PALADIN ENERGY LTD

A.C.N. 061 681 098

FINANCIAL REPORT

FOR THE THREE MONTHS ENDED

30 SEPTEMBER 2012

PALADIN ENERGY LTD

Table of Contents – First Quarter Report 30 September 2012

	Page
Management Discussion and Analysis……………………………...	3
Consolidated Income Statement………………………………..................................	18
Consolidated Statement of Comprehensive Income………………………………………	19
Consolidated Statement of Financial Position…………………………………….....…	20
Consolidated Statement of Changes in Equity……………………...........................	21
Consolidated Statement of Cash Flows…………………………….....	22
Notes to Consolidated Financial Statements………………………..........................	23

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") should be read in conjunction with the Consolidated Financial Statements for the three months ended 30 September 2012. The effective date of this report is 12 November 2012.

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

In addition to these Australian requirements, further information has been included in the Consolidated Financial Statements for the three months ended 30 September 2012 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, including the Company's Quarterly Activities Report for the period ended 30 September 2012 and the most recent Annual Report for the year ended 30 June 2012 and other public announcements are available at www.paladinenergy.com.au.

FORWARD LOOKING STATEMENTS

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

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

OVERVIEW

Paladin is a uranium production Company with projects in Australia, Africa and Canada, two operating mines in Africa, 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.

The main activities during the three months ended 30 September 2012 were:

- Continued solid production at both the Langer Heinrich Mine (LHM) and Kayelekera Mine (KM) including:
  - combined production of 1.929Mlb (877t) U_3O_8, a decrease of 5.8% from last quarter but in line with expectations considering a 16-day planned annual maintenance shutdown at Kayelekera.
  - production averaged in excess of 97% of nameplate when excluding the Kayelekera plant shutdown period.

- LHM production of 1,290,462lb (587t) U_3O_8 – 99.2% of Stage 3 nameplate but importantly at feed grades of 754ppm U_3O_8 - 5.8% below design of 800ppm and 10.2% below last quarter feed grade of 840ppm.
  - record recovery of 86.8%.
  - demonstrated the ability of the project to produce at nameplate with feed grades well below design.

- KM production of 638,950lb (290t) U_3O_8 – down on last quarter but in line with expectation considering the successful shutdown which reduced plant availability for the quarter by 18%.
  - on an available operating day basis the plant achieved 94% of nameplate.
  - production reduced by approximately 135,000lb U_3O_8 as a result of the planned annual maintenance shutdown.
  - acid plant production substantially increased as a result of upgrades during the shutdown with positive cost implications.
  - the likelihood of cheaper grid power delivered to site within 12 months has increased substantially.

- Sales for the quarter of 1,224,477lb U_3O_8 generated revenue of US$61M representing an average sale price of US$49.83/lb however the December 2012 quarter sales are expected to be considerably higher at approximately 2.7Mlb U_3O_8.

- The utilisation of two new treatment processes at LHM and KM, which are now technically de-risked, creates opportunity for further production optimisation and cost efficiencies.

- US$50M first tranche payment received pursuant to the Long Term Off-take Contract with Électricité de France S.A. (EdF) with the balance of US$150M due to be received by 31 January 2013.

SUMMARISED INCOME STATEMENT

	Three months ended 30 September 2012 US$M	2011 US$M
Revenue	**61.3**	**103.0**
Gross profit	**2.4**	**10.0**
Exploration and evaluation expenses	(0.5)	(0.8)
Administration, marketing and non-production costs	(10.5)	(13.9)
Other expenses and income	(43.8)	(185.8)
Loss before interest and tax	(52.4)	(190.5)
Finance costs	(17.0)	(13.8)
Income tax benefit	18.2	61.3
Loss after tax	**(51.2)**	**(143.0)**
Loss after tax attributable to:		
Non-controlling interests	(5.3)	(19.6)
Members of the parent	(45.9)	(123.4)
	(51.2)	**(143.0)**
Loss per share - basic & diluted (US cents)	(5.5)	(15.3)

Three Months Ended 30 September 2012

References below to 2012 and 2011 refer to the equivalent three months ended 30 September 2012 and 2011 respectively.

C1 cost of production = cost of production excluding product distribution costs, sales royalties and depreciation and amortisation before adjustment for impairment. C1 cost is a widely used 'industry standard' term.

Analysis of Income Statement

ANALYSIS OF REVENUE AND GROSS PROFIT

			Three months ended 30 September	
			2012	**2011**
			US$M	**US$M**
Revenue from sales of uranium oxide	Down	41%	61.0	102.7
Gross profit	Down	76%	**2.4**	**10.0**
			Mlb U_3O_8	**Mlb U_3O_8**
LHM sales volume	Down	50%	0.624	1.252[1]
KM sales volume	Down	20%	0.600	0.750
Total sales volume	Down	39%	**1.224**	**2.002**
LHM production	Up	52%	1.290	0.849
KM production	Up	61%	0.639	0.396
Total production	Up	55%	**1.929**	**1.245**

[1] Includes 0.550Mlb of LHM material sold through Paladin Energy Ltd.

Revenue decreased from US$103.0M in 2011 to US$61.3M in 2012 as a result of decreased sales of uranium from US$102.7M in 2011 to 61.0M in 2012. The average realised uranium sales price in 2012 was US$50/lb U_3O_8 (2011: US$51/lb U_3O_8) compared to the average UxC spot price for the three months of US$49/lb U_3O_8.

Gross Profit in 2012 of US$2.4M is lower than in 2011 (US$10.0M) due to lower sales volumes. The C1 cost of production for LHM in 2012 decreased to US$31.8/lb U_3O_8 (2011: US$34.2/lb U_3O_8) due to the cost benefits of the increased Stage 3 production. The C1 cost of production for KM in 2012 (excluding impact of impairment) decreased to US$49.0/lb U_3O_8 (2011: US$52.8/lb U_3O_8) despite the plant shutdown in August 2012. The benefits of increased production levels and cost benefits from the cost optimisation programme are now being realised. Cost optimisation continues to be a key focus, with specific target areas including mining, acid, reagents, diesel, transport and providing increased opportunities for local workers. Major benefits from these costs reductions are expected over the next 18 months.

Exploration and Evaluation Expenditure of US$0.5M in 2012 relates to early stage work and project generation activities in Australia and Malawi and decreased slightly from 2011 (US$0.8M).

Administration, Marketing and Non-production Costs have decreased from US$13.9M to US$10.5M.

ANALYSIS OF ADMINISTRATION, MARKETING & NON-PRODUCTION COSTS

			Three months ended 30 September	
			2012 US$M	**2011 US$M**
Corporate & marketing	Down	18%	(4.9)	(6.0)
Mines sites (LHM & KM)	Down	21%	(1.9)	(2.4)
Canadian operations	Down	20%	(0.4)	(0.5)
Non-cash – share-based payments	Down	20%	(1.6)	(2.0)
Non-cash – depreciation	Unchanged	0%	(0.5)	(0.5)
Royalties	Down	13%	(0.7)	(0.8)
LHM Stage 4 expansion project	Down	88%	(0.2)	(1.7)
KM research and development	Up	100%	(0.3)	-
Total			**(10.5)**	**(13.9)**

Corporate and marketing cost savings of US$1.1M were achieved through the cost rationalisation programme that was announced to the market in the latter half of 2011. Tighter control has led to a reduction in corporate overheads. Additionally there has been a decrease of US$0.4M in non-cash share-based payments expense as there was a reduction in the number of share rights granted compared to 2011 and a decrease of US$1.5M relating to the LHM Stage 4 expansion evaluation project. These savings have been partially offset by an expenditure of US$0.3M relating to a metallurgical research and development project at KM.

<u>*Other Expenses and Income*</u> have decreased from US$185.8M to US$43.8M due predominantly to a lower impairment charge of the KM assets in 2012 of US$41.1M compared to US$178.9M in 2011 and a lower write-off of the fixed costs of KM of US$2.3M during the August 2012 plant shutdown compared to US$7.9M in 2011.

<u>*Finance Costs*</u> have increased from US$13.8M by US$3.2M to US$17.0M due to increase in debt outstanding and increased funding costs. Finance costs relate primarily to interest payable and accretion on the outstanding US$134M convertible bonds issued 11 March 2008, the US$300M convertible bonds issued 5 November 2010, the US$274M convertible bonds issued 30 April 2012, the US$88.0M project finance loan for KM and the US$118.5M project finance loan for LHM Stage 3.

<u>*Income Tax Benefit*</u> of US$18.2M for the three month to 30 September 2012 is as expected, and is effectively 30% of reported loss before tax, once factoring the adjustment for differing tax rates in foreign jurisdictions. Included in the income tax benefit, however are significant foreign exchange movements largely arising on the US$ loans in Namibia and Malawi which are effectively offset against the foreign exchange impact on deferred tax balances and losses. There are also prior period adjustments, largely relating to foreign exchange, which are effectively offset by the tax losses for the Australian tax group not being recognised (as the non-producing assets are not yet sufficiently advanced to provide certainty, at this point in time, of recovery against future income).

<u>*Non-controlling Interest*</u> in net losses of US$5.3M is attributable to the 18.0% interest in Summit Resources Limited (Summit) held by third parties and the 15% interest in Paladin (Africa) Ltd (PAL) held by the Government of Malawi.

<u>*Loss after Tax attributable to the members of the parent*</u> for 2012 of US$45.9M was lower than the loss after tax for 2011 of US$123.4M predominantly as a result of the recognition of a smaller impairment of the KM assets in 2012 compared to 2011 discussed earlier.

<u>*Loss per Share*</u> noted on the Income Statement reflects the underlying result for the specific reported periods and the additional shares issued in 2012 compared to 2011.

Summary of Quarterly Financial Results

		2012 Sep Qtr	2012 Jun Qtr	2012 Mar Qtr	2011 Dec Qtr
Total revenues	**US$M**	61.3	126.2	67.8	70.4
Sales volume	**Mlb**	1.224	2.241	1.137	1.318
(Loss)/profit after tax attributable to members	**US$M**	(45.9)	(35.2)	(17.5)	3.2
Basic and diluted(loss)/profit per share	**US cents**	(5.5)	(4.2)	(2.0)	0.4

		2011 Sep Qtr	2011 Jun Qtr	2011 Mar Qtr	2010 Dec Qtr
Total revenues	**US$M**	103.0	60.2	92.9	66.7
Sales volume	**Mlb**	2.002	1.099	1.396	1.274
Loss after tax attributable to members	**US$M**	(123.4)	(47.7)	(13.5)	(17.6)
Basic and diluted loss per share	**US cents**	(15.3)	(6.3)	(1.8)	(2.5)

Total revenues for the quarters ended June 2012 and December 2011 have increased when compared to the equivalent comparative quarter as a result of higher sales volumes of uranium, whereas total revenues for the quarters ended September 2012 and March 2012 are lower than the comparative quarter due to lower sales of uranium.

Uranium sales tend to fluctuate quarter-on-quarter due to the uneven timing of contractual commitments and resultant delivery scheduling by utility customers. Sales for September 2012 quarter were 1.2Mlb U_3O_8 however the December 2012 quarter sales are expected to be considerably higher at approximately 2.7Mlb U_3O_8.

Loss after tax for the quarter ended September 2012 of US$45.9M is lower than the comparative quarter loss of US$123.4M predominantly as a result of a smaller impairment of the KM assets in 2012 compared to 2011.

Loss after tax for the quarter ended June 2012 of US$35.2M is lower than the comparative quarter loss of US$47.7M predominantly as a result of higher revenues due to higher sales volumes of uranium.

Loss after tax for the quarter ended March 2012 of US$17.5M is higher than the comparative quarter loss of US$13.5M predominantly as a result of a US$11.9M impairment of KM finished goods inventory.

Profit after tax for the quarter ended December 2011 of US$3.2M is a turnaround from the loss of US$17.6M in the comparative quarter predominantly as a result of higher sales volumes and prices, other income in 2011 of US$2.1M relating to a foreign exchange gain (2010: US$2.3M foreign exchange loss) and the recognition of an income tax benefit of US$10.8M (2010: US$6.4M) predominantly due to previously unrecognised losses of Summit being recognised to partially offset the deferred tax liability arising on the fair value adjustment of Summit exploration.

(All figures are in US dollars unless otherwise indicated)

Segment Disclosure (refer to Note 4 in the Financial Statements)

The profit before tax and finance costs of US$5.3M in the Namibian segment decreased by US$7.6M (2011: US$12.9M) due to lower sales volumes of uranium and a lower spot price. The Malawian segment reflected a loss before tax and finance costs of US$50.8M, which is lower compared to a loss of US$193.1M in 2011 predominantly as a result of a smaller impairment of the KM assets in 2012 compared to 2011. Exploration activities have reduced slightly from 2011 to 2012. In the Unallocated portion, the Company reflected the remaining Income Statement activities, which for 2012 comprise mainly marketing, corporate, finance and administration costs. This area has reduced from a net loss before finance costs of US$9.8M to a net loss of US$6.7M as a result of the cost rationalisation programme.

Summary of Quarterly Production Results

		2012 Mar Qtr	**2012 June Qtr**	**2012 Sep Qtr**
LHM				
Production U_3O_8	**Mlb**	1.052	1.322	1.290
C1 cost of production	**US$/lb**	32.4	32.2	31.8
KM				
Production U_3O_8	**Mlb**	0.724	0.726	0.639
C1 cost of production	**US$/lb**	52.7	52.2	49.0

C1 cost of production for LHM has fallen from US$32.4/lb in the March 2012 quarter to US$31.8/lb in the September 2012 quarter.

C1 cost of production for KM has fallen from US$52.7/lb in the March 2012 quarter to US$49.0/lb in the September 2012 quarter.

These results provide evidence that the cost benefits from the cost optimisation programme at KM are being realised. Cost optimisation continues to be a key focus, with specific target areas including mining, acid, reagents, diesel, transport and providing increased opportunities for local workers. Major benefits from these costs reductions are expected over the next 18 months.

SUMMARISED STATEMENT OF COMPREHENSIVE INCOME

	Three months ended 30 September 2012 US$M	2011 US$M
Net loss after tax	**(51.2)**	**(143.0)**
Foreign currency translation	**25.3**	**(70.3)**
Transfer of realised gains to other income	**(0.8)**	**-**
Net loss on available-for-sale financial assets	**(0.8)**	**(8.5)**
Income tax on items of other comprehensive income	**0.4**	**3.0**
Total comprehensive loss for the period	**(27.1)**	**(218.8)**

Three months ended 30 September 2012

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

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

Transfer of Realised Gains to Other Income in 2012 of US$0.8M relates to the disposal of an available-for sale financial asset.

Net Loss on Available-for-Sale Financial Assets in 2012 of US$0.8M primarily relates to the fair value decrement in available for sale financial assets attributable to decrease in the share price.

Income Tax on Items of Other Comprehensive Income in 2012 relates to tax on movements in available-for-sale financial assets.

SUMMARISED STATEMENT OF FINANCIAL POSITION	**As at 30 September 2012 Unaudited US$M**	**As at 30 June 2012 Audited US$M**
Total current assets	402.4	391.6
Total non current assets	1,967.1	1,956.1
Total assets	2,369.5	2,347.7
Total current liabilities	261.9	253.9
Total non current liabilities	938.3	899.0
Total liabilities	1,200.2	1,152.9
Net Assets	**1,169.3**	**1,194.8**

Current Assets have increased to US$402.4M at 30 September 2012 due to an increase in cash and inventories, which has been partially offset by a decrease in trade and other receivables.

Cash and cash equivalents have increased from US$112.1M to US$144.3M at 30 September 2012 as a result of an increase in receipts from customers and the receipt of the first tranche of the off-take agreement funds of US$50.0M from EdF. This has been partially offset by principal repayments for KM project finance facility, payments for plant and equipment, exploration and evaluation project expenditure as well as finance costs, corporate costs and an increase in inventories.

Trade and other receivables have decreased from US$82.8M to US$24.8M at 30 September 2012 as a result of lower sales in the September 2012 quarter compared to the June 2012 quarter and a decrease in VAT receivable predominantly due to large receipts in Namibia.

Inventories have increased from US$186.5M to US$222.6M at 30 September 2012 due to sales volumes for the quarter of 1.224Mlb U_3O_8, being lower than production volumes for the quarter of 1.929Mlb U_3O_8.

Non Current Assets have increased from US$1,956.1M to US$1,967.1M at 30 September 2012 primarily as a result of the US$34.3M increase in the exploration assets, which is mainly due to the foreign exchange movement on the Australian and Canadian dollar denominated exploration assets because of the decrease in value of the US dollar against both currencies. ROM stockpiles increased as planned as part of Stage 3 production expansion in order to meet the future mine plan ore-blend requirements. This has been partially offset by a decrease in property, plant and equipment, mine development and intangible assets as a result of the Kayelekera Mine impairment expense discussed under the Summarised Income Statement section.

Current Liabilities have increased from US$253.9M to US$261.9M at 30 September 2012 primarily as a result of a slight increase in creditors of US$2.5M and an increase in employee provisions of US$4.9M due to a transfer from non current employee provisions.

Non Current Liabilities have increased from US$899.0M to US$938.3M at 30 September 2012 primarily due the receipt of the first tranche of the off-take agreement funds of US$50.0M which has been partially offset by decrease in the non current portion of interest bearing loans and borrowings of US$5.5M. This is mainly attributable to the repayment of project financing for KM of US$10.0M, offset by the accretion relating to convertible bonds and a decrease in employee provisions.

Segment Disclosure (refer to Note 4 in the Financial Statements)

In the Statement of Financial Position as at 30 September, the Company reflected an increase in assets for the Namibian segment in the year predominantly due to the Stage 3 expansion. For the Malawian segment, assets have decreased as a result of the Kayelekera Mine impairment expense. The Exploration segment has increased due to the weakening of the US dollar against the Australian dollar and the Canadian dollar which has resulted in an increase in the US dollar value of exploration assets within Australian and Canadian dollar functional currency subsidiaries. There has also been additional capitalised exploration expenditure.

SUMMARISED STATEMENT OF CHANGES IN EQUITY

	Three months ended 30 September	
	2012 US$M	**2011 US$M**
Total equity at the beginning of the financial period	1,194.8	1,355.2
Total comprehensive loss for the period	(27.1)	(218.8)
Recognised value of unlisted employee options and performance share rights	1.6	2.5
Total Equity at the end of the financial period	**1,169.3**	**1,138.9**

Total Comprehensive Loss for the Three months Ended 30 September 2012 is discussed under the Statement of Comprehensive Income section.

Recognised Value of Unlisted Employee Options and Performance Rights in 2012 totals US$1.6M (2011: US$2.5M). During the period 1,180,361 performance share rights vested (2011: 829,315) and 1,596,090 performance share rights were cancelled (2011: 342,770). No performance rights were granted (2011: Nil). 30,855 employee options expired or were forfeited (2011: 195,548) with an exercise price of A$4.50 per share (2011: A$4.50).

SUMMARISED STATEMENT OF CASH FLOWS

	Three months ended 30 September 2012 US$M	2011 US$M
Net cash inflow/(outflow) from operating activities	54.8	(19.4)
Net cash outflow from investing activities	(12.7)	(28.7)
Net cash (outflow)/inflow from financing activities	(10.4)	90.9
Net increase in cash and cash equivalents	31.7	42.8
Cash and cash equivalents at the beginning of financial period	112.1	117.4
Effects of exchange rate changes on cash and cash equivalents	0.5	(1.8)
Cash and cash equivalents at the end of the financial period	**144.3**	**158.4**

Three months ended 30 September 2012

Net Cash Inflow from Operating Activities was US$54.8M in 2012 (2011: net cash outflow US$19.4M), primarily due to receipts from customers of US$105.9M (2011: US$97.7) and receipt of the first tranche of the off-take agreement funds of US$50.0M (2011: US$Nil). This was partially offset by payments to suppliers and employees of US$96.4M (2011: US$106.7M). The LHM and KM operations generated US$7.5M in cash in 2012 before investment in working capital required to support higher production levels and payments for administration, marketing and site non-production costs of US$8.9M. The remaining expenditure was US$0.5M for exploration (2011: US$0.8M) and net interest paid of US$4.2M (2011: US$9.6M).

Net Cash Outflow from Investing Activities was US$12.7M in 2012 and is due primarily to plant and equipment acquisitions of US$7.4M, predominantly the new tailings facility at LHM, and capitalised exploration expenditure of US$5.3M. Exploration expenditure in future periods will be lower than the September quarter. The net cash outflow of US$28.7M in 2011 was due primarily to the Stage 3 expansion at LHM and capitalised exploration expenditure of US$4.3M.

Net Cash Outflow from Financing Activities of US$10.4M in 2012 is mainly attributable to the repayment of project financing for KM of US$10.0M. The net inflow in 2011 of US$90.9M was attributable to the US$125.6M net proceeds from the drawdown of LHM Stage 3 project finance facilities which were partially offset by the full repayment of outstanding balance of US$24.8M of the LHM Stage 1 project finance facility and US$9.9M repayment from the KM project finance facility.

Net Increase in Cash and Cash Equivalents in 2012 was US$31.7M, as compared to a net increase in cash over the previous corresponding period in 2011 of US$42.8M. The larger net increase in 2011 was predominantly the result of the US$125.6M net proceeds from the drawdown of LHM Stage 3 project finance facilities. This decrease in cash flows from financing activities has been partially offset by a higher level of receipts from customers and the receipt of US$50M from the off-take agreement together with lower spending on plant and equipment due to the completion of the high capital investment phase.

Effect of Exchange Rate Changes on cash balances is a gain of US$0.5M for 2012.

LIQUIDITY AND CAPITAL RESOURCES

The Group's principal source of liquidity as at 30 September 2012 is cash of US$144.3M (30 June 2011: US$112.1M). Any cash available to invest is held with Australian banks with a minimum AA- Standard & Poor's credit rating over a range of maturities. Of this US$126.4M is held in US dollars.

The Group's principal sources of cash for the three months ended 30 September 2012 were uranium sales receipts of US$105.9M and proceeds from the off-take agreement with EdF of US$50M.

The amount outstanding at 30 September 2012 on the LHM project finance facilities was US$118.5M and for the KM project finance facility, US$88M.

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 three months ended 30 September 2012, the Group incurred net losses after tax attributable to the members of US$45.9M (2011: US$123.4M) and had net cash inflow of US$31.7M (2011: US$42.8M). At balance date the Group had a net working capital surplus of US$140.5M (30 June 2012: US$137.7M) including cash on hand of US$144.3M (30 June 2012: US$112.1M). Included within this cash on hand is US$26.2M (3 June 2012: US$26.2M) which is restricted for use in respect of the LHM and KM project finance facilities.

Repayment obligations, during the next 12 months, in respect of interest bearing loans and borrowings are summarised as follows:

- Secured bank loans principal repayments of US$53.1M for LHM and KM project financing;
- Interest payments of US$40.2M for LHM and KM project financing and Convertible Bonds; and
- The final US$134.0M payment on the US$325.0M Convertible Bond which matures on 11 March 2013.

As set out in note 17, the Company has entered into a six year sales off-take agreement with EdF to sell a total of 13.73Mlb U_3O_8 in the period from 2019 to 2024. Pursuant to this agreement, prepayment of US$200M will be made to the Company in respect of part of the future U_3O_8 product deliveries. The first tranche of the prepayment of US$50M was received in September 2012 with the remaining amount of US$150M scheduled to be received by 31 January 2013.

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

- the Company has been in discussions with a select group of nuclear industry parties on strategic initiatives; and
- the Company has a history of refinancing some of its debt.

Accordingly, the Directors believe that the Group will obtain sufficient funding to enable the Group to continue as a going concern and that it is appropriate to adopt that basis of accounting in the preparation of the financial report.

The following is a summary of the Group's outstanding commitments as at 30 September 2012:

	Total	***Less than 1 yr***	***1 to 5yrs***	***5yrs+ or unknown***
Payments due by period	***US$M***	***US$M***	***US$M***	***US$M***
Tenements	50.2	9.0	13.5	27.7
Mine construction	1.5	1.5	-	-
Operating leases	4.9	1.4	3.5	-
Other	27.6	25.2	2.4	-
Manyingee acquisition costs	0.8	-	-	0.8
Total commitments	85.0	37.1	19.4	28.5

In relation to the Manyingee Uranium Project, the acquisition terms provide for a payment of A$0.75M (US$0.78M) by the Company to the vendors when all project development approvals are obtained.

In addition to the outstanding commitments above, the Company acquired a call option on 19 June 1998 in relation to the purchase of the Oobagooma Uranium Project and, in turn, granted a put option to the original holder of the project. Both the call and put options have an exercise price of A$0.75M (US$0.78M) and are subject to the Western Australian Department of Minerals & Energy granting tenements comprising two exploration licence applications. The A$0.75M (US$0.78M) is payable by the Company within 10 business days of the later of the grant of the tenements or the exercise of either the call or put option. The options will expire three months after the date the tenements are granted.

The Company has no other material off balance sheet arrangements.

OUTSTANDING SHARE INFORMATION

As at 12 November 2012 the Company had 836,825,651 fully paid ordinary shares issued and outstanding. The following table sets out the fully paid ordinary outstanding shares and those issuable under the Company Executive Share Option Plan, the Company Employee Performance Share Rights Plan and in relation to the Convertible Bonds:

As at 12 November 2012	**Number**
Outstanding shares	836,825,651
Issuable under Executive Share Option Plan	4,186,474
Issuable under Employee Performance Share Rights Plan	4,064,244
Issuable in relation to the US$134 million Convertible Bonds	20,542,695
Issuable in relation to the US$300 million Convertible Bonds	53,495,007
Issuable in relation to the US$274 million Convertible Bonds	125,114,155
Total	**1,044,228,226**

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 30 September 2012, 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, deferred tax liabilities and provisions and Australian dollar cash, payables and deferred tax liabilities 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 Company 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 three months ended 30 September 2012 no payments were made to Director related entities. Directors of the Company receive compensation based on their personal contracts.

DISCLOSURE CONTROLS

The Company has applied its Disclosure Control Policy to the preparation of the Consolidated Financial Report for the three months ended 30 September 2012 and associated Management Discussion and Analysis. An evaluation of the Company's disclosure controls and procedures used has been undertaken and concluded that the disclosure controls and procedures were effective.

INTERNAL CONTROLS

The Company has designed appropriate internal controls over financial reporting (ICFR) and ensured that these were in place for the three months ended 30 September 2012. An evaluation of the design of ICFR has concluded that it is adequate to prevent a material misstatement of the Company's Consolidated Financial Report as at 30 September 2012.

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

SUBSEQUENT EVENTS

Other than disclosed below, since the end of the three month period, 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 30 September 2012 Financial Report:

Queensland to Recommence Uranium Mining

On 22 October 2012, the Queensland Government announced that it will convene an implementation committee to oversee the recommencement of uranium mining in Queensland.

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

	Notes	Three months ended 30 September 2012 US$M	2011 US$M
Revenue			
Revenue	**5(a)**	61.3	103.0
Cost of sales	**5(b)**	(56.3)	(93.0)
Impairment – inventory		(2.6)	-
Gross Profit		2.4	10.0
Other income	**5(c)**	1.2	1.7
Exploration and evaluation expenses	**13**	(0.5)	(0.8)
Administration, marketing and non-production costs	**5(d)**	(10.5)	(13.9)
Other expenses	**5(e)**	(45.0)	(187.5)
Loss before interest and tax		(52.4)	(190.5)
Finance costs	**5(f)**	(17.0)	(13.8)
Net loss before income tax		**(69.4)**	**(204.3)**
Income tax benefit	**6**	18.2	61.3
Net loss after tax		**(51.2)**	**(143.0)**
Attributable to:			
Non-controlling interests		(5.3)	(19.6)
Members of the parent		(45.9)	(123.4)
		(51.2)	(143.0)
Loss per share (US cents)			
Loss after tax from operations attributable to ordinary equity holders of the Company - basic and diluted (US cents)		(5.5)	(15.3)

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

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

	Three months ended 30 September 2012 US$M	Three months ended 30 September 2011 US$M
Net loss after tax from operations	**(51.2)**	**(143.0)**
Other comprehensive income		
Items that may be reclassified subsequently to operating result		
Foreign currency translation	25.3	(70.3)
Transfer realised gains to other income	(0.8)	-
Net loss on available-for-sale financial assets	(0.8)	(8.5)
Income tax on items of other comprehensive income	0.4	3.0
Other comprehensive income/(loss) for the period, net of tax	**24.1**	**(75.8)**
Total comprehensive loss for the period	**(27.1)**	**(218.8)**
Total comprehensive loss attributable to:		
Non-controlling interests	(3.7)	(25.8)
Members of the parent	(23.4)	(193.0)
	(27.1)	(218.8)

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

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

	Notes	30 September 2012 US$M	30 June 2012 US$M
ASSETS			
Current assets			
Cash and cash equivalents	**7**	144.3	112.1
Trade and other receivables	**8**	24.8	82.8
Prepayments		10.7	10.2
Inventories	**9**	222.6	186.5
TOTAL CURRENT ASSETS		402.4	391.6
Non current assets			
Trade and other receivables	**8**	0.1	0.1
Inventories	**9**	124.6	114.2
Other financial assets		3.6	15.5
Investment in associate	**10**	12.9	-
Property, plant and equipment	**11**	450.8	491.7
Mine development	**12**	82.4	88.3
Exploration and evaluation expenditure	**13**	1,177.5	1,143.2
Deferred tax asset		98.2	85.0
Intangible assets	**14**	17.0	18.1
TOTAL NON CURRENT ASSETS		1,967.1	1,956.1
TOTAL ASSETS		2,369.5	2,347.7
LIABILITIES			
Current liabilities			
Trade and other payables		69.6	67.1
Interest bearing loans and borrowings	**15**	184.0	183.4
Provisions	**16**	8.3	3.4
TOTAL CURRENT LIABILITIES		261.9	253.9
Non current liabilities			
Interest bearing loans and borrowings	**15**	649.6	655.1
Deferred tax liabilities		201.8	203.5
Provisions	**16**	36.9	40.4
Unearned revenue	**17**	50.0	-
TOTAL NON CURRENT LIABILITIES		938.3	899.0
TOTAL LIABILITIES		1,200.2	1,152.9
NET ASSETS		**1,169.3**	**1,194.8**
Equity			
Contributed equity	**18(a)**	1,843.5	1,839.2
Reserves		197.6	177.8
Accumulated losses		(920.5)	(874.6)
Parent interests		1,120.6	1,142.4
Non-controlling interests		48.7	52.4
TOTAL EQUITY		**1,169.3**	**1,194.8**

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$M	Convertible Bond Non-Distributable Reserve US$M	Foreign Exchange Revaluation Reserve US$M	Premium on Acquisition Reserve US$M	Option Application Reserve US$M	Consolidation Reserve US$M	Accumulated Losses US$M	Owners of the Parent US$M	Non-Controlling Interests US$M	Total US$M
Balance at 1 July 2011	**1,768.1**	**11.7**	**49.5**	**60.4**	**68.8**	**14.9**	**0.1**	**(0.2)**	**(701.8)**	**1,271.5**	**83.7**	**1,355.2**
Loss for the period	-	-	-	-	-	-	-	-	(123.4)	(123.4)	(19.6)	(143.0)
Other comprehensive income	-	(8.5)	-	-	(61.1)	-	-	-	-	(69.6)	(6.2)	(75.8)
Total comprehensive loss for the three months, net of tax	-	(8.5)	-	-	(61.1)	-	-	-	(123.4)	(193.0)	(25.8)	(218.8)
Share-based payment	-	-	2.5	-	-	-	-	-	-	2.5	-	2.5
Vesting of performance rights	3.3	-	(3.3)	-	-	-	-	-	-	-	-	-
Balance at 30 September 2011	**1,771.4**	**3.2**	**48.7**	**60.4**	**7.7**	**14.9**	**0.1**	**(0.2)**	**(825.2)**	**1,081.0**	**57.9**	**1,138.9**
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	-	-	-	-	-	-	-	-	(45.9)	(45.9)	(5.3)	(51.2)
Other comprehensive income	-	(1.3)	-	-	23.8	-	-	-	-	22.5	1.6	24.1
Total comprehensive income/(loss) for the three months, net of tax	-	(1.3)	-	-	23.8	-	-	-	(45.9)	(23.4)	(3.7)	(27.1)
Share-based payment	-	-	1.6	-	-	-	-	-	-	1.6	-	1.6
Vesting of performance rights	4.3	-	(4.3)	-	-	-	-	-	-	-	-	-
Balance at 30 September 2012	**1,843.5**	**(4.1)**	**49.5**	**85.5**	**51.9**	**14.9**	**0.1**	**(0.2)**	**(920.5)**	**1,120.6**	**48.7**	**1,169.3**

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 30 September 2012 US$M	Three months ended 30 September 2011 US$M
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	105.9	97.7
Proceeds from off-take agreement	50.0	-
Payments to suppliers and employees	(96.4)	(106.7)
Exploration and evaluation expenditure	(0.5)	(0.8)
Interest received	0.2	0.2
Interest paid	(4.4)	(9.8)
NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES	54.8	(19.4)
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for property, plant and equipment	(7.4)	(24.4)
Proceeds from sale of investments	1.4	-
Payments for available-for-sale investments	(1.4)	-
Capitalised exploration expenditure	(5.3)	(4.3)
NET CASH OUTFLOW FROM INVESTING ACTIVITIES	(12.7)	(28.7)
CASH FLOWS FROM FINANCING ACTIVITIES		
Project finance facility establishment costs	-	(1.6)
Convertible bond finance costs	(0.4)	-
Repayment of borrowings	(10.0)	(34.7)
Proceeds from borrowings	-	127.2
NET CASH (OUTFLOW)/INFLOW FROM FINANCING ACTIVITIES	(10.4)	90.9
NET INCREASE IN CASH AND CASH EQUIVALENTS	31.7	42.8
Cash and cash equivalents at the beginning of the financial period	112.1	117.4
Effects of exchange rate changes on cash and cash equivalents	0.5	(1.8)
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL PERIOD	144.3	158.4

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 Paladin for the three months ended 30 September 2012 was authorised for issue in accordance with a resolution of the Directors on 12 November 2012.

Paladin 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 17.

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 quarter ended 30 September 2012, the Group incurred net losses after tax attributable to the members of US$45.9M (2011: US$123.4M) and had net cash inflow of US$31.7M (2011: US$42.8M). At balance date the Group had a net working capital surplus of US$140.5M (30 June 2012: US$137.7M) including cash on hand of US$144.3M (30 June 2012: US$112.1M). Included within this cash on hand is US$26.2M (30 June 2012: US$26.2M) which is restricted for use in respect of the LHM and KM project finance facilities.

Repayment obligations, during the next 12 months, in respect of interest bearing loans and borrowings are summarised as follows:

- Secured bank loans principal repayments of US$53.1M for LHM and KM project financing;
- Interest payments of US$40.2M for LHM and KM project financing and Convertible Bonds; and
- The final US$134.0M payment on the US$325.0M Convertible Bond which matures on 11 March 2013.

As set out in note 17, the Company has entered into a six year sales off-take agreement with EdF, a leading international utility, to sell a total of 13.73Mlb U_3O_8 in the period from 2019 to 2024. Pursuant to this agreement, a prepayment of US$50M has been received with the remaining amount of US$150M scheduled to be received by 31 January 2013.

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

- the Company has been in discussions with a select group of nuclear industry parties on strategic initiatives; and
- the Company has a history of refinancing some of its debt.

Accordingly, the directors believe that the Group will obtain sufficient funding to enable the Group to continue as a going concern and that it is appropriate to adopt that basis of accounting in the preparation of the financial report.

NOTE 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

This general purpose condensed financial report for the three months ended 30 September 2012 has been prepared in accordance with Australian Accounting Standards Board (AASB) 134 *Interim Financial Reporting* and International Financial Reporting Standard, IAS 34 Interim Financial Reporting.

In addition to these requirements further information has been included in the Consolidated Financial Statements for the three months ended 30 September 2012 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 2012 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 orders 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 2012 the Company has adopted all Australian Accounting Standards and Interpretations effective for annual periods beginning on or before 1 July 2012.

The adoption of new and amended standards and interpretations had no impact on the financial position or performance of the Company.

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

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 spot rate.

NOTE 4. SEGMENT INFORMATION (continued)

Identification of reportable segments (continued)

Corporate charges comprise non-segmental 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
- 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.

The following tables present revenue, expenditure and asset information regarding geographical segments for the three months ended 30 September 2012 and 30 September 2011.

Three months ended 30 September 2012	**Exploration US$M**	**Namibia US$M**	**Malawi US$M**	**Unallocated US$M**	**Consolidated US$M**
Sales to external customers	-	31.6	29.4	-	61.0
Other revenue	-	-	-	0.3	0.3
Inter segment sales	-	9.9	4.9	-	14.8
Total segment revenue	-	41.5	34.3	0.3	76.1
Elimination of inter segment sales	-	(9.9)	(4.9)	-	(14.8)
Total consolidated revenue	-	31.6	29.4	0.3	61.3
Impairment of inventory	-	-	(2.6)	-	(2.6)
Impairment of asset	-	-	(41.1)	-	(41.1)
Segment (loss)/profit before income tax and finance costs	(0.2)	5.3	(50.8)	(6.7)	(52.4)
Finance costs	-	(2.0)	(1.7)	(13.3)	(17.0)
(Loss)/profit before income tax	(0.2)	3.3	(52.5)	(20.0)	(69.4)
Income tax benefit/(expense)	0.1	5.1	13.3	(0.3)	18.2
(Loss)/profit after income tax	(0.1)	8.4	(39.2)	(20.3)	(51.2)
Segment assets/total assets	1,182.7	619.3	426.2	141.3	2,369.5

NOTE 4. SEGMENT INFORMATION (continued)

Identification of reportable segments (continued)

Three months ended 30 September 2011	**Exploration US$M**	**Namibia US$M**	**Malawi US$M**	**Unallocated US$M**	**Consolidated US$M**
Sales to external customers	-	63.8	38.9	-	102.7
Other revenue	-	-	-	0.3	0.3
Total consolidated revenue	-	63.8	38.9	0.3	103.0
Impairment of asset	-	-	(178.9)	-	(178.9)
Segment (loss)/profit before income tax and finance costs	(0.5)	12.9	(193.1)	(9.8)	(190.5)
Finance costs	-	(1.8)	(1.9)	(10.1)	(13.8)
(Loss)/profit before income tax	(0.5)	11.1	(195.0)	(19.9)	(204.3)
Income tax benefit/(expense)	(0.1)	8.7	55.6	(2.9)	61.3
(Loss)/profit after income tax	(0.6)	19.8	(139.4)	(22.8)	(143.0)
Segment assets/total assets	1,107.2	519.4	450.0	167.9	2,244.5

NOTE 5. REVENUE AND EXPENSES

	Three months ended 30 September 2012 US$M	**2011 US$M**
(a) Revenue		
Sale of uranium	61.0	102.7
Interest income from non-related parties	0.2	0.3
Other revenue	0.1	-
Total	61.3	103.0
(b) Cost of Sales		
Costs before depreciation and amortisation	(53.0)	(79.7)
Depreciation and amortisation	(10.0)	(17.2)
Impairment loss in prior year relating to inventory sold during the year	10.4	10.0
Product distribution costs	(2.5)	(3.9)
Royalties	(1.2)	(2.2)
Total	(56.3)	(93.0)
(c) Other income		
Gain on disposal of investment	1.2	-
Foreign exchange gain (net)	-	1.7
Total	1.2	1.7

NOTE 5. REVENUE AND EXPENSES

(d) Administration, marketing and non-production costs

Corporate and marketing	(4.9)	(6.0)
Mine sites (LHM and KM)	(1.9)	(2.4)
Canadian operations	(0.4)	(0.5)
Non-cash – Share based payments	(1.6)	(2.0)
Non-cash – Depreciation	(0.5)	(0.5)
Royalties	(0.7)	(0.8)
LHM Stage 4 expansion evaluation project	(0.2)	(1.7)
KM research and development	(0.3)	-
Total	(10.5)	(13.9)

(e) Other expenses

	Three months ended 30 September 2012 US$M	2011 US$M
Impairment of asset [1]	(41.1)	(178.9)
Slope remediation [2]	(0.1)	(0.7)
KM fixed costs during plant shutdown	(2.3)	(7.9)
Foreign exchange loss (net)	(1.5)	-
Total	(45.0)	(187.5)

[1] September 2012 – the continued deterioration of the uranium price has resulted in a reduction of the carrying value to the recoverable amount of US$254.1M of the KM assets from US$295.2M resulting in an impairment charge of US$41.1M (2011: US$178.9M).

[2] Slope remediation expenditure expenses pending the outcome of the insurance claim currently with the underwriter's loss adjuster.

(f) Finance costs

Interest expense	(10.4)	(8.7)
Accretion relating to convertible bonds (non-cash)	(4.4)	(2.9)
Mine closure provision discount interest expense	(0.6)	(0.5)
Facility costs	(1.6)	(1.7)
Total	(17.0)	(13.8)

NOTE 6. INCOME TAX

Reconciliation of accounting loss to income tax benefit/expense

	Three months ended 30 September 2012 US$M	Three months ended 30 September 2011 US$M
Loss before income tax expense	(69.4)	(204.3)
Tax at the Australian rate of 30% (2011 – 30%)	(20.8)	(61.3)
Tax effect of amounts which are (deductible)/ non-deductible taxable in calculating taxable income:		
Share-based payments	0.4	0.6
Permanent foreign exchange functional currency differences	(14.7)	(31.6)
Other expenditure (deductible)/not allowable	(1.1)	0.2
	(36.2)	(92.1)
Difference in overseas tax rates	1.3	5.2
Under/(over) prior year adjustment	(7.7)	(7.1)
Losses not recognised	9.0	10.7
Foreign exchange translation differences	15.0	21.5
Convertible notes	1.1	-
Losses previously not recognised now recognised	(0.6)	-
Other	(0.1)	0.5
Income tax benefit reported in Income Statement	(18.2)	(61.3)

NOTE 7. CASH AND CASH EQUIVALENTS

	30 September 2012 US$M	30 June 2012 US$M
Cash at bank and on hand	15.5	21.8
Short-term bank deposits	128.8	90.3
Total cash and cash equivalents	144.3	112.1

Total cash and cash equivalents includes US$26.2M (30 June 2012: US$26.2M) restricted for use in respect of the LHM and KM project finance facilities (refer to Note 14).

NOTE 8. TRADE AND OTHER RECEIVABLES

Current		
Trade receivables	7.1	52.0
GST and VAT	11.8	22.9
Sundry debtors	5.9	7.9
Total current receivables	24.8	82.8
Non Current		
Sundry debtors	0.1	0.1
Total non current receivables	0.1	0.1

NOTE 9. INVENTORIES

Current		
Stores and consumables (at cost)	42.3	39.4
Ore stockpiles (at cost)	1.4	0.4
Ore stockpiles (at net realisable value)	7.7	4.2
Work-in-progress (at cost)	2.5	2.2
Work-in-progress (at net realisable value)	13.0	11.3
Finished goods (at cost)	102.5	72.2
Finished goods (at net realisable value)	53.2	56.8
Total current inventories at the lower of cost and net realisable value	222.6	186.5
Non Current		
Ore stockpiles (at cost)	120.6	112.3
Ore stockpiles (at net realisable value)	4.0	1.9
Total non current inventories at the lower of cost and net realisable value	124.6	114.2

Stockpiles at LHM and KM that are classified as non current are unlikely to be processed within 12 months of the balance date.

NOTE 10. INVESTMENT IN ASSOCIATE

	30 September 2012 US$M	30 June 2012 US$M
Investment in associate	12.9	-

The Group has an investment in Deep Yellow Ltd (DYL), a uranium explorer listed on the ASX. In July 2012 the Group increased its interest from 19.9% to 23.4% following a non-renounceable entitlement issue by DYL which was partially underwritten by Paladin. From July the investment in DYL ceased to be categorised as an investment in an available-for-sale financial asset.

NOTE 11. PROPERTY, PLANT AND EQUIPMENT

	30 September 2012 US$M	30 June 2012 US$M
Plant and equipment (at cost) (1)	696.4	700.6
Less accumulated depreciation and impairment (2)	(260.7)	(223.1)
Total plant and equipment	435.7	477.5
Land and buildings (at cost)	12.3	11.4
Less accumulated depreciation	(2.0)	(1.8)
Total land and buildings	10.3	9.6
Construction work in progress (at cost) (3)(4)	6.2	5.3
Less impairment	(1.4)	(0.7)
Total construction work in progress	4.8	4.6
Total property, plant and equipment	450.8	491.7

(1) Includes additions of US$1.4M
(2) Includes US$33.3M impairment charge (2011: US$130.7M)
(3) Includes additions of US$2.0M
(4) Includes US$0.7M impairment charge (2011: US$1.5M)

NOTE 12. MINE DEVELOPMENT

	30 September 2012 US$M	30 June 2012 US$M
Mine development (at cost) (1)	171.5	167.7
Less accumulated depreciation and impairment (2)	(89.1)	(79.4)
Total mine development	82.4	88.3

(1) Includes additions of US$3.9M
(2) Includes US$6.3M impairment charge (2011: US$42.9M)

NOTE 13. EXPLORATION AND EVALUATION EXPENDITURE

The following table details the expenditures on interests in mineral properties by area of interest for the three months ended 30 September 2012:

Areas of interest	Valhalla /Skal [1]	Isa North	Fusion	Angela/ Pamela	Bigrlyi	Niger	KM	LHM	Canada	Other Uranium Projects	Total
	US$M	US$M	US$M	US$M	US$M	US$M	US$M	US$M	US$M	US$M	US$M
Balance 30 June 2012	**639.4**	**152.5**	**11.9**	**7.4**	**30.7**	**36.8**	**-**	**-**	**259.7**	**4.8**	**1,143.2**
Project exploration and evaluation expenditure											
Labour	0.1	0.1	-	-	0.1	0.1	0.1	-	0.9	0.4	1.8
Outside services	0.1	-	-	-	-	-	0.2	-	0.9	0.7	1.9
Other expenses	0.1	0.1	-	-	-	0.1	-	-	1.5	0.5	2.3
Total expenditure	0.3	0.2	-	-	0.1	0.2	0.3	-	3.3	1.6	6.0
Expenditure expensed	-	-	-	-	-	-	(0.3)	-	-	(0.2)	(0.5)
Expenditure capitalised	0.3	0.2	-	-	0.1	0.2	-	-	3.3	1.4	5.5
Foreign exchange differences	13.5	3.3	0.2	0.1	0.7	-	-	-	10.9	0.1	28.8
Balance 30 September 2012	**653.2**	**156.0**	**12.1**	**7.5**	**31.5**	**37.0**	**-**	**-**	**273.9**	**6.3**	**1,177.5**

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

NOTE 14. INTANGIBLE ASSETS

	30 September 2012 US$M	30 June 2012 US$M
Intangible assets (at cost)	27.8	27.8
Accumulated amortisation and impairment (1)	(10.8)	(9.7)
Net carrying amount of non current intangible assets	17.0	18.1

(1) Includes US$0.8M impairment charge (2011: US$3.8M)

NOTE 15. INTEREST BEARING LOANS AND BORROWINGS

	Maturity	30 September 2012 US$M	30 June 2012 US$M
Current			
Secured bank loans		51.0	51.0
Unsecured convertible bonds (1)	March 2013	133.0	132.4
Total current interest bearing loans and borrowings		184.0	183.4
Non Current			
Unsecured convertible bonds (2)	November 2015	269.1	267.0
Unsecured convertible bonds (3)	April 2017	230.9	229.0
Secured bank loan	amortised to 2015	55.7	65.3
Secured bank loan	amortised to 2017	93.9	93.8
Total non current interest bearing loans and borrowings		649.6	655.1

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

Unsecured convertible bonds

(1) On 11 March 2008, the Company issued US$325M in convertible bonds with an underlying coupon rate of 5.0% (underlying effective interest rate of 7.13%), maturity 11 March 2013 and a conversion price of US$6.52 for Company shares. On 29 May 2012, pursuant to its tender offer the Company repurchased and cancelled US$191M bonds. At 30 September 2012 US$134M bonds remain.

(2) On the 5 November 2010, the Company issued US$300M in convertible bonds with an underlying coupon rate of 3.625%, (underlying effective interest rate of 7.47%) maturing on 5 November 2015 with a conversion price of US$5.61 for Company shares.

(3) On the 30 April 2012, the Company issued US$274M in convertible bonds with an underlying coupon rate of 6.0%, (underlying effective interest rate of 10.68%) maturing on 30 April 2017 with a conversion price of US$2.19 for Company shares.

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

Kayelekera Mine, Malawi - US$167M Project Finance Facility

On 30 March 2009, the Group entered into a project financing facility of US$167M for the construction of KM. The project finance consists of a six year project finance facility of US$145M, a standby cost overrun facility of US$12M and a performance bond facility of US$10M. The facilities were provided by Société Générale Corporate and Investment Banking (as inter-creditor agent and commercial lender), Nedbank Capital a division of Nedbank Limited (ECIC lender) and Standard Bank Limited (as ECIC facility agent and lender). The facilities are secured over the assets of Paladin (Africa) Ltd. The commercial bank tranche bears interest at the London Interbank Offered Rate (LIBOR) plus 3.0% and reduces to LIBOR plus 2.5% post the completion date. The ECIC tranche bears interest at LIBOR plus 2.5% whilst the cost overrun facility bears interest at LIBOR plus 3.5%. The facilities are repayable on a four monthly basis over the term of the loan. The Company has provided a project completion guarantee as part of the facilities.

At 30 September 2012 US$88.0M (30 June 2012: US$98.0M) was outstanding under the KM project finance facility. US$10.0M was paid during the quarter.

Langer Heinrich Mine, Namibia - US$141M Stage 3 Project Finance Facility
On 26 August 2011 the Group entered into a project financing facility of US$141M for the construction of Stage 3 of LHM. The facility consists of a six-year US$135M project financing facility and a US$6M cost overrun facility. The facility was provided by Société Générale (as Agent), Nedbank Capital, Standard Bank Plc, Barclays Capital (the investment banking division of Barclays Bank PLC) and Rand Merchant Bank, a division of FirstRand Bank Limited. The facility was fully drawn down during the December 2011 quarter. The facility bears interest at the London Interbank Offered Rate (LIBOR) plus 3.75% and reduces to LIBOR plus 3.25% post the completion date. The facilities are repayable on a six monthly 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 30 September 2012 US$118.5M (30 June 2012: US$118.5M) was outstanding under the LHM Stage 3 project finance facility.

Deferred borrowing costs relating to the establishment of the facilities have been set off against the balance of the interest bearing loans and borrowings.

NOTE 16. PROVISIONS

	30 September 2012 US$M	30 June 2012 US$M
Current		
Employee benefits	8.3	3.4
Total current provisions	8.3	3.4
Non Current		
Employee benefits	2.7	6.5
Rehabilitation provision	32.1	31.9
Demobilisation provision	2.1	2.0
Total non current provisions	36.9	40.4

NOTE 17. UNEARNED REVENUE

	30 September 2012 US$M	30 June 2012 US$M
Non Current		
Unearned revenue	50.0	-
Total unearned revenue	50.0	-

First tranche of US$50M of the total prepayment of US$200M under a 6 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. The remaining amount of US$150M is scheduled to be received by 31 January 2013.

To secure the Company's obligation to deliver product representing the prepayment amount, EdF will hold 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

	30 September		30 September	
	2012	2011	2012	2011
Ordinary shares	Number of Shares		US$M	US$M
Issued and fully paid	836,825,651	778,527,532	1,843.5	1,771.4

(b) Movements in ordinary shares on issue

Date		Number of Shares	Issue Price A$	Exchange Rate US$: A$	Total US$M
Balance 30 June 2011		777,698,217			1,768.1
July 2011	Rights vested	1,800	-	-	-
September 2011	Rights vested	827,515	-	-	-
	Transfer from reserves				3.3
Balance 30 September 2011		**778,527,532**(1)			**1,771.4**

(1) 250,000 shares held in trust, vesting variously over time up to 1 January 2012 subject to conditions; 123,200 shares held by Paladin Employee Plan Pty Ltd.

NOTE 18. CONTRIBUTED EQUITY (continued)

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

Balance 30 June 2012		835,645,290			1,839.2
September 2012	Rights vested	1,180,361	-	-	-
	Transfer from reserves				4.3
Balance 30 September 2012		**836,825,651**(1)			**1,843.5**

(1) Includes 217,566 shares held by Paladin Employee Plan Pty Ltd.

(c) Options

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

	30 September 2012 Number
Number of unlisted employee options	4,186,474

Consisting of the following:

Date options granted	Exercisable	Expiry date	Exercise price of options	Number under option
29 January 2008	29 January 2011	29 January 2013	A$4.50	2,982,994
15 February 2008	15 February 2011	15 February 2013	A$5.37	203,820
18 April 2008	18 April 2011	18 April 2013	A$4.59	249,660
14 October 2008	14 October 2011	14 October 2013	A$2.54	750,000
Total				4,186,474

NOTE 18. CONTRIBUTED EQUITY (continued)

(d) 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:

	30 September 2012 Number
Number of unlisted employee share rights	4,109,431

Consisting of the following:

Date rights granted	Vesting date	Vesting performance conditions	Number
26 March 2010	26 March 2013	Relative total shareholder return	150,000
26 March 2010	26 March 2013	Earnings per share	150,000
5 November 2010	5 November 2013	Relative total shareholder return	250,000
5 November 2010	5 November 2013	Earnings per share	250,000
5 November 2010	1 September 2013	Time based	411,609
5 November 2010	1 September 2013	Relative total shareholder return	329,290
5 November 2010	1 September 2013	Market price	493,935
15 February 2011	15 February 2013	Time based	154,633
15 February 2011	15 February 2014	Time based	185,504
2 April 2012	1 September 2013	Time based	277,410
2 April 2012	31 December 2013	Time based	20,000
2 April 2012	1 September 2014	Time based	512,350
2 April 2012	1 September 2014	Relative total shareholder return	369,880
2 April 2012	1 September 2014	Market price	554,820
Total			4,109,431

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 30 September 2012 other than:

(a) Tenements	**30 September 2012 US$M**	**30 September 2011 US$M**
Commitments for tenements contracted for at the reporting date but not recognised as liabilities, payable:		
Within one year	9.0	6.6
Later than one year but not later than 5 years	13.5	15.8
More than 5 years	27.7	26.8
Total tenements commitment	50.2	49.2

These include commitments relating to tenement lease rentals and the minimum expenditure requirements of the Namibian, Malawian, Nigerian, Canadian, Western Australian, South Australian,

NOTE 19. COMMITMENTS AND CONTINGENCIES (continued)

(a) Tenements (continued)

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, Canada and Niger.

(b) Mine Construction Commitments	**30 September 2012 US$M**	**30 September 2011 US$M**
Commitments for mine construction contracted for at the reporting date but not recognised as liabilities, payable:		
Within one year	1.5	2.6
Later than one year but not later than 5 years	-	-
More than 5 years	-	-
Total mine construction	1.5	2.6

These commitments in 2012 relate to construction of Stage 3 at LHM which is now substantially completed (2011: construction of Stage 3 at LHM).

(c) 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 one month and eight 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 30 September are as follows:

	30 September 2012 US$M	**30 September 2011 US$M**
Within one year	1.4	1.4
Later than one year but not later than 5 years	3.5	4.8
More than 5 years	-	-
Total operating lease commitment	4.9	6.2

NOTE 19. COMMITMENTS AND CONTINGENCIES (continued)

(d) Other Commitments	**30 September 2012 US$M**	**30 September 2011 US$M**
Commitments for mining, transport and reagents contracted for at the reporting date but not recognised as liabilities, payable:		
Within one year	25.2	49.5
Later than one year but not later than 5 years	2.4	3.0
More than 5 years	-	-
Total mine construction	27.6	52.5

(e) Acquisition Costs

The Group acquired a call option on 19 June 1998 in relation to the purchase of the Oobagooma Uranium Project and, in turn, granted a put option to the original holder of the project. Both the call and put options have an exercise price of A$0.75M (US$0.78M) (2011: A$0.75M (US$0.73M)) and are subject to the Department of Minerals & Energy granting tenements comprising two exploration licence applications. The A$0.75M is payable by the Group within 10 business days of the later of the grant of the tenements or the exercise of either the call or put option. The options will expire three months after the date the tenements are granted.

In relation to the Manyingee Uranium Project, the re-negotiated acquisition terms provide for a payment of A$0.75M (US$0.78M) (2011: A$0.75M (US$0.73M)) by the Group to the vendors when all project development approvals are obtained.

(f) Bank Guarantees

As at 30 September 2012 the Group has outstanding US$914,557 (A$881,368) (2011: US$848,465 / A$866,529) as a current guarantee provided by a bank for the corporate office lease and a US$250,822 (A$241,719) (2011: US$299,198 / A$305,568) guarantee for tenements.

(g) 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 US$32M. 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. EVENTS AFTER THE BALANCE DATE

Other than disclosed below, since the end of the three months, 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 30 September 2012 Financial Report:

Queensland to Recommence Uranium Mining

On 22 October 2012, the Queensland Government announced that it will convene an implementation committee to oversee the recommencement of uranium mining in Queensland.

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 30 September 2012.

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 2012 and ended on 30 September 2012 that has materially affected, or is reasonably likely to materially affect, the issuer's ICFR.

Dated: 12 November 2012

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 30 September 2012.

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 2012 and ended on 30 September 2012 that has materially affected, or is reasonably likely to materially affect, the issuer's ICFR.

Dated: 12 November 2012

Alan Rule
Chief Financial Officer