PALADIN ENERGY LTD
ACN 061 681 098

Ref: 140742

31 August 2009

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

By Electronic Lodgement

Dear Sir/Madam

Paladin Energy Ltd
30 June 2009 Appendix 4E Preliminary Financial Report

Attached please find Appendix 4E Preliminary Financial Report for the year ended 30 June 2009. The audited financial statements for this period are expected to be released in mid September, however, it is not anticipated there will be any material changes from those presented with this release.

Yours faithfully
Paladin Energy Ltd

JOHN BORSHOFF
Managing Director/CEO

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PALADIN ENERGY LTD

ACN 061 681 098

NEWS RELEASE **For Immediate Distribution**

30 JUNE 2009 APPENDIX 4E
Preliminary Financial Report

Perth, Western Australia – 31 August 2009: Paladin Energy Ltd ("Paladin" or "the Company") **(TSX:PDN / ASX:PDN)** announces the release of its 30 June 2009 Appendix 4E – Preliminary Financial Report. The Appendix 4E – Preliminary Financial Report is appended to this News Release.

Final 2009 Year Results

- Revenue from ordinary activities up 13 % to US$114.8M
- Gross Profit up 36% to US$48.4M on higher uranium oxide sales from Langer Heinrich and reduced costs.
  - Cost of sales decreased in 2009 to US$26/lb U_3O_8 from US$40/lb U_3O_8 in 2008 as Langer Heinrich transitioned to full Stage I production.
- Net loss before tax and impairments down 32% to US$29.9M.
- Impairment expense of US$783.5M.
  - Comprising US$753.8M for the Mount Isa assets and US$26.0M for investment in Deep Yellow recognised in the December 2008 quarter and impairment of inventories of US$3.7M in the September 2008 quarter.
- Net loss after tax US$576.4M (before minority interests) and US$480.2M (after minority interests).
- Total production of 2.74Mlb for the year ended 30 June 2009.
- Cash at bank of US$133.8M as at 21 August 2009.
- Kayelekera in Malawi has successfully commissioned. Design capacity of 3.3Mlbpa is targeted for early 2010 with commercial production being achieved during the September 2009 quarter.
- Stage II commissioning at Langer Heinrich commenced, increasing design capacity to 3.7Mlbpa. New plant design production anticipated during the September quarter. Stage III approved to further expand Langer Heinrich production to 5.2Mlbpa with expected completion in late 2010.
- Uranium oxide sales for the year increased from Langer Heinrich to 2,021,000lb U_3O_8 (2008: 1,411,000lb) averaging US$55/lb (2008: US$66/lb).
- Total exploration and evaluation expenditures of US$12.2M to aggressively advance organic growth opportunities in Australia, in particular the Mount Isa Uranium Joint Venture and Isa North Uranium Project in Queensland, as well as the Angela Uranium Joint Venture in the Northern Territory.
- To support future growth initiatives, Paladin is investing up to US$2.0M in NGM Resources Limited (NGM-ASX) securing up to 19.9% and has increased its stake in Deep Yellow Limited (DYL-ASX) from 14.3% to 19.6% through the investment of US$11.1M.

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Conference Call and Investor Update scheduled for 22:00 Perth / 10:00 Toronto Tuesday 1 September 2009. Details are included in a separate news release.

The documents comprising Appendix 4E, including the Management Discussion and Analysis and Consolidated Financial Statements (unaudited) are attached and will be filed with the Company's other documents on Sedar (http://www.sedar.com) and on the Company's website (http://www.paladinenergy.com.au). The audited financial statements for this period are expected to be released in mid September however it is not anticipated that there will be any material changes from those presented in this release.

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Appendix 4E - Preliminary Financial Report
Financial year ended 30 June 2009

Paladin Energy Ltd

ABN or equivalent company reference

ACN. 061 681 098

Results for Announcement to the Market

Revenue from continuing operations	Increased 12.7% to US$114.8M	
Loss from continuing operations after tax attributable to members	Loss increased 1,233.9% to US$480.2M	
Net Loss for the year attributable to members	Loss increased 1,233.9% to US$480.2M	
Dividends	**Amount per security**	**Franked amount per security**
It is not proposed to pay dividends for the year	N/A	N/A
Previous corresponding year: No dividend paid	N/A	N/A

An explanation of the results is included in the Management Discussion & Analysis and the Financial Report attached.

	30 June 2009	30 June 2008
Net tangible assets per share	US$0.97	US$2.30

Other

Previous corresponding period is the year ended 30 June 2008.

This report is based on financial statements which are in the process of being audited.

All foreign subsidiaries are prepared using IFRS.

Commentary on Results for the Year

A commentary on the results for the year is contained in the press release dated 31st August 2009.

PALADIN ENERGY LTD

ACN 061 681 098

MANAGEMENT DISCUSSION AND ANALYSIS

AND

CONSOLIDATED FINANCIAL STATEMENTS

(UNAUDITED)

YEAR ENDED 30 JUNE 2009

INCOME STATEMENTS EQUITY	**YEAR ENDED 30 JUNE**	
	2009	**2008**
	US$M	**US$M**
Revenue from continuing operations	114.8	101.9
Gross profit/(loss)	48.4	35.5
Exploration and evaluation expenses	(12.2)	(13.1)
Other expenses net of other income	(38.4)	(35.7)
Impairment of exploration and evaluation	(753.8)	-
Impairment of available-for-sale financial assets	(26.0)	-
Finance costs	(30.5)	(30.7)
Share of loss of an associate	(0.9)	(0.2)
Income tax benefit	237.0	7.0
Minority interests	96.2	1.2
Loss after tax from continuing operations attributable to the ordinary equity holders of the Company	**(480.2)**	**(36.0)**
	US$	**US$**
Loss per share – basic and diluted	(0.78)	(0.06)

References to 2008 refer to the equivalent twelve months ended 30 June 2008.

Revenue from Continuing Operations increased to US$114.8M in 2009 as a result of increased sales of uranium of US$111.8M (2008: US$93.8M). Total sales volume for the year was 2.02Mlb U_3O_8 (2008: 1.41Mlb) and total production for the year was 2.70Mlb U_3O_8 (2008: 1.71Mlb). The average realised uranium sales price in 2009 was US$55/lb U_3O_8 (2008: US$66/lb). All sales for 2008 and 2009 relate to Stage I of the Langer Heinrich Uranium Project (LHUP).

Interest income decreased to US$2.7M (2008: US$6.9M) as a result of decreased cash and cash equivalents.

Gross Profit in 2009 of US$48.4M is higher than in 2008 as a consequence of increased uranium sales and the improved operating performance of LHUP during the year ended 30 June 2009. The cost of sales decreased in 2009 to US$26/lb U_3O_8 (2008: US$40/lb).

Exploration and Evaluation Expenditure of US$12.2M in 2009 related predominantly to the Valhalla/Skal, Isa North, Bigrlyi, Angela, LHUP and Kayelekera Uranium Project (KUP) projects. Of this total, US$6.4M was spent on the Valhalla/Skal joint venture project. Aggregate expenditure decreased in 2009 primarily as a result of significant rains throughout the Mount Isa area.

Other Expenses and Income increased in 2009 by US$2.7M to US$38.4M predominantly as a result of share-based payments expense of US$5.7M for the allotment of a 15% interest in Paladin (Africa) Ltd to the Government of the Republic of Malawi and, the recognition of an impairment of the Paladin Nuclear Ltd inventory of US$3.7M in the September 2008 quarter. This was partly offset by a US$1.1M foreign exchange gain in 2009 compared to a US$3.7M foreign exchange loss in 2008 and a one-off sales contract expense of US$2.9M in 2008.

Impairment of Mount Isa exploration and evaluation asset of US$527.6M (net of Deferred Tax Liability) in the carrying value of the Mount Isa assets. The Paladin Board has impaired this asset in the December 2008 quarter in order to ensure it both retains a transparent and relevant Balance Sheet as well as demonstrating prudence given the impact of the global financial crisis. The written down value of this asset (as yet non-operating) was not significantly different from the valuation implied by the market capitalisation of Summit Resources Limited at that time. In electing to impair this asset, it is important to note that Paladin is not wavering whatsoever in its belief in a highly positive uranium outlook and remains resolutely committed to the development of the Mount Isa assets. Paladin is maintaining its stated, aggressive exploration and development programme and budgets for Mount Isa and its commitment to both uranium and the Mount Isa region. This is further evidenced by the recent acquisition of Fusion Resources Ltd. Furthermore, assuming a positive feasibility study, Paladin would develop the assets as soon as the Queensland State Government Policy allows it to do so.

Impairment of available-for-sale financial assets of US$26.0M predominantly due to the recognition of an impairment of the investment in Deep Yellow Limited (DYL) in the quarter ended 31 December 2008. Under the accounting standards, the Company was required to write down the carrying value of its investment in listed company DYL to its market price of US$0.079 per share at 31 December 2008. This does not in any way reflect the Board's confidence in DYL's resource potential and outlook. Following the impairment as at 31 December 2008, the DYL share price has strengthened to US$0.270 per share at 30 June 2009 and accordingly, no further impairment to the carrying value has been made.

Finance Costs have remained approximately unchanged at US$30.5M in 2009 despite increased average borrowings year on year due to a proportion of the interest payable on the convertible bonds being capitalised as part of the construction of KUP. Finance costs relate primarily to interest payable on the US$250.0M convertible bonds issued 15 December 2006 and the US$325.0M convertible bonds issued 11 March 2008.

Income Tax Benefit of US$237.0M is primarily as result of a decrease in deferred tax liabilities. The deferred tax liability substantively arose from the acquisition accounting of Summit Resources Ltd with the current period decline reflecting both the impairment of the A$ exploration carrying value and the foreign exchange movement on this A$ exploration carrying value.

Minority Interests credit of US$96.2M has been recorded in 2009 attributable to the 18.0% of Summit Resources Ltd not owned by the Company. The substantial credit reflects the minority interest share of the impairment in the carrying value of the Mount Isa exploration and evaluation asset.

The *loss after tax* for 2009 of US$480.2M was higher than the loss after tax for 2008 of US$36.0M predominantly as a result of the recognition of an impairment of the Mount Isa exploration and evaluation asset of US$527.6M net of the deferred tax liability and of the recognition of an impairment of the investment in DYL by US$26.0M. The impairment in 2009 was partially offset by improved operating profitability at LHUP.

Summary of Quarterly Financial Results

	2009 Total US$M	**2009 Jun Qtr US$M**	**2009 Mar Qtr US$M**	**2008 Dec Qtr US$M**	**2008 Sep Qtr US$M**
Total revenues	114.8	23.2	25.0	14.2	52.4
Profit/(loss) after tax	(480.2)	2.1	(6.8)	(470.8)	(4.7)
Basic and diluted loss per share	(0.78)	-	(0.01)	(0.76)	(0.01)

	2008 Total US$M	**2008 Jun Qtr US$M**	**2008 Mar Qtr US$M**	**2007 Dec Qtr US$M**	**2007 Sep Qtr US$M**
Total revenues	101.9	38.9	15.3	19.4	28.3
Loss after tax	(36.0)	(1.9)	(8.4)	(11.2)	(14.5)
Basic and diluted loss per share	(0.06)	(0.01)	(0.01)	(0.02)	(0.02)

Total revenues for the quarters ended March and September have increased for each of the quarters when compared to the equivalent comparative quarter as a result of higher contracted sales of uranium and improved production at LHUP.

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

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

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

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

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

Loss Per Share

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

Segment Disclosure (refer to Note 3)

In the Namibian geographical segment the Company reflected a higher profit before tax than in 2008 of US$39.6M as a consequence of the improved operating performance of LHUP and increased sales volume for the year ended 30 June 2009. The Malawian geographical segment loss after tax of US$11.2M relates to exploration and evaluation expenditure, corporate costs and a share-based payment expense of US$5.7M for the allotment of 15% interest in Paladin (Africa) Ltd to the Government of the Republic of Malawi. In the Australian geographical segment the Company reflected the remaining Income Statement activities.

BALANCE SHEETS

	AS AT 30 JUNE	
	2009 US$M	**2008 US$M**
Total current assets	182.0	447.9
Total non current assets	1,285.3	2,115.2
Total assets	1,467.3	2,563.1
Total current liabilities	91.3	55.3
Total non current liabilities	744.8	1,078.5
Total liabilities	836.1	1,133.8
Net Assets	**631.2**	**1,429.3**

Current Assets have decreased to US$182.0M as at 30 June 2009 due to a decrease in cash and trade receivables which are partially offset by an increase in inventories.

Cash has decreased to US$66.2M at 30 June 2009 as a result of expenditure on the construction of the KUP and Stage II expansion at the LHUP, exploration and evaluation project expenditure, additional DYL share investment, finance costs, third party uranium purchases and corporate costs for the year ended 30 June 2009. This has been partially offset by US$26.9M cash inflow from LHUP operations and the US$9.2M cash held by Fusion, which was acquired during the March 2009 quarter. As at 21 August 2009, the Company had cash at bank of US$133.8M.

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

Trade and other receivables have decreased to US$29.0M during the year ended 30 June 2009 reflecting the timing of deliveries and therefore recognition of sales as compared to June 2008.

Inventories have increased to US$85.8M at 30 June 2009 as a result of higher production levels quarter-on-quarter relative to sales volumes during the year ended 30 June 2009. Finished goods at cost as at 30 June 2009 have increased by US$24.4M to US$38.6M. No inventory has been recognised for KUP as the project was in a commissioning phase as at 30 June 2009. All contracted sales are made in accordance with delivery schedules agreed with each customer from time to time and, as a result, delivery quantities and revenues are not evenly distributed between quarters.

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

Non Current Assets have decreased to US$1,285.3M at 30 June 2009 primarily as a result of the foreign exchange movement on the Australian dollar denominated exploration assets and an impairment of US$753.8M in the carrying value of the Mount Isa asset. This was partially offset by the capital expenditure at LHUP and KUP.

Current Liabilities have increased from US$55.3M to US$91.3M as at 30 June 2009 primarily as a result of construction activities at KUP.

Non Current Liabilities have decreased from US$1,078.5M to US$744.8M at 30 June 2009 primarily as a result of a decrease in deferred tax liabilities which has been partially offset by an increase in provisions. The deferred tax liability which arose from the acquisition accounting of Summit Resources Limited has decreased due to both the impairment of the Australian dollar exploration carrying value and the foreign exchange movement on this Australian dollar exploration carrying value during the year. Provisions have increased from US$8.4M to US$36.1M predominantly due to the initial recognition of rehabilitation and mine closure provisions for the KUP, an increase in the rehabilitation and mine closure provisions for LHUP and the initial recognition of the social responsibility provision of US$9.7M at KUP.

Segment Disclosure (refer to Note 3)

In the Balance Sheet as at 30 June 2009, the Company reflected a decrease in the Australian geographical segment assets and liabilities for the year as a result of the impairment in the carrying value of Mount Isa exploration and evaluation asset, the foreign exchange movement on the Australian dollar denominated exploration assets and decreased cash on hand. For the Namibian geographical segment an increase occurred in the year in assets and liabilities due to the Stage II expansion, operations and exploration and evaluation activities for the LHUP. For the Malawi geographical segment, an increase occurred in the year in the assets and liabilities as a result of mine construction and, exploration and evaluation activities for the KUP.

STATEMENTS OF CHANGES IN EQUITY	**YEAR ENDED 30 JUNE**	
	2009	**2008**
	US$M	**US$M**
Total equity at the beginning of the financial year	1,429.3	1,308.3
Loss for the year ended 30 June, after minority interests	(480.2)	(36.0)
Movement in reserves, net of foreign currency	43.9	(10.7)
Movement in equity, net of foreign currency	23.2	13.1
Foreign currency translation	(295.9)	155.8
Minority interests, net of foreign currency	(89.1)	(1.2)
Total Equity at the End of the Financial Year	**631.2**	**1,429.3**

Loss for the Year Ended 30 June 2009 is discussed under the Income Statements section and is an increase from the loss in the comparative period.

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

Movement in Other Reserves in 2009 of a US$43.9M increase relates to the transfer in December 2008 to profit and loss of the revaluation decrement in DYL (net of tax and foreign exchange movements) and the subsequent revaluation increment attributable to the increase in DYL (net of tax and foreign exchange movements) and the recognised value of unlisted employee options. Unlisted employee options exercised during the year amounted to 2,060,000 with exercise prices ranging from A$2.80 to A$5.50. During the year 1,950,000 employee options were granted with exercise prices ranging from A$2.07 to A$4.48 per share, 1,314,617 were forfeited with exercise prices ranging from A$2.14 to A$8.77 per share and 2,425,000 expired with a exercise prices ranging from A$2.80 to A$5.50.

Movement in Equity in 2009 of a US$23.2M increase relates to the issue of 8,135,433 shares as consideration for the acquisition of Fusion Resources Limited and the exercise of 2,060,000 unlisted employee options. The number of fully paid ordinary shares on issue at 30 June 2009 is 623,692,802, an increase of 10,195,433 during the year.

Share options of 15,227,455 remain outstanding at 30 June 2009 to the employees, and consultants directly engaged in corporate, mine construction, operations, exploration and evaluation work.

Minority Interests recognised during the year relate to the 18.0% interest in Summit Resources Ltd held by third parties and the 15% interest in Paladin (Africa) Ltd held by the Government of the Republic of Malawi. The minority interest changed from 18.1% during the year following a renounceable rights issue by Summit Resources Ltd.

CASH FLOW STATEMENTS	**YEAR ENDED 30 JUNE**	
	2009 US$M	**2008 US$M**
Net cash outflow from operating activities	(7.9)	(18.4)
Net cash outflow from investing activities	(257.9)	(150.9)
Net cash (outflow)/inflow from financing activities	(6.7)	324.0
Net (decrease)/increase in cash held	(272.5)	154.7
Cash at the beginning of financial year	337.6	182.8
Effects of exchange rate changes	1.1	0.1
Cash at the End of the Financial Year	**66.2**	**337.6**

Net Cash Outflow from Operating Activities was US$7.9M in 2009 primarily due to payments to suppliers and employees of US$105.7M relating to the mine operations at the LHUP, the growth of the Company and interest payments of US$32.3M on project finance facilities and convertible bonds which was partly offset by increased uranium sales receipts of US$127.2M.

Net Cash Outflow from Investing Activities was US$257.9M in 2009 as a result of mine construction at the KUP, Stage II expansion at LHUP, exploration and evaluation project expenditure, the acquisition of shares in NGM Resources Ltd, the additional investments in DYL and third party uranium purchases. This was partially offset by the US$9.2M cash held by Fusion upon consolidation, which was acquired during the March 2009 quarter.

Net Cash Outflow from Financing Activities of US$6.7M in 2009 is attributable to the US$12.2M repayment of project finance facilities for LHUP which has been partly offset by US$5.2M proceeds from the exercise of 2,060,000 unlisted employee options and US$1.1M net proceeds from third parties from the Summit Resources Ltd renounceable rights issue. The net cash inflow in 2008 was the result of the issue of US$325M in convertible bonds.

Net Decrease in Cash in 2009 was US$272.5M, as compared to the net increase in cash over the previous corresponding period in 2008 of US$154.7M. The change is predominantly the result of the proceeds from issue of the US$325M convertible bonds in 2008 and significant capital expenditure programme in 2009.

Effect of Exchange Rate Changes is a gain of US$1.1M for 2009.

LIQUIDITY AND CAPITAL RESOURCES

The Company's principal source of liquidity as at 30 June 2009 is cash of US$66.2M (2008: US$337.6M). The cash is currently invested over a range of maturities with Australian banks with a minimum AA Standard & Poor's credit rating.

The Company's principal sources of cash for the year ended 30 June 2009 were uranium sales receipts, interest received from cash investments, proceeds from exercise of unlisted employee options, the rights issue by Summit Resources Ltd and cash acquired on acquisition of Fusion Resources Ltd.

The Company has in place LHUP project finance facilities of US$54.1M which have been fully drawn down, leaving available facilities of US$Nil.

For the KUP, the Company has financing totalling US$167M, consisting of a six year Project Finance Facility of US$145M, a Standby Cost Overrun Facility of US$12M and a Performance Bond Facility of US$10M. The facilities are being provided by Société Générale Corporate and Investment Banking (as inter-creditor agent and commercial lender), Nedbank Capital a division of Nedbank Limited (ECIC lender) and The Standard Bank of South Africa Ltd (as ECIC facility agent and lender). At 30 June 2009, US$Nil had been drawn of the project finance facilities leaving available facilities of US$167M. On 17 August 2009, the Company announced initial drawdown of US$84.5M pursuant to this facility.

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

Payments due by period	Total US$M	Less than 1 yr US$M	1 to 5 yrs US$M	5 yrs+ or unknown US$M
Tenements	15.1	7.1	8.0	-
Mine construction	4.4	4.4	-	-
Operating leases	5.1	0.8	2.7	1.6
Manyingee acquisition costs	0.6	-	-	0.6
Total commitments	**25.2**	**12.3**	**10.7**	**2.2**

In relation to the Manyingee Uranium Project, the acquisition terms provide for a payment of A$0.75M (US$0.6M) 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$0.6M) and are subject to the Western Australian Department of Minerals & Energy granting tenements comprising 2 exploration licence applications. The A$0.75M (US$0.6M) is payable by the Company within 10 business days of the later of the grant of the tenements or the exercise of either the call or put option. The options will expire 3 months after the date the tenements are granted.

The Company has no other material off balance sheet arrangements.

OUTSTANDING SHARE INFORMATION

As at 31 August 2009, Paladin had 623,692,802 fully paid ordinary shares issued and outstanding. The following table sets out the fully paid ordinary outstanding shares and those issuable under the Company Executive Share Option Plan and in relation to the Convertible Bonds:

As at 31 August 2009	Number
Outstanding shares	623,692,802
Issuable under Executive Share Option Plan	14,050,455
Issuable in relation to the US$250M Convertible Bonds	32,530,904
Issuable in relation to the US$325M Convertible Bonds	49,317,147
Total	**719,591,308**

CRITICAL ACCOUNTING ESTIMATES

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

FINANCIAL INSTRUMENTS

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

The Company's main foreign currency translation risk is for monetary assets and liabilities of the Namibian and Malawian operations. These are deemed to have a functional currency of United States dollars, and the Company has adopted a presentation currency of United States dollars therefore eliminating any foreign currency translation risk for non-monetary assets and liabilities. The Company also has significant foreign currency translation risk for non-monetary assets and liabilities of the Australian exploration and evaluation operations as these are deemed to have a functional currency of Australian dollars, and the Company has adopted a presentation currency of United States dollars. The Company has no significant monetary foreign currency assets and liabilities apart from Namibian dollar cash, receivables, payables and provisions and Australian dollar cash, payables and deferred tax liabilities.

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

TRANSACTIONS WITH RELATED PARTIES

During the year ended 30 June 2009 no payments were made to Director related entities. Directors of the Company receive standard personal based compensation.

DISCLOSURE CONTROLS

The Company has applied its Disclosure Control Policy to the preparation of the Consolidated Financial Statements for the year ended 30 June 2009, associated Management Discussion and Analysis and Report to Shareholders. An evaluation of the Company's disclosure controls and procedures used has been undertaken and concluded that the disclosure controls and procedures were effective.

INTERNAL CONTROLS

The Company has designed appropriate internal controls over financial reporting (ICFR) and ensured that these were in place for the year ended 30 June 2009. An evaluation of the design of ICFR has concluded that it is adequate to prevent a material misstatement of the Company's Consolidated Financial Statements as at 30 June 2009.

During the year 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 year and the Company continues to address their recommendations.

The resultant changes to the internal controls over financial reporting have improved and will continue to improve the Company's framework of internal control in relation to financial reporting.

SUBSEQUENT EVENTS

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

<u>Langer Heinrich Uranium Project (LHUP), Namibia Project Finance – Completion Test Satisfied</u>

On 1 July 2009 the Company announced in accordance with the LHUP project finance loan the Completion Test has been satisfied.

On 30 June 2009 Société Générale advised on behalf of the Bankers' Syndicate, which also includes Nedbank Capital and Standard Bank, that LHUP had successfully met all conditions required by the Project Lenders including the entire host of Completion Tests. Additionally, the previously outstanding construction related condition of leach tank lining remediation had been satisfied enabling the declaration of Construction Practical Completion.

As a result of achieving Completion the interest margin on the outstanding LHUP project finance debt will reduce by 1% per annum and the loan becomes non-recourse to Paladin Energy Ltd.

<u>Issue of Employee Options</u>

On 2 July 2009 the Company announced the granting of 700,000 unlisted incentive options, exercisable at A$4.48 vesting after three years, subject to performance conditions as outlined in the Executive Share Option Plan, with a five year expiry.

<u>Kayelekera Uranium Project, Malawi US$167M Project Finance Completed – First Drawdown</u>

On 17 August 2009 the Company announced the first drawdown of US$84.5M under the KUP Financing Loan (Facility).

The KUP is currently in its production ramp-up phase. The first drawdown has been reimbursed to Paladin Energy Ltd for expenditure on the project, with the remainder of the Facility to be applied to the Project and working capital expenditure.

The Facility is provided by a syndicate of banks made up of Société Générale, Standard Bank and Nedbank Capital and is the same syndicate of banks that provided project finance for LHUP Stage I.

The US$167M project finance package consists of:-

- US$145M Project Financing Facility – currently drawn to US$84.5M
- US$12M Cost overrun Facility – currently funded with US$8M cash
- US$10M Performance Bond Facility

<u>Increased holding in NGM Resources Limited</u>

On 20 August 2009 it was announced that the Company will increase its shareholding from 16.7% to 19.9% following an additional investment of US$1.5M.

CONTENTS OF THE FINANCIAL REPORT

PALADIN ENERGY LTD AND CONTROLLED ENTITIES
CONSOLIDATED INCOME STATEMENTS *(UNAUDITED)*

FOR THE YEAR ENDED 30 JUNE 2009

	Notes	CONSOLIDATED 2009 US$M	CONSOLIDATED 2008 US$M	PARENT ENTITY 2009 US$M	PARENT ENTITY 2008 US$M
Revenue from continuing operations					
Revenue	4(a)	114.8	101.9	11.1	11.2
Cost of sales		(53.0)	(56.7)	-	-
		61.8	45.2	11.1	11.2
Depreciation and amortisation		(8.8)	(7.1)	-	-
Product distribution costs		(1.3)	(1.0)	-	-
Royalties		(3.3)	(1.6)	-	-
Gross profit		48.4	35.5	11.1	11.2
Other income	4(b)	1.1	-	1.9	-
Exploration and evaluation expenses	15	(12.2)	(13.1)	-	-
Other expenses	4(c)	(39.5)	(35.7)	(482.4)	(28.5)
Impairment of exploration and evaluation	15	(753.8)	-	-	-
Impairment of available-for-sale financial assets		(26.0)	-	(25.9)	-
Finance costs	4(d)	(30.5)	(30.7)	(20.4)	(27.1)
Share of loss of an associate	11(b)	(0.9)	(0.2)	-	-
Net loss before income tax benefit		**(813.4)**	**(44.2)**	**(515.7)**	**(44.4)**
Income tax benefit	5(a)	237.0	7.0	17.9	2.6
Net loss after tax from continuing operations		**(576.4)**	**(37.2)**	**(497.8)**	**(41.8)**
Attributable to:					
Minority interests	22	(96.2)	(1.2)	-	-
Members of the parent		(480.2)	(36.0)	(497.8)	(41.8)
Loss per share		**US$**	**US$**		
Loss after tax from continuing operations attributable to ordinary equity holders of the Company – basic and diluted	34	(0.78)	(0.06)		

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

PALADIN ENERGY LTD AND CONTROLLED ENTITIES
CONSOLIDATED BALANCE SHEETS *(UNAUDITED)*

AS AT 30 JUNE 2009

	Notes	CONSOLIDATED 2009 US$M	CONSOLIDATED 2008 US$M	PARENT ENTITY 2009 US$M	PARENT ENTITY 2008 US$M
ASSETS					
Current assets					
Cash and cash equivalents	6	66.2	337.6	16.8	317.4
Trade and other receivables	7	29.0	40.0	1.3	9.4
Inventories	8	85.8	68.9	-	-
Financial assets held for trading	9	1.0	1.4	-	-
TOTAL CURRENT ASSETS		182.0	447.9	18.1	326.8
Non current assets					
Trade and other receivables	7	2.2	-	498.2	218.6
Inventories	8	24.9	-	-	-
Other financial assets	10	69.2	41.7	612.1	1,019.7
Investment in associate	11	-	2.6	-	-
Deferred borrowing costs	12	8.2	1.7	-	-
Property, plant and equipment	13	457.8	229.5	17.0	17.8
Mine development	14	54.2	12.2	-	-
Exploration and evaluation expenditure	15	635.5	1,797.9	-	-
Deferred tax assets	5(d)	3.9	13.0	-	-
Intangible assets	16	25.6	16.6	-	-
TOTAL NON CURRENT ASSETS		1,281.5	2,115.2	1,127.3	1,256.1
TOTAL ASSETS		1,463.5	2,563.1	1,145.4	1,582.9
LIABILITIES					
Current liabilities					
Trade and other payables	17	67.1	41.4	8.7	7.5
Unearned revenue	18	0.2	0.2	-	-
Interest bearing loans and borrowings	19	14.2	12.2	-	-
Provisions	20	9.8	1.5	1.2	1.0
TOTAL CURRENT LIABILITIES		91.3	55.3	9.9	8.5
Non current liabilities					
Trade and other payables	17	-	-	-	1.0
Unearned revenue	18	0.2	0.5	-	-
Interest bearing loans and borrowings	19	572.0	570.3	532.1	517.4
Deferred tax liabilities	5(d)	136.5	499.3	-	10.8
Provisions	20	32.3	8.4	0.1	0.1
TOTAL NON CURRENT LIABILITIES		741.0	1,078.5	532.2	529.3
TOTAL LIABILITIES		832.3	1,133.8	542.1	537.8
NET ASSETS		**631.2**	**1,429.3**	**603.3**	**1,045.1**
EQUITY					
Contributed equity	21(a)	1,111.6	1,088.4	1,111.6	1,088.4
Reserves	21(d)	31.9	234.1	89.1	56.3
Accumulated losses		(581.2)	(101.0)	(597.4)	(99.6)
Parent interests		562.3	1,221.5	603.3	1,045.1
Minority interests	22	68.9	207.8	-	-
TOTAL EQUITY		**631.2**	**1,429.3**	**603.3**	**1,045.1**

The above Consolidated Balance Sheets should be read in conjunction with the accompanying notes.

PALADIN ENERGY LTD AND CONTROLLED ENTITIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY *(UNAUDITED)*
FOR THE YEAR ENDED 30 JUNE 2009

	Notes	Contributed Equity US$M	Reserves US$M	Accumulated Losses US$M	Minority Interests US$M	Total US$M
CONSOLIDATED						
At 1 July 2007		**1,075.3**	**113.2**	**(65.0)**	**184.8**	**1,308.3**
Changes in fair value of available-for-sale financial assets		-	(44.6)	-	-	(44.6)
Foreign currency translation		-	131.6	-	24.2	155.8
Income and expense recognised directly in equity		-	87.0	-	24.2	111.2
Loss for the year		-	-	(36.0)	(1.2)	(37.2)
Total income and expense for the year		-	87.0	(36.0)	23.0	74.0
Recognised value of unlisted employee options over vesting period		-	10.6	-	-	10.6
Exercise of unlisted employee options	21(b)	2.6	(2.6)	-	-	-
Contributions of equity, net of transactions costs	21(b)	10.5	-	-	-	10.5
Convertible bonds - equity component		-	17.8	-	-	17.8
Income tax on items taken directly to equity		-	8.1	-	-	8.1
At 30 June 2008		**1,088.4**	**234.1**	**(101.0)**	**207.8**	**1,429.3**

	Notes	Contributed Equity US$M	Reserves US$M	Accumulated Losses US$M	Minority Interests US$M	Total US$M
CONSOLIDATED						
At 1 July 2008		**1,088.4**	**234.1**	**(101.0)**	**207.8**	**1,429.3**
Changes in fair value of available-for-sale financial assets		-	41.4	-	0.1	41.5
Transfer of impairment loss to P&L		-	0.5	-	-	0.5
Foreign currency translation		-	(246.1)	-	(49.8)	(295.9)
Income and expense recognised directly in equity		-	(204.2)	-	(49.7)	(253.9)
Loss for the year		-	-	(480.2)	(96.2)	(576.4)
Total income and expense for the year		-	(204.2)	(480.2)	(145.9)	(830.3)
Recognised value of unlisted employee options over vesting period		-	10.9	-	-	10.9
Exercise of unlisted employee options	21(b)	2.8	(2.8)	-	-	-
Contributions of equity, net of transactions costs	21(b)	20.4	-	-	1.1	21.5
Allotment of 15% interest to Government of Malawi		-	(0.2)	-	5.9	5.7
Income tax on items taken directly to equity		-	(5.9)	-	-	(5.9)
At 30 June 2009		**1,111.6**	**31.9**	**(581.2)**	**68.9**	**631.2**

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

PALADIN ENERGY LTD AND CONTROLLED ENTITIES
PARENT ENTITY STATEMENTS OF CHANGES IN EQUITY *(UNAUDITED)*

FOR THE YEAR ENDED 30 JUNE 2009

	Notes	Contributed Equity US$M	Reserves US$M	Accumulated Losses US$M	Total US$M
PARENT ENTITY					
At 1 July 2007		**1,075.3**	**51.0**	**(57.8)**	**1,068.5**
Change in fair value of available-for-sale financial assets		-	(28.4)	-	(28.4)
Foreign currency translation		-	4.7	-	4.7
Income and expense recognised directly in equity		-	(23.7)	-	(23.7)
Loss for the year		-	-	(41.8)	(41.8)
Total income and expense for the year		-	(23.7)	(41.8)	(65.5)
Recognised value of unlisted employee options over vesting period		-	10.6	-	10.6
Exercise of unlisted employee options	21(b)	2.6	(2.6)	-	-
Contributions of equity, net of transactions costs	21(b)	10.5	-	-	10.5
Convertible bonds - equity component		-	17.8	-	17.8
Income tax on items taken directly to equity		-	3.2	-	3.2
At 30 June 2008		**1,088.4**	**56.3**	**(99.6)**	**1,045.1**

	Notes	Contributed Equity US$M	Reserves US$M	Accumulated Losses US$M	Total US$M
PARENT ENTITY					
At 1 July 2008		**1,088.4**	**56.3**	**(99.6)**	**1,045.1**
Change in fair value of available-for-sale financial assets		-	35.5	-	35.5
Transfer of impairment loss to P&L		-	0.5	-	0.5
Foreign currency translation		-	(1.0)	-	(1.0)
Income and expense recognised directly in equity		-	35.0	-	35.0
Loss for the year		-	-	(497.8)	(497.8)
Total income and expense for the year		-	35.0	(497.8)	(462.8)
Recognised value of unlisted employee options over vesting period		-	10.9	-	10.9
Exercise of unlisted employee options	21(b)	2.8	(2.8)	-	-
Contributions of equity, net of transactions costs	21(b)	20.4	-	-	20.4
Income tax on items taken directly to equity		-	(10.3)	-	(10.3)
At 30 June 2009		**1,111.6**	**89.1**	**(597.4)**	**603.3**

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

PALADIN ENERGY LTD AND CONTROLLED ENTITIES
CONSOLIDATED CASH FLOW STATEMENTS *(UNAUDITED)*

FOR THE YEAR ENDED 30 JUNE 2009

		CONSOLIDATED		PARENT ENTITY	
	Notes	**2009 US$M**	**2008 US$M**	**2009 US$M**	**2008 US$M**
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers		127.2	68.4	-	-
Payments to suppliers and employees		(105.7)	(77.1)	(8.6)	(9.8)
Interest received		2.8	7.5	2.0	6.5
Interest paid		(32.3)	(17.4)	(27.5)	(11.2)
Other income		0.1	0.2	-	-
NET CASH OUTFLOW FROM OPERATING ACTIVITIES	6(a)	**(7.9)**	**(18.4)**	**(34.1)**	**(14.5)**
CASH FLOWS FROM INVESTING ACTIVITIES					
Exploration and evaluation expenditure		(12.0)	(11.7)	-	-
Payments for property, plant and equipment		(237.3)	(99.6)	(0.6)	(1.1)
Loans to controlled entities		-	-	(274.3)	(160.9)
Loans repaid from controlled entities		-	-	22.1	14.6
Payments for available-for-sale financial assets		(11.7)	(17.8)	(11.7)	(15.7)
Payments for controlled entities net of cash acquired	10(a)	8.8	-	-	-
Investment in subsidiary		-	-	(9.1)	-
Proceeds from sale of property, plant & equipment		0.2	1.9	-	-
Proceeds from sale of tenements		0.1	2.1	-	-
Payments for third party uranium		(6.0)	(25.8)	-	-
NET CASH OUTFLOW FROM INVESTING ACTIVITIES		**(257.9)**	**(150.9)**	**(273.6)**	**(163.1)**
CASH FLOWS FROM FINANCING ACTIVITIES					
Rights issue		1.1	-	-	-
Proceeds from exercise of share options		5.2	10.5	5.2	10.5
Equity fundraising costs		(0.1)	-	-	-
Convertible bonds and project finance facility establishment costs		(0.7)	(11.2)	-	(9.7)
Repayment of borrowings		(12.2)	(4.6)	-	-
Proceeds from borrowings		-	4.3	-	-
Proceeds from convertible bonds		-	325.0	-	325.0
NET CASH (OUTFLOW)/INFLOW FROM FINANCING ACTIVITIES		**(6.7)**	**324.0**	**5.2**	**325.8**
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		**(272.5)**	**154.7**	**(302.5)**	**148.2**
Cash and cash equivalents at the beginning of the financial year		337.6	182.8	317.4	169.7
Effects of exchange rate changes on cash and cash equivalents		1.1	0.1	1.9	(0.5)
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR	6	**66.2**	**337.6**	**16.8**	**317.4**

The above Consolidated Cash Flow Statements should be read in conjunction with the accompanying notes.

NOTE 1. CORPORATE INFORMATION

The financial report of Paladin Energy Ltd for the year ended 30 June 2009 was authorised for issue in accordance with a resolution of the Directors on 20 August 2009, subject to final drafting.

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

The nature of the operations and principal activities of the Group are described in Management Discussion and Analysis on pages 1 to 9.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation and statement of compliance

The financial report is a general purpose financial report, which complies with the requirements of the *Corporations Act 2001* and Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board. The financial report complies with International Financial Reporting Standards as issued by the International Accounting Standards Board. The financial report has also been prepared on a historical cost basis, except for available-for-sale investments and financial assets held for trading, which have been measured at fair value. Where necessary, comparatives have been reclassified and repositioned for consistency with current year disclosures.

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

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.

(b) New accounting standards and interpretations

The following Australian Accounting Standards that have recently been issued or amended but are not yet effective, have not been applied by Paladin Energy Ltd:

Reference	Title	Summary	Application Date of Standard	Impact on Group Financial report	Application Date for Group
AASB Int. 15	Agreements for the Construction of Real Estate	This Interpretation requires that when the real estate developer is providing construction services to the buyer's specifications, revenue can be recorded only as construction progresses. Otherwise, revenue should be recognised on completion of the relevant real estate unit.	1 January 2009	The Group does not engage in the the construction of real estate. It is expected that this Interpretation will have no impact on its Financial Statements.	1 July 2009
AASB Int. 16	Hedges of a Net Investment in a Foreign Operation	This Interpretation requires that the hedged risk in a hedge of a net investment in a foreign operation is the foreign currency risk arising between the functional currency of the net investment and the functional currency of any parent entity. This also applies to foreign operations in the form of joint ventures, associates or branches.	1 October 2008	The Group does not engage in hedging net investments in foreign operations. It is expected that this Interpretation will have no impact on its Financial Statements.	1 July 2009
AASB Int. 17 and AASB 2008-13	Distributions of Non-cash Assets to Owners and consequential amendments to Australian Accounting Standards AASB 5 and AASB 110	The Interpretation outlines how an entity should measure distributions of assets, other than cash, as a dividend to its owners acting in their capacity as owners. This applies to transactions commonly referred to as spin-offs, split offs or demergers and in-specie distributions.	1 July 2009	The Group does not engage in the distribution of non-cash assets to Owners. It is expected that this Interpretation will have no impact on its Financial Statements.	1 July 2009

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Statement of compliance (continued)

Reference	Title	Summary	Application Date of Standard	Impact on Group Financial report	Application Date for Group
AASB Int. 18	Transfers of Assets from Customers	This Interpretation provides guidance on the transfer of assets such as items of property, plant and equipment or transfers of cash received from customers. The Interpretation provides guidance on when and how an entity should recognise such assets and discusses the timing of revenue recognition for such arrangements and requires that once the asset meets the condition to be recognised at fair value, it is accounted for as an 'exchange transaction'. Once an exchange transaction occurs the entity is considered to have delivered a service in exchange for receiving the asset. Entities must identify each identifiable service within the agreement and recognise revenue as each service is delivered.	Applies prospectively to transfer of assets from customers received on or after 1 July 2009	The Group does not engage in the transfer of assets from customers. It is expected that this Interpretation will have no impact on its Financial Statements.	1 July 2009
AASB 8 and AASB 2007-3	Operating Segments and consequential amendments to other Australian Accounting Standards	New Standard replacing AASB 114 *Segment Reporting*, which adopts a management reporting approach to segment reporting.	1 January 2009	The Group will assess the impact this may have on its Financial Statements.	1 July 2009
AASB 1039 (revised)	Concise Reporting	AASB 1039 was revised in August 2008 to achieve consistency with AASB 8 *Operating Segments*. The revisions include changes to terminology and descriptions to ensure consistency with the revised AASB 101 *Presentation of Financial Statements*.	1 January 2009	The Group does not prepare a concise report. This Standard will have no impact on its Financial Statements.	1 July 2009
AASB 123 (Revised) and AASB 2007-6	Borrowing Costs and consequential amendments to other Australian Accounting Standards	The amendments to AASB 123 require that all borrowing costs associated with a qualifying asset be capitalised.	1 January 2009	The revised standard will have no impact as it is consistent with current Group policy.	1 July 2009

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Statement of compliance (continued)

Reference	Title	Summary	Application Date of Standard	Impact on Group Financial report	Application Date for Group
AASB 101 (Revised), AASB 2007-8 and AASB 2007-10	Presentation of Financial Statements and consequential amendments to other Australian Accounting Standards	Introduces a statement of comprehensive income. Other revisions include impacts on the presentation of items in the statement of changes in equity, new presentation requirements for restatements or reclassifications of items in the financial statements, changes in the presentation requirements for dividends and changes to the titles of the financial statements.	1 January 2009	The Group will assess the impact this may have on its Financial Statements.	1 July 2009
AASB 2008-1	Amendments to Australian Accounting Standard – Share-based Payments: Vesting Conditions and Cancellations	The amendments clarify the definition of “vesting conditions”, introducing the term “non-vesting conditions” for conditions other than vesting conditions as specifically defined and prescribe the accounting treatment of an award that is effectively cancelled because a non-vesting condition is not satisfied.	1 January 2009	The Group will assess the impact this may have on its Financial Statements.	1 July 2009
AASB 2008-2	Amendments to Australian Accounting Standards – Puttable Financial Instruments and Obligations arising on Liquidation	The amendments provide a limited exception to the definition of a liability so as to allow an entity that issues puttable financial instruments with certain specified features, to classify those instruments as equity rather than financial liabilities.	1 January 2009	The Group does not issue puttable financial instruments. It is expected that this Standard will have no impact on its Financial Statements.	1 July 2009
AASB 3 (Revised)	Business Combinations	The revised Standard introduces a number of changes to the accounting for business combinations, the most significant of which includes the requirement to have to expense transaction costs and a choice (for each business combination entered into) to measure a non-controlling interest (formerly a minority interest) in the acquiree either at its fair value or at its proportionate interest in the acquiree’s net assets. This choice will effectively result in recognising goodwill relating to 100% of the business (applying the fair value option) or recognising goodwill relating to the percentage interest acquired. The changes apply prospectively.	1 July 2009	The Group will assess the impact this may have on its Financial Statements.	1 July 2009

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Statement of compliance (continued)

Reference	Title	Summary	Application Date of Standard	Impact on Group Financial report	Application Date for Group
AASB 127 (Revised)	Consolidated and Separate Financial Statements	There are a number of changes arising from the revision to AASB 12 relating to changes in ownership interest in a subsidiary without loss of control, allocation of losses of a subsidiary and accounting for the loss of control of a subsidiary. Specifically in relation to a change in the ownership interest of a subsidiary (that does not result in loss of control) – such a transaction will be accounted for as an equity transaction.	1 July 2009	The Group will assess the impact this may have on its Financial Statements.	1 July 2009
AASB 2008-3	Amendments to Australian Accounting Standards arising from AASB 3 and AASB 127	Amending Standard issued as a consequence of revisions to AASB 3 and AASB 127. Refer above.	1 July 2009	The Group will assess the impact this may have on its Financial Statements.	1 July 2009
AASB 2008-5	Amendments to Australian Accounting Standards arising from the Annual Improvements Project	The improvements project is an annual project that provides a mechanism for making non-urgent, but necessary, amendments to IFRSs. The IASB has separated into two parts: Part 1 deals with changes the IASB identified resulting in accounting changes; Part II deals with either terminology or editorial amendments that the IASB believes will have minimal impact. This was the first omnibus of amendments issued by the IASB arising from the Annual Improvements Project and it is expected that going forward, such improvements will be issued annually to remove inconsistencies and clarify wording in the standards. The AASB issued these amendments in two separate amending standards; one dealing with the accounting changes effective from 1 January 2009 and the other dealing with amendments to AASB 5, which will be applicable from 1 July 2009 [refer below AASB 2008-6].	1 January 2009	The Group will assess the impact this may have on its Financial Statements.	1 July 2009

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Statement of compliance (continued)

Reference	Title	Summary	Application Date of Standard	Impact on Group Financial report	Application Date for Group
AASB 2008-6	Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project	This was the second omnibus of amendments issued by the IASB arising from the Annual Improvements Project. Refer to AASB 2008-5 above for more details.	1 July 2009	The Group will assess the impact this may have on its Financial Statements.	1 July 2009
AASB 2008-7	Amendments to Australian Accounting Standards – Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate	The main amendments of relevance to Australian entities are those made to AASB 127 deleting the "cost method" and requiring all dividends from a subsidiary, jointly controlled entity or associate to be recognised in or loss in an entity's separate profit financial statements (i.e., parent company accounts). The distinction between pre- and post-acquisition profits is no longer required. However, the payment of such dividends requires the entity to consider whether there is an indicator of impairment. AASB 127 has also been amended to effectively allow the cost of an investment in a subsidiary, in limited reorganisations, to be based on the previous carrying amount of the subsidiary (that is, share of equity) rather than its fair value.	1 January 2009	The Group will assess the impact this may have on its Financial Statements.	1 July 2009
AASB 2008-8	Amendments to Australian Accounting Standards – Eligible Hedged Items	The amendment to AASB 139 clarifies how the principles underlying hedge accounting should be applied when (i) a one-sided risk in a hedged item is being hedged and (ii) inflation in a financial hedged item existed or was likely to exist.	1 July 2009	The Group does apply hedge accounting. It is expected that this Standard will have no impact on its Financial Statements.	1 July 2009

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Statement of compliance (continued)

Reference	Title	Summary	Application Date of Standard	Impact on Group Financial report	Application Date for Group
AASB 2009-2	Amendments to Australian Accounting Standards – Improving Disclosures about Financial Instruments (AASB 4, AASB 7, AASB 1023 & AASB 1038)	The main amendment to AASB 7 requires fair value measurements to be disclosed by the source of inputs, using the following three-level hierarchy: - quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1); - 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 2); and - inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3). These amendments arise from the issuance of *Improving Disclosures about Financial Instruments (Amendments to IFRS 7)* by the IASB in March 2009. The amendments to AASB 4, AASB 1023 and AASB 1038 comprise editorial changes resulting from the amendments to AASB 7.	Annual reporting periods beginning on or after 1 January 2009 that end on or after 30 April 2009	The Group will assess the impact this may have on its Financial Statements.	1 July 2009

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Statement of compliance (continued)

Reference	Title	Summary	Application Date of Standard	Impact on Group Financial report	Application Date for Group
AASB 2009-4	Amendments to Australian Accounting Standards arising from the Annual Improvements Project (AASB 2 and AASB 138 and AASB Interpretations 9 & 16)	The amendments to some Standards result in accounting changes for presentation, recognition or measurement purposes, while some amendments that relate to terminology and editorial changes are expected to have no or minimal effect on accounting. The main amendment of relevance to Australian entities is that made to IFRIC 16 which allows qualifying hedge instruments to be held by any entity or entities within the group, including the foreign operation itself, as long as the designation, documentation and effectiveness requirements in AASB 139 that relate to a net investment hedge are satisfied. More hedging relationships will be eligible for hedge accounting as a result of the amendment. These amendments arise from the issuance of the IASB's *Improvements to IFRSs*. The amendments pertaining to IFRS 5, 8, IAS 1,7, 17, 36 and 39 have been issued in Australia as AASB 2009-5 (refer below).	1 July 2009	The Group will assess the impact this may have on its Financial Statements.	1 July 2009
AASB 2009-5	Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project (AASB 5, 8, 101, 107, 117, 118, 136 & 139)	The amendments to some Standards result in accounting changes for presentation recognition or measurement, purposes while some amendments that relate to terminology and editorial changes are expected to have no or minimal effect on accounting. The main amendment of relevance to Australian entities is that made to AASB 117 by removing the specific Guidance on classifying land as a lease so that only the general guidance remains. Assessing land leases based on the general criteria may result in more land leases being classified as finance leases and if so, the type of asset which is to be recorded (intangible v property, plant and equipment) needs to be determined. These amendments arise from the issuance of the IASB's *Improvements to IFRSs*. The AASB has issued the amendments to IFRS 2, IAS 38, IFRIC 9 as AASB 2009-4 (refer above).	1 January 2010	The Group will assess the impact this may have on its Financial Statements.	1 July 2010

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Statement of compliance (continued)

Reference	Title	Summary	Application Date of Standard	Impact on Group Financial report	Application Date for Group
AASB 2009-Y	Amendments to Australian Accounting Standards (AASB 5, 7, 107, 112, 136 & 139 and Interpretation 17)	These comprise editorial amendments and are expected to have no major impact on the requirements of the amended pronouncements.	1 July 2009	The Group will assess the impact this may have on its Financial Statements.	1 July 2009
Amendments to International Financial Reporting Standards	Amendments to IFRS 2	The amendments clarify the accounting for group cash-settled share- based payment transactions, in particular: - the scope of AASB 2; and - the interaction between IFRS 2 and other standards. An entity that receives goods or services in a share-based payment arrangement must account for those goods or services no matter which entity in the group settles the transaction, and no matter whether the transaction is settled in shares or cash. A “group” has the same meaning as in IAS 27 *Consolidated and Separate Financial Statements*, that is, it includes only a parent and its subsidiaries. The amendments also incorporate guidance previously included in IFRIC 8 *Scope of IFRS 2* and IFRIC 11 *IFRS 2—Group and Treasury Share Transactions*. As a result, IFRIC 8 and IFRIC 11 have been withdrawn.	1 January 2010	The Group will assess the impact this may have on its Financial Statements.	1 July 2010

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Basis of consolidation

The Consolidated Financial Statements incorporate the assets and liabilities of all subsidiaries of Paladin Energy Ltd (Company or Parent Entity) as at 30 June 2009 and the results of all subsidiaries for the 12 months then ended. Paladin Energy Ltd and its subsidiaries together are referred to in this financial report as the Group or the Consolidated Entity.

Subsidiaries are all those entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group (refer to Note 2(j)).

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Transactions with minority interests are accounted for using the equity method, whereby the difference between the consideration paid/received and share of net assets acquired/disposed of is recognised as an equity transaction.

(d) Significant accounting judgements, estimates and assumptions

The carrying amounts of certain assets and liabilities are often determined based on estimates and assumptions of future events. The key estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting period are:

(i) Net realisable value of inventories

The Group reviews the carrying value of inventories regularly to ensure that their cost does not exceed net realisable value. In determining net realisable value various factors are taken into account including sales prices and costs to complete inventories to their final form.

(ii) Impairment of property, plant and equipment; mine development and intangibles

Property, plant and equipment; mine development and intangibles are tested for impairment at least on a quarterly basis. This requires an estimation of the recoverable amount of cash-generating units to which the property, plant and equipment; mine development and intangibles are allocated.

(iii) Available-for-sale financial assets and financial assets held for trading

The Group measures the fair value of available-for-sale financial assets by reference to the fair value of the equity instruments at the date at which they are valued. The fair value of the unlisted securities is determined using valuation techniques. Such techniques include using recent arm's length market transactions, net asset values and by an external valuer using a binomial model.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Significant accounting judgements, estimates and assumptions (continued)

(iv) Carrying value of exploration and evaluation expenditure

The Group reviews the carrying value of exploration and evaluation expenditure at least on a quarterly basis. This requires judgement as to the status of the individual projects and their future economic value.

(v) Deferred tax assets and liabilities

The Group is subject to income taxes in Australia and jurisdictions where it has foreign operations. Significant judgement is required in determining deferred tax assets and liabilities. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business.

(vi) Mine closure provision

The value of this provision represents the discounted value of the present obligation to restore, dismantle and close the mine. The discounted value reflects a combination of management's assessment of the cost of performing the work required, the timing of the cash flows and the discount rate. A change in any, or a combination, of the three key assumptions used to determine the provision could have a material impact to the carrying value of the provision.

(vii) Rehabilitation provision

The value of this provision represents the discounted value of the present obligation to rehabilitate the mine. The discounted value reflects a combination of management's assessment of the cost of performing the work required, the timing of the cash flows and the discount rate. A change in any, or a combination, of the three key assumptions used to determine the provision could have a material impact to the carrying value of the provision.

(viii) Share based payment transactions

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by an external valuer using a binomial model using assumptions detailed in Note 29.

(ix) Proved and probable reserves

The Group uses the concept of a life of mine as an accounting value to determine such things as depreciation rates and the appropriate period to discount mine closure provisions. In determining life of mine the proved and probable reserves measured in accordance with the 2004 edition of the Joint Ore Reserves Committee (JORC) Code specific to a mine are taken into account which by their very nature require judgements, estimates and assumptions.

(e) Segment reporting

A geographical segment is a group of assets and operations engaged in providing products or services within a particular economic environment and is subject to risks and returns that are different from those of segments operating in other economic environments. A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different to those of other business segments.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) Foreign currency translation

(i) Functional and presentation currency

Items included in the Financial Statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The Consolidated Financial Statements are presented in United States dollars (US dollars), which is the Company's functional and presentation currency from 1 December 2006. Prior to this date the functional and presentation currency was Australian dollars. In December 2006 there were several factors which produced a change in functional currency for the majority of the Group to US dollars. These included completion of construction and commissioning at the LHUP, issue of US$250M convertible bonds, conversion of excess group cash into US dollars resulting in derivation of US interest revenue, and redesignation of all intercompany group loans into US dollars. The presentation currency for a company is the currency in which the company chooses to present its financial reports. As the functional currency of the Company and the majority of the Group changed on 1 December 2006 to US dollars, the Company has decided to change the presentation currency for financial reporting to US dollars in order to better reflect the Group's financial position and financial performance.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Income Statement. Translation differences on available-for-sale financial assets are included in the available-for-sale reserve.

(iii) Group companies

Some Group entities have a functional currency of United States dollars which is consistent with the presentation currency of this financial report. For all other group entities the functional currency has been translated into US dollars for presentation purposes. Assets and liabilities are translated using exchange rates prevailing at the balance sheet date; revenues and expenses are translated using average exchange rates prevailing for the income statement year; and equity transactions are translated at exchange rates prevailing at the dates of transactions. The resulting difference from translation is recognised in a foreign currency translation reserve.

The following material operating subsidiaries have a US dollar functional currency:

- Paladin Finance Pty Ltd
- Paladin (Africa) Ltd
- Langer Heinrich Uranium (Pty) Ltd
- Paladin Nuclear Ltd

The following material operating subsidiaries have an Australian dollar functional currency:

- Northern Territory Uranium Pty Ltd
- Mount Isa Uranium Pty Ltd
- Paladin Energy Minerals NL
- Summit Resources (Aust) Pty Ltd
- Fusion Resources Limited

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of duties and taxes paid. Revenue is recognised for the major business activities as follows:

(i) Sale of uranium

Revenue from sale of uranium is recognised when title of the product passes from the Consolidated Entity pursuant to an enforceable contract, when selling prices are known or can be reasonably estimated and when the product is in a form that requires no further treatment by the Consolidated Entity.

(ii) Interest revenue

Interest revenue from investments in cash and US Treasury Bonds is recognised in the Income Statement as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

(iii) Database licence revenue

Licence revenue generated from granting third parties access to proprietary database information on mineral property regions is recognised in the Income Statement on a straight line basis over the licence term.

(h) Income tax

The income tax expense or benefit for the period is the tax payable on the current period's taxable income based on the income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the Financial Statements, and to unused tax losses.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are enacted or substantively enacted for each jurisdiction. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability. An exception is made for certain temporary differences arising from the initial recognition of an asset or a liability. No deferred tax asset or liability is recognised in relation to these temporary differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) Income tax (continued)

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities where the Parent Entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity. Deferred tax assets and liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

Paladin Energy Ltd and all its wholly-owned Australian resident entities are part of a tax-consolidated group under Australian tax law. The head entity, Paladin Energy Ltd and the controlled entities in the tax consolidated group continue to account for their own current and deferred tax amounts. The Group has applied the group allocation approach in determining the appropriate amount of current taxes and deferred taxes to allocate to members of the tax consolidated group. In addition to its own current and deferred tax amounts, Paladin Energy Ltd also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities in the tax consolidated group. Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as amounts receivable from or payable to other entities in the group. Any difference between the amounts assumed and amounts receivable or payable under the tax funding agreement are recognised as a contribution to (or distribution from) wholly-owned tax consolidated entities.

(i) Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases.

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

(j) Acquisitions of assets

The purchase method of accounting is used to account for all acquisitions of assets (including business combinations) regardless of whether equity instruments or other assets are acquired. Cost is measured as the fair value of the assets given, shares issued or liabilities incurred or assumed at the date of exchange plus costs directly attributable to the acquisition. Where equity instruments are issued in an acquisition, the value of the instruments is their published market price as at the date of exchange. Transaction costs arising on the issue of equity instruments are recognised directly in equity.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the Income Statement, but only after a reassessment of the identification and measurement of the net assets acquired.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(k) Impairment of assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units).

(l) Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts.

(m) Trade and other receivables

Trade receivables, which generally have 30 day terms, are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less an allowance for any uncollectible amounts.

Collectability of trade receivables is reviewed on an ongoing basis. Debts that are known to be uncollectible are written off when identified. An allowance for doubtful debts is raised when there is objective evidence that the group will not be able to collect the debt. Financial difficulties of the debtor, default payments or debts more than 60 days overdue are considered objective evidence of impairment.

(n) Inventories

Consumable stores inventory are valued at the lower of cost and net realisable value using the average cost method, after appropriate allowances for redundant and slow moving items.

Finished goods and work in progress inventory are valued at the lower of cost and net realisable value using the average cost method. Cost is derived on an absorption costing basis including both fixed and variable production costs and attributable overheads incurred up to the delivery point where legal title to the product passes. No accounting value is attributed to ore in situ or stockpiles containing ore at less than the cut-off grade.

Any inventory produced during the pre-production phase is recognised at net realisable value at time of sale and deducted from capitalised development costs.

The costs of production include labour costs, materials and contractor expenses which are directly attributable to the extraction and processing of ore (including any recognised expense of stripping costs); the depreciation of property, plant and equipment used in the extraction and processing of ore; and production overheads.

Inventory held for trading by Paladin Nuclear Ltd, the Group’s marketing entity, is valued at net realisable value, which utilises a blend of spot and long-term prices.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(o) Investments and other financial assets

The Group classifies its investments 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 and re-evaluates this designation at each reporting date.

(i) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides money, goods or services directly to a debtor with no intention of selling the receivable. They are included in current assets, except for those with maturities greater than 12 months after the balance sheet date which are classified as non current assets. Loans and receivables are included in receivables in the Balance Sheet. Loans and receivables are carried at amortised cost using the effective interest method.

(ii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group's management has the positive intention and ability to hold to maturity. Held-to-maturity investments are carried at amortised cost using the effective interest method.

(iii) Available-for-sale financial assets

Available-for-sale financial assets, comprising principally marketable equity securities, are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non current assets unless management intends to dispose of the investment within 12 months of the balance sheet date.

Purchases and sales of investments are recognised on trade-date which is the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs. Financial assets are de-recognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

Available-for-sale financial assets are subsequently carried at fair value. Unrealised gains and loss which arise from changes in the fair value of non monetary securities classified as available-for-sale are recognised in equity in the available-for-sale reserve. When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments are included in the Income Statement as gains and losses from investment securities.

(iv) *Financial Assets Held for Trading*

Financial assets are classified as held for trading if they are derivative instruments or acquired for the purpose of selling in the near term. Gains or losses on investments held for trading are recognised in the Income Statement.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(o) Investments and other financial assets (continued)

Fair value of Financial Instruments

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the Group establishes fair value by using valuation techniques. These include reference to the fair values of recent arm's length transactions, involving the same instruments or other instruments that are substantially the same, discounted cash flow analysis, and option pricing models refined to reflect the issuer's specific circumstances.

Impairment of Financial Instruments

The Group assesses at each balance date whether there is objective evidence that a financial asset or group of financial assets is impaired. In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of a security below its cost is considered in determining whether the security is impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss which is measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit and loss is removed from equity and recognised in the Income Statement.

(p) Interests in jointly controlled assets

The Group has interests in joint ventures that are jointly controlled assets. A joint venture is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control. A jointly controlled asset involves use of assets and other resources of the venturers rather than establishment of a separate entity. The Group recognises its interest in jointly controlled assets by recognising its interest in the assets and the liabilities of the joint venture. The Group also recognises the expenses that it incurs and its share of the income that it earns from the sale of goods or services by jointly controlled assets.

(q) Fair value estimation

The fair value of financial assets must be estimated for recognition and measurement or for disclosure purposes. The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and available-for-sale securities) is based on quoted market prices at the balance sheet date. The quoted market price used for financial assets held by the Group is the current bid price.

The fair value of financial instruments that are not traded in an active market (for example, unlisted securities) is determined using valuation techniques. These include reference to the fair values of recent arm's length transactions, involving the same instruments or other instruments that are substantially the same, discounted cash flow analysis, and option pricing models refined to reflect the issuer's specific circumstances.

The nominal value less estimated credit adjustments of trade receivables and payables are assumed to approximate their fair values.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(r) Property, plant and equipment

All property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Cost may also include transfers from equity of any gains/losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the Income Statement during the financial period in which they are incurred.

Property, plant and equipment costs include both the costs associated with construction of equipment associated with establishment of an operating mine, and the estimated costs of dismantling and removing the asset and restoring the site on which it is located.

Land is not depreciated. Depreciation on other assets is calculated using the straight line method to allocate their cost amount, net of their residual values, over their estimated useful lives, as follows:

-	Buildings	20 years
-	Databases	10 years
-	Plant and equipment	3-6 years
-	Leasehold improvements	2-5 years
-	Mine plant and equipment	lesser of life of mine and life of asset

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amounts. These are included in the Income Statement. When revalued assets are sold, it is Group policy to transfer the amounts included in other reserves in respect of those assets to retained earnings.

(s) Mine development

Pre-production costs are deferred as development costs until such time as the asset is able to be used as intended by management. Post-production costs are recognised as a cost of production.

Overburden cost is capitalised and depreciated over the expected useful life of the relevant pit. Stripping costs are recognised as a production cost as incurred.

(t) Exploration and evaluation expenditure

Exploration and evaluation expenditure is charged against earnings as incurred and included as part of cash flows from investing activities.

Exploration and evaluation expenditure is allocated separately to specific areas of interest. Each area of interest is limited to a size related to a known or probable Mineral Resource capable of supporting a mining operation. Such expenditure comprises net direct costs and an appropriate portion of related overhead expenditure directly related to activities in the area of interest.

Costs related to the acquisition of properties that contain Mineral Resources are allocated separately to specific areas of interest. These costs are capitalised until the viability of the area of interest is determined.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(t) Exploration and evaluation expenditure (continued)

If no mineable ore body is discovered, capitalised acquisition costs are expensed in the period in which it is determined that the area of interest has no future economic value.

When a decision to proceed to development is made the exploration and evaluation capitalised to that area is transferred to mine development within property, plant and equipment. All costs subsequently incurred to develop a mine prior to the start of mining operations within the area of interest are capitalised and carried at cost. These costs include expenditure incurred to develop new ore bodies within the area of interest, to define further mineralisation in existing areas of interest, to expand the capacity of a mine and to maintain production.

Capitalised amounts for an area of interest may be written down if discounted future cash flows related to the area of interest are projected to be less than its carrying value.

(u) Intangibles

Intangible assets acquired separately or in a business combination are initially measured at cost. The cost of an intangible asset acquired in a business combination is its fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is recognised in the Income Statement in the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised over the useful life and tested for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for prospectively by changing the amortisation period or method, as appropriate, which is a change in accounting estimate. The amortisation expense on the intangible assets with finite lives is recognised in profit or loss in the expense category consistent with the function of the intangible asset.

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash-generating unit level. Such intangibles are not amortised. The useful life of an intangible asset with an indefinite life is reviewed each reporting period to determine whether indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is accounted for as a change in an accounting estimate and is thus accounted for on a prospective basis.

A summary of the policies applied to the Group's intangible assets is as follows:

<u>Right to use water and power supply</u>

Useful lives
Finite
Amortisation method used
Amortised over the life of the mine on a straight-line basis
Impairment testing
Annually and more frequently when an indication of impairment exists. The amortisation method is reviewed at each financial year-end.

The rights to use water and power supply have been granted for a minimum of 17 years by the relevant utilities with the option of renewal without significant cost at the end of this period.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(u) Intangibles (continued)

Kayelekera Mining Lease

Useful lives
Finite
Amortisation method used
Amortised over the life of the mine on a straight-line basis
Impairment testing
Annually and more frequently when an indication of impairment exists. The amortisation method is reviewed at each financial year-end.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the Income Statement when the asset is derecognised.

(v) Trade and other payables

Trade payables and other payables are carried at amortised cost and represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured and are usually paid within 30 days of recognition.

(w) Interest bearing loans and borrowings

Bank loan borrowings are initially recognised at fair value, net of transaction costs incurred. Bank loan borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the Income Statement over the period of the borrowings using the effective interest method.

The component of convertible bonds that exhibits characteristics of a borrowing is recognised as a liability in the Balance Sheet, net of transaction costs. On issue of convertible bonds, the fair value of the liability component is determined using a market rate for an equivalent non-convertible bond and this amount is carried as a liability on the amortised cost basis until extinguished on conversion or redemption. The increase in the liability due to the passage of time is recognised as a finance cost. The remainder of the proceeds is allocated to a convertible bond reserve that is recognised and included in shareholders' equity. The carrying amount of the reserve is not remeasured in subsequent years.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

(x) Borrowing costs

Borrowing costs incurred for the construction of any qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Other borrowing costs are expensed as incurred including the unwinding of discounts related to mine closure provisions, and amortisation of ancillary costs incurred in connection with the arrangement of borrowings. The capitalisation rate used to determine the amount of borrowing costs to be capitalised is the weighted average interest rate applicable to the entity's outstanding borrowings during the year.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(y) Employee benefits

(i) Wages and salaries, annual leave and sick leave

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months of the reporting date are recognised as a current liability in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and measured at the rates paid or payable.

(ii) Long service leave

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

(iii) Share-based payments

Share-based compensation benefits were provided to employees via the Paladin Energy Ltd Employee Share Incentive Option Plan (ESOP). Following the implementation of the Paladin Energy Ltd Executive Share option Plan (EXSOP) detailed in Note 29, no further options will be issued pursuant to the ESOP.

The fair value of options granted under both the ESOP after 7 November 2002 and the EXSOP are recognised as an employee benefit expense with a corresponding increase in equity. The fair value is measured at grant date and recognised over the period during which the employees become unconditionally entitled to the options.

The fair value at grant date is independently determined using the Cox, Ross and Rubinstein Binomial Tree option pricing model that takes into account the exercise price, the term of the option, the vesting and performance criteria, the impact of dilution, the non-tradeable nature of the option, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option. The Monte Carlo method is used to model the future value of the Company’s shares and the movement of the comparator companies’ Total Shareholder Return on the various vesting dates associated with vesting requirements of the options.

Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. At each balance sheet date, the entity revises its estimate of the number of options that are expected to become exercisable. The employee benefit expense recognised each period takes into account the most recent estimate.

Upon the exercise of options, the balance of the share-based payments reserve relating to those options is transferred to share capital.

The Group measures the cost of equity-settled transactions with other parties by reference to the fair value of the goods or services received. Where the fair value of the goods or services cannot be reliably determined, or where the goods or services cannot be identified, the Group measures the cost of the transaction by reference to the fair value of the equity instruments granted.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(z) Mine closure and rehabilitation

Mine closure and restoration costs include the costs of dismantling and demolition of infrastructure or decommissioning, the removal of residual material and the remediation of disturbed areas specific to the infrastructure. Mine closure costs are provided for in the accounting period when the obligation arising from the related disturbance occurs, whether this occurs during the mine development or during the production phase, based on the net present value of estimated future costs.

As the value of the provision for mine closure represents the discounted value of the present obligation to restore, dismantle and close the mine, the increase in this provision due to the passage of time is recognised as a borrowing cost. The discount rate used is a pre-tax rate that reflects the current market assessment of the time value of money and the risks specific to the liability.

Provision is made for rehabilitation work when the obligation arises and this is recognised as a cost of production or development. The rehabilitation costs, provided for are the present value of the estimated costs to restore operating locations. The value of the provision represents the discounted value of the current estimate to restore and the discount rate used is the pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the liability.

(aa) Onerous contracts

A provision for onerous contracts is recognised when the expected benefits to be derived by the Group from a contract are lower than the unavoidable cost of meeting the obligations under the contract. The provision is stated at the present value of the future net cash outflows expected to be incurred in respect of the contract.

(ab) Contributed equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(ac) Earnings per share

(i) Basic earnings per share

Basic earnings per share are calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the period.

(ii) Diluted earnings per share

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

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(ad) Investments in associates

The Group's investment in its associates is accounted for using the equity method of accounting in the Consolidated Financial Statements and at cost in the parent. The associates are entities over which the Group has significant influence and that are neither subsidiaries nor joint ventures.

The Group generally deems they have significant influence if they have over 20% of the voting rights. Under the equity method, investments in the associates are carried in the Consolidated Balance Sheet at cost plus post-acquisition changes in the Group's share of net assets of the associates. Goodwill relating to an associate is included in the carrying amount of the investment and is not amortised. After application of the equity method, the Group determines whether it is necessary to recognise any impairment loss with respect to the Group's net investment in associates.

The Group's share of its associates' post-acquisition profits or losses is recognised in the Income Statement and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. Dividends receivable from associates are recognised in the parent entity's Income Statement, while in the Consolidated Financial Statements they reduce the carrying amount of the investment.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any unsecured long-term receivables and loans, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate. If an associate uses accounting policies other than those of the Group for like transactions and events in similar circumstances, adjustments shall be made to conform the associate's accounting policies to those of the Group.

NOTE 3. SEGMENT INFORMATION

The Group's primary segment reporting format is geographical segments as the Group's risks and rates of return are affected predominately by differences in the particular economic environments in which it operates. The Group does not separately disclose any financial information for business segments (secondary reporting) as it only operates in the resource industry.

Geographical segments - primary reporting

The Group operates in Australia, Namibia and Malawi. The principal activity in these locations is the exploration, evaluation, development, construction and operation of uranium projects.

The Group's geographical segments are determined based on the location of the Group's assets.

The following tables present revenue, expenditure and certain asset, liability and cash flow information regarding geographical segments for the years ended 30 June 2009 and 30 June 2008.

Year Ended 30 June 2009	**Australia US$M**	**Namibia US$M**	**Malawi US$M**	**Consolidated US$M**
Sales to external customers	-	111.8	-	111.8
Other revenue	0.3	-	-	0.3
Total segment revenue	**0.3**	**111.8**	**-**	**112.1**
Unallocated revenue				2.7
Total consolidated revenue				**114.8**
(Loss)/Profit before income tax and finance costs	(810.3)	39.6	(11.2)	(781.9)
Finance costs				(30.5)
Share of loss of associate				(1.0)
Loss from continuing operations before income tax benefit/(expense)				(813.4)
Income tax benefit/(expense)	246.1	(7.7)	(1.4)	237.0
Loss from continuing operations after income tax benefit				**(576.4)**
Segment assets/total assets	**799.4**	**301.8**	**362.3**	**1,463.5**
Segment liabilities/total liabilities	**737.4**	**37.2**	**57.7**	**832.3**
Acquisitions of non current assets	**14.5**	**75.7**	**222.8**	**313.0**
Cash flow information:				
Net cash (outflow)/inflow from operating activities	(29.0)	26.9	(5.8)	(7.9)
Net cash outflow from investing activities	(23.3)	(60.5)	(174.1)	(257.9)
Net cash outflow from financing activities	(6.1)	-	(0.6)	(6.7)
Non cash expenses:				
Depreciation and amortisation	0.6	8.8	0.4	9.8
Impairment of available-for-sale assets	26.0	-	-	26.0
Impairment of inventory	3.7	-	-	3.7
Impairment of exploration and evaluation	753.8	-	-	753.8
Share-based payments	8.7	1.3[#]	6.6	16.6
Borrowing costs	14.7	2.2	-	16.9

[#] Recognised in cost of goods sold.

NOTE 3. SEGMENT INFORMATION (continued)

Geographical segments - primary reporting (continued)

Year Ended 30 June 2008	**Australia US$M**	**Namibia US$M**	**Malawi US$M**	**Consolidated US$M**
Sales to external customers	-	93.8	-	93.8
Other revenue	1.2	-	-	1.2
Total segment revenue	**1.2**	**93.8**	**-**	**95.0**
Unallocated revenue				6.9
Total consolidated revenue				**101.9**
(Loss)/Profit before income tax and finance costs	(28.8)	17.4	(1.9)	(13.3)
Finance costs				(30.7)
Share of loss of associate				(0.2)
Loss from continuing operations before income tax benefit				(44.2)
Income tax benefit	4.4	1.2	1.4	7.0
Loss from continuing operations after income tax benefit				**(37.2)**
Segment assets/total assets	**2,232.0**	**220.7**	**110.4**	**2,563.1**
Segment liabilities/total liabilities	**1,106.2**	**12.0**	**15.6**	**1,133.8**
Acquisitions of non current assets	**21.0**	**14.0**	**94.4**	**129.4**
Cash flow information				
Net cash (outflow)/inflow from operating activities	(29.8)	12.3	(0.9)	(18.4)
Net cash outflow from investing activities	(56.8)	(13.5)	(80.6)	(150.9)
Net cash inflow/(outflow) from financing activities	325.4	-	(1.4)	324.0
Non cash expenses:				
Depreciation and amortisation	0.7	10.0	0.2	10.9
Inventory impairment reversal	-	(2.0)	-	(2.0)
Sales contract impairment provision	-	2.9	-	2.9
Share-based payments	8.9	1.2[#]	0.5	10.6
Borrowing costs	11.8	0.5	-	12.3

[#] Recognised in cost of goods sold.

NOTE 4. REVENUES AND EXPENSES

	Notes	CONSOLIDATED		PARENT ENTITY	
		2009 US$M	2008 US$M	2009 US$M	2008 US$M
(a) Revenue					
Sale of uranium		111.8	93.8	-	-
Interest income from non-related parties		2.7	6.9	2.0	5.8
Interest income from wholly owned Group		-	-	9.1	3.3
Database licence revenue		0.2	0.2	-	-
Other revenue		0.1	1.0	-	2.1
Total revenue		114.8	101.9	11.1	11.2
(b) Other income					
Foreign exchange gain (net)		1.1	-	1.9	-
Total other income		1.1	-	1.9	-
(c) Other expenses					
Corporate and marketing costs		(12.9)	(11.5)	(5.9)	(8.6)
Employee benefits expense		(6.3)	(5.6)	(4.0)	(5.3)
Share-based payments expense		(15.3)	(10.6)	(7.7)	(8.9)
Minimum lease payments – operating lease		(0.2)	(0.1)	(0.1)	(0.1)
Write down of intercompany receivables		-	-	(11.0)	(4.8)
Write down of intercompany investments		-	-	(453.1)	(0.1)
Sales contracts expense		-	(2.9)	-	-
Impairment of inventory		(3.7)	-	-	-
Movement in financial assets held for trading		(0.1)	-	-	-
Foreign exchange loss (net)		-	(3.7)	-	(0.1)
Depreciation – property, plant and equipment		(1.0)	(0.9)	(0.6)	(0.6)
Loss on sale of property, plant and equipment		-	(0.4)	-	-
Total other expenses		(39.5)	(35.7)	(482.4)	(28.5)
(d) Finance costs					
Interest expense		(13.6)	(18.4)	(5.7)	(16.3)
Accretion relating to convertible bonds (non-cash)		(11.1)	(8.6)	(11.1)	(8.6)
Mine closure provision discount interest expense		(1.0)	(0.5)	-	-
Facility costs		(4.8)	(3.2)	(3.6)	(2.2)
Total finance costs		(30.5)	(30.7)	(20.4)	(27.1)

NOTE 5. INCOME TAX

	CONSOLIDATED		PARENT ENTITY	
	2009 US$M	2008 US$M	2009 US$M	2008 US$M
(a) Income tax benefit				
Current income tax				
Current income tax credit	(82.5)	(42.5)	(12.1)	(8.2)
Deferred income tax				
Related to the origination and reversal of temporary differences	(159.7)	-	(4.2)	-
Tax benefits not brought to account as future income tax benefits	24.6	40.0	-	5.6
Adjustments relating to prior period	15.1	-	(1.6)	-
Foreign exchange movement	(34.5)	(4.5)	-	-
Income tax benefit reported in the Income Statement	(237.0)	(7.0)	(17.9)	(2.6)
(b) Amounts charged or credited directly to equity				
Deferred income tax related to items charged or credited directly to equity:				
Unrealised foreign exchange on translation of investments	(6.3)	-	-	-
Unrealised loss on available for sale investments	12.2	-	10.3	-
Income tax expense reported in equity	5.9	-	10.3	-
(c) Numerical reconciliation of income tax benefit to prima facie tax payable				
Loss from continuing operations before income tax expense	(813.4)	(44.2)	(515.7)	(44.4)
Tax at the Australian tax rate of 30% (2008 – 30%)	(244.0)	(13.3)	(154.7)	(13.3)
Tax effect of amounts which are not deductible/ (taxable) in calculating taxable income:				
Share-based payments	4.6	2.7	2.3	2.7
Other expenditure not allowable	15.2	-	-	-
Specific tax expenditure allowable	(0.2)	(0.4)	(3.2)	(0.4)
	(224.4)	(11.0)	(155.6)	(11.0)
Difference in overseas tax rates	2.1	0.5	-	-
Prior year tax benefits not recognised now recouped	(4.8)	(2.4)	-	0.2
Current year tax benefits not recognised	24.6	10.4	137.7	8.2
Foreign exchange movement	(34.5)	(4.5)	-	-
Income tax benefit reported in the Income Statement	(237.0)	(7.0)	(17.9)	(2.6)

NOTE 5. INCOME TAX (continued)

(d) Deferred income tax

	CONSOLIDATED		PARENT ENTITY	
	2009 US$M	2008 US$M	2009 US$M	2008 US$M
Deferred tax liabilities				
Accelerated prepayment deduction for tax purposes	(0.1)	(0.3)	-	-
Accelerated stores and consumables deduction for tax purposes	(2.7)	(0.2)	-	-
Revaluations of available-for-sale investments to fair value	(6.1)	-	(1.8)	2.1
Foreign currency differences on available-for-sale investments	-	(1.0)	-	-
Accelerated deduction for debt establishment and interest costs	-	(0.3)	-	-
Accelerated depreciation for tax purposes	(115.3)	(56.4)		-
Exploration expenditure	(8.6)	(6.5)	(0.5)	-
Recognition of fair value of acquired exploration and evaluation expenditure	(425.8)	(425.8)	-	-
Impairment of acquired exploration	226.1	-	-	-
Foreign currency differences on fair value of acquired exploration and evaluation expenditure	69.7	(53.2)	-	-
Delayed revenue recognition for tax purposes	(15.6)	-	(15.6)	-
Foreign currency balances	(3.9)	-	-	-
Interest receivable	-	-	(6.5)	-
Recognition of convertible bond for accounting purposes	(7.9)	(12.9)	-	(12.9)
Gross deferred tax liabilities	(290.2)	(556.6)	(24.4)	(10.8)
Set off of deferred tax assets	153.7	57.3	24.4	-
Net deferred tax liabilities	(136.5)	(499.3)	-	(10.8)
Deferred tax assets				
Revenue losses available for offset against future taxable income	191.5	95.3	27.3	16.4
Equity raising costs	1.4	0.5	0.6	0.5
Provision for audit services	-	0.1	-	0.1
Provisions for employee benefits	0.4	0.4	0.4	0.4
Provisions for write down of intercompany receivables	-	-	-	9.2
Provision for mine rehabilitation	-	0.1	-	-
Provision for write-down of intercompany investments	-	-	139.2	0.4
Foreign currency balances	-	6.5	-	-
Exploration	3.1	-	-	-
Interest Payable	1.6	-	1.6	-
Inventory	1.1	-	-	-
Other	2.5	-	-	-
Gross deferred tax assets	201.6	102.9	169.1	27.0
Set off against deferred tax liabilities	(153.7)	(57.3)	(24.4)	-
Deferred tax assets not recognised as probable	(44.0)	(32.6)	(144.7)	(27.0)
Net deferred tax assets recognised	3.9	13.0	-	-

NOTE 5. INCOME TAX (continued)

(d) Deferred income tax (continued)

The net deferred tax assets recognised are attributable to Langer Heinrich Uranium (Pty) Ltd, a Namibian company that owns the LHUP. The utilisation of the net deferred tax assets is dependent upon future taxable profits in excess of profits arising from reversal of existing temporary differences and losses suffered in the current and preceding periods. The recognition of the net deferred tax assets is supported by the production ramp-up at LHUP.

(e) Tax losses

	CONSOLIDATED		PARENT ENTITY	
	2009 US$M	**2008 US$M**	**2009 US$M**	**2008 US$M**
Australian unused tax losses for which no deferred tax asset has been recognised	54.2	105.6	27.9	54.9
Namibian unused tax losses for which no deferred tax asset has been recognised	-	-	-	-
Malawian unused tax losses for which no deferred tax asset has been recognised	82.1	-	-	-
Total unused tax losses for which no deferred tax asset has been recognised	136.3	105.6	27.9	54.9
Potential tax benefit at tax rates between 27.5% - 37.5%	38.9	31.7	8.4	16.5

This benefit for tax losses will only be obtained if:

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

(ii) the Consolidated Entity continues to comply with the conditions for deductibility imposed by tax legislation; and

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

(f) Members of the tax consolidation group and the tax sharing arrangements

Paladin Energy Ltd and its 100% owned Australian resident subsidiaries formed a tax consolidated group (the Group) with effect from 1 July 2003. Paladin Energy Ltd is the head entity of the Group. Members of the Group have entered into a tax sharing agreement that provides that the head entity will be liable for all taxes payable by the Group from the consolidation date. The parties have agreed to apportion the head entity's taxation liability within the Group based on each contributing member's share of the Group's taxable income and losses.

NOTE 6. CASH AND CASH EQUIVALENTS

	Notes	CONSOLIDATED		PARENT ENTITY	
		2009 US$M	**2008 US$M**	**2009 US$M**	**2008 US$M**
Cash at bank and in hand		18.8	15.5	3.1	1.4
Short-term bank deposits		47.4	72.4	13.7	66.3
US$ treasury bonds		-	249.7	-	249.7
Total cash and cash equivalents		66.2	337.6	16.8	317.4

Total cash and cash equivalents includes US$7.7M restricted to social responsibility projects in Malawi (refer to Note 16(b)(iii)) and US$7.8M in a debt service reserve account in respect of the LHUP project finance facility (refer to Note 19).

Cash at bank earns interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates.

At 30 June 2009, the Group had available US$Nil (2008: US$Nil) of undrawn committed borrowing facilities in respect of which all conditions precedent have been met.

(a) Reconciliation of net loss after tax to net cash flows used in operating activities

	Consolidated 2009	Consolidated 2008	Parent 2009	Parent 2008
Net loss	(576.4)	(37.2)	(497.8)	(41.8)
Adjustments for				
Depreciation and amortisation	9.8	10.9	0.6	0.6
Exploration expenditure	12.2	13.1	-	-
Provision for non-recovery of intercompany loan	-	-	11.0	4.8
Provision for non-recovery of intercompany investments	-	-	453.1	0.1
Loss recognised on re-measurement to fair value	1.1	-	-	-
Loss on disposal of property, plant and equipment	-	0.4	-	-
Database licence revenue	(0.2)	(0.2)	-	-
Net exchange differences	(1.1)	3.7	(1.9)	0.1
Share-based payments	15.3	10.6	7.7	8.9
Non-cash financing costs	16.9	12.3	14.7	10.8
Inventory impairment	3.7	-	-	-
Available for sale investment impairment	26.0	-	25.9	-
Exploration impairment	753.8	-	-	-
Interest capitalised as property, plant and equipment	(17.9)	(3.9)	-	-
Changes in assets and liabilities				
Increase in prepayments	(1.5)	(0.8)	-	-
(Increase)/decrease in trade and other receivables	9.0	(26.0)	(30.8)	(0.4)
Increase in trade and other payables	18.4	5.1	1.1	4.5
Increase/(decrease) in provisions	0.6	(6.7)	0.2	0.5
(Increase)/decrease in inventories	(40.6)	7.3	-	-
Decrease in deferred tax liabilities	(246.1)	(4.4)	(17.9)	(2.6)
(Increase)/decrease in deferred tax assets	9.1	(2.6)	-	-
Net cash flows used in operating activities	(7.9)	(18.4)	(34.1)	(14.5)

(b) Disclosure of financing facilities - Refer to Note 19.

NOTE 7. TRADE AND OTHER RECEIVABLES

		CONSOLIDATED		PARENT ENTITY	
	Note	2009 US$M	2008 US$M	2009 US$M	2008 US$M
Current					
Trade receivables	(a)	13.2	28.7	-	-
Less provision for doubtful debts		-	-	-	-
Net trade receivables		13.2	28.7	-	-
Interest receivable		-	0.1	-	-
Prepayments		2.7	1.1	0.1	0.1
GST and VAT	(b)	11.1	5.0	0.2	0.3
Sundry debtors	(c)	2.0	5.1	1.0	9.0
Total current receivables		29.0	40.0	1.3	9.4

(a) Trade receivables are non-interest bearing and are generally on 30 day terms. An allowance for doubtful debts is made when there is objective evidence that a trade receivable is impaired. An allowance of US$Nil (2008: US$Nil) has been recognised as an expense for the current year for specific debtors for which such evidence exists.

(b) GST and VAT debtor relates to Australia, Namibia and Malawi. Interest is not normally charged and collateral is not normally obtained.

(c) Sundry debtors include an A$0.1M (US$0.1M) (2008: A$3.1M/US$3.0M) debtor due from the sale of non-uranium properties and Georgina Basin Project held by Summit Resources Ltd. Interest is not normally charged and collateral is not normally obtained. Sundry debtors include amounts receivable by the Company from subsidiaries of US$0.9M (2008: US$9.0M).

Non Current					
Unsecured loans to wholly owned Group	(d)	-	-	539.8	249.2
Less provision for non-recovery		-	-	(41.6)	(30.6)
Net unsecured loans to the wholly owned Group		-	-	498.2	218.6
Sundry debtors	(e)	2.2	-	-	-
Total non current receivables		2.2	-	498.2	218.6

(d) Of the unsecured loans to the wholly owned Group, the Company charges interest only on the loan to Paladin Finance Pty Ltd. The interest rate payable is the one month US$ LIBOR plus 2% (2008: one month US$ LIBOR plus 2%). In the year ending 30 June 2009 the average rate charged was 3.53% (2008: 6.19%) and disclosure of interest revenue earned is set out in Note 4(a).

The other unsecured loans are repayable on demand however the Company, for the foreseeable future, has no intention of demanding repayment until the subsidiary has the capacity to repay.

(e) Sundry debtors include an A$2.8M (US$2.2M) (2008: ANil/USNil) debtor due from the sale of non-uranium properties and Georgina Basin Project held by Summit Resources Ltd. Interest is not normally charged and collateral is not normally obtained.

NOTE 8. INVENTORIES

	Note	CONSOLIDATED 2009 US$M	CONSOLIDATED 2008 US$M	PARENT ENTITY 2009 US$M	PARENT ENTITY 2008 US$M
Current					
Stores and spares (at cost)		12.8	3.9	-	-
Stockpiles (at cost)		2.3	13.4	-	-
Work-in-progress (at cost)		4.0	5.6	-	-
Finished goods (at cost)		38.6	14.2	-	-
Third party uranium purchased:					
Finished goods (at cost)		-	31.8	-	-
Finished goods (at net realisable value)	(b)	28.1	-	-	-
Total current inventories at the lower of cost and net realisable value		85.8	68.9	-	-

(a) Inventory expense

Inventories sold recognised as an expense for the year ended 30 June 2009 totalled US$66.4M (2008: US$66.4M) for the Group and US$Nil (2008: US$Nil) for the Company. Impairment of inventories included in the cost of sales for the Consolidated Entity is US$Nil (2008: US$Nil).

(b) Inventory expense

During the September quarter, the uranium held by Paladin Nuclear Ltd, the Company's recently-established marketing entity, was reduced to net realisable value resulting in an impairment loss of US$3.7M for the year.

	Note	CONSOLIDATED 2009 US$M	CONSOLIDATED 2008 US$M	PARENT ENTITY 2009 US$M	PARENT ENTITY 2008 US$M
Non Current					
Stockpiles (at cost)	(c)	24.9	-	-	-
Total non current inventories at the lower of cost and net realisable value		24.9	-	-	-

(c) Stockpiles at LHUP that are unlikely to be processed within 12 months of the Balance Sheet date.

NOTE 9. INVESTMENTS HELD FOR TRADING

	CONSOLIDATED 2009 US$M	CONSOLIDATED 2008 US$M	PARENT ENTITY 2009 US$M	PARENT ENTITY 2008 US$M
CURRENT				
At fair value:				
Options – unlisted	1.0	1.4	-	-
	1.0	1.4	-	-

The Consolidated Entity has an investment in MM Mining Plc (MMM), an unlisted public UK company that explores for base metals. At 30 June 2009 the Consolidated Entity holds 20M (2008: 20M) warrants. Each warrant entitles it to acquire one fully paid ordinary share in MMM at an exercise price of 15 GB pence on or before 31 December 2012.

As MMM is unlisted the options have been valued using the Black and Scholes option pricing methodology using the most recent market transaction to determine the appropriate underlying value.

NOTE 10. OTHER FINANCIAL ASSETS

Non Current

	Note	CONSOLIDATED 2009 US$M	CONSOLIDATED 2008 US$M	PARENT ENTITY 2009 US$M	PARENT ENTITY 2008 US$M
Investments in controlled entities	(a)	-	-	1,018.8	994.4
Less provision for non-recovery		-	-	(454.4)	(1.3)
Net investment in controlled entities		-	-	564.4	993.1
Available-for-sale financial assets	(b)	69.2	41.7	47.7	26.6
Total non current other financial assets		69.2	41.7	612.1	1,019.7

(a) Investments in material controlled entities

NAME	COUNTRY OF INCORPORATION INVESTMENT	PERCENTAGE INTEREST HELD 2009 %	PERCENTAGE INTEREST HELD 2008 %	COST OF PARENT ENTITY'S INTEREST 2009 US$M	COST OF PARENT ENTITY'S INTEREST 2008 US$M
Paladin Finance Pty Ltd (i)(ii)	Australia	100	100	37.2	37.2
Paladin Energy Minerals NL (i)	Australia	100	100	-	-
Eden Creek Pty Ltd (i)(ii)	Australia	100	100	1.3	1.3
Paladin (Africa) Ltd (iii)	Malawi	85	100	-	-
Kayelekera Holdings SA	Switzerland	100	100	-	-
Kayelekera Finance BV	Netherlands	100	100	-	-
Langer Heinrich Uranium (Pty) Ltd	Namibia	100	100	-	-
Valhalla Uranium Ltd (i)	Australia	100	100	153.2	153.2
Northern Territory Uranium Pty Ltd (ii)(iv)	Australia	100	100	-	-
Mount Isa Uranium Pty Ltd (ii)(iv)	Australia	100	100	-	-
Paladin Nuclear Ltd (i)	Australia	100	100	-	-
Summit Resources Ltd (i)	Australia	82	81.9	811.3	802.7
Summit Resources (Aust) Pty Ltd (ii)(v)	Australia	82	81.9	-	-
Pacific Mines Ltd (vi)	Australia	82	81.9	-	-
Fusion Resources Limited (i)(vii)	Australia	100	-	15.8	-
Total investments in controlled entities				1,018.8	994.4
Less provision for non-recovery of investments				(454.4)	(1.3)
Net investments in controlled entities				564.4	993.1

NOTE 10. OTHER FINANCIAL ASSETS (continued)

(a) Investments in material controlled entities (continued)

All investments comprise ordinary shares and all shares held are unquoted, with the exception of Summit Resources Ltd's shares which are quoted on the Australian Securities Exchange.

(i) Held by Paladin Energy Ltd
(ii) These entities are not required to prepare or lodge audited accounts
(iii) Held by Paladin Energy Minerals NL. The conditions precedent and issue of the 15% interest in Paladin (Africa) Ltd to the Government of the Republic of Malawi were met on 25 June 2009 and 3 July 2009 respectively.
(iv) Held by Valhalla Uranium Ltd
(v) Held by Summit Resources Ltd
(vi) Held by Summit Resources (Aust) Pty Ltd
(vii) Acquired on 1 April 2009 with the eventual issue of 8,135,433 Paladin shares plus US$0.4M in transaction costs

Acquisition Disclosure

	CONSOLIDATED		PARENT ENTITY	
	2009 US$M	**2008 US$M**	**2009 US$M**	**2008 US$M**
Inflow of cash on acquisition of controlled entities				
Cash balances acquired	9.2	-	-	-
Less: Cash consideration	(0.4)	-	-	-
Net inflow of cash	8.8	-	-	-

(b) Available-for-sale financial assets

The Consolidated Entity has an investment in Deep Yellow Ltd (DYL) and at 30 June 2009 held 220,258,461 (2008: 159,058,461) fully paid ordinary shares and nil unlisted securities (2008: 12,500,000 unlisted securities exercisable at 8.1 Australian cents on or before 31 July 2008).

The holding of these fully paid ordinary shares represents a 19.61% interest at 30 June 2009 (2008: 14.34% interest) of the ordinary shares of DYL, a uranium explorer listed on ASX. The market value of the shares and unlisted securities in DYL at 30 June 2009 is A$73.8M (US$59.4M) (2008: A$42.7M / US$41.1M) based on a share price of 33.5 Australian cents per share (2008: 25.5 Australian cents).

The Consolidated Entity has an investment in NGM Resources Limited (NGM) and at 30 June 2009 held 24,280,000 (2008: Nil) fully paid ordinary shares.

The holding of these fully paid ordinary shares represents 16.72% interest at 30 June 2009 (2008: Nil) of the ordinary shares of NGM, a uranium explorer listed on ASX. The market value of the shares and unlisted securities in NGM at 30 June 2009 is A$5.5M (US$4.4M) based on a share price of 22.5 Australian cents per share.

The Consolidated Entity also holds minor investments in other companies, including MM Mining Plc (MMM). (Refer to Note 11).

NOTE 11. INVESTMENT IN ASSOCIATE

	CONSOLIDATED		PARENT ENTITY	
	2009 US$M	2008 US$M	2009 US$M	2008 US$M
(a) Investment details				
Unlisted:				
MM Mining Plc – ownership 19% (2008 : 35%)	-	2.6	-	-
Investment in associate	-	2.6	-	-

The Group has an investment in MMM, an unlisted UK company that explores base metals. At 30 June 2009 it holds 20M (2008: 20M) fully paid ordinary shares. This is in addition to the warrants held as disclosed in Note 9. During the year ended 30 June 2009 MMM ceased to be an associate of the Group and at the date it ceased to be an associate it was categorised as an Available-for-Sale Financial Asset (Refer to Note 10 (b)).

(b) Movements in the carrying amount of the Group's investment in associate

	2009 US$M	2008 US$M	2009 US$M	2008 US$M
MM Mining Plc:				
At 1 July	2.6	-	-	-
Investment in associate	-	2.8	-	-
Transferred to available-for-sale financial assets	(1.7)	-	-	-
Loss on deemed disposal	(0.1)	-	-	-
Shares of losses after income tax	(0.8)	(0.2)	-	-
At 30 June	-	2.6	-	-

(c) Summarised financial information

The following table illustrates summarised financial information relating to the Group's associate.

	2009 US$M	2008 US$M	2009 US$M	2008 US$M
Extract from the associate's balance sheet:				
Current assets	-	0.3	-	-
Non current assets	-	10.8	-	-
	-	11.1	-	-
Current liabilities	-	(3.5)	-	-
Non current liabilities	-	-	-	-
	-	(3.5)	-	-
Net assets	-	7.6	-	-
Share of associate's net assets	-	2.6	-	-
Extract from the associate's income statement				
Revenue	-	-	-	-
Net loss	3.3	0.6	-	-

Share of contingent liabilities relating to the associate US$Nil (2008 : US$Nil).

NOTE 12. DEFERRED BORROWING COSTS

	CONSOLIDATED		PARENT ENTITY	
	2009 US$M	**2008 US$M**	**2009 US$M**	**2008 US$M**
Non Current				
Deferred borrowing costs	8.2	1.7	-	-

Deferred borrowing costs represent the initial capitalised costs of establishing project finance for the KUP.

NOTE 13. PROPERTY, PLANT AND EQUIPMENT

	CONSOLIDATED		PARENT ENTITY	
	2009 US$M	**2008 US$M**	**2009 US$M**	**2008 US$M**
Plant and equipment – at cost	169.4	126.7	19.5	18.9
Less provision for depreciation	(22.4)	(11.4)	(2.5)	(1.1)
Total plant and equipment	147.0	115.3	17.0	17.8
Land and buildings - at cost	6.4	5.3	-	-
Less provision for depreciation	(0.6)	(0.2)	-	-
Total land and buildings	5.8	5.1	-	-
Construction work in progress – at cost	305.0	109.1	-	-
Total property, plant and equipment	457.8	229.5	17.0	17.8

Property, plant and equipment pledged as security for liabilities

Refer to Note 19 for information on property, plant and equipment pledged as security.

NOTE 13. PROPERTY, PLANT AND EQUIPMENT (continued)

Reconciliations

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

	Total US$M	Plant and Equipment US$M	Land and Building US$M	Construction Work in Progress US$M
Consolidated – 2009				
Carrying amount at start of year	229.5	115.3	5.1	109.1
Additions [1]	241.7	44.4	1.4	195.9
Depreciation and amortisation expense	(12.8)	(12.5)	(0.3)	-
Foreign currency translation	(0.6)	(0.2)	(0.4)	-
Carrying amount at end of year	457.8	147.0	5.8	305.0
Parent Entity - 2009				
Carrying amount at start of year	17.8	17.8	-	-
Additions	0.6	0.6	-	-
Depreciation and amortisation expense	(1.4)	(1.4)	-	-
Carrying amount at end of year	17.0	17.0	-	-

[1] Includes US$17.9M of capitalised interest.

	Total US$M	Plant and Equipment US$M	Land and Building US$M	Construction Work in Progress US$M
Consolidated – 2008				
Carrying amount at start of year	133.1	121.8	3.2	8.1
Additions [1]	106.8	3.9	1.9	101.0
Depreciation and amortisation expense	(8.4)	(8.2)	(0.2)	-
Disposals	(2.3)	(2.3)	-	-
Foreign currency translation	0.3	0.1	0.2	-
Carrying amount at end of year	229.5	115.3	5.1	109.1
Parent Entity - 2008				
Carrying amount at start of year	17.3	17.3	-	-
Additions	1.1	1.1	-	-
Depreciation and amortisation expense	(0.6)	(0.6)	-	-
Carrying amount at end of year	17.8	17.8	-	-

Capital Work in Progress includes US$3.8M of capitalised interest.

NOTE 14. MINE DEVELOPMENT

	CONSOLIDATED		PARENT ENTITY	
	2009 US$M	**2008 US$M**	**2009 US$M**	**2008 US$M**
Mine development	57.4	13.8	-	-
Less provision for depreciation	(3.2)	(1.6)	-	-
Total mine development	54.2	12.2	-	-
Carrying amount at start of year	12.2	2.0	-	-
Additions	43.4	4.8	-	-
Depreciation and amortisation expense	(1.6)	(1.5)	-	-
Reallocation from exploration	0.2	6.9	-	-
Carrying amount at end of year	54.2	12.2	-	-

Canadian securities law requires the following description of the Consolidated Entity's interests in mineral property tenements:

<u>Langer Heinrich Uranium Project (Namibia) - Paladin 100%</u>

The LHUP consists of one mining licence – ML 140 - covering 4,375 hectares in the Namib Naukluft Desert 180km west of Windhoek, the capital of Namibia, and 80km east of the major seaport of Walvis Bay. The licence was granted on 26 July 2005 for a 25 year term expiring on 25 August 2030. Rights conferred by the licence include the right to mine and sell base and rare metals and nuclear fuel groups of minerals and to carry out prospecting operations. The project was purchased from Acclaim Uranium NL (now Aztec Resources Ltd) in August 2002. The LHUP is owned through a wholly owned Namibian entity, Langer Heinrich Uranium (Pty) Ltd.

Construction of the processing plant was commenced in late 2005 with staged commissioning being completed in December 2006. Following an extended ramp-up phase the plant and mine achieved nameplate production in 2007. Work has now been completed on the Stage II plant upgrade and ramp up is underway with planning in progress for a further Stage III upgrade.

Langer Heinrich Uranium (Pty) Ltd also holds an exclusive prospecting licence, EPL 3500, covering 30 sq. km. to the west of the mining licence.

<u>Kayelekera Uranium Project (Malawi) – Paladin 85%</u>

KUP consists of one mining licence - ML 152 - covering 5,550 hectares in northern Malawi 650km north of Lilongwe, the capital of Malawi, and 52km west of the provincial town of Karonga on the shore of Lake Malawi. The licence was granted on 2 April 2007 for a 15 year term expiring on 1 April 2022. Rights conferred by the licence include the exclusive right to mine and sell uranium and associated minerals. The Consolidated Entity acquired its interest in KUP in February 1998 when it entered into a joint venture with Balmain Resources Pty Ltd, a private company based in Perth, Western Australia. In 2000 the Consolidated Entity increased its interest in KUP to 90% and in July 2005 acquired the remaining 10% interest held by Balmain Resources Pty Ltd. Paladin's interest in KUP is held through a Malawian entity, Paladin (Africa) Ltd.

NOTE 14. MINE DEVELOPMENT (CONTINUED)

A Development Agreement has been entered into between the Government of the Republic of Malawi and Paladin (Africa) Ltd in which Paladin received certain taxation and royalty concessions and in return the Government of Malawi received a free carried interest in the project of 15% thus reducing Paladin's share to 85%. Subsequent to the Development Agreement and the acceptance of the project Environmental Impact Assessment the Government of Malawi granted the mining licence covering the project area to Paladin (Africa) Ltd. Construction of the plant was commenced in 2007 with the project currently in a ramp-up phase.

Paladin (Africa) Ltd also holds four exclusive prospecting licences in northern Malawi covering 1,298km^2. surrounding and to the south of the KUP mining licence and these are being actively explored.

NOTE 15. EXPLORATION AND EVALUATION EXPENDITURE

Canadian securities law requires the following description of the Consolidated Entity's interests in mineral property tenements:

<u>Manyingee Uranium Project (Australia) – Paladin 100%</u>
The Manyingee Uranium Project consists of three granted mining leases – M08/86, M08/87 and M08/88 - covering 1,307 hectares in the north west of Western Australia, 1,100km north of Perth, the State capital and 90km south of the township of Onslow on the north west coast. The Consolidated Entity purchased the Manyingee Uranium Project in 1998 from Afmeco Mining and Exploration Pty Ltd (AFMEX), a subsidiary company of Cogema of France. Under the terms (as amended) of the purchase agreement a final payment of A$0.75M is payable to AFMEX when all development approvals have been obtained. Royalties of 2.5% for the first 2,000t of uranium oxide and 1.5% for the following 2,000t of uranium oxide are also payable to AFMEX and associated companies which formerly held interests in the project. The three mining leases were granted on May 18, 1989 for a 21-year term renewable for a further term or terms of 21 years. Rights conferred by the three mining leases include the exclusive right to explore and mine minerals, subject to environmental and other approvals. The interest in Manyingee is held through the wholly owned entity, Paladin Energy Minerals NL. Following the lifting of the ban on uranium mining in Western Australia in late 2008 exploration planning has been undertaken with the intention of expediting a drilling program. Negotiation of an exploration agreement is currently underway.

<u>Oobagooma Uranium Project (Australia) – Paladin 100%</u>
The Oobagooma Uranium Project consists of four applications for exploration licences covering 452km^2. in the West Kimberley region of northern Western Australia, 1,900km north-north-east of Perth, the State capital and 70km north east of the regional town of Derby. The four applications for exploration licences are 04/145 and 04/146 lodged on December 28, 1983 and 04/776 and 04/777 lodged on November 28, 1991 which largely overlie the earlier applications. The Consolidated Entity purchased the Oobagooma Project in 1998 from AFMEX. Under the terms of the purchase agreement a final payment of A$0.75M is payable to AFMEX when the tenements are granted. A gross royalty of 1.0% on production is also payable to AFMEX. The applications for exploration licences remain in the name of Afmeco Pty Ltd (a company associated with AFMEX) until the date that they are granted after which title will be transferred. The interest in Oobagooma is held through the wholly owned entity, Paladin Energy Minerals NL. Following the change of government in Western Australia in late 2008 the granting of the lease applications is being actively pursued with both the Federal and State governments.

NOTE 15. EXPLORATION AND EVALUATION EXPENDITURE (continued)

Valhalla North Uranium Project (Australia) – Paladin 100%
The Valhalla North Uranium Project consists of three granted Exploration Permits – EPM12572, EPM15677 and EPM16006 - covering 622km^2 to the north of Mt Isa in north western Queensland. The Consolidated Entity acquired the Valhalla North Uranium Project following the successful takeover of Fusion Resources Limited in February 2009. Exploration Lease EPM 12572 was granted on January 11th, 2006, EPM15677 was granted on November 8th, 2007 and EPM 16006 was granted on March 26th, 2008, each for a period of five years with the potential to be renewed for further five year periods. The area was investigated during the 1950's and resulted in the discovery of the Duke and Batman deposits, with limited mining of surface high grade mineralisation being undertaken with subsequent treatment at the Mary Kathleen mine. During the 1970's the area was explored by both Queensland Mines Limited and Agip Australia Pty Ltd. Prior to the completion of the takeover, Fusion Resources announced Mineral Resources conforming to the JORC guidelines on two deposits, Duke Batman and Honeypot. Limited exploration activities have been undertaken to date however this is expected to change following drill planning and ground geophysical surveys conducted recently.

Bigrlyi Uranium Project (Australia) - Paladin 42.06%
The Bigrlyi Uranium Project lies in the Northern Territory of Australia approximately 320km north west of Alice Springs and is comprised of ten exploration retention licences (ERLs 46-55) covering 1,214 hectares. These tenements were originally granted in 1983 and have been subject to five yearly renewals since 1988. The project is now a Joint Venture between Energy Metals Limited 53.74%, Southern Cross Exploration NL 4.20% and Northern Territory Uranium Pty Ltd 42.06% (100% owned by Paladin Energy Ltd) with Energy Metals Limited being operator and manager.

The Bigrlyi uranium deposit was originally discovered by Agip Australia Pty Ltd in the mid 1970's before being transferred to Central Pacific Minerals NL in the early 1980's. Ore Reserve studies were carried out during the 1980's and 1990's but no drilling was undertaken until recently. During 2005/2006 a drilling campaign was undertaken by the Joint Venture partners which resulted in an initial JORC Resource. Resource definition drilling is ongoing at the project and an Initial Scoping Study was released in November 2007 and an Updated Scoping Study released in July 2008. Metallurgical and environmental studies are ongoing with further resource definition drilling expected to be undertaken in 2009.

Isa Uranium Joint Venture (Australia) - Paladin 90.9%
The Isa Uranium Joint Venture in Northern Queensland is a 50:50 joint venture between Summit Resources (Aust) Pty Ltd (Paladin Energy Ltd 82% ownership) and Mount Isa Uranium Pty Ltd (Paladin Energy Ltd 100% ownership) with Summit Resources (Aust) Pty Ltd being the operator and manager. The Isa Uranium Joint Venture covers two defined blocks of land totalling 27 km^2 containing the Valhalla and Skal uranium deposits. Paladin's effective equity in the Isa Uranium Joint Venture was increased from 50% to 90.9% following the acquisition of 81.9% of Summit Resources Ltd in 2007.

Valhalla Uranium Deposit
The Valhalla Uranium Deposit is situated on Exploration Permit for Minerals 9221 (EPM 9221) and is located approximately 40km north of Mount Isa and straddles the Barkly Highway. EPM 9221 was originally granted to Summit Resources (Aust) Pty Ltd in 1993 with the ground had previously been worked on by Mount Isa Mines Limited and Queensland Mines Limited from the mid 1950's to the early 1970's. Queensland Mines Limited, in particular, conducted extensive exploration over the Valhalla ground between 1968 and 1972 including the estimation of resources and reserves. Queensland Mines Limited allowed the tenement to lapse in 1991 and the ground was subsequently acquired by Summit Resources (Aust) Pty Ltd in 1992. During 2008 resource definition drilling was commenced to enable completion of a detailed scoping study. As a result of the scoping study additional resource drilling was undertaken in 2009 with the intention of re-estimating the current resource. Geotechnical and metallurgical studies are ongoing.

NOTE 15. EXPLORATION AND EVALUATION EXPENDITURE (continued)

Skal Uranium Deposit
The Skal Uranium Deposit is located approximately 8km southeast of the Valhalla Uranium Deposit and 32km north of Mount Isa. Skal was originally discovered by Mount Isa Mines Limited in the mid 1950's and was subject to mapping and drilling at that time. Queensland Mines Limited acquired the project in the 1960's and conducted further drilling resulting in an estimation of a resource for the project. The deposit is situated on Exploration Permit for Minerals 14048 and the Isa Uranium Joint Venture re-commenced drilling in 2005. An initial JORC compliant resource estimate was completed in mid 2008, with an updated resource reported in early 2009. Additional resource definition drilling has been undertaken in 2009 with the intention of further updating the existing resource.

Impairment of Mount Isa Exploration and Evaluation Asset
Impairment of Mount Isa exploration and evaluation asset of US$527.642M (net of Deferred Tax Liability) in the carrying value of the Mount Isa assets. The Paladin Board has impaired this asset to reflect its current fair value less costs to sell. This impairment was recognised as a result of changes the current economic climate. In determining the fair value less costs to sell a variety of valuation techniques were used particularly the discounted cash flow method, comparable market transactions and market value yardsticks.

Summit Resources Ltd (Australia) - Paladin 82%
Paladin acquired an 81.9% interest in Summit Resources Ltd as a result of a takeover bid which closed on 1 June 2007. Summit Resources Ltd holds a large number of exploration tenements surrounding and to the north of Mount Isa in Northern Queensland. Other than the Andersons, Bikini and Watta Projects, for which JORC inferred resource estimates have been completed, limited exploration activities have taken place on these tenements in recent years and as such they are not considered material to Paladin at this point in time.

Angela and Pamela Projects (Australia) - Paladin 50%
In early 2008 the Northern Territory Government advised that the Angela Project Joint Venture (Paladin 50% and Cameco 50%) had been selected to explore the Angela and Pamela uranium deposits located near Alice Springs in the Northern Territory. Exploration Licence 25758 covering 3,767 hectares was granted on October 3rd, 2008 for a six year term with the potential for further renewal and exploration and resource definition drilling are now underway.

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

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

FOR THE YEAR ENDED 30 JUNE 2009

EXPRESSED IN US DOLLARS

NOTE 15. EXPLORATION AND EVALUATION EXPENDITURE (continued)

The following table details the expenditures on interests in mineral properties by area of interest for the year ended 30 June 2009:

Areas of interest	**Valhalla/Skal Projects[(1)]**	**Isa North Project**	**Fusion Res Projects**	**Angela Pamela Project**	**Bigrlyi Project**	**KUP**	**LHUP**	**Other Uranium Projects**	**Total**
	US$M	**US$M**	**US$M**	**US$M**	**US$M**	**US$M**	**US$M**	**US$M**	**US$M**
Balance 30 June 2008	**1,389.810**	**389.857**	**-**	**-**	**17.052**	**-**	**-**	**1.279**	**1,797.998**
Acquisition property payments	**-**	**-**	**6.486**	**-**	**-**	**-**	**-**	**-**	**6.486**
Project exploration and evaluation expenditure									
Tenement costs	-	0.050	-	-	-	0.001	-	0.067	0.118
Labour	1.439	0.515	0.037	0.028	0.018	0.252	-	0.710	2.999
Consultants and contractors	0.551	0.023	0.009	0.004	0.005	0.003	-	0.065	0.660
Materials and utilities	0.222	0.023	0.001	-	0.004	0.238	-	0.013	0.501
Transportation and communications	0.176	0.055	0.013	0.017	0.012	0.069	-	0.132	0.474
Outside services	3.389	0.060	-	0.034	0.004	0.568	0.122	0.116	4.293
Legal and accounting	-	-	-	0.009	-	-	-	0.007	0.016
Camp expenses	0.032	0.012	-	-	-	0.072	-	0.019	0.135
Overheads	0.288	0.056	-	-	-	0.036	-	0.066	0.446
Joint venture contributions	-	-	-	0.967	1.304	-	-	-	2.271
Other expenses	0.291	0.115	0.006	0.007	0.040	0.009	-	0.004	0.472
Total expenditure	6.388	0.909	0.066	1.066	1.387	1.248	0.122	1.199	12.385
Exploration expenditure expensed	(6.388)	(0.909)	(0.066)	(1.066)	(1.387)	(1.040)	(0.122)	(1.199)	(12.177)
Exploration expenditure capitalised	**-**	**-**	**-**	**-**	**-**	**0.208**	**-**	**-**	**0.208**
Foreign exchange differences	**(320.804)**	**(92.963)**	**1.569**	**-**	**(2.769)**	**-**	**-**	**(0.208)**	**(415.175)**
Impairment of exploration and evaluation	**(574.620)**	**(179.154)**	**-**	**-**	**-**	**-**	**-**	**-**	**(753.774)**
Transferred to Mine Development	**-**	**-**	**-**	**-**	**-**	**(0.208)**	**-**	**-**	**(0.208)**
Balance 30 June 2009	**494.386**	**117.740**	**8.055**	**-**	**14.283**	**-**	**-**	**1.071**	**635.535**

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

NOTE 15. EXPLORATION AND EVALUATION EXPENDITURE (continued)

The following table details the expenditures on interests in mineral properties by area of interest for the year ended 30 June 2008:

Areas of interest	Valhalla/Skal Projects(1) US$M	Isa North Project US$M	Georgina Basin Project US$M	Other Projects Non Uranium US$M	Bigrlyi Project US$M	KUP US$M	LHUP US$M	Other Uranium Projects US$M	Total US$M
Balance 30 June 2007	**1,227.896**	**344.437**	**1.178**	**7.124**	**15.065**	**4.560**	**-**	**1.129**	**1,601.389**
Acquisition property payments	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Project exploration and evaluation expenditure									
Tenement costs	-	0.061	0.377	0.075	-	0.001	-	0.038	0.552
Labour	1.213	0.383	0.149	0.045	0.031	0.430	-	0.286	2.537
Consultants and contractors	0.353	0.049	0.063	0.001	0.003	0.032	-	0.042	0.543
Materials and utilities	0.184	0.016	0.001	0.002	0.006	0.068	-	0.019	0.296
Transportation and communications	0.209	0.086	-	0.010	0.009	0.170	-	0.043	0.527
Outside services	5.327	0.642	0.001	0.039	-	0.544	1.021	-	7.574
Legal and accounting	-	0.002	0.002	0.003	-	(0.015)	-	0.020	0.012
Camp expenses	0.049	0.015	-	-	-	0.012	-	0.015	0.091
Overheads	0.301	0.048	0.001	0.005	0.023	0.025	-	0.050	0.453
Joint venture contributions	-	-	(1.317)	-	2.372	-	-	-	1.055
Other expenses	0.215	0.053	0.001	0.001	0.003	0.341	-	0.004	0.618
Total expenditure	7.851	1.355	(0.722)	0.181	2.447	1.608	1.021	0.517	14.258
Exploration expenditure expensed	(7.851)	(1.355)	(0.463)	(0.181)	(2.447)	(0.290)	-	(0.517)	(13.104)
Exploration expenditure capitalised	**-**	**-**	**(1.185)**	**-**	**-**	**1.318**	**1.021**	**-**	**1.154**
Cost of tenements sold	**-**	**-**	**-**	**(7.350)**	**-**	**-**	**-**	**-**	**(7.350)**
Foreign exchange differences	**161.914**	**45.420**	**0.007**	**0.226**	**1.987**	**-**	**-**	**0.150**	**209.704**
Transferred to Mine Development	**-**	**-**	**-**	**-**	**-**	**(5.878)**	**(1.021)**	**-**	**(6.899)**
Balance 30 June 2008	**1,389.810**	**389.857**	**-**	**-**	**17.052**	**-**	**-**	**1.279**	**1,797.998**

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

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NOTE 16. INTANGIBLE ASSETS

	CONSOLIDATED		PARENT ENTITY	
	2009 US$M	2008 US$M	2009 US$M	2008 US$M
(a) Reconciliation of carrying amount at the beginning and end of the period				
At 1 July - Net of accumulated amortisation	16.6	17.6	-	-
Additions – Kayelekera Mining Lease	10.0	-	-	-
Amortisation	(1.0)	(1.0)	-	-
At 30 June - Net of accumulated amortisation	25.6	16.6	-	-
At 30 June				
Cost	27.8	17.8	-	-
Accumulated amortisation	(2.2)	(1.2)	-	-
Net carrying amount of non current intangible assets	25.6	16.6	-	-

Amortisation of US$1.0M (2008: US$1.0M) is included in costs of sales in the Income Statement.

(b) Movements in intangible assets

Movements in each group of intangible asset during the financial year are set out below :

	Right to Supply of Power US$M	Right to Supply of Water US$M	Kayelekera Mining Lease US$M	Total US$M
Consolidated - 2009				
Carrying amount at 1 July 2008	4.7	11.9	-	16.6
Additions	-	-	10.0	10.0
Amortisation expense	(0.2)	(0.8)	-	(1.0)
Carrying amount at 30 June 2009	4.5	11.1	10.0	25.6
Consolidated - 2008				
Carrying amount at 1 July 2007	4.9	12.7	-	17.6
Additions	-	-	-	-
Amortisation expense	(0.2)	(0.8)	-	(1.0)
Carrying amount at 30 June 2008	4.7	11.9	-	16.6

NOTE 16. INTANGIBLE ASSETS (continued)

(c) Description of the Group's intangible assets

(i) Right to supply of power

Langer Heinrich Uranium Pty Ltd has entered into a contract with NamPower in Namibia for the right to access power at the LHUP mine. In order to obtain this right, the power line connection to the mine was funded by LHUP, however, ownership of the power line rests with NamPower. The amount funded is being amortised over a period of 14.75 years on a straight-line basis.

(ii) Right to supply of water

Langer Heinrich Uranium Pty Ltd has entered into a contract with NamWater in Namibia for the right to access water at the LHUP mine. In order to obtain this right, the water pipeline connection to the mine was funded by LHUP; however, ownership of the pipeline rests with NamWater. The amount funded is being amortised over a period of 14.75 years on a straight-line basis.

(iii) Kayelekera Mining Lease

Paladin Energy Minerals NL and Paladin (Africa) Limited have entered into a Development Agreement with the Government of the Republic of Malawi for the development of the Garnet Halliday Karonga Water Supply Project and other social development projects. The amount funded is being amortised over the life of mine on a straight-line basis (refer to Note 20(b)(iv)).

NOTE 17. TRADE AND OTHER PAYABLES

	CONSOLIDATED		PARENT ENTITY	
	2009 US$M	2008 US$M	2009 US$M	2008 US$M
Current				
Trade and other payables	67.1	41.4	8.7	7.5
Total current payables	67.1	41.4	8.7	7.5

Trade payables are non-interest bearing and are normally settled on 60 day terms.

	CONSOLIDATED		PARENT ENTITY	
Non Current				
Unsecured loans from wholly owned Group Companies	-	-	-	1.0
Total non current payables	-	-	-	1.0

The unsecured loans from wholly owned Group Companies are interest free and have no fixed terms of repayment, however, the companies for the foreseeable future have no intention of demanding repayment.

NOTE 18. UNEARNED REVENUE

	CONSOLIDATED		PARENT ENTITY	
	2009 US$M	2008 US$M	2009 US$M	2008 US$M
Current				
Unearned revenue	0.2	0.2	-	-
Non Current				
Unearned revenue	0.2	0.5	-	-

NOTE 19. INTEREST BEARING LOANS AND BORROWINGS

	Maturity	CONSOLIDATED 2009 US$M	CONSOLIDATED 2008 US$M	PARENT ENTITY 2009 US$M	PARENT ENTITY 2008 US$M
Current					
Secured bank loan		14.2	12.2	-	-
Non Current					
Unsecured convertible bonds	2011	227.5	218.4	227.5	218.4
Unsecured convertible bonds	2013	304.6	299.0	304.6	299.0
Secured bank loan	2012	39.9	52.9	-	-
Total non current		572.0	570.3	532.1	517.4

The above figures include deferred borrowing costs.

Fair value disclosures

Details of the fair value of the Group's interest bearing liabilities are set out in Note 23.

Unsecured convertible bonds

On 15 December 2006, the Company issued US$250M in convertible bonds with an underlying coupon rate of 4.5%, maturity 15 December 2011 and a conversion price of US$7.685 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 are essentially both a liability (underlying bond) and an equity instrument (conversion rights into Company shares).

Based on this allocation of the convertible bonds, US$212.2M has been initially allocated to interest bearing loans and borrowings in non current liabilities (underlying effective interest rate of 8.75%) and US$37.8M to non-distributable convertible bond reserve in equity. A deferred tax liability of US$11.3M has been recognised through reserves which relates to the equity component of the bond and this deferred tax liability reverses to the Income Statement over the term of the bond.

On 11 March 2008, the Company issued US$325M in convertible bonds with an underlying coupon rate of 5.0%, maturity 11 March 2013 and a conversion price of US$6.59 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 are treated as both a liability (underlying bond) and an equity instrument (conversion rights into Company shares).

Based on this treatment of the convertible bonds, US$307.1M has been allocated to interest bearing loans and borrowings in non-current liabilities (underlying effective interest rate of 7.13%) and US$17.8M to non-distributable convertible bond reserve in equity. A deferred tax liability for the bonds of US$5.4M has been recognised through reserves which relates to the equity component of the bond and this deferred tax liability reverses to the Income Statement over the term of the bond.

NOTE 19. INTEREST BEARING LOANS AND BORROWINGS (continued)

Secured bank loan

During the year ended 30 June 2006 the Consolidated Entity obtained project finance facilities amounting to US$71M for construction of the LHUP. The financing has been provided by Société Générale Australia Branch, Nedbank Capital and Standard Bank Plc and consists of a seven year Project Finance Facility of US$65M and a Standby Cost Overrun Facility of US$6M. The Project Finance Facility bears interest at the London Interbank Offered Rate (LIBOR) plus 2.5%. No requirement for political risk insurance exists under the terms of the Project Finance Facility. The facilities are secured with fixed and floating charges over the assets of Langer Heinrich Uranium (Pty) Ltd and its immediate holding company.

At 30 June 2009, US$54.1M (2008: US$66.3M) had been drawn of the project finance facilities, following principal repayments of US$12.2m.

On 31 July 2009, the Company announced the completion of all conditions precedent to enable drawdown under the US$167M KUP project finance. The project finance consists of a six year Project Finance Facility of US$145M, a Standby Cost Overrun Facility of US$12M and a Performance Bond Facility of US$10M. The facilities are being provided by Société Générale Corporate and Investment Banking (as inter-creditor agent and commercial lender), Nedbank Capital a division of Nedbank Limited (ECIC lender) and The Standard Bank of South Africa Ltd (as ECIC facility agent and lender). On 17 August the company announced the first drawdown of US$84.5M under this facility (refer to Note 32).

Deferred borrowing costs capitalised during the year relating to establishment of facilities

Consolidated Entity – US$Nil (2008: US$9.9M)
Parent Entity – US$Nil (2008: US$9.8M)
100% of borrowing costs incurred for the construction of any qualifying asset are capitalised.

NOTE 19. INTEREST BEARING LOANS AND BORROWINGS (continued)

Financing facilities available

At reporting date, the following financing facilities had been negotiated and were available:

	CONSOLIDATED		PARENT ENTITY	
	2009 US$M	**2008 US$M**	**2009 US$M**	**2008 US$M**
Total facilities:				
Unsecured convertible bonds	575.0	575.0	575.0	575.0
Secured bank loans	54.1	66.3	-	-
	629.1	641.3	575.0	575.0
Facilities used at reporting date:				
Unsecured convertible bonds	575.0	575.0	575.0	575.0
Secured bank loans	54.1	66.3	-	-
	629.1	641.3	575.0	575.0
Facilities unused at reporting date:				
Unsecured convertible bonds	-	-	-	-
Secured bank loans	-	-	-	-
	-	-	-	-
Total facilities:				
Facilities used at reporting date	629.1	641.3	575.0	575.0
Facilities unused at reporting date	-	-	-	-
	629.1	641.3	575.0	575.0

Assets pledged as security

The carrying amounts of assets pledged as security for non current interest bearing liabilities (secured bank loans) are:

	CONSOLIDATED 2009 US$M	CONSOLIDATED 2008 US$M	PARENT ENTITY 2009 US$M	PARENT ENTITY 2008 US$M
Current				
Floating charge				
-Cash and cash equivalents	19.6	14.4	-	-
-Trade and other receivables	24.1	35.8	-	-
-Inventories	52.6	37.1	-	-
Total current assets pledged as security	96.3	87.3	-	-
Non Current				
-Inventories	24.9	-	-	-
-Property, plant and equipment	153.0	103.3	-	-
-Exploration and evaluation expenditure	18.4	6.3	-	-
-Deferred tax asset	49.5	11.6	-	-
-Intangible assets	15.6	16.6	-	-
Total non current assets pledged as security	261.4	137.8	-	-
Total assets pledged as security	357.7	225.1	-	-

NOTE 20. PROVISIONS

	Note	CONSOLIDATED 2009 US$M	CONSOLIDATED 2008 US$M	PARENT ENTITY 2009 US$M	PARENT ENTITY 2008 US$M
Current					
Social responsibility		7.7	-	-	-
Employee benefits	27	2.1	1.5	1.2	1.0
Total current provisions		9.8	1.5	1.2	1.0
Non Current					
Social responsibility		2.0	-	-	-
Employee benefits	27	0.1	0.1	0.1	0.1
Rehabilitation provision		16.7	4.4	-	-
Mine closure		11.7	3.9	-	-
Demobilisation provision		1.8	-	-	-
Total non current provisions		32.3	8.4	0.1	0.1

For a description of the nature and timing of cash flows associated with the above provisions, refer to section (b) below:

(a) Movements in provisions

Movements in each class of provision during the financial year, excluding provisions relating to employee benefits, are set out below :

	Demob-ilisation US$M	Social Responsibility US$M	Rehab-ilitation US$M	Mine Closure US$M	Total US$M
Consolidated					
At 1 July 2008	-	-	4.4	3.9	8.3
Arising during the year	1.5	10.0	11.3	6.5	29.3
Utilised	-	(0.3)	-	-	(0.3)
Effects of changes in discount rates	-	-	0.5	0.6	1.1
Foreign currency movements	0.3	-	0.5	0.7	1.5
At 30 June 2009	1.8	9.7	16.7	11.7	39.9
2009					
Current	-	7.7	-	-	7.7
Non current	1.8	2.0	16.7	11.7	32.2
	1.8	9.7	16.7	11.7	39.9
2008					
Current	-	-	-	-	-
Non current	-	-	4.4	3.9	8.3
	-	-	4.4	3.9	8.3

NOTE 20. PROVISIONS (continued)

(b) Nature and timing of provisions

(i) Rehabilitation

A provision for rehabilitation has been recorded in relation to LHUP and KUP. A provision is made for rehabilitation work when the obligation arises and this is recognised as a cost of production or development as appropriate.

(ii) Mine closure

A provision for mine closure has been recorded in relation to the LHUP and KUP for the costs of dismantling and demolition of infrastructure or decommissioning, the removal of residual material and the remediation of disturbed areas specific to the infrastructure to a state acceptable to various authorities.

(iii) Employee benefits

Refer to Note 27.

(iv) Demobilisation

A provision for demobilisation has been recorded in relation to the LHUP for the costs of demobilising the mining contractor.

(iv) Social responsibility

A provision for social responsibility has been recorded in relation to the KUP for the costs of social responsibility projects to be incurred under the Development Agreement (refer to Note 16(b)(iii)).

NOTE 21. CONTRIBUTED EQUITY AND RESERVES

(a) Issued and paid up capital

	Number of Shares		CONSOLIDATED/ PARENT ENTITY	
	2009	2008	2009	2008
Ordinary shares			US$M	US$M
Issued and fully paid	623,692,802	613,497,369	1,111.6	1,088.4

Effective 1 July 1998, the Corporations legislation in place abolished the concepts of authorised capital and par value shares. Accordingly, the Company does not have authorised capital or par value in respect of its issued shares.

Fully paid ordinary shares carry one vote per share and carry the right to dividends.

(b) Movements in ordinary shares on issue

Date		Number of Shares	Issue Price A$	Exchange Rate US$: A$	Total US$M
	Balance 30 June 2007	602,437,369			1,075.3
September 2007	Option conversions	250,000	1.00	1.22122	0.2
November 2007	Option conversions	50,000	1.00	1.08369	0.1
November 2007	Option conversions	3,270,000	1.00	1.08369	3.0
December 2007	Option conversions	7,000,000	1.00	1.12974	6.2
April 2008	Option conversions	100,000	1.50	1.09343	0.1
April 2008	Option conversions	94,600	2.80	1.09343	0.3
June 2008	Option conversions	90,000	1.50	1.04671	0.1
June 2008	Option conversions	200,000	2.80	1.04671	0.5
June 2008	Option conversions	5,400	2.80	1.04671	-
	Transfer from reserves				2.6
	Balance 30 June 2008	**613,497,369**			**1,088.4**

Date		Number of Shares	Issue Price A$	Exchange Rate US$: A$	Total US$M
	Balance 30 June 2008	613,497,369			1,088.4
July 2008	Option conversions	100,000	5.50	1.04005	0.5
July 2008	Option conversions	200,000	5.50	1.04005	1.1
July 2008	Option conversions	100,000	5.50	1.04005	0.5
September 2008	Option conversions	100,000	2.80	1.16633	0.2
January 2009	Option conversions	1,560,000	2.80	1.55581	2.8
February 2009	Fusion acquisition	8,135,433	2.91	1.54760	15.3
	Transfer from reserves				2.8
	Balance 30 June 2009	**623,692,802**			**1,111.6**

NOTE 21. CONTRIBUTED EQUITY AND RESERVES (continued)

(c) Issued options

		Number of Options 2009	2008
(i)	Exercisable at A$1.00, on or before 30 November 2007 (granted 30 November 2004)		
	Balance at 1 July	-	3,570,000
	Exercised during year	-	(3,570,000)
	Balance at 30 June	-	-

Vest on positive outcome for LHUP Bankable Feasibility Study together with completion of acceptable project funding. Vesting conditions were met by 30 June 2006.

In September 2007, 250,000 options above were exercised raising A$250,000 (US$204,713) in contributed equity and at the time of exercise the shares had a market value of A$1,450,000.

In November 2007, 50,000 options above were exercised raising A$50,000 (US$46,139) in contributed equity and at the time of exercise the shares had a market value of A$358,500.

In November 2007, 3,270,000 options above were exercised raising A$3,270,000 (US$3,017,468) in contributed equity and at the time of exercise the shares had a market value of A$22,236,000.

		Number of Options 2009	2008
(ii)	Exercisable at A$1.00, on or before 20 December 2007 (granted 20 December 2004)		
	Balance at 1 July	-	7,000,000
	Exercised during year	-	(7,000,000)
	Balance at 30 June	-	-

Vest on positive outcome for LHUP Bankable Feasibility Study together with completion of acceptable project funding. Vesting conditions were met by 30 June 2006.

In December 2007, 7,000,000 options above were exercised raising A$7,000,000 (US$6,196,116) in contributed equity and at the time of exercise the shares had a market value of A$43,120,000

NOTE 21. CONTRIBUTED EQUITY AND RESERVES (continued)

(c) Issued options (continued)

		Number of Options 2009	2008
(iii)	Exercisable at A$1.50, on or before 15 July 2008 (granted 15 July 2005)		
	Balance at 1 July	-	190,000
	Exercised during year	-	(190,000)
	Balance at 30 June	-	-

Vest on positive outcome for LHUP Bankable Feasibility Study together with completion of acceptable project funding. Vesting conditions were met by 30 June 2006.

In April 2008, 100,000 options above were exercised raising A$150,000 (US$137,183) in contributed equity and at the time of exercise the shares had a market value of A$430,000.

In June 2008, 90,000 options above were exercised raising A$135,000 (US$128,976) in contributed equity and at the time of exercise the shares had a market value of A$536,400.

		Number of Options 2009	2008
(iv)	Exercisable at A$2.80, on or before 13 January 2009 (granted 13 January 2006 to 16 February 2006) (900,000 vest 13 January 2007 and 1,950,000 vest 13 January 2008).		
	Balance at 1 July	2,520,000	2,820,000
	Exercised during year	(1,660,000)	(300,000)
	Expired during year	(860,000)	-
	Balance at 30 June	-	2,520,000

In April 2008, 94,600 options above were exercised raising A$264,880 (US$242,247) in contributed equity and at the time of exercise the shares had a market value of A$406,780.

In June 2008, 205,400 options above were exercised raising A$575,120 (US$549,455) in contributed equity and at the time of exercise the shares had a market value of A$1,224,184.

In September 2008, 100,000 options above were exercised raising A$280,000 (US$240,069) in contributed equity and at the time of exercise the shares had a market value of A$545,000.

In January 2009, 1,560,000 options above were exercised raising A$4,368,000 (US$2,807,541) in contributed equity and at the time of exercise the shares had a market value of A$4,633,200.

NOTE 21. CONTRIBUTED EQUITY AND RESERVES (continued)

(c) Issued options (continued)

		Number of Options 2009	2008
(v)	Exercisable at A$5.50, on or before 28 April 2009 (granted 27 April 2006) (782,500 vest 31 October 2007 and 782,500 vest 31 October 2008).		
	Balance at 1 July	1,565,000	1,565,000
	Expired during year	(1,565,000)	-
	Balance at 30 June	-	1,565,000
(vi)	Exercised at A$5.50 on or before 5 July 2009 (granted 5 July 2006 to 20 July 2006) (700,000 vest 5 January 2008 and 700,000 vest 5 January 2009).		
	Balance at 1 July	1,400,000	1,400,000
	Exercised during year	(400,000)	-
	Balance at 30 June	1,000,000	1,400,000

In July 2008 400,000 options above were exercised raising A$2,200,000 (US$2,115,283) in contributed equity and at the time of exercise the shares had a market value of A$2,637,000.

		2009	2008
(vii)	Exercisable at A$8.77 on or before 1 February 2012 (granted 1 February 2007) (2,733,670 vest 1 February 2010)		
	Balance at 1 July	2,733,670	2,733,670
	Forfeited during year	(35,700)	-
	Balance at 30 June	2,697,970	2,733,670
(vii)	Exercisable at A$8.77 on or before 29 June 2012 (granted 29 June 2007) (400,000 vest 29 June 2010)		
	Balance at 1 July	-	400,000
	Forfeited during year	-	(400,000)
	Balance at 30 June	-	-
(ix)	Exercisable at A$4.50 on or before 29 Jan 2013 (granted 29 January 2008) (8,541,620 vest 29 Jan 2011)		
	Balance at 1 July	8,133,402	-
	Granted during year	-	8,541,620
	Forfeited during year	(578,917)	(408,212)
	Balance at 30 June	7,554,485	8,133,402

NOTE 21. CONTRIBUTED EQUITY AND RESERVES (continued)

(c) Issued options (continued)

		Number of Options 2009	2008
(x)	Exercisable at A$5.37 on or before 15 Feb 2011 (granted 15 February 2008) (700,000 vest 15 Feb 2009)		
	Balance at 1 July	700,000	-
	Granted during year	-	700,000
	Balance at 30 June	700,000	700,000
(xi)	Exercisable at A$5.37 on or before 15 Feb 2013 (granted 15 February 2008) (525,000 vest 15 Feb 2011)		
	Balance at 1 July	500,000	-
	Granted during year	-	525,000
	Forfeited during year	(50,000)	(25,000)
	Balance at 30 June	450,000	500,000
(xii)	Exercisable at A$4.59 on or before 18 April 2013 (granted 18 April 2008) (1,075,000 vest 18 April 2011)		
	Balance at 1 July	1,075,000	-
	Granted during year	-	1,075,000
	Balance at 30 June	1,075,000	1,075,000
(xiii)	Exercisable at A$5.27 on or before 18 June 2013 (granted 18 June 2008) (450,000 vest 18 June 2011)		
	Balance at 1 July	450,000	-
	Forfeited during year	(450,000)	-
	Granted during year	-	450,000
	Balance at 30 June	-	450,000
(xiv)	Exercisable at A$2.54 on or before 14 October 2013 (granted 14 October 2008) (750,000 vest 14 October 2011)		
	Balance at 1 July	-	-
	Granted during year	750,000	-
	Balance at 30 June	750,000	-

NOTE 21. CONTRIBUTED EQUITY AND RESERVES (continued)

(c) Issued options (continued)

		Number of Options 2009	2008
(xv)	Exercisable at A$2.14 on or before 25 November 2013 (granted 25 November 2008) (200,000 vest 25 November 2011)		
	Balance at 1 July	-	-
	Granted during year	200,000	-
	Forfeited during year	(200,000)	-
	Balance at 30 June	-	-
(xvi)	Exercisable at A$2.07 on or before 25 November 2013 (granted 25 November 2008) (300,000 vest 25 November 2011)		
	Balance at 1 July	-	-
	Granted during year	300,000	-
	Balance at 30 June	300,000	-
(xvii)	Exercisable at A$4.48 on or before 24 June 2014 (granted 24 June 2009) (700,000 vest 24 June 2012)		
	Balance at 1 July	-	-
	Granted during year	700,000	-
	Balance at 30 June	700,000	-

PALADIN ENERGY LTD AND CONTROLLED ENTITIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(UNAUDITED)* (continued)

FOR THE YEAR ENDED 30 JUNE 2009

NOTE 21. CONTRIBUTED EQUITY AND RESERVES (continued)

(d) Reserves

	Consolidation reserve US$M	Listed option application reserve US$M	Share-based payments reserve US$M	Available for sale reserve US$M	Foreign currency translation reserve US$M	Convertible bond non-distributable reserve US$M	Acquisition reserve US$M	Total US$M
CONSOLIDATED								
At 1 July 2007	-	0.1	9.7	31.7	30.3	26.5	14.9	113.2
Net unrealised movement on available-for-sale investments	-	-	-	(44.6)	-	-	-	(44.6)
Share-based payments	-	-	8.1	-	-	-	-	8.1
Foreign currency translation	-	-	-	7.0	124.6	-	-	131.6
Convertible bonds – equity component	-	-	-	-	-	17.8	-	17.8
Income tax	-	-	-	13.4	-	(5.4)	-	8.0
At 30 June 2008	**-**	**0.1**	**17.8**	**7.5**	**154.9**	**38.9**	**14.9**	**234.1**
At 1 July 2008	-	0.1	17.8	7.5	154.9	38.9	14.9	234.1
Net unrealised movement on available-for-sale investments	-	-	-	41.4	-	-	-	41.4
Share-based payments	-	-	8.1	-	-	-	-	8.1
Foreign currency translation	-	-	-	(4.6)	(241.5)	-	-	(246.1)
Transfer of impairment loss to P&L	-	-	-	0.5	-	-	-	0.5
Allotment of 15% interest to Government of Malawi	(0.2)	-	-	-	-	-	-	(0.2)
Income tax	-	-	-	(12.2)	6.3	-	-	(5.9)
At 30 June 2009	**(0.2)**	**0.1**	**25.9**	**32.6**	**(80.3)**	**38.9**	**14.9**	**31.9**

NOTE 21. CONTRIBUTED EQUITY AND RESERVES (continued)

(d) Reserves (continued)

	Listed option application reserve US$M	Share-based payments reserve US$M	Available for sale reserve US$M	Convertible bond non-distributable reserve US$M	Foreign currency translation US$M	Total US$M
PARENT						
At 1 July 2007	0.1	9.7	14.7	26.5	-	51.0
Foreign currency translation	-	-	4.7	-	-	4.7
Convertible bonds – equity component	-	-	-	17.8	-	17.8
Income tax	-	-	8.5	(5.4)	-	3.1
Net unrealised movement on available-for-sale investments	-	-	(28.4)	-	-	(28.4)
Share-based payments	-	8.1	-	-	-	8.1
At 30 June 2008	**0.1**	**17.8**	**(0.5)**	**38.9**	**-**	**56.3**
At 1 July 2008	0.1	17.8	(0.5)	38.9	-	56.3
Foreign currency translation	-	-	(1.0)	-	-	(1.0)
Income tax	-	-	(10.3)	-	-	(10.3)
Net unrealised movement on available-for-sale investments	-	-	35.5	-	-	35.5
Transfer of impairment loss to P&L	-	-	0.5	-	-	0.5
Share-based payments	-	8.1	-	-	-	8.1
At 30 June 2009	**0.1**	**25.9**	**24.2**	**38.9**	**-**	**89.1**

NOTE 21. CONTRIBUTED EQUITY AND RESERVES (continued)

(d) Reserves (continued)

Nature and purpose of reserves

Listed option application reserve

This reserve consists of proceeds from the issue of listed options, net of expenses of issue. These listed options expired unexercised and no restriction exists for the distribution of this reserve.

Share-based payments reserve

This reserve is used to record the value of equity benefits provided to Directors, employees and consultants as part of their remuneration. Refer to Note 29 for further details on share-based payments.

Available-for-sale reserve

This reserve records the fair value changes on the available-for-sale financial assets as set out in Note 10(b).

Foreign currency translation reserve

This reserve is used to record exchange differences arising on translation of the group entities that do not have a functional currency of United States dollars and have been translated into United States dollars for presentation purposes, as described in Note 2(f).

Convertible bond non-distributable reserve

This reserve records the equity portion of the convertible bonds issued on 15 December 2006 and on 11 March 2008, as described in Note 19.

Acquisition reserve

This reserve recognises the difference in value of investments in Summit Resources Ltd, at the share price on the date control was obtained (27 April 2007), and the share price on the date of acquisitions after the date of control.

Consolidation reserve

This reserve recognises the difference between the fair value of the 15% interest in Paladin (Africa) Ltd allotted to Government of Malawi, at the Net Present Value of the KUP on the date the Development Agreement was signed (22 February 2007), and the minority interest share of the net assets of Paladin (Africa) Ltd.

NOTE 22. MINORITY INTERESTS

	CONSOLIDATED		PARENT ENTITY	
	2009 US$M	2008 US$M	2009 US$M	2008 US$M
Minority interests comprise:				
Share capital	22.0	11.0	-	-
Opening accumulated losses	(12.1)	(6.9)	-	-
Reserves	155.2	204.9	-	-
Current period loss	(96.2)	(1.2)	-	-
Total minority interests	68.9	207.8	-	-

The minority interests recognised during the year relate to the 18.0% (2008: 18.1%) interest in Summit Resources Ltd not acquired from the takeover bid that closed on 1 June 2007 and the 15% (2008: Nil) interest in Paladin (Africa) Ltd held by the Government of the Republic of Malawi as at 26 June 2009.

Opening accumulated losses in 2009 include 15% interest of losses acquired by the Government of the Republic of Malawi at the time of the share issue as well as a share of current year losses to that time.

A share based payment expense of US$5.7M has been recognised for the allotment of 15% interest in Paladin (Africa) Ltd to the Government of Malawi, which has a corresponding increase in the minority interest reserve. In determining the Fair Value for Paladin (Africa) Ltd, a Discounted Cash Flow Model ("DCF") was adopted as the primary valuation methodology.

NOTE 23. FINANCIAL INSTRUMENTS

(a) Financial risk management objectives and policies

The Group's management of financial risk is aimed at ensuring net cash flows are sufficient to:

- Meet all its financial commitments and;
- Maintain the capacity to fund corporate growth activities

The Group monitors its forecast financial position on a regular basis.

Market, liquidity and credit risk (including foreign exchange, commodity price and interest rate risk) arise in the normal course of the Group's business. These risks are managed under Board approved directives which underpin treasury practices and processes. The Group's principal financial instruments comprise interest bearing debt, US treasury bills (a negotiable US government security with a maturity of less than one year that pays no periodic interest, but yields the difference between its par value and its discounted purchase price), cash and short-term deposits. Other financial instruments include trade receivables and trade payables, which arise directly from operations.

The Group's forecast financial risk position with respect to key financial objectives and compliance with treasury practice are regularly reported to the Board.

(b) Market risk

(i) Foreign exchange risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures.

Foreign exchange risk arises from future commitments, assets and liabilities that are denominated in a currency that is not the functional currency of the relevant Group company.

The Group's borrowings and deposits are largely denominated in US dollars. Currently there are no foreign exchange hedge programmes in place, however, the Group treasury function manages the purchase of foreign currency to meet operational requirements.

The financial instruments exposed to movements in the Australian dollar are as follows:

	CONSOLIDATED		PARENT ENTITY	
	2009 US$M	2008 US$M	2009 US$M	2008 US$M
Financial assets				
Cash and cash equivalents	3.1	1.5	3.1	1.5
Trade and other receivables	0.7	0.3	1.0	0.1
Financial and other assets	47.3	26.1	47.3	26.1
	51.1	27.9	51.4	27.7
Financial liabilities				
Trade and other payables	4.6	3.2	4.6	3.2
	4.6	3.2	4.6	3.2

NOTE 23. FINANCIAL INSTRUMENTS (continued)

(b) Market risk (continued)

(i) Foreign exchange risk (continued)

The financial instruments exposed to movements in the Namibian dollar are as follows:

	CONSOLIDATED		PARENT ENTITY	
	2009 US$M	2008 US$M	2009 US$M	2008 US$M
Financial assets				
Cash and cash equivalents	0.4	3.2	-	-
Trade and other receivables	12.0	6.2	-	-
Financial and other assets	-	-	-	-
	12.4	9.4	-	-
Financial liabilities				
Trade and other payables	18.4	8.5	-	-
	18.4	8.5	-	-

The following table summarises the sensitivity of financial instruments held at balance date to movements in the exchange rate of the Australian dollar to the US dollar and the Namibian dollar to the US dollar, with all other variables held constant. The 5% sensitivity is based on reasonably possible changes, over a financial year, using the observed range of actual historical rates for the preceding five year period.

	Impact on Profit				Impact on Equity			
	Consolidated		Parent Entity		Consolidated		Parent Entity	
	2009 US$M	2008 US$M	2009 US$M	2008 US$M	2009 US$M	2008 US$M	2009 US$M	2008 US$M
AUD/USD +5% (2008: +5%)	-	-	-	0.1	(1.6)	(0.9)	(1.6)	(0.9)
AUD/USD -5% (2008: -5%)	-	(0.1)	-	(0.1)	1.7	1.0	1.7	1.0

	Impact on Profit				Impact on Equity			
	Consolidated		Parent Entity		Consolidated		Parent Entity	
	2009 US$M	2008 US$M	2009 US$M	2008 US$M	2009 US$M	2008 US$M	2009 US$M	2008 US$M
NAD/USD +5% (2008: +5%)	0.2	-	-	-	-	-	-	-
NAD/USD -5% (2008: -5%)	(0.2)	-	-	-	-	-	-	-

NOTE 23. FINANCIAL INSTRUMENTS (continued)

(b) Market risk (continued)

(ii) Interest rate risk

Interest rate risk 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 debt or opportunity losses that may arise on fixed rate borrowings in a falling interest rate environment. Interest rate risk on cash and short-term deposits is not considered to be a material risk due to the short-term nature of these financial instruments.

The Group's main interest rate risk arises from long-term debt. Floating rate debt exposes the Group to cash flow interest rate risk and fixed rate debt exposes the Group to fair value interest rate risk. All other financial assets and liabilities in the form of receivables, investments in shares, payables and provisions, are non interest bearing.

The Group currently does not engage in any hedging or derivative transactions to manage interest rate risk.

The floating rate financial instruments exposed to interest rates movements are as follows:

	CONSOLIDATED		PARENT ENTITY	
	2009 US$M	2008 US$M	2009 US$M	2008 US$M
Financial assets				
Cash and cash equivalents	66.2	337.5	16.8	317.4
Trade and other receivables	-	-	411.2	106.1
	66.2	337.5	428.0	423.5
Financial liabilities				
Interest-bearing liabilities	54.1	66.3	-	-
	54.1	66.3	-	-

The following table summarises the cash flow sensitivity of cash and cash equivalent financial instruments held at balance sheet date following a movement to LIBOR, with all other variables held constant. The sensitivity is based on reasonably possible changes over a financial year, using the observed range of actual historical rates for the preceding five year period. The sensitivity analysis below excludes impact on borrowing costs arising from interest bearing liabilities as these are capitalised as part of long-term qualifying development projects.

	IMPACT ON PROFIT / EQUITY			
	CONSOLIDATED		PARENT ENTITY	
	2009 US$M	2008 US$M	2009 US$M	2008 US$M
Post-Tax Gain/Loss				
LIBOR +1% (2008: +1%)	0.1	1.8	3.0	3.0
LIBOR -0.3% (2008: -1%)	0.1	(1.8)	(0.9)	(3.0)

NOTE 23. FINANCIAL INSTRUMENTS (continued)

(b) Market risk (continued)

(iii) Market price risk

Price risk is the risk that the Group's financial position will be adversely affected by movements in the market value of its available-for-sale financial assets.

The financial instruments exposed to movements in market value are as follows:

	CONSOLIDATED		PARENT ENTITY	
	2009 US$M	**2008 US$M**	**2009 US$M**	**2008 US$M**
Financial assets				
Other financial assets	69.1	41.7	47.7	26.6

No impact on profit as movement in the market price is taken to the reserve.

The following table summarises the sensitivity of financial instruments held at balance date to movements in the market price of available-for-sale financial instruments, with all other variables held constant the 10% sensitivity is based on reasonable possible changes, over a financial year, using the observed range of actual historical prices for 2009 and 2008.

	IMPACT ON EQUITY			
	CONSOLIDATED		PARENT ENTITY	
	2009 US$M	**2008 US$M**	**2009 US$M**	**2008 US$M**
Post-tax impact on reserve				
Market price +25% (2008: +10%)	17.3	4.2	11.9	2.7
Market price -25% (2008: -10%)	(17.3)	(4.2)	(11.9)	(2.7)

(c) Liquidity risk

The liquidity position of the Group is managed to ensure sufficient liquid funds are available to meet the Group’s financial commitments in a timely and cost effective manner.

The Group treasury function continually reviews the Group’s liquidity position including cash flow forecasts to determine the forecast liquidity position and maintain appropriate liquidity levels. Sensitivity analysis is conducted on a range of pricing and market assumptions to ensure the Group has the ability to meet repayment commitments. This enables the Group to manage cash flows on a long term basis and provides the flexibility to pursue a range of funding alternatives if necessary. Note 23 (e) details the repayment obligations in respect of the amount of the facilities.

NOTE 23. FINANCIAL INSTRUMENTS (continued)

(c) Liquidity risk (continued)

The ageing of payables at the reporting date was as follows:

	Payables ageing analysis				
	Total	<1 year	1-2 years	2-3 years	>3 years
2009	**US$M**	**US$M**	**US$M**	**US$M**	**US$M**
Consolidated					
Trade and other payables	67.1	67.1	-	-	-
Loans and borrowings	629.1	14.2	15.2	266.2	333.5
Interest payable	96.6	28.9	28.7	22.6	16.4
Total payables	**792.8**	**110.2**	**43.9**	**288.8**	**349.9**
Parent Entity					
Trade and other payables	8.7	8.7	-	-	-
Loans and borrowings	575.0	-	-	250.0	325.0
Interest payable	92.8	27.4	27.4	21.8	16.2
Total payables	**676.5**	**36.1**	**27.4**	**271.8**	**341.2**

	Payables ageing analysis				
	Total	<1 year	1-2 years	2-3 years	>3 years
2008	**US$M**	**US$M**	**US$M**	**US$M**	**US$M**
Consolidated					
Trade and other payables	41.4	41.4	-	-	-
Loans and borrowings	641.3	12.2	14.2	15.2	599.7
Interest payable	134.1	32.4	31.4	30.3	40.0
Total payables	**816.8**	**86.0**	**45.6**	**45.5**	**639.7**
Parent Entity					
Trade and other payables	7.5	7.5	-	-	-
Loans and borrowings	575.0	-	-	-	575.0
Interest payable	120.2	27.4	27.4	27.4	38.0
Total payables	**702.7**	**34.9**	**27.4**	**27.4**	**613.0**

NOTE 23. FINANCIAL INSTRUMENTS (continued)

(d) Credit risk

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 significant.

The maximum exposure to credit risk at the reporting date was as follows:

	CONSOLIDATED		PARENT ENTITY	
	2009 US$M	2008 US$M	2009 US$M	2008 US$M
Current				
Cash and cash equivalents	66.2	87.8	16.8	67.7
Trade receivables	13.2	28.7	-	-
Other receivables – controlled entities	-	-	1.0	-
Other receivables – other entities	2.1	5.2	0.2	9.0
	81.5	121.7	18.0	76.7
Non-Current				
Other receivables – other entities	2.2	-	-	-
Total receivables	**83.7**	**121.7**	**18.0**	**76.7**

The ageing of receivables at the reporting date was as follows:

	Receivables ageing analysis				
	Total	Current	<1 year	1-2 years	>2 years
2009	US$M	US$M	US$M	US$M	US$M
Consolidated					
Trade receivables	13.2	13.2	-	-	-
Other receivables	4.3	2.1	-	2.2	-
Total receivables	**17.5**	**15.3**	**-**	**2.2**	**-**
Parent Entity					
Other receivables	1.2	1.2	-	-	-
Total receivables	**1.2**	**1.2**	**-**	**-**	**-**

All receivables are not past due and are not impaired.

NOTE 23. FINANCIAL INSTRUMENTS (continued)

(d) Credit risk (continued)

	Receivables ageing analysis				
	Total	Current	<1 year	1-2 years	>2 years
2008	**US$M**	**US$M**	**US$M**	**US$M**	**US$M**
Consolidated					
Trade receivables	28.7	28.7	-	-	-
Other receivables	5.2	5.2	-	-	-
Total receivables	**33.9**	**33.9**	**-**	**-**	**-**
Parent Entity					
Other receivables	9.0	9.0	-	-	-
Total receivables	**9.0**	**9.0**	**-**	**-**	**-**

(e) Financing facilities

Unsecured convertible bonds

On 15 December 2006, the Company issued US$250M in convertible bonds with an underlying coupon rate of 4.5%, maturity 15 December 2011 and a conversion price of US$7.685 for Company shares.

On 11 March 2008, the Company issued US$325M in convertible bonds with an underlying coupon rate of 5.0%, maturity 11 March 2013 and a conversion price of US$6.59 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 are treated as both a liability (underlying bond) and an equity instrument (conversion rights into Company shares).

Secured bank loan

During the year ended 30 June 2006 the Consolidated Entity completed project finance facilities amounting to US$71M for construction of the LHUP. The financing has been provided by Société Générale Australia Branch (as lead arranger), Nedbank Capital and Standard Bank Plc and consists of a seven year Project Finance Facility of US$65M and a Standby Cost Overrun Facility of US$6M. The Project Finance Facility bears interest at the London Interbank Offered Rate (LIBOR) plus 3.5% up to and including practical completion of the project, and the interest cost reduces to LIBOR plus 2.5% after practical completion. No requirement for political risk insurance exists under the terms of the Project Finance Facility. The facilities are secured with fixed and floating charges over the assets of Langer Heinrich Uranium (Pty) Ltd and its immediate holding companies. Paladin Energy Ltd has provided a project completion guarantee as part of the facilities.

At 30 June 2009 US$54.1M (2008: US$66.3M) had been drawn of the project finance facilities, following principal repayments of US$12.2m, leaving available facilities of US$Nil (2008: US$Nil).

NOTE 23. FINANCIAL INSTRUMENTS (continued)

(e) Financing facilities (continued)

On 31 July 2009 the Company announced the completion of all conditions precedent to enable drawdown under the US$167M KUP project finance. The project finance consists of a six year Project Finance Facility of US$145M, a Standby Cost Overrun Facility of US$12M and a Performance Bond Facility of US$10M. The facilities are being provided by Société Générale Corporate and Investment Banking (as inter-creditor agent and commercial lender), Nedbank Capital a division of Nedbank Limited (ECIC lender) and The Standard Bank of South Africa Ltd (as ECIC facility agent and lender). On 17 August 2009, the company announced the first drawdown of US$84.5M under this facility (refer to Note 32).

Financing facilities available

At reporting date, the following financing facilities had been negotiated and were available:

	CONSOLIDATED		PARENT ENTITY	
	2009 US$M	**2008 US$M**	**2009 US$M**	**2008 US$M**
Total facilities:				
Unsecured convertible bonds	575.0	575.0	575.0	575.0
Secured bank loans	54.1	66.3	-	-
	629.1	641.3	575.0	575.0
Facilities used at reporting date:				
Unsecured convertible bonds	575.0	575.0	575.0	575.0
Secured bank loans	54.1	66.3	-	-
	629.1	641.3	575.0	575.0
Facilities unused at reporting date:				
Unsecured convertible bonds	-	-	-	-
Secured bank loans	-	-	-	-
	-	-	-	-
Total facilities:				
Facilities used at reporting date	629.1	641.3	575.0	575.0
Facilities unused at reporting date	-	-	-	-
	629.1	641.3	575.0	575.0

NOTE 23. FINANCIAL INSTRUMENTS (continued)

(f) Capital management

The Group 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.

Group treasury monitors gearing and compliances with various contractual financial covenants. The gearing ratio as at balance date is 32% (2008:19%). The company's project finance facility is subject to various financial undertakings including a negative pledge, debt service coverage ratio, loan life coverage ratio and project life coverage ratio. At the time of reporting, the company was in compliance with all of the facility's financial undertakings.

(g) Fair value of financial assets and financial liabilities

The fair value representing the mark to market of a financial asset or a financial liability is the amount at which the asset could be exchanged or liability settled in a current transaction between willing parties after allowing for transaction costs.

The fair values of cash and cash equivalents, trade and other receivables and trade and other payables approximate to their carrying values, as a result of their short maturity or because they carry floating rates of interest.

The fair value of financial instruments traded in active markets such as publicly traded available-for-sale securities and the convertible bonds are based on quoted market prices at the balance sheet date. The quoted market price used for financial instruments held by the Group is the current bid price.

The fair value of financial instruments that are not traded in an active market such as unlisted securities is determined using valuation techniques. Such techniques include using recent arm's length market transactions, net asset values and by an external valuer using a binomial model.

All financial assets and liabilities where the fair value does not approximate to the carrying value are as follows:

	CONSOLIDATED/PARENT ENTITY			
	2009 US$M		2008 US$M	
	Carrying amount	Fair value	Carrying amount	Fair value
Convertible bonds	543.2	510.3	532.1	637.9

NOTE 23. FINANCIAL INSTRUMENTS (continued)

(h) Commodity price risk

Uranium is not traded in any significant volume on global commodity exchanges. The Consolidated Entity has customer sales contracts in place for 8.2Mlb for delivery over the period 2009 to 2013.

The contracted selling price is determined by a formula which references common industry published prices for spot and term contracts and is subject to an escalating floor price and also escalating ceiling prices.

Uranium purchased by the trading entity, Paladin Nuclear Ltd, is valued at US$28.1M at the lower of cost and net realisable value in accordance with our accounting policy for inventories.

NOTE 24. KEY MANAGEMENT PERSONNEL

(a) Details of Key Management Personnel

(i) Directors

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

(ii) Executives

Ms Gillian Swaby	Company Secretary
Mr Mark Bolton	Acting Chief Financial Officer (Appointed 1 November 2008)
Mr Ross Glossop	Chief Financial Officer (Appointed 18 July 2008; Resigned 27 October 2008)
Mr Ron Chamberlain	Chief Financial Officer (Resigned 18 July 2008)
Mr Wyatt Buck	General Manager – Production & Langer Heinrich Operations
Mr Dustin Garrow	Executive General Manager – Marketing
Mr Simon Solomons	Executive General Manager – Operations Development

(b) Compensation of Key Management Personnel: compensation by category

	CONSOLIDATED		PARENT ENTITY	
	2009 US$M	**2008 US$M**	**2009 US$M**	**2008 US$M**
Short-term	4,154	4,270	3,000	3,910
Post employment	107	97	61	61
Share-based payment	4,047	4,366	3,482	3,832
	8,308	8,733	6,543	7,803

Decrease in compensation of Key Management Personnel due to foreign exchange rate movements between United States and Australian dollar. Average exchange rate used for year to 30 June 2009, US$1 = AU$1.36035. (Average exchange rate used for year to 30 June 2008, US$1 = AU$1.11832).

NOTE 24. KEY MANAGEMENT PERSONNEL (continued)

(c) Option Holdings of Key Management Personnel (Consolidated and Parent Entity)

30 June 2009	Balance at beginning of period 01 Jul 08	Granted as Remune -ration	Options exercised	Net change other	Balance at end of period 30 Jun 09	Vested/ exercisable	Not vested/ not exercisable
Directors							
Mr John Borshoff	2,750,000	-	-	-	2,750,000	-	2,750,000
Executives							
Ms Gillian Swaby	333,785	-	-	-	333,785	-	333,785
Mr Ron Chamberlain	136,245	-	-	(136,245)#	-	-	-
Mr Wyatt Buck	1,351,533	-	(310,000)	(690,000)	351,533	-	351,533
Mr Dustin Garrow	944,769	-	(600,000)	-	344,769	-	344,769
Mr Simon Solomons	600,000	-	-	-	600,000	-	600,000
Mr Ross Glossop	450,000	-	-	(450,000)#	-	-	-
Total	6,566,332	-	(910,000)	(1,276,245)	4,380,087	-	4,380,087

Forfeited on resignation of employee

No other Key Management Personnel held options during the year ended 30 June 2009.

30 June 2008	Balance at beginning of period 01 Jul 08	Granted as remune -ration	Options exercised	Net change other	Balance at end of period 30 Jun 09	Vested/ exercisable	Not vested/ not exercisable
Directors							
Mr Rick Crabb	3,250,000	-	(3,250,000)	-	-	-	-
Mr John Borshoff	5,250,000	1,250,000	(3,750,000)	-	2,750,000	-	2,750,000
Executives							
Ms Gillian Swaby	2,825,000	258,785	(2,750,000)	-	333,785	-	333,785
Mr Ron Chamberlain	235,700	100,545	(200,000)	-	136,245	-	136,245
Mr Dustin Garrow	678,570	266,199	-	-	944,769	344,769	600,000
Mr Simon Solomons	-	600,000	-	-	600,000	-	600,000
Mr Ross Glossop	-	450,000	-	-	450,000	-	450,000
Total	12,239,270	2,925,529	(9,950,000)	-	5,214,799	344,769	4,870,030

No other Key Management Personnel held options during the year ended 30 June 2008.

NOTE 24. KEY MANAGEMENT PERSONNEL (continued)

(d) Shareholdings of Key Management Personnel (Consolidated and Parent Entity)

Shares held in Paladin Energy Ltd (number)

30 June 2009	Balance 01 Jul 08	Granted as Remuneration	On Exercise of Options	Net Change Other	Balance 30 June 09
Directors					
Mr Rick Crabb	5,581,528	-	-	(1,000,000)	4,581,528
Mr John Borshoff	21,591,394	-	-	-	21,591,394
Mr Ian Noble	21,000	-	-	-	21,000
Mr Sean Llewelyn	-	-	-	100,000	100,000
Mr Donald Shumka	-	-	-	50,000	50,000
Executives					
Ms Gillian Swaby	5,091,140	-	-	(54,485)	5,036,655
Mr Ron Chamberlain	600,000	-	-	(600,000)#	-
Mr Wyatt Buck	16,350	-	310,000	(230,000)	96,350
Mr Simon Solomons	1,000	-	-	2,000	3,000
Mr Dustin Garrow	-	-	600,000	(600,000)	-
Total	32,902,412	-	910,000	(2,332,485)	31,479,927

No longer employed by Paladin so not required to disclose share holdings.

No other Key Management Personnel held shares during the year ended 30 June 2009.

30 June 2008	Balance 01 Jul 07	Granted as Remuneration	On Exercise of Options	Net Change Other	Balance 30 June 08
Directors					
Mr Rick Crabb	8,964,746	-	3,250,000	(6,633,218)#	5,581,528
Mr John Borshoff	18,091,394	-	3,750,000	(250,000)	21,591,394
Mr Ian Noble	16,000	-	-	5,000	21,000
Executives					
Ms Gillian Swaby	10,216,140	-	2,750,000	(7,875,000)#	5,091,140
Mr Ron Chamberlain	400,000	-	200,000	-	600,000
Mr Wyatt Buck	-	-	-	16,350	16,350
Mr Simon Solomons	-	-	-	1,000	1,000
Total	37,688,280	-	9,950,000	(14,735,868)	32,902,412

Between 11 and 14 April 2008, a secured creditor of Lift Capital Pty Limited in the exercise of (purported) rights, sold 6,383,218 and 7,038,345 ordinary shares on behalf of Mr Rick Crabb and his associates and Ms Gillian Swaby respectively. No consideration was received by Mr Rick Crabb or his associates or Ms Swaby from this involuntary sale. Legal action for the recovery of these shares which were sold without their consent or authority is being pursued.

No other Key Management Personnel held shares during the year ended 30 June 2008.

All equity transactions with Key Management Personnel other than those arising from the exercise of remuneration options have been entered into under terms and conditions no more favourable than those the Consolidated Entity would have adopted if dealing at arm's length.

NOTE 24. KEY MANAGEMENT PERSONNEL (continued)

(e) Other Transactions and Balances with Key Management Personnel

Fees paid in the normal course of business in 2009 for company secretarial services totalling US$426,572 (2008: US$380,034) were paid/payable (balance outstanding at 30 June 2009 and included in trade creditors US$Nil (2008: US$Nil)) to a company of which Ms Gillian Swaby is a director and shareholder. All amounts are excluding GST.

Amounts recognised at the reporting date in relation to other transactions:

	CONSOLIDATED/ PARENT ENTITY	
	2009 US$000	**2008 US$000**
Liabilities		
Current liabilities		
Trade and other payables	-	-
Expenses		
Other expenses	427	380

NOTE 25. AUDITORS' REMUNERATION

The auditor of the Paladin Energy Ltd Group is Ernst & Young.

	CONSOLIDATED		PARENT ENTITY	
	2009 US$000	2008 US$000	2009 US$000	2008 US$000
Amounts received or due and receivable by Ernst & Young (Australia) for:				
• Audit or review of the financial report of the entity and any other entity in the consolidated Group [(1)]	326	389	269	314
• Other assurance services	38	14	35	14
• Taxation services:				
Tax compliance services	388	99	374	99
International tax consulting	189	27	171	27
Tax advice on mergers and acquisitions	103	171	96	171
Other tax advice	53	10	53	10
Sub-total	1,097	710	998	635
Amounts received or due and receivable by related practices of Ernst & Young (Australia) for:				
• Audit or review of the financial report of subsidiaries	55	23	41	-
• Other assurance services	-	5	-	-
• Taxation services:				
Tax compliance services	55	18	8	-
	1,207	756	1,047	635

[(1)] Decrease in audit fee due to foreign currency exchange rate movements between the US and Australian dollar.

NOTE 26. COMMITMENTS AND CONTINGENCIES

There were no outstanding commitments or contingencies, which are not disclosed in the Financial Report of the Consolidated Entity and the Company as at 30 June 2009 other than:

(a) Tenements

	CONSOLIDATED		PARENT ENTITY	
	2009 US$M	**2008 US$M**	**2009 US$M**	**2008 US$M**
Commitments for tenements contracted for at the reporting date but not recognised as liabilities, payable:				
Within one year	7.1	2.6	-	-
Later than one year but not later than 5 years	8.0	-	-	-
More than 5 years	-	-	-	-
Total tenements commitment	15.1	2.6	-	-

These include commitments relating to tenement lease rentals and, the minimum expenditure requirements of the Namibian, Malawian, 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 Consolidated Entity and other parties are involved. All parties are committed to meet the conditions under which the tenements were granted in accordance with the relevant mining legislation in Namibia, Malawi and Australia.

(b) Mine construction commitments

	CONSOLIDATED		PARENT ENTITY	
	2009 US$M	**2008 US$M**	**2009 US$M**	**2008 US$M**
Commitments for mine construction contracted for at the reporting date but not recognised as liabilities, payable:				
Within one year	4.4	61.0	-	-
Later than one year but not later than 5 years	-	-	-	-
More than 5 years	-	-	-	-
Total mine construction	4.4	61.0	-	-

These commitments in 2009 relate to construction of the KUP and Stage II at the LHUP (2008: construction of the KUP and Stage II at the LHUP).

NOTE 26. COMMITMENTS AND CONTINGENCIES (continued)

(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 0 and 12 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 June are as follows:

	CONSOLIDATED		PARENT ENTITY	
	2009 US$M	2008 US$M	2009 US$M	2008 US$M
Within one year	0.8	0.4	0.6	0.2
Later than one year but not later than 5 years	2.7	3.3	2.6	3.2
More than 5 years	1.6	2.7	1.6	2.7
Total operating lease commitment	5.1	6.4	4.8	6.1

(d) Acquisition costs

The Consolidated Entity acquired a call option on 19 June 1998 in relation to the purchase of the Oobagooma Uranium Project and, in turn, granted a put option to the original holder of the Project. Both the call and put options have an exercise price of A$0.75M (US$0.6M) (2008:A$0.75M (US$0.7M)) and are subject to the Department of Minerals & Energy granting tenements comprising two exploration licence applications. The A$0.75M (US$0.6M) (2008:A$0.75M (US$0.7M)) is payable by the Consolidated Entity within 10 business days of the later of the grant of the tenements or the exercise of either the call or put option. The options will expire 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$0.6M) (2008:A$0.75M (US$0.7M)) by the Consolidated Entity to the vendors when all project development approvals are further obtained.

(e) Bank guarantees

As at 30 June 2009 the Group and Parent have outstanding US$87,051 (A$108,201) (2008:US$61,401 / A$63,926) as a current guarantee provided by a bank for the corporate office lease.

(f) Legal actions

(i) Mount Isa Uranium Joint Venture

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

NOTE 26. COMMITMENTS AND CONTINGENCIES (continued)

(f) Legal Actions (continued)

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

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

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

NOTE 27. EMPLOYEE BENEFITS

	CONSOLIDATED		PARENT ENTITY	
	2009 US$M	**2008 US$M**	**2009 US$M**	**2008 US$M**
Provision for annual leave and long service leave aggregate employment benefit liabilities	2.2	1.6	1.3	1.1
Employee benefits expense				
Wages and salaries	18.5	14.6	3.1	4.4
Defined contribution superannuation	1.9	1.5	0.3	0.4
Share-based payments	10.9	10.6	7.7	8.9
Other employee benefits	0.7	0.6	0.6	0.5
Total employee benefits expense	32.0	27.3	11.7	14.2

Employee numbers	**Number**	**Number**
Average number of employees during the financial year	107	47

Superannuation

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

Employee Share Incentive Option Plan

Details of the Employee Share Incentive Option Plan for the Company are disclosed in Note 29.

NOTE 28. RELATED PARTIES

(a) Subsidiaries

Interests in subsidiaries are set out in Note 10(a).

(b) Ultimate parent

The ultimate Parent Entity in the wholly owned Group is Paladin Energy Ltd.

(c) Key management personnel

Details relating to key management personnel can be found at Note 24.

(d) Transactions with subsidiaries

Transactions entered into with subsidiaries during the years ended 30 June 2009 and 2008 consisted of:

(a) sundry debtors receivable by the Company (Note 7(c));

(b) loans advanced by the Company (Note 7(d));

(c) loans advanced to the Company (Note 17);

(d) the payment of interest on the loans advanced by the Company (Note 4(a)).

NOTE 29. SHARE-BASED PAYMENT PLAN

The share-based payment plans are described below. There have been no cancellations or modifications to any of the plans during 2009 and 2008.

(a) Types of share-based payment plans

Employee Share Incentive Option Plan (ESOP)

On 23 March 2004, the Directors approved the ESOP.

Staff eligible to participate in the plan were those who had been continuously employed by the Company for a period of at least one year.

Options were granted under the plan for no consideration. Options were granted for a three year period, and 100% of each new tranche became exercisable after one year of the date of grant. Entitlements to the options were vested as soon as they become exercisable and performance conditions had been met. There were no cash settlement alternatives. Options granted under the plan carried no dividend or voting rights.

Following implementation of the EXSOP detailed below, no further options will be issued pursuant to the ESOP.

Executive Share Option Plan (EXSOP)

On 21 November 2006, the EXSOP was approved by shareholders at the Company's Annual General Meeting. The number of shares that may be issued under the EXSOP must not exceed 5% of the total number of shares on issue.

NOTE 29. SHARE-BASED PAYMENT PLAN (continued)

Share options are granted to employees under the EXSOP which is designed to create a stronger link between increasing shareholder value and employee reward. Under the EXSOP, the exercise price of the options is set at the market price of the shares on the date of grant and performance is measured by comparing the Company's Total Shareholder Return ('TSR') (share price appreciation plus dividends reinvested) with a group of peer companies. The Company's performance will be measured over three years from the date of grant. To the extent that maximum performance is not achieved under the performance condition, performance will be retested every six months following the first three years until the end of the fourth year.

In assessing whether the TSR hurdle for each grant has been met, the Group receives independent data from an external advisor, who provides both the Group's TSR growth from the commencement of each grant and that of the pre-selected peer group. The peer group chosen for comparison is the resource companies in the S&P/ASX200 Index at the date of grant. This peer group reflects the Group's competitors for capital and talent.

The Group's performance against the hurdle is determined according to Paladin Energy Ltd's ranking against the peer group TSR growth over the performance period.

- when Paladin Energy Ltd is ranked over the 75th percentile, 100% of the share options will vest;
- for rankings above the 50th and below the 75th percentile, the percentage of options to vest will be pro-rata between 50% and 100%;
- when Paladin Energy Ltd is ranked at the 50th percentile, 50% of the share options will vest;
- when Paladin Energy Ltd is ranked below the 50th percentile the share options will not vest.

When a participant ceases employment prior to the vesting of their share options, the share options are forfeited unless cessation of employment is due to termination initiated by the Group other than for misconduct or death. In the event of a change of control all the awards will vest and may be exercised by the participant.

The contractual life of each option granted is five years. There are no cash settlement alternatives.

(a) Types of share-based payment plans

Expense recognised in the Income Statement in respect to share-based payments is disclosed in Note 4.

(b) Summaries of options granted under ESOP and EXSOP arrangements

The following table illustrates the number (No.) and weighted average exercise prices (WAEP) of and movements in share options issued during the year:

	2009 No.		**2009 WAEP A$**	**2008 No.**		**2008 WAEP A$**
Outstanding at the beginning of the year	19,077,072		5.12	19,678,670		3.18
Granted during the year	1,950,000		3.12	11,291,620		4.63
Forfeited during the year	(1,314,617)		4.55	(833,218)		6.58
Exercised during the year	(2,060,000)	*1*	3.32	(11,060,000)	*2*	1.06
Expired during the year	(2,425,000)		4.54	-		-
Outstanding at the end of the year	15,227,455		5.29	19,077,072		5.12
Exercisable at the end of the year	1,700,000		5.45	4,002,500		3.80

1. The weighted average share price at the date of exercise is A$3.79
2. The weighted average share price at the date of exercise is A$6.31

NOTE 29. SHARE BASED PAYMENT PLAN (continued)

The outstanding balance as at 30 June 2009 represented by:

Date options granted	Exercisable	Expiry date	Exercise price of options	Number under option
5 July 2006	5 January 2008	5 July 2009	A$5.50	100,000
5 July 2006	5 January 2009	5 July 2009	A$5.50	500,000
20 July 2006	5 January 2008	5 July 2009	A$5.50	200,000
20 July 2006	5 January 2009	5 July 2009	A$5.50	200,000
1 February 2007	1 February 2010	1 February 2012	A$8.77	2,697,970
29 January 2008	29 January 2011	29 January 2013	A$4.50	7,554,485
15 February 2008	15 February 2009	15 February 2011	A$5.37	700,000
15 February 2008	15 February 2011	15 February 2013	A$5.37	450,000
18 April 2008	18 April 2011	18 April 2013	A$4.59	1,075,000
14 October 2008	14 October 2011	14 October 2013	A$2.54	750,000
11 December 2011	11 December 2011	11 December 2013	A$2.07	300,000
24 June 2009	24 June 2012	24 June 2014	A$4.48	700,000
Total				**15,227,455**

Please refer to Outstanding Share Information table in the Management Discussion & Analysis for movements since the year end.

(c) Weighted average remaining contractual life

The weighted average remaining contractual life for the share options outstanding as at 30 June 2009 is between Nil and 3 years (2008: Nil and 3 years).

(d) Range of exercise price

The range of exercise prices for options outstanding at the end of the year was A$2.07 – A$8.77 (2008: A$2.80 – A$8.77).

(e) Weighted average fair value

The weighted average fair value of options granted during the year was A$1.79 (2008: A$2.73).

(f) Option pricing model: ESOP and EXSOP

The fair value of the equity-settled share options granted under the option plan is estimated as at the date of grant using a binominal model taking into account the terms and conditions upon which the options were granted.

The following table lists the inputs to the model used for the years ended 30 June 2009 and 30 June 2008:

	2009	2008
Dividend yield (%)	Nil%	Nil%
Expected volatility (%)	70% - 72%	66% - 77%
Risk-free interest rate (%)	3.69% - 4.93%	6.22% - 6.87%
Expected life of option (years)	3.75 years	1.75 - 5 years
Option exercise price ($)	A$2.07 - A$4.48	A$4.50 - A$5.37
Closing share price at grant date ($)	A$2.45 - A$4.41	A$4.64 - A$5.95

The expected life of the options is based on historical data and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome. No other features of options granted were incorporated into the measurement of fair value.

NOTE 30. INTERESTS IN JOINTLY CONTROLLED ASSETS

(a) Joint venture details

Bigrlyi Uranium joint venture

The Bigrlyi Uranium joint venture is involved in the identification of and exploration for uranium resources in the Northern Territory, Australia. The joint venture is between Energy Metals Ltd 53.74%, Southern Cross Exploration NL 4.2% and Northern Territory Uranium Pty Ltd (NTU) 42.06% (NTU is 100% owned by Paladin Energy Ltd) with Energy Metals Ltd as manager and operator of the joint venture.

Angela Project joint venture

The Angela Project joint venture is involved in the identification of and exploration for uranium resources on tenements to the south of Alice Springs in the Northern Territory, Australia. The joint venture is between Cameco Australia Pty Ltd (Cameco) 50% and Paladin NT Pty Ltd (PNT) 50% (PNT is 100% owned by Paladin Energy Ltd) with Cameco as manager and operator of the joint venture.

Other joint ventures

The Consolidated Entity also has a number of other interests in joint ventures to explore for uranium and other minerals. The Consolidated Entity's share of expenditure in respect of these exploration activities is expensed in accordance with the accounting policy stated in Note 2(t) and no revenue is generated. The Consolidated Entity's share of the assets and liabilities in respect of these joint ventures is not material.

(b) Assets utilised in the Bigrlyi Uranium and Angela Project joint ventures

The Group's share of the assets utilised in these jointly controlled assets, which are included in the Consolidated Financial Statements, are as follows:

	CONSOLIDATED		PARENT ENTITY	
	2009 US$M	2008 US$M	2009 US$M	2008 US$M
Non current assets				
Exploration and evaluation expenditure	14.3	17.1	-	-
Total assets	14.3	17.1	-	-

The interest of NTU in the Bigrlyi Uranium joint venture was acquired on 7 September 2006 and includes the allocation of the acquisition value.

NOTE 30. INTERESTS IN JOINTLY CONTROLLED ASSETS (continued)

The interest of PNT in the Angela Project joint venture was acquired on 20 February 2008.

(c) Commitments relating to the joint venture

	CONSOLIDATED		PARENT ENTITY	
	2009 US$M	2008 US$M	2009 US$M	2008 US$M
Share of tenement commitments (Note 26)	-	-	-	-

(d) Impairment

No assets employed in the jointly controlled assets were impaired during the year (2008: US$Nil).

NOTE 31. ASSET ACQUISITION

Acquisition of Fusion Resources Limited

Paladin Energy Ltd acquired a controlling interest on 5 February 2009 of the voting shares of Fusion Resources Limited (FSN), a public company based in Australia involved in the exploration for uranium resources. The takeover was completed on 1 April 2009 with the acquisition of 100% of the issued share capital for the issue of 8,135,433 Paladin shares plus US$0.4M in transaction costs for a total cost of US$15.7M.

The acquisition was treated as an acquisition of an asset as the transaction involved the acquisition of exploration licences only and no employees were retained and the FSN office was closed.

NOTE 32. EVENTS AFTER THE BALANCE SHEET DATE

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

Langer Heinrich Uranium Project (LHUP), Namibia Project Finance – Completion Test Satisfied

On 1 July 2009, the Company announced in accordance with the LHUP project finance loan the Completion Test has been satisfied.

On 30 June 2009, Société Générale advised on behalf of the Bankers' Syndicate, which also includes Nedbank Capital and Standard Bank, that LHUP had successfully met all conditions required by the Project Lenders including the entire host of Completion Tests. Additionally, the previously outstanding construction related condition of leach tank lining remediation had been satisfied enabling the declaration of Construction Practical Completion.

As a result of achieving Completion the interest margin on the outstanding LHUP project finance debt will reduce by 1% per annum and the loan becomes non-recourse to Paladin Energy Ltd.

NOTE 32. EVENTS AFTER THE BALANCE SHEET DATE (Continued)

Issue of Employee Options

On 2 July 2009 the Company announced the granting of 700,000 unlisted incentive options, exercisable at A$4.48 vesting after three years, subject to performance conditions as outlined in the EXSOP, with a five year expiry.

Kayelekera Uranium Project (KUP), Malawi US$167M Project Finance Completed – First Drawdown

On 17 August 2009 the Company announced the first drawdown of US$84.5M under the KUP Financing Loan (Facility).

The Kayelekera Uranium Mine is currently in its production ramp-up phase. The first drawdown will be reimbursed to Paladin Energy Ltd for funds spent on completing the project, with the remainder of the Facility to be applied to the Project and working capital expenditure.

The Facility is provided by a syndicate of banks made up of Société Générale, Standard Bank and Nedbank Capital and is the same syndicate of banks that provided project finance for LHUP Stage I.

The US$167M project finance package consists of:-

- US$145M Project Financing Facility – currently drawn to US$84.5M
- US$12M Cost overrun Facility – currently funded with US$8M cash
- US$10M Performance Bond Facility

Increased holding in NGM Resources Limited

On 20 August 2009 it was announced that the Company had increased its shareholding from 16.7% to 19.9% following an additional investment of US$2.0M.

NOTE 33. NON-CASH FINANCING AND INVESTMENT ACTIVITIES

	CONSOLIDATED		PARENT ENTITY	
	2009 US$M	2008 US$M	2009 US$M	2008 US$M
Non-Cash Financing and Investment Activities				
Issue of shares to acquire 100% of Fusion Resources Limited	15.3	-	15.3	-
Allotment of 15% interest in Paladin (Africa) Ltd to Government of Malawi [(1)]	5.7	-	-	-

[(1)] A share-based payment expense has been recognised for the allotment of 15% interest in Paladin (Africa) Ltd to the Government of Malawi. In determining the Fair Value for Paladin (Africa) Ltd, a Discounted Cash Flow Model was adopted as the primary valuation methodology.

NOTE 34. EARNINGS PER SHARE

(i) Basic earnings per share

Basic earnings per share are calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the period.

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares. Diluted earnings per share is the same as basic earnings per share in 2009 and 2008 as the Consolidated Entity is in a loss position.

The following reflects the income and share data used in the basic and diluted earnings per share computations:

	CONSOLIDATED	
	2009 US$M	**2008 US$M**
Net loss attributable to ordinary equity holders of the Parent from Continuing operations	(480.2)	(36.0)
	2009 Number of Shares	**2008 Number of Shares**
Weighted average number of ordinary shares for basic and diluted earnings per share	617,953,844	608,341,416
Weighted average number of options issuable under the Company's option plans that could be potentially dilutive	3,311,233	14,746,269