



PALADIN ENERGY LTD

ACN 061 681 098

Ref: 215860

15 April 2011

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

By Electronic Lodgement

Dear Sir/Madam

QUARTERLY ACTIVITIES REPORT FOR PERIOD ENDING – 31 March 2011

HIGHLIGHTS

- **Lost time injury frequency rate (LTIFR) decreased from 2.0 to 1.2 during the quarter.**
- **Record quarter sales of US\$92.5M.**
- **Record Kayelekera production of 606,034lb, an increase of 14% on previous quarter.**
 - *March production 253,036lb – 93% of nameplate.*
 - *project now essentially de-risked.*
- **Langer Heinrich production impacted by adverse weather.**
 - *production of 795,808lb down 14% on 925,000lb target for quarter.*
 - *project expected back to nameplate for June quarter.*
- **Langer Heinrich Stage 3 now 92% complete; front end has entered commissioning phase.**
- **Overall production for quarter down only 4% from previous quarter despite weather issues at Langer Heinrich and national diesel shortage stoppage at Kayelekera.**
- **Guidance expected to hold at low end of the forecast range for FY11 of 6Mlb \pm 1% impacted by abnormal rainfall and the diesel shortage.**
- **Bikini deposit in Mount Isa updated resources add 18% in contained metal with Indicated Resource now defined.**

SAFETY

Safety throughout the Company continues to improve with the Company 12 month moving average Lost Time Injury Frequency rate (LTIFR) decreasing from 2.0 to 1.2 during the quarter, although one Lost Time Injury (LTI) was recorded at its Langer Heinrich Mine (LHM). The LTI involved an operator sustaining a finger injury when his thumb was severed in the process of unblocking the product centrifuge. There were no LTIs at Kayelekera Mine (KM) or within exploration. At LHM, a 4 Star Platinum rating with an improved overall performance was confirmed in an external safety, health and environment NOSA audit. Implementation of the NOSA safety system continues as the main focus at Kayelekera in preparation for a similar external safety, health and environmental audit in the fourth quarter of this fiscal year.

QUARTERLY URANIUM SALES

Sales for the quarter were 1,395,500lb U₃O₈ generating record revenue of US\$92.5M, representing an average sales price of US\$66.28/lb U₃O₈ (average Ux spot price for the quarter was US\$67.10/lb U₃O₈).

The Ux spot price moved in a range from US\$62.50/lb U₃O₈ at the end of December 2010 to US\$73.00/lb U₃O₈ in early February 2011 before closing back at US\$62.50/lb U₃O₈ at the end of March 2011. The Ux long term price indicator rose from US\$65/lb U₃O₈ to US\$72/lb U₃O₈ during the quarter.

OVERALL PRODUCTION FOR QUARTER

The overall production for the March quarter of 1,401,812lb is a decrease of 4% from the previous quarter production as shown in the table below.

LHM + KM	Mar qtr	June qtr	Sept qtr	Dec qtr	Mar Qtr
Production lb U ₃ O ₈	1,157,375	1,442,842	1,362,713	1,466,932	1,401,812

LANGER HEINRICH MINE (LHM), Namibia

Production

LHM	June qtr	Sept qtr	Dec qtr	Mar qtr
Production lb	927,373	899,735	932,731	795,808

Abnormal rainfall (10 times greater than the annual average) in the 3 months period ending March, particularly during the latter part of the quarter, impacted production due to restricted access to higher-grade mining areas and increased difficulty in treating wet ore. As a consequence, the lower run of mine grades could not be offset by higher throughput at the front end of the plant.

The production for the quarter was 795,815lb U₃O₈ versus nameplate 925,000lb, resulting in a shortfall of 14%.

Mining

Mining activities have progressed prior to Stage 3 initiation, with three working areas expected to supply feed ore in 2011, namely pits B2 & B3 and the Pit A cutback.

	Oct	Nov	Dec	Jan	Feb	Mar
Ore mined (t)	408,185	154,824	34,594	119,528	329,200	392,512
Grade (ppm)	790	690	593	597	717	645

Additional low grade ore mined (t)	116,270	59,424	41,602	54,169	128,797	177,479
Grade (ppm)	337	351	307	287	306	308

Waste/Ore ratio	1.77	6.62	33.01	8.53	2.46	1.85
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Ore crushed, dt	173,100	187,900	214,800	206,500	180,000	185,700
Ore grade ppm U ₃ O ₈	1036	915	844	804	792	740

Mining during the quarter was significantly impacted by wet weather because some of the planned mining areas were inaccessible at times and the mining plan could not be executed according to schedule. This resulted in an average run of mine ore grade of 779ppm U₃O₈ to the plant compared to the design grade of 850ppm U₃O₈.

Process Plant

Operational Data

	Oct	Nov	Dec	Jan	Feb	Mar
Ore milled	173,070	187,920	214,760	206,548	180,323	185,700
Grade	1037	915	844	804	792	740
Scrub efficiency	89.5	89.1	84.9	89.9	90.9	90.3%
Leach efficiency	88.9	92.9	94.2	95.5	95.4	93.4%
Wash efficiency	81.7	72.5	65.9	67.4	76.9	68.7%
Overall recovery	78.7	80.2	77.1	78.4	84.5	77.1%

Tonnage through the process plant remained consistent with the previous quarter with a throughput of 572,500dt (dry tonnes) of ore crushed (575,700dt in the December quarter). In addition to maintaining throughput consistent with that of the previous quarter, even in these difficult conditions, the plant proved during the months of December and January that it is capable of processing at rates in excess of 200,000dt per month. The inclement weather, however, caused lower throughputs during February and March.

Performance of the front end circuits encountered some challenges during the quarter due to wet ore. These were mainly associated with occasional blockages of chutes and scrubbers, which were unable to operate as rainy conditions caused slippage of the drive mechanisms. The scrubbing efficiency improved from 87.8% in the December quarter to 90.3%.

The leaching circuit had an improved extraction rate of 94.8% due to permanent inclusion of the pilot flash splash heat exchanger in the Stage 2 leach circuit. The pilot plant had originally been installed to gather data for designing the larger Stage 3 unit, but has proved to be so successful that the decision was made to incorporate the equipment as a permanent feature to the existing leach circuit.

Ion Exchange performance was slightly down for the quarter, with the wash efficiency reducing from 73.3% to 70.8%. This efficiency is expected to improve marginally until such time the Stage 3 NIMCIX equipment comes on line when wash efficiency is expected to improve significantly.

Tailings

The construction work on the first in-pit tailings facility (TSF 2) has progressed well during the quarter and is now 99% completed. The facility will be ready to receive material from the Stage 3 expansion once fully commissioned.

Stage 3

The Langer Heinrich Stage 3 expansion project is progressing and has entered the commissioning phase with the front end feed preparation, crushing and scrubbing circuit on track for production ramp-up during April. The increased throughput capacity and scrubbing efficiency at the front end is expected to quickly add to the production capacity of the processing plant.

The project has achieved one million man hours without a lost time injury. Final construction works continue and commissioning activities in the CCD area will be next to commence staged ramp-up.

Construction works in the NIMCIX and associated processing areas are behind schedule due to a combination of wet weather and delays in delivery of the electrical control panels and some steam boiler ancillary equipment. Completion of the NIMCIX area is now scheduled for late in the June quarter.

The total project is 92% complete.

Stage 4

The Stage 4 Feasibility Study remains on schedule for completion in the December quarter 2011. The EIA documentation is almost ready for final submission and work on the process design of the new plant, targeting a combined 8.7Mtpa production level, has advanced significantly. A new mining design and production schedule has been completed and a conceptual design for the tailings deposition is being reviewed.

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

Kayelekera	June qtr	Sept qtr	Dec10 qtr	Mar qtr
Production/lb	515,478	462,977	534,201	606,034

Kayelekera had record production with a step-change in plant performance achieved during the quarter. The major breakthrough occurred in the RIP circuit and by late January resin management (material handling and screening) reached near-design performance resulting also in increased efficiencies in the elution section. The 6 days lost due to the national diesel shortage reduced February production by nearly 45,000lb U₃O₈. March production averaged 93% of nameplate.

Overall recovery levels continue to improve, significantly contributing to higher production levels and lower unit costs.

Mining

	Sept qtr	Dec qtr	Mar qtr
Ore mined (t)	319,882	228,358	123,626
Grade (ppm)	1813	1632	906
Additional low grade mined (t)	122,226	87,497	121,742
Grade (ppm)	513	514	526
Waste (t)	538,374	531,233	343,768

Process PlantOperating data

	Oct	Nov	Dec	Jan	Feb	Mar
Operating hrs	473	389	518	481	389	587
Mill feed, dry tons	78,143	67,706	82,915	73,767	58,860	89,806
Grade (ppm)	1377	1351	1476	1348	1613	1437
Leach extraction	90.1	90.1	90.1	88.3	90.5	90.0
RIP efficiency	90.5	86.8	87.9	92.9	94.6	91.7
Overall recovery	82.1	71.8	79.2	79.5	84.5	81.9

March production of 253,036lb U₃O₈ (nameplate 275,000lb U₃O₈/month) is indicative of the results that can be expected at Kayelekera with improved RIP performance and consistent plant uptime. The 587hrs of operating time achieved in March was the highest recorded, by a significant margin, over the past six months.

The plant maintenance programme was upgraded and this has already had a significant impact on production levels with additional improvement expected as this regime becomes fully implemented.

The crushing/grinding circuit posed some throughput restriction due to rains associated with the current wet season. More importantly, mill modifications carried out during the February diesel shutdown period have significantly improved grinding availability, performance and efficiency.

Modified leach launders are to be installed by mid 2011. These will allow smoother operation at higher tonnages and improve extraction even further. Acid production on-site continues to run as per demand.

Resin-in-Pulp maintenance issues are decreasing, primarily due to a methodical approach to materials of construction failures, leading to an increased availability, smoother operation and improved results. Several tanks and pumps have been duplicated to provide redundancy and allow for repairs whilst maintaining operation. Resin movement is close to design levels enabling improved metal recovery and transfer of higher metal volumes. Minor changes to the back end of the plant (uranium precipitation and packaging) have led to an improved drumming rate. Modifications are also being investigated to allow a step change to enable achievement of design throughput in shorter operational hours.

Lender's Test

The 90 day continuous testing of 10 specific operational parameters, including tonnage throughput, grade reconciliation to resource model, overall recovery, production targets and unit costs was re-started on 1 March. The first month of testing is producing satisfactory results.

Exploration

By the end of the March quarter the rainy season was still active, delaying the start of exploration drilling, which is now planned for early May. Initial work will test deeper uranium mineralisation previously identified west of the current open cut.

GUIDANCE STATUS

Guidance for FY2011 remains within the revised guidance range that has been given. The weather issues at Langer Heinrich hampering production and the loss of production due to the national diesel shortage at Kayelekera will push guidance to the lower limit of 6Mlb \pm 1% U₃O₈ from the 6Mlb to 6.3Mlb U₃O₈ previously stated.

NIGER

A scout-drilling programme for the three tenements in Niger has commenced. Drilling is under the local direction of ULC, a French based company with extensive local experience, using Nigerien personnel. It is expected that at current drilling rates the 15,000m programme will be completed early in the second half of CY2011.

MOUNT ISA REGION PROJECTS, Queensland

The Mount Isa regional projects comprise Mount Isa Uranium Joint Venture (MIUJV) (Paladin Energy Ltd 50%, Summit Resources (Aust) Pty Ltd 50% Operator) and the Mount Isa North Uranium Project (MINUP) (Summit Resources (Aust) Pty Ltd 100% - Paladin holds 82% of Summit).

The persistence of the wet season has delayed the planned start of the drilling in the March quarter. However, the drill programme has now begun at the Skal deposit (MIUJV) and an updated resource estimate for Skal is expected in the third quarter of 2011.

Bikini Uranium Deposit

Following completion of drilling at the Bikini deposit (MINUP) in late 2010, an updated Mineral Resource estimate conforming to the JORC (2004) and NI 43-101 guidelines has been finalised. The resource dataset contains 180 drill holes for a total of 52,236m. The updated Mineral Resource estimate is 5.77Mt at a grade of 497ppm U₃O₈ for 2,868t (6.3Mlb) U₃O₈ in the Indicated Mineral Resource category and 6.7Mt at a grade of 493ppm U₃O₈ for 3,324t (7.3Mlb) U₃O₈ in the Inferred Mineral Resource Category. Resources are quoted at a cut-off grade of 250ppm U₃O₈ and represent an 18% increase in contained metal over the previous resource. The updated Mineral Resource represents the inaugural Indicated Mineral Resource estimate for the deposit. Modelling parameters and estimation techniques are similar to those used in the previous Mineral Resource estimate.

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

A trial mud rotary drilling programme had been planned and this work was delayed until early April 2011 due to weather. The trial is expected to last for 2-3 weeks and is aimed at confirming the quality, speed and cost effectiveness of this drilling type versus RC pre-collar and diamond drilling previously used. The extensive quantity of historic data has now been fully validated and incorporated into a resource dataset and an initial Mineral Resource estimate conforming to both JORC (2004) and NI43-101 guidelines is expected during the June 2011 quarter.

BIGRLYI URANIUM JOINT VENTURE, Northern Territory - Australia (Paladin 41.71%)

During the March quarter a number of studies were substantially completed by the Manager (Energy Metals Limited) within the scope of the Bigryli Preliminary Feasibility Study. This included mining (both open pit and underground), metallurgy, engineering, process design and environment. It is expected that this study, along with a detailed economic assessment to the project, will be completed during the June quarter. In parallel with the prefeasibility studies, an updated Resource estimate will be completed at the same time as planning for additional drilling both along strike and at depth to existing deposits.

CORPORATE

Completion of the Acquisition of Aurora Uranium Assets

On 1 February 2011 Paladin completed the acquisition of the uranium assets of Aurora Energy Resources Inc. (“**Aurora**”) from Fronteer Gold Inc. (TSX-FRG, AMEX-FRG) (“**Fronteer**”) (see December 20, 2010 news release). Paladin now holds title to significant uranium assets within the highly prospective Central Labrador Mineral Belt of Eastern Canada, totalling 83.8Mlb of Measured and Indicated resources and 53.0Mlb of inferred resources across six deposits.

The transaction was completed for a total consideration of C\$260.87M via the issuance of 52,097,937 ordinary shares in Paladin, valuing the current resources at US\$1.90/lb.

With completion of this transaction, Fronteer held approximately 6.7% of Paladin’s ordinary shares, subject to a four-month hold period under Canadian securities laws. Fronteer also entered into an agreement that set out procedures designed to ensure that any disposition of shares by Fronteer will occur in an orderly fashion. Following the announcement of the takeover of Fronteer by Newmont Mining Corporation (Newmont) the shareholding will transfer to Newmont which will also assume all obligations under the agreements.

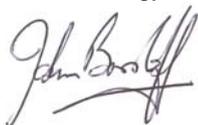
URANIUM MARKET COMMENTS - Fukushima

The international media’s obsession with the emergency at the Fukushima Dai-ichi nuclear power plants has cast a spotlight on the question of the safety of nuclear power out of context with the enormous tragedy of the natural events which caused such widespread death and destruction. The Japanese authorities’ recent decision to upgrade the severity of the Fukushima emergency level 7 on the INES scale, which is the same category that covered the Chernobyl accident in 1986 (although the Fukushima events are not comparable to Chernobyl) has stimulated more ill-informed claims that nuclear power is inherently unsafe. No responsible person could assert that the Fukushima events in any way undermine the fundamental safety of more than 400 nuclear plants operating worldwide today.

The Fukushima event will cause a prudent review of reactor design and siting criteria where appropriate, and may result in some delays in some of the planned reactor builds. However, nuclear power still has an impressive safety record when judged alongside other energy sources. Nuclear power provides at least 14% of global electricity production today, and is the only technology that can produce large quantities of base load energy with minimal carbon emissions throughout its entire fuel cycle. The world cannot abandon nuclear power anymore than it can abandon economic growth or electricity production. The market for uranium will not change significantly in the aftermath of the Fukushima emergency unless financial markets temporarily withdraw support for new uranium producers, which will exacerbate present and predicted uranium supply shortfalls. The uranium supply/demand imbalance is real and will widen as existing and new plants under construction continue to consume current and future uranium production capacity.

Paladin is extremely well positioned in this context. It has two modern mining operations at the beginning of their life cycles with capital expenditure essentially completed for expansion from the current annual production nameplate of 7Mlb to 8.5Mlb U₃O₈.

Yours faithfully
Paladin Energy Ltd



JOHN BORSHOFF
Managing Director/CEO

Declaration

The information in this announcement that relates to mineral resources is based on information compiled by David Princep BSc MAusIMM for Mineral Resources. Mr Princep has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity that he is undertaking to qualify as Competent Persons as defined in the 2004 Edition of the “Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves”, and as a Qualified Person as defined in Canadian National Instrument 43-101. Mr Princep is full-time employee of Paladin Energy Ltd and consents to the inclusion of the information in this announcement in the form and context in which it appears.