offset by a 16% increase in sales volume. Uranium sales tend to fluctuate quarter on quarter due to the uneven timing of contractual commitments and resultant delivery scheduling by utility customers.

Gross Loss in 2014 is a turnaround from a gross profit in 2013 due to lower prices and a higher impairment of KM inventory, stores and consumables of US$24.9M (2013: US$13.7M), which has been partially offset by a 16% increase in sales volume.

Impairments have increased predominantly due to the US$323.6M (US$226.5M after tax) impairment of the Queensland exploration assets. In 2013, there was an impairment charge of the KM assets of US$140.8M.

Loss after Tax attributable to the members of the parent for 2014 is predominantly due to the impairment of the Queensland exploration assets and lower prices. The loss in 2013 is predominantly due to the de-recognition of the US$98.2M KM net deferred tax asset and the US$140.8M impairment of the KM assets.

The Namibian segment profit decreased by US$24.1M due to lower revenue. The Malawian segment loss decreased by US$202.5M predominantly as a result of the impairment of the KM assets and the de-recognition of the net deferred tax asset in 2013. Exploration activities loss increased due to the impairment of the Queensland projects. In the Unallocated portion, the Group reflected the remaining Income Statement activities, which for 2014 comprise mainly marketing, corporate, finance and administration costs. The loss in this area has decreased by US$9.7M.

ANALYSIS OF REALISED SALES PRICE AND SALES & PRODUCTION VOLUMES

		THREE MONTHS ENDED 31 MARCH			**NINE MONTHS ENDED 31 MARCH**	
	% Change	**2014 US$M**	**2013 US$M**	**% Change**	**2014 US$M**	**2013 US$M**
Realised uranium sales price	(33)%	US$36.8/lb	US$55.2/lb	(25)%	US$37.9/lb	US$50.8/lb
		Mlb U_3O_8	**Mlb U_3O_8**		**Mlb U_3O_8**	**Mlb U_3O_8**
LHM sales volume	78%	1.405	0.790	13%	4.078	3.623
KM sales volume	(11)%	1.000	1.130	20%	2.775	2.305
Total sales volume	25%	**2.405**	**1.920**	**16%**	**6.853**	**5.928**
LHM production	13%	1.392	1.230	8%	4.253	3.939
KM production	(8)%	0.697	0.762	(4)%	2.089	2.173
Total production	5%	**2.089**	**1.992**	**4%**	**6.342**	**6.112**

The average realised uranium sales price in the quarter ended 31 March 2014 was US$36.8/lb U_3O_8, compared to the average UxC spot price for the quarter of US$35.1/lb U_3O_8.

The average realised uranium sales price in nine months ended 31 March 2014 was US$37.9/lb U_3O_8 compared to the average UxC spot price for the nine months of US$35.4/lb U_3O_8.

RECONCILIATION OF C1 COST OF PRODUCTION TO COST OF GOODS SOLD

	THREE MONTHS ENDED 31 MARCH 2014			THREE MONTHS ENDED 31 MARCH 2013		
	LHM	**KM**	**TOTAL**	**LHM**	**KM**	**TOTAL**
Volume Produced (Mlb)	*1.392*	*0.697*	*2.089*	*1.230*	*0.762*	*1.992*
	US$M	US$M	US$M	US$M	US$M	US$M
Cost of Production (C1)	40.4	22.9	63.3	36.6	30.3	66.9
Cost of Production/lb (C1)	*US$29.0/lb*	*US$32.9/lb*		*US$29.8/lb*	*US$39.8/lb*	
Depreciation & amortisation	10.8	2.4	13.2	6.9	4.4	11.3
Production distribution costs	1.7	1.7	3.4	1.6	2.0	3.6
Royalties	(0.1)	1.3	1.2	1.9	2.3	4.2
Inventory movement	(4.5)	7.5	3.0	(18.7)	15.4	(3.3)
Other	(0.3)	3.2	2.9	1.7	4.6	6.3
Cost of goods sold	**48.0**	**39.0**	**87.0**	**30.0**	**59.0**	**89.0**

The C1 cost of production for LHM, for the three months, in 2014 decreased by 3% to US$29.0/lb U_3O_8 (2013: US$29.8/lb U_3O_8). The C1 cost of production for KM, for the three months, in 2014 decreased by 17% to US$32.9/lb U_3O_8 (2013: US$39.8/lb U_3O_8). These results provide evidence that the benefits from the cost optimisation programme are being realised.

	NINE MONTHS ENDED 31 MARCH 2014			NINE MONTHS ENDED 31 MARCH 2013		
	LHM	**KM**	**TOTAL**	**LHM**	**KM**	**TOTAL**
Volume Produced (Mlb)	*4.253*	*2.089*	*6.342*	*3.939*	*2.173*	*6.112*
	US$M	US$M	US$M	US$M	US$M	US$M
Cost of Production (C1)	119.6	72.7	192.3	119.7	95.3	215.0
Cost of Production/lb (C1)	*US$28.1/lb*	*US$34.8/lb*		*US$30.4/lb*	*US$43.9/lb*	
Depreciation & amortisation	26.2	7.9	34.1	20.9	17.2	38.1
Production distribution costs	4.9	5.2	10.1	4.3	4.8	9.1
Royalties	2.8	3.6	6.4	5.2	3.5	8.7
Inventory movement	(2.3)	19.7	17.4	(22.5)	(4.1)	(26.6)
Other	(0.7)	3.2	2.5	13.4	5.1	18.5
Cost of goods sold	**150.5**	**112.3**	**262.8**	**141.0**	**121.8**	**262.8**

The C1 cost of production for LHM, for the nine months, in 2014 decreased by 8% to US$28.1/lb U_3O_8 (2013: US$30.4/lb U_3O_8). The C1 cost of production for KM, for the nine months, in 2014 decreased by 21% to US$34.8/lb U_3O_8 (2013: US$43.9/lb U_3O_8). These results provide evidence that the benefits from the cost optimisation programme are being realised.

ANALYSIS OF ADMINISTRATION, MARKETING & NON-PRODUCTION COSTS

		THREE MONTHS ENDED 31 MARCH			NINE MONTHS ENDED 31 MARCH	
	% Change	2014 US$M	2013 US$M	% Change	2014 US$M	2013 US$M
Total	**49%**	**(4.8)**	**(9.5)**	**42%**	**(18.0)**	**(31.2)**

Costs for the three months ended 31 March 2014 decreased by US$4.7M primarily due to corporate and marketing cost savings of US$2.3M that were achieved through a cost rationalisation review and a decrease of US$0.5M in non-cash share-based payments expense as there was a reduction in the number of share rights on issue compared to 2013.

Costs for the nine months ended 31 March 2014 decreased by US$13.2M primarily due to corporate and marketing cost savings of US$5.6M that were achieved through a cost rationalisation review and a decrease of US$2.9M in non-cash share-based payments expense as there was a reduction in the number of share rights on issue compared to 2013.

Summary of Quarterly Financial Results

		2014 Mar Qtr	**2013 Dec Qtr**	**2013 Sep Qtr**	**2013 Jun Qtr**
LHM					
Production U_3O_8	**Mlb**	1.393	1.431	1.429	1.353
C1 cost of production	**US$/lb**	29.0	27.5	28.0	29.4
KM					
Production U_3O_8	**Mlb**	0.697	0.777	0.615	0.790
C1 cost of production	**US$/lb**	32.9	33.1	39.3	39.2
Total revenues	**US$M**	88.6	102.1	69.4	109.6
Sales volume	**Mlb**	2.405	2.775	1.673	2.326
Realised uranium sales price	**US$/lb**	36.8	36.7	41.4	46.2
Impairments	**US$M**	-	(337.3)	(15.5)	(181.4)
Loss after tax attributable to members	**US$M**	(19.9)	(215.0)	(40.0)	(173.3)
Basic and diluted loss per share	**US cents**	(1.8)	(22.3)	(4.3)	(20.1)

		2013 Mar Qtr	**2012 Dec Qtr**	**2012 Sep Qtr**	**2012 Jun Qtr**
LHM					
Production U_3O_8	**Mlb**	1.230	1.419	1.290	1.322
C1 cost of production	**US$/lb**	29.8	29.6	31.8	32.2
KM					
Production U_3O_8	**Mlb**	0.762	0.772	0.639	0.726
C1 cost of production	**US$/lb**	39.8	43.5	49.0	52.2
Total revenues	**US$M**	106.4	134.2	61.3	126.2
Sales volume	**Mlb**	1.920	2.783	1.224	2.241
Realised uranium sales price	**US$/lb**	55.2	48.1	49.8	56.1
Impairments	**US$M**	(48.1)	(62.7)	(43.7)	(35.1)
Loss after tax attributable to members	**US$M**	(54.1)	(147.6)	(45.9)	(35.2)
Basic and diluted loss per share	**US cents**	(6.4)	(17.1)	(5.5)	(3.9)

C1 cost of production for LHM has fallen over the last year from US$29.8/lb in the March 2013 quarter to US$29.0/lb in the March 2014 quarter, a decrease of 3%. This is due mainly to reductions in soluble loss, reagent usage and impact of foreign exchange movements.

C1 cost of production for KM has fallen over the last year from US$39.8/lb in the March 2013 quarter to US$32.9/lb in the March 2014 quarter, a decrease of 17%. This is due mainly to improvements in resin in pulp (RIP) recovery and ore blend, commissioning of the acid recovery plant, which has led to a substantial reduction in acid consumption, and commissioning of the nano-filtration, which has led to a reduction in acid consumption.

These results provide evidence that the cost benefits from the continuous improvement and cost optimisation programmes at both sites continue to be realised.

Further improvements in C1 costs are expected over the next two years due to a number of additional cost saving initiatives. These include, at LHM, reductions in process reagents and water consumption as well as enhanced process recoveries.

Total revenues for the quarters ended March 2014, December 2013 and June 2013 are lower than the comparative quarter due to lower prices. Total revenue for the quarter ended September 2013 has increased when compared to the equivalent comparative quarter as a result of higher sales volumes of uranium.

SUMMARISED STATEMENT OF FINANCIAL POSITION	**As at 31 March 2014 Unaudited US$M**	**As at 30 June 2013 Audited US$M**
Cash and cash equivalents	103.3	78.1
Inventories	271.8	300.2
Interest bearing loans and borrowings	633.1	677.8
Net Assets	**392.0**	**648.2**

Cash and cash equivalents have increased by US$25.2M as a result of the net proceeds received from the August 2013 share placement of US$78.2M and the US$110.0M refinancing of the LHM and KM project finance facilities. This has been partially offset by the repayment of the existing KM project finance facility of US$68.1M and LHM project finance facility of US$101.5M. Additionally there were payments for plant and equipment of US$19.2M, exploration and evaluation project expenditure of US$6.2M, as well as finance costs, corporate costs and a decrease in receipts from customers.

Inventories have decreased by US$28.4M predominantly due to a decrease in the value of inventory held by KM as a result of lower volumes of inventory held as the mine transitions towards care and maintenance and the impairment discussed under the Financial Results section. This was partially offset by a planned increase in ROM stockpiles at LHM as part of Stage 3 production expansion in order to meet the future mine plan ore-blend requirements. The Group's sales volumes for the nine months of 6.853Mlb U_3O_8 were 0.511Mlb U_3O_8 higher than production of 6.342Mlb U_3O_8.

Interest Bearing Loans and Borrowings have decreased by US$44.7M primarily as a result of the US$110.0M refinancing of the LHM and KM project finance facilities, which was partially offset by the repayment of the existing project financing for KM of US$68.1M and LHM of US$101.5M, net of deferred borrowing amortisation and establishment costs of US$14.9M.

Segment Assets Namibian assets have decreased predominantly due to a decrease in trade and other receivables, which was partially offset by an increase in cash and inventory. Malawian assets have decreased as a result of the inventory impairment discussed under the Financial Results section. The Exploration segment has decreased due to the impairment of the Queensland projects discussed under the Financial Results section. In the Unallocated portion, assets increased predominantly due to an increase in cash.

LIQUIDITY AND CAPITAL RESOURCES

The Group's principal source of liquidity as at 31 March 2014 was cash of US$103.3M (30 June 2013: US$78.1M). Any cash available to be invested is held with Australian banks with a minimum AA- Standard & Poor's credit rating over a range of maturities. Of this, US$89.9M is held in US dollars.

Cash flow - three months ended 31 March 2014

Net Cash Inflow from Operating Activities was US$29.2M in 2014 (2013: US$167.6M), primarily due to receipts from customers of US$104.3M (2013: US$109.0M) and in 2013 the receipt of the long-term off-take agreement funds of US$150.0M. This was partially offset by payments to suppliers and employees of US$74.6M (2013: US$86.1M).

Net Cash Outflow from Investing Activities was US$6.2M in 2014 and is due primarily to plant and equipment acquisitions of US$4.2M and capitalised exploration expenditure of US$2.4M. The net cash outflow of US$9.3M in 2013 was due primarily to plant and equipment acquisitions of US$6.1M, predominantly the new tailings facility at LHM, and capitalised exploration expenditure of US$4.1M.

Net Cash Outflow from Financing Activities of US$18.8M in 2014 is attributable to the full repayment of existing project finance facilities for KM of US$48.1M and LHM of US$77.7M. This was partially offset by a drawdown of the new LHM project finance facility of US$110.0M. The net outflow in 2013 of US$149.8M was mainly attributable to the repayment of project financing for KM of US$10.0M and LHM of US$5.7M in addition to the repayment of the U$134.0M convertible bond.

Cash flow - nine months ended 31 March 2014

Net Cash Inflow from Operating Activities was US$33.5M in 2014 (2013: US$216.9M), primarily due to receipts from customers of US$309.5M (2013: US$323.6M) and in 2013 the receipt of the long-term off-take agreement funds of US$200.0M. This was partially offset by payments to suppliers and employees of US$258.4M (2012: US$278.8M) and net interest paid of US$16.5M (2012: US$26.8M).

Net Cash Outflow from Investing Activities was US$23.4M in 2014 and is due primarily to plant and equipment acquisitions of US$19.2M, predominantly the new tailings facility at LHM, nano filtration equipment and tailings pipeline at KM, and capitalised exploration expenditure of US$5.0M. The net cash outflow of US$34.9M in 2013 was due primarily to plant and equipment acquisitions of US$21.6M, predominantly the new tailings facility at LHM and capitalised exploration expenditure of US$14.3M.

Net Cash Inflow from Financing Activities of US$15.5M in 2014 is mainly attributable to the net proceeds received from the share placement of US$78.2M and proceeds received from the drawdown of the new LHM project finance facility of US$110.0M. This has been partially offset by the full repayment of the existing project finance facilities for KM of US$68.1M and LHM of US$101.5M. The net outflow in 2013 of US$181.5M was mainly attributable to the repayment of project financing for KM of US$29.9M and LHM of US$17.0M in addition to the repayment of the U$134.0M convertible bond.

The Group's consolidated financial statements have been prepared on a going concern basis, which contemplates the continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business.

During the nine months ended 31 March 2014, the Group incurred net losses after tax attributable to the members of US$274.9M (2013: US$247.7M) and had net cash inflow of US$25.6M (2013: US$0.5M). At 31 March 2014, the Group had a net working capital surplus of US$172.1M (30 June 2013: US$193.0M) including cash on hand of US$103.3M (30 June 2013: US$78.1M). Included within this cash on hand is US$11.1M (30 June 2013: US$25.7M), which is restricted for use in respect of the LHM project finance facility.

The amount outstanding at 31 March 2014 on the project finance facility was US$110.0M.

Repayment obligations, during the next twelve months to 31 March 2015, in respect of interest bearing loans and borrowings are summarised as follows:

- secured bank loan principal repayments of US$18.3M for project financing; and

- interest payments of US$32.3M for project financing and convertible bonds.

On 20 January 2014, the Company announced that it signed an agreement on 18 January 2014 to sell a 25% equity stake in the Langer Heinrich uranium mining operation in Namibia to China Uranium Corporation Limited, a wholly owned subsidiary of CNNC, the leading Chinese nuclear utility, for consideration of US$190M.

Completion is now subject only to certain Chinese regulatory approvals (including the National Development and Reform Commission), which are expected to be obtained by June 2014. Consents for the transaction from Paladin's project financiers and the Bank of Namibia have been received and as a consequence, on 16 April 2014 the US$20M deposit paid by CNNC has been released from escrow to Paladin and is non-refundable.

Proceeds from the sale will be utilised to repay debt across the Company.

In addition, in arriving at its position in relation to going concern, the Directors have given consideration to the following:

- the refinancing of the LHM and the KM project finance facilities announced in January 2014;

- placing KM on care and maintenance will improve Paladin's forecast cash flow position by US$7-10M in calendar year 2014 and US$20-25M in calendar year 2015; and

- the Group has a history of successful capital raisings.

The following is a summary of the Group's outstanding commitments as at 31 March 2014:

Payments due by period	Total US$M	Less than 1 yr US$M	1 to 5yrs US$M	5yrs+ or Unknown US$M
Tenements	30.3	2.9	4.0	23.4
Operating leases	2.2	1.0	1.2	-
Mining, transport and reagents	29.2	27.2	2.0	-
Oobagooma acquisition costs	0.3	0.3	-	-
Manyingee acquisition costs	0.7	-	-	0.7
Total commitments	**62.7**	**31.4**	**7.2**	**24.1**

In relation to the Manyingee Uranium Project, the acquisition terms provide for a payment of A$0.75M (US$0.69M) by the Group to the vendors when all project development approvals are obtained.

The Group has no other material off balance sheet arrangements.

OUTSTANDING SHARE INFORMATION

As at 15 May 2014 Paladin had 964,367,284 fully paid ordinary shares issued. The following table sets out the fully paid ordinary shares and those issuable under the Group Employee Performance Share Rights Plan and in relation to the Convertible Bonds:

As at 15 May 2014	**Number**
Ordinary shares	964,367,284
Issuable under Employee Performance Share Rights Plan	2,082,094
Issuable in relation to the US$300 million Convertible Bonds	55,524,708
Issuable in relation to the US$274 million Convertible Bonds	129,919,393
Total	**1,151,893,479**

CRITICAL ACCOUNTING ESTIMATES

The preparation of the Financial Report requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Significant areas requiring the use of management estimates relate to the determination of the following: carrying value or impairment of inventories, financial investments, property, plant and equipment, intangibles, mineral properties and deferred tax assets; carrying value of rehabilitation, mine closure, sales contracts provisions and deferred tax liabilities; and the calculation of share-based payments.

FINANCIAL INSTRUMENTS

At 31 March 2014, the Group has exposure to interest rate risk, which is the risk that the Group's financial position will be adversely affected by movements in interest rates that will increase the cost of floating rate project finance debt or opportunity losses that may arise on fixed rate convertible bonds in a falling interest rate environment. Interest rate risk on cash and short-term deposits is not considered to be a material risk due to the historically low US dollar interest rates of these financial instruments.

The Group has no significant monetary foreign currency assets and liabilities apart from Namibian Dollar and Malawi Kwacha cash, receivables, payables and provisions and Australian dollar cash, payables and Canadian payables.

The Group currently does not engage in any hedging or derivative transactions to manage uranium price movements, interest rate or foreign currency risks.

The Group's credit risk is the risk that a contracting entity will not complete its obligation under a financial instrument that will result in a financial loss to the Group. The carrying amount of financial assets represents the maximum credit exposure. The Group trades only with recognised, credit worthy third parties. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not material.

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

OTHER RISKS AND UNCERTAINTIES

Risk Factors

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

TRANSACTIONS WITH RELATED PARTIES

During the nine months ended 31 March 2014 no payments were made to Director related entities. Directors of the Company receive fees as outlined in the Company's management circular.

DISCLOSURE CONTROLS

The Group has applied its Disclosure Control Policy to the preparation of the Consolidated Financial Report for the nine months ended 31 March 2014, associated Management Discussion and Analysis and Report to Shareholders. An evaluation of the Group's disclosure controls and procedures used has been undertaken and concluded that the disclosure controls and procedures were effective.

INTERNAL CONTROLS

The Group has designed appropriate Internal Controls over Financial Reporting (ICFR) and ensured that these were in place for the nine months ended 31 March 2014. An evaluation of the design of ICFR has concluded that it is adequate to prevent a material misstatement of the Group's Consolidated Financial Report as at 31 March 2014.

During the year, the Group continued to have an internal audit function externally contracted to Deloitte Touche Tohmatsu. Internal audit reports and follow-up reviews were completed during the year and the Group continues to address their recommendations. The resultant changes to the ICFR have improved and will continue to improve the Group's framework of internal control in relation to financial reporting.

SUBSEQUENT EVENTS

Other than disclosed below, since 31 March 2014, the Directors are not aware of any other matter or circumstance not otherwise dealt with in this report, that has significantly or may significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in subsequent periods with the exception of the following, the financial effects of which have not been provided for in the 31 March 2014 Financial Report:

US$20M Deposit Released from Escrow, Langer Heinrich Namibia

On 16 April 2014, the Company announced that, further to the sale of a 25% minority interest in Langer Heinrich to CNNC for US$190M, the conditions required to allow release of the escrowed US$20M non-refundable deposit had been satisfied. The escrow agent has forwarded these funds to Paladin's bank account.

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

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

1. Review: I have reviewed the interim financial statements and interim MD&A (together, the "interim filings") of Paladin Energy Ltd for the interim period ended 31 March 2014.

2. No misrepresentation: Based on my knowledge, having exercised reasonable diligence, the interim filings do not contain any untrue statement of a material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made, for the period covered by the interim filings.

3. Fair presentation: Based on my knowledge, having exercised reasonable due diligence, the interim financial statements together with the other financial information included in the interim filings fairly present in all material respects the financial condition, results of operations and cash flows of the issuer, as of the date of and for the periods presented in the interim filings.

4. Responsibility: The issuer's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (DC&P) and internal control over financial reporting (ICFR), as those terms are defined in National Instrument 52-109 Certification of Disclosure in Issuer's Annual and Interim Filings, for the issuer.

5. Design: Subject to the limitations, if any, described in paragraphs 5.2 and 5.3, the issuer's other certifying officer and I have, as at the end of the period covered by the interim filings

   (a) designed DC&P, or caused it to be designed under our supervision, to provide reasonable assurance that:

      (i) material information relating to the issuer is made known to us by others, particularly during the period in which the annual filings are being prepared; and

      (ii) information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted by it under securities legislation is recorded, processed, summarised and reported within the time periods specified in securities legislation; and

   (b) designed ICFR, or caused it to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the issuer's GAAP.

5.1 Control Framework: The control framework the issuer's other certifying officer and I used to design the issuer's ICFR is the Internal Control – Integrated Framework issued by the Committee of Sponsoring Organisations of the Treadway Commission (COSO).

5.2 ICFR – material weakness relating to design: N/A

5.3 Limitation on scope of design: N/A

6. Reporting changes in ICFR: The issuer has disclosed in its interim MD&A any change in the issuer's ICFR that occurred during the period beginning on 1 July 2013 and ended on 31 March 2014 that has materially affected, or is reasonably likely to materially affect, the issuer's ICFR.

Dated: 15 May 2014

John Borshoff
Managing Director/CEO

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

I, Alan Rule, the certifying officer and Chief Financial Officer, Paladin Energy Ltd, certify the following:

1. Review: I have reviewed the interim financial statements and interim MD&A (together, the “interim filings”) of Paladin Energy Ltd for the interim period ended 31 March 2014.

2. No misrepresentation: Based on my knowledge, having exercised reasonable diligence, the interim filings do not contain any untrue statement of a material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made, for the period covered by the interim filings.

3. Fair presentation: Based on my knowledge, having exercised reasonable due diligence, the interim financial statements together with the other financial information included in the interim filings fairly present in all material respects the financial condition, results of operations and cash flows of the issuer, as of the date of and for the periods presented in the interim filings.

4. Responsibility: The issuer’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (DC&P) and internal control over financial reporting (ICFR), as those terms are defined in National Instrument 52-109 Certification of Disclosure in Issuer’s Annual and Interim Filings, for the issuer.

5. Design: Subject to the limitations, if any, described in paragraphs 5.2 and 5.3, the issuer’s other certifying officer and I have, as at the end of the period covered by the interim filings

   (a) designed DC&P, or caused it to be designed under our supervision, to provide reasonable assurance that:

      (i) material information relating to the issuer is made known to us by others, particularly during the period in which the annual filings are being prepared; and

      (ii) information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted by it under securities legislation is recorded, processed, summarised and reported within the time periods specified in securities legislation; and

   (b) designed ICFR, or caused it to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the issuer’s GAAP.

5.1 Control Framework: The control framework the issuer’s other certifying officer and I used to design the issuer’s ICFR is the Internal Control – Integrated Framework issued by the Committee of Sponsoring Organisations of the Treadway Commission (COSO).

5.2 ICFR – material weakness relating to design: N/A

5.3 Limitation on scope of design: N/A

6. Reporting changes in ICFR: The issuer has disclosed in its interim MD&A any change in the issuer’s ICFR that occurred during the period beginning on 1 July 2013 and ended on 31 March 2014 that has materially affected, or is reasonably likely to materially affect, the issuer’s ICFR.

Dated: 15 May 2014

Alan Rule
Chief Financial Officer