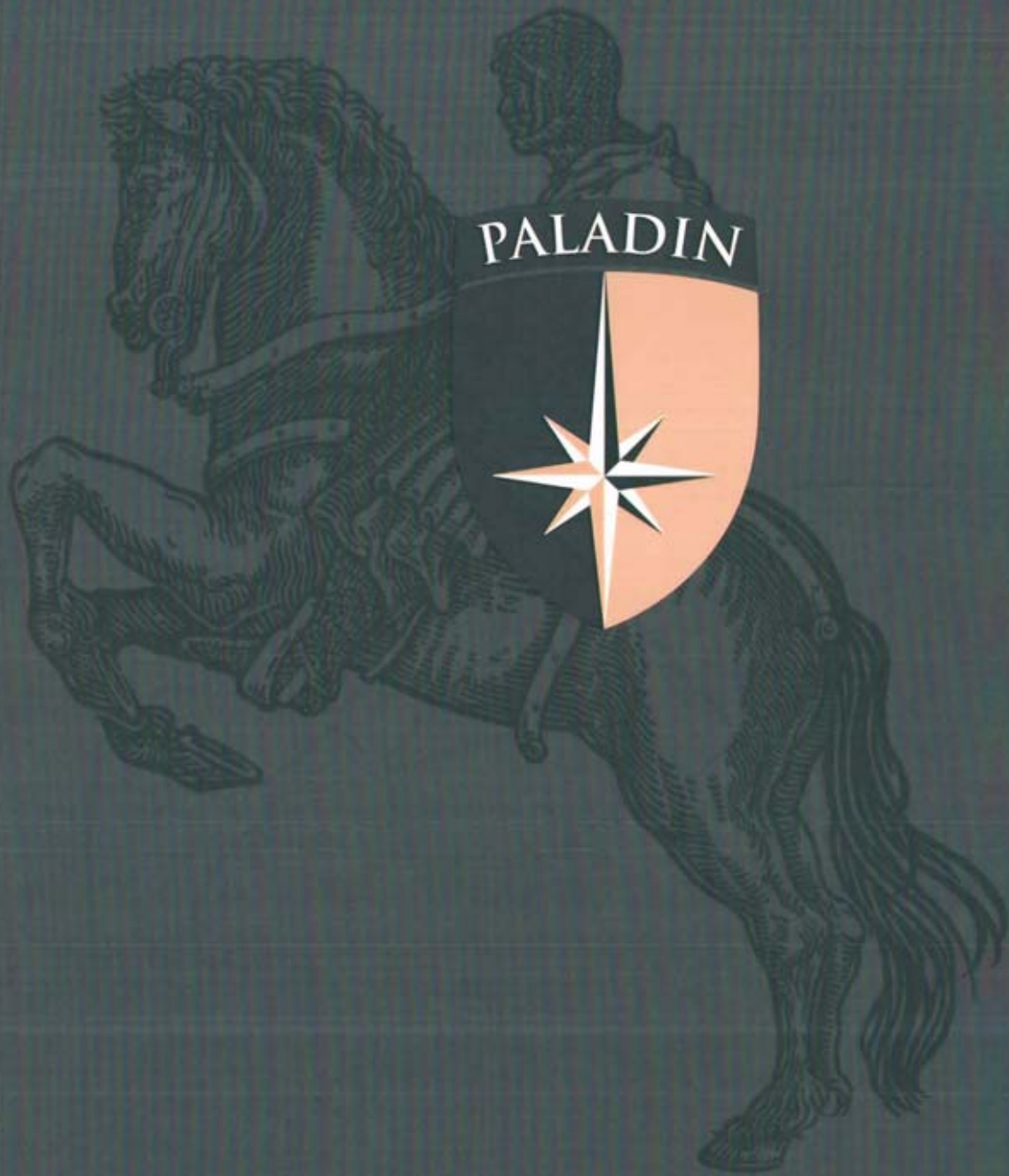


PALADIN RESOURCES NL

ACN 061 681 098



ANNUAL REPORT 1997





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CONTENTS	
Corporate Directory	1
Company Profile	2
Chairman's Letter	4
Review of Operations	6
Corporate Governance Statement	20
Directors' Report	21
Balance Sheets	24
Profit and Loss Accounts	25
Statements of Cash Flows	26
Notes To and Forming Part of the Financial Statements	27
Statement by Directors	41
Independent Audit Report to the Members	42
Additional Information	43
A Notice of Meeting and Proxy Form accompanies this Annual Report	



ACHIEVEMENTS

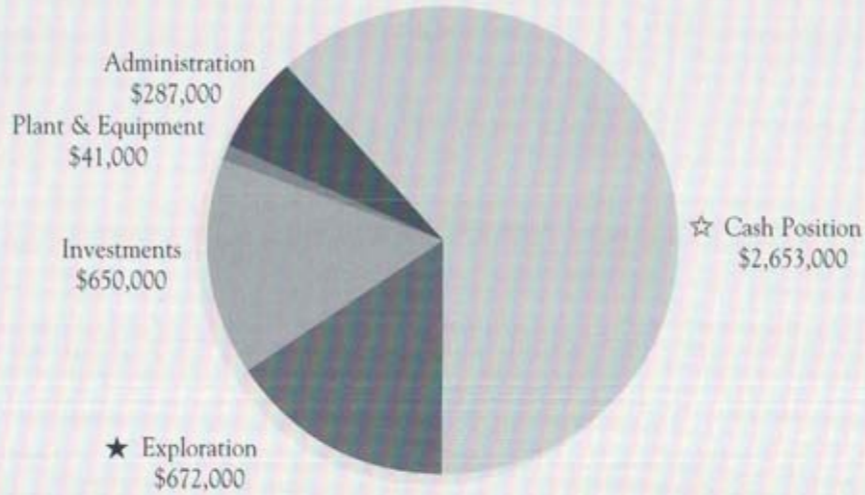
- Excellent leverage through creation of two strategic joint ventures
- Major Australia-wide uranium alliance - three projects in place
- Key gold alliance over the Yilgarn Craton (WA)
- Gold project developed in emerging Ashburton gold province (WA)
- Farm-out objectives successfully achieved with four major companies on six projects
- Successful \$2.25 million fund raising: key US investors
- Paladin 11.5% holding in Gullewa Gold NL. Gullewa now well funded and debt free with bright future

Paladin is now in a prime position with expertise, credentials and quality tenement portfolio

THE FUTURE

- Establish as a major uranium player in Australia
- Major drilling planned for Frome, Ponton and Napperby in-situ leaching uranium projects
- Develop a quality high grade gold project
- Establish a supportive US shareholder base on secondary market utilising registration under the US Securities Act

FUNDS UTILISATION 1996/97



☆	Adjusted for fundraising of \$2.25 million - August 1997 and excludes the realisable value of the Company's investment in Gullewa Gold NL
★	Excludes contributions by joint venture parties of \$321,000 bringing the total exploration funding to \$993,000

PROJECT LOCATIONS

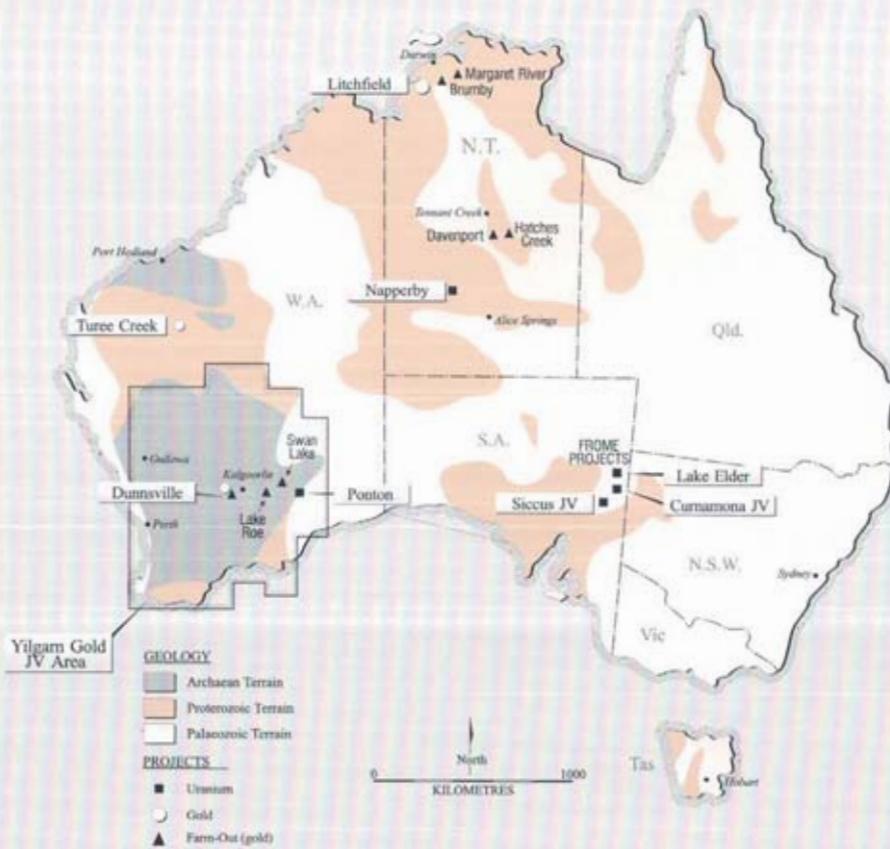


Figure 1

CHAIRMAN'S LETTER



Dear Shareholder

Paladin has expanded its exploration emphasis during the past nine months, to include the search for uranium. This realignment of exploration strategy is regarded as a prudent and timely move and has enabled your Company to benefit from both the improved outlook in uranium and the application of the considerable expertise and resources it holds for this commodity. The move into uranium was consolidated with the formation of the Paladin Brightstar Joint Venture, a 50:50 arrangement with Uranium Australia NL. This joint venture is managed by Paladin and Uranium Australia is required to contribute at an accelerated rate of \$2 for each \$1 spent by Paladin up to the first \$3,000,000, giving a considerable funding advantage. Paladin is focussing its main exploration efforts on the attractive low capital and operating cost, and environmentally friendly in-situ leach uranium targets. It has secured three uranium exploration projects all containing previously defined anomalies which have good potential for the discovery of orebodies amenable to mining with in-situ leaching technology.

Paladin also entered into a strategic alliance with Ranger Minerals NL to explore for plus 1 million ounce gold targets in the Yilgarn region of WA. This 50:50 joint venture, of which Paladin is also manager, is being carried out on a shared funding basis. It is committed to the discovery of quality gold projects through the application of highly selective target parameters. Your Board firmly believes that with the downturn in gold, opportunities will arise with Paladin in a prime position to capitalise and succeed on its gold objectives through this joint venture.

A fundraising comprising an entitlement issue to shareholders (on a 1:4 basis at 9 cents per share

together with a free attaching option on a 1:2 basis) and a placement was completed in September 1997. This fundraising package raised \$2.25 million. The combination of capital raising to existing shareholders and to new investors has allowed entry of international investors who have a keen interest in uranium energy. Global Resource Investments Ltd, a US finance and broking house, subscribed to \$1 million of the placement issue. The Company welcomes this uranium energy investor group onto its share register and regards its participation as both immediately significant and of assistance to the Company's uranium affairs in the future.

Our investment in Gullewa Gold NL (11.5%) is starting to show its value. After a difficult year of moving from uneconomic producer to explorer, Gullewa is now reporting excellent results in copper and gold.

In the Directors' view, the Company has developed an exploration strategy that is well tuned to the current world commodity market outlook, having secured two strategic and far reaching joint ventures in uranium and gold. It is anticipated that we will have an increasing level of drilling on both uranium and gold quality projects in the coming year. We have sound expertise and experience for the search and development of both commodities which, together with its promising tenement portfolio and the available opportunity base, combine to give strong potential for success.

Dr. D. Dunnet
Chairman



INTRODUCTION

The Paladin exploration effort has been revised considerably during the year allowing for a new and replenished focus of activity. Two strategic alliances were formed to accommodate the new uranium focus and further enhance the gold activities of the Company. Paladin will be able to benefit from both the increased exploration funding and the expertise which has become available to the Company through the leverage these joint ventures have created.

In the year Paladin also completed its immediate farm-out objectives. Six projects have been joint ventured to major companies for a total expenditure of \$3.5 million.

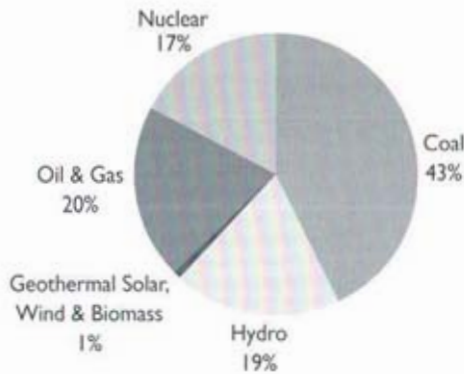
The uranium, gold and farm-out projects are shown on Figure 1 along with the Yilgarn Gold Joint Venture Area of Interest.

Paladin is now well positioned to gain from the combination of a bullish uranium outlook, opportunities created in the Yilgarn region through the gold down turn and the efforts of other companies via its farm-out projects.



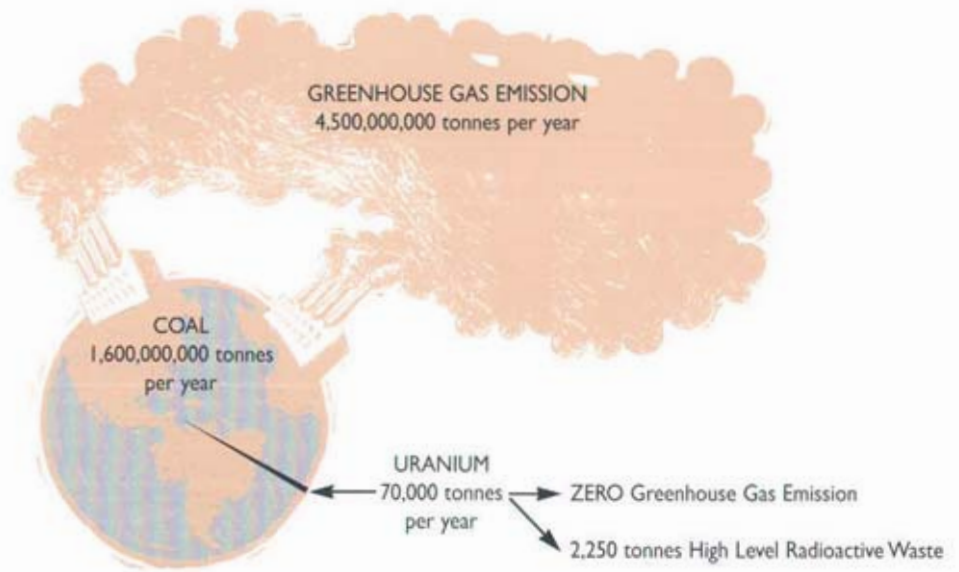
NUCLEAR POWER - AN ESSENTIAL PARTNER IN THE GLOBAL ENERGY EQUATION

Fuel Source for Global Electricity Supply (1996)



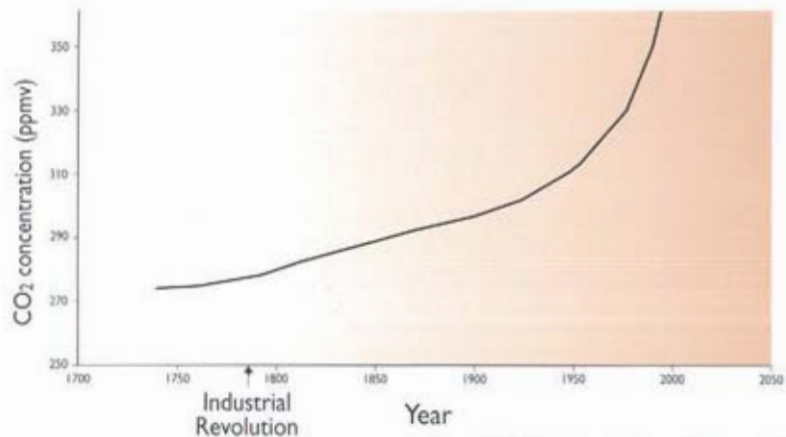
Source: BP World Review

Global Greenhouse Emissions from Electricity Power Generation (1996)



Greenhouse Gas Build-up in Atmosphere

*Carbon Dioxide (CO₂)
1750 to 1996*



Source: CD Keeling (Scripps Institution of Oceanography)



THE URANIUM OPTION

URANIUM – FUEL FOR ELECTRICITY

The outlook for uranium is strong as global stockpiles for electricity generation are depleted. Mine production of yellowcake will need to expand to meet the anticipated shortfall.

165 tonnes of yellowcake (on conversion to reactor fuel) is sufficient to supply a medium sized city of one million people for one year (1000Mw electricity) and produces only $\frac{3}{4}$ tonnes of high level radioactive waste. It takes 2.3 million tonnes of coal to supply the same amount of electricity, producing 6-7 million tonnes of greenhouse gases.

ELECTRICITY GENERATION COMPARISONS

Today 17% of the world electricity is generated by nuclear power. The balance is produced by coal (43%), oil and gas (20%), hydro (19.4%), geothermal (0.5%) and solar, wind plus biomass (0.1%).

GLOBAL ELECTRICITY - FUTURE NEEDS

Global electricity use will increase dramatically by 2020 with population increase projected from 5.5 billion to 8.5 billion

- *To support this population growth will require annual world coal production to increase from 2.5 billion tonnes to 4.25 billion tonnes and a 55% increase in gas use. This results in an immense and intolerable increase of greenhouse gases in the earth's atmospheric system. Greenhouse gas emission targets will be imposed. Australia is already under severe pressure to conform.*
- *Nuclear power will need 70,000 to 110,000 tonnes of uranium per year to maintain its 17% share of the global electricity supply.*

ENVIRONMENTAL

Compared to other energy sources uranium mining is minimally disruptive. Each tonne of uranium equates to approximately 14000 tonnes of coal meaning abundant energy can be produced from a very small uranium mine. Hydro-electric power is a limited

option as further diversion/destruction of wild rivers for dam construction is increasingly unacceptable.

Claims that uranium extraction ultimately fuel the nuclear weapons industry are ill founded. Disarmament treaties between the US and former USSR will reduce nuclear arsenals of the signatory countries by approximately 80% by 2003. As a result, weapons grade uranium (highly enriched uranium) is being downblended for use in civilian power stations.

RADIOACTIVE WASTE DISPOSAL

A 1000Mw nuclear reactor produces after treatment only 3 cubic metres of vitrified, immobilised highly radioactive material per year which is a small amount of waste compared to the huge amount of electricity generated. Technical solutions exist for safe disposal and management of nuclear wastes involving; immobilisation of high-level waste in a vitrified matrix (glass, Synroc), sealing in resistant vessels and final disposal in suitable deep underground repository sites. Australia is a world leader in developing technology for immobilisation of high-level wastes, principally using Synroc to lock the waste products within crystal lattices of naturally stable minerals in a synthetic rock.

The risks of disposal of nuclear waste are minimal compared to risks associated with predicted global warming caused by greenhouse gas emissions from fossil fuel use and where no economically viable way of neutralising the carbon dioxide emissions exist.

SUPPLY

Australia currently has 30% of the world's known uranium reserves, but supplies only 11% of mine output. Australia has a long history of uranium mining. Currently, only 2 mines are operating.

Current production:
5500 t yellowcake (1996)

Projected production:
13000 t yellowcake (2002) up to 17000 t (2010).



URANIUM ACTIVITIES

Paladin expanded its activities to include exploration for uranium. Abandonment of the highly restrictive 3 Mine Uranium Policy by the Federal Government, the concurrent improvement in market outlook for uranium, its high prospectivity within Australia and the relevant expertise and databases available within Paladin for this commodity, combined to present a unique opportunity for the Company to change its exploration strategy. Some of the Paladin staff were previously employed by Uranerz, a German Mining House, which is the World's fourth largest producer of uranium and operated in Australia from 1973 to 1991. The Managing Director, John Borshoff, was Chief Executive Officer of the Australian operations and Paladin therefore retains substantial in-house expertise for this commodity, in addition to benefits arising from the uranium database.

To support these new activities, Paladin entered into a strategic alliance in February 1997 with Uranium Australia NL through a 50:50 uranium joint venture called the Paladin Brightstar Joint Venture (PBJV). Paladin is manager of this joint venture and, up to the first \$3,000,000 of expenditure, Uranium Australia will contribute \$2,000,000 and Paladin will contribute \$1,000,000 for project identification, exploration and development. Thereafter, funding will be shared equally. In this arrangement, Paladin agreed to license that part of its extensive database which relates to uranium for exclusive use by the PBJV.

The primary objective of the PBJV is to secure through both exploration and acquisition, deposits amenable to the in-situ leach (ISL) technology. This process, also known as solution mining, differs from conventional mining in that solutions are used to recover uranium from the ground without excavating the ore and generating associated solid wastes. ISL mining has developed into a very cost effective, environmentally benign method for producing uranium. ISL was first used commercially in the USA in 1974. In a comparatively short period of time its use has grown considerably and now contributes to 52% of that country's production. Australia offers excellent potential for discovery of sandstone related orebody types, amenable to this mining approach, as much of the exploration carried out in the 70's and 80's only considered results in terms of utilisation by conventional mining.

Through research of the Paladin database, the PBJV has secured excellent properties in the Frome Basin (SA), East Yilgarn (WA) and Central Australia (NT) both through its own right and via joint venture farm-in with third parties. The projects in these 3 regions form the cornerstones of the PBJV uranium activities in Australia.

LAKE FROME AREA, SOUTH AUSTRALIA

The Frome Basin of South Australia is located 500km north of Adelaide (Figure 2). Exploration for uranium in the Frome region commenced in 1968 and continued until the early 1980's focussing on targets occurring within Tertiary palaeochannel systems. Two substantial uranium deposits, Beverley (Heathgate Resources Pty Ltd) and Honeymoon (Southern Cross Resources Ltd) were discovered during this time and these are currently undergoing feasibility work for mining utilising the ISL method. The Frome Basin is emerging as the next uranium producing region in Australia. Mining by the ISL method is scheduled to start at Honeymoon in 1998 and Beverley is under consideration for start-up shortly thereafter.

The PBJV operates three advanced exploration projects in the Frome Basin (Cumamona Uranium Joint Venture, Siccus Joint Venture and the Lake Elder project) involving in excess of 13,000km² of prospective ground. Exploration work in the 70's and early 80's involving extensive regional drilling (1700 holes in total) defined numerous target areas which were not followed-up because of their depth and non-suitability for conventional mining. At that stage, ISL technology was not sufficiently developed for these target types. The large ground position covering at least 170km of prospective palaeodrainages which has been acquired by Paladin allows improved opportunity to identify uranium mineralisation suitable for ISL mining.

The first RC drilling programme by PBJV of prospective palaeochannels has identified three main target areas to follow-up defined zones anomalous in uranium. The programme is planned for the last quarter of 1997. Access is subject to Aboriginal Heritage clearances and Native Title negotiation.

Frome Projects - Previous Drilling (1972 - 1982) and Project Areas

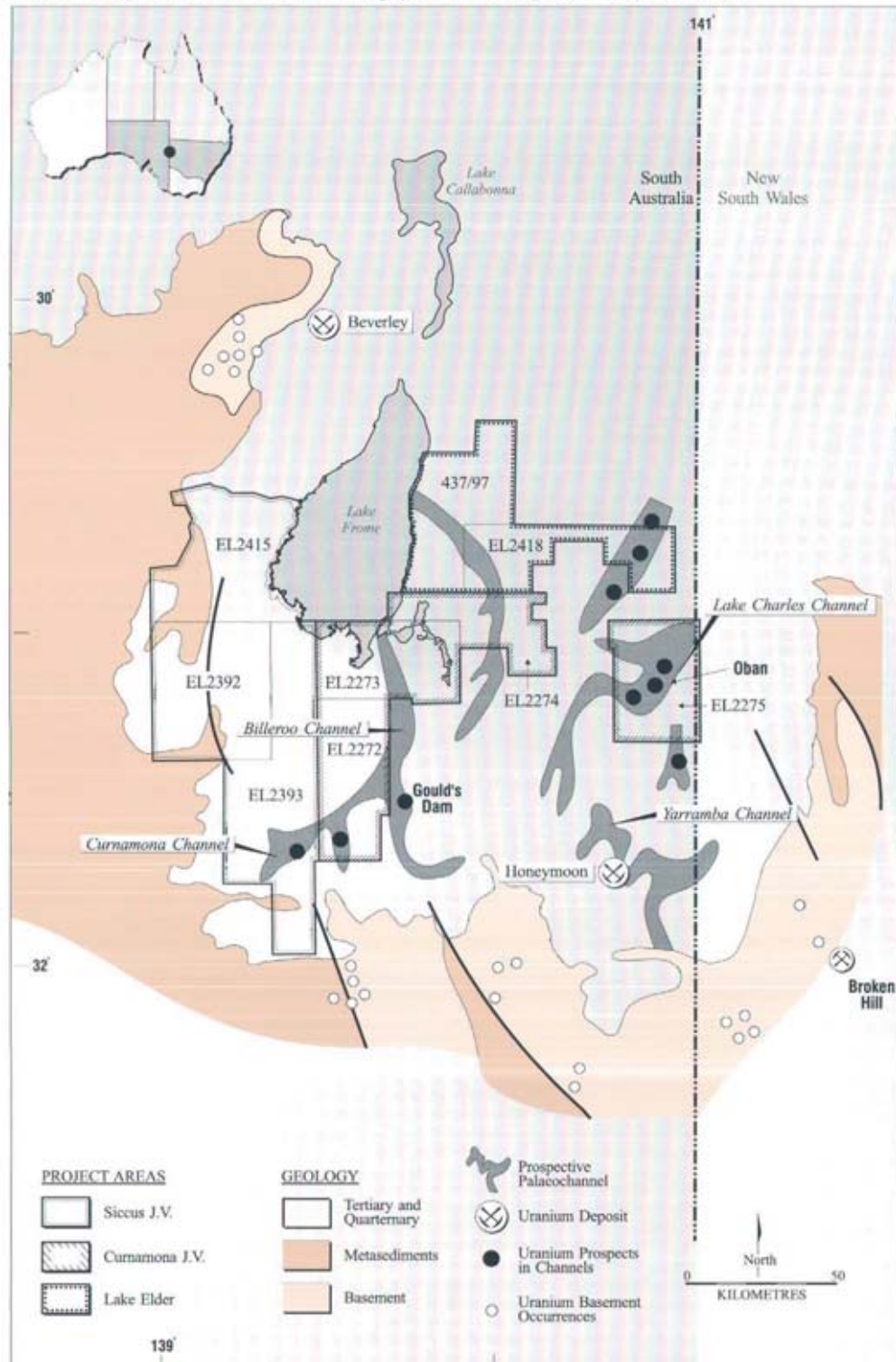


Figure 2



URANIUM ACTIVITIES

CURNAMONA PROJECT

(Paladin 37.5%)

The Curnamona Uranium Joint Venture involves 4 granted exploration licences covering 4533km² and was signed with Goldminco NL in May 1997 (Figure 2). This is a strata-type joint venture in which the PBJV partners can acquire a 75% equity interest in all minerals, including uranium, within the sedimentary cover rocks by expenditure of \$500,000 over 3 years. The minimum expenditure prior to withdrawal is \$200,000.

Several known occurrences of uranium are located within the tenement areas, the most significant being the Oban Prospect, within EL2275. Although this uranium occurrence, consisting of two mineralised zones within the Lake Charles palaeochannel, has been adequately drilled it has identified a prime zone for RC drill follow-up work on the adjacent channel areas.

SICCUS PROJECT

(Paladin 45%)

The Siccus Joint Venture with Signature Resources NL was signed in June 1997. The PBJV parties can earn a 90% equity interest in 3 exploration licences covering 6068km² by spending \$400,000 over 5 years with a minimum of \$50,000 to be spent prior to withdrawal. Siccus has a 10% interest carried to end of feasibility with these costs repayable by Siccus from production.

Several uranium occurrences were identified by previous drilling and, although the available data is yet to be evaluated, a prospective uranium target has been identified in holes drilled within the Curnamona Palaeochannel (Figure 2).

LAKE ELDER PROJECT

(Paladin 50%)

The Lake Elder Project includes one granted exploration licence and one exploration licence application covering a total area of 2651km² (Figure 2). A preliminary review of the available data has identified drill data showing anomalous uranium mineralisation. A wide prospective palaeochannel drains into these tenements which exhibits radiometric anomalism greater than 5 x background and offers a valid ISL target for follow-up investigations.

PONTON PROJECT, WESTERN AUSTRALIA

(Paladin 50%)

The Ponton Project is located 200km east of Kalgoorlie (Figure 3). The exploration target is sandstone type uranium deposits occurring within Tertiary Palaeochannels. The PBJV has applied for six exploration licences covering 1061km², protecting 130km of prospective palaeodrainages. The tenement applications fall within the Queen Victoria Spring Nature Reserve and as such exploration will be subject to conditions set out by the Department of Conservation and Land Management.

The project tenements straddle the eastern margin of the Archaean Yilgarn Block and the Palaeozoic Officer Basin. Extensive, ancient river systems flowed from the basement rocks of the Yilgarn into the Officer Sedimentary Basin. Uranium rich ground waters produced in this process can precipitate as pitchblende and uraninite in favourable sedimentary environments. One such prospective drainage system, the Cundelee

Palaeochannel, contains the Mulga Rocks uranium deposit (13,000 tonnes of U₃O₈ at 0.13%) located 20km north east of the project area. In the 1980's, Uranerz and Power Nuclear Corporation (PNC) drilled 374 holes in this region on the PBJV tenement applications.

The previous exploration effort focussed essentially on testing for uranium mineralisation, associated with a horizontal near surface redox boundary controlled by the water table. The more attractive, deeper roll front, sandstone related targets, suitable for ISL, were not adequately tested and with the acceptance of this new mining technology, these constitute the main exploration target for the PBJV.

Initial review of the previous exploration data showed that wide spaced drilling of the Ponton Creek drainage intersected deeper occurring uranium mineralisation at 50 to 70m depth. Down hole radiometric logging at the Double 8 Prospect defined an extensive radiometric anomaly (greater than 30 x background) 5km x 500m in size (Figure 3). The evaluation has shown that some disequilibrium (imbalance between radiometric reading and chemical analysis) is associated with the uranium mineralisation. Very limited and random historical assays were taken (45 samples in total). Although this work returned variable analyses ranging 30ppm to 900ppm U₃O₈ (2 pounds per tonne) over one metre it supports the notion that an effective mineralising process has occurred in association with this anomaly. The results are therefore regarded to be highly encouraging and further work is required to test the nature of this mineralisation as this extensive anomalous zone shows characteristics which could make it suitable for in-situ leaching, should sufficient tonnages be discovered.



Ponton Project - Double 8 Prospect

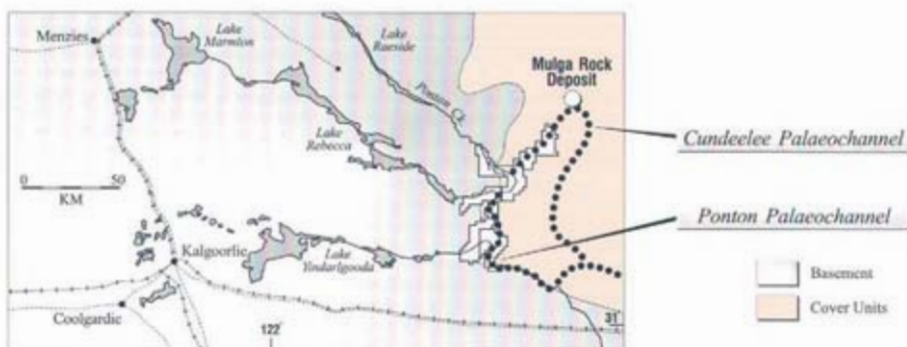
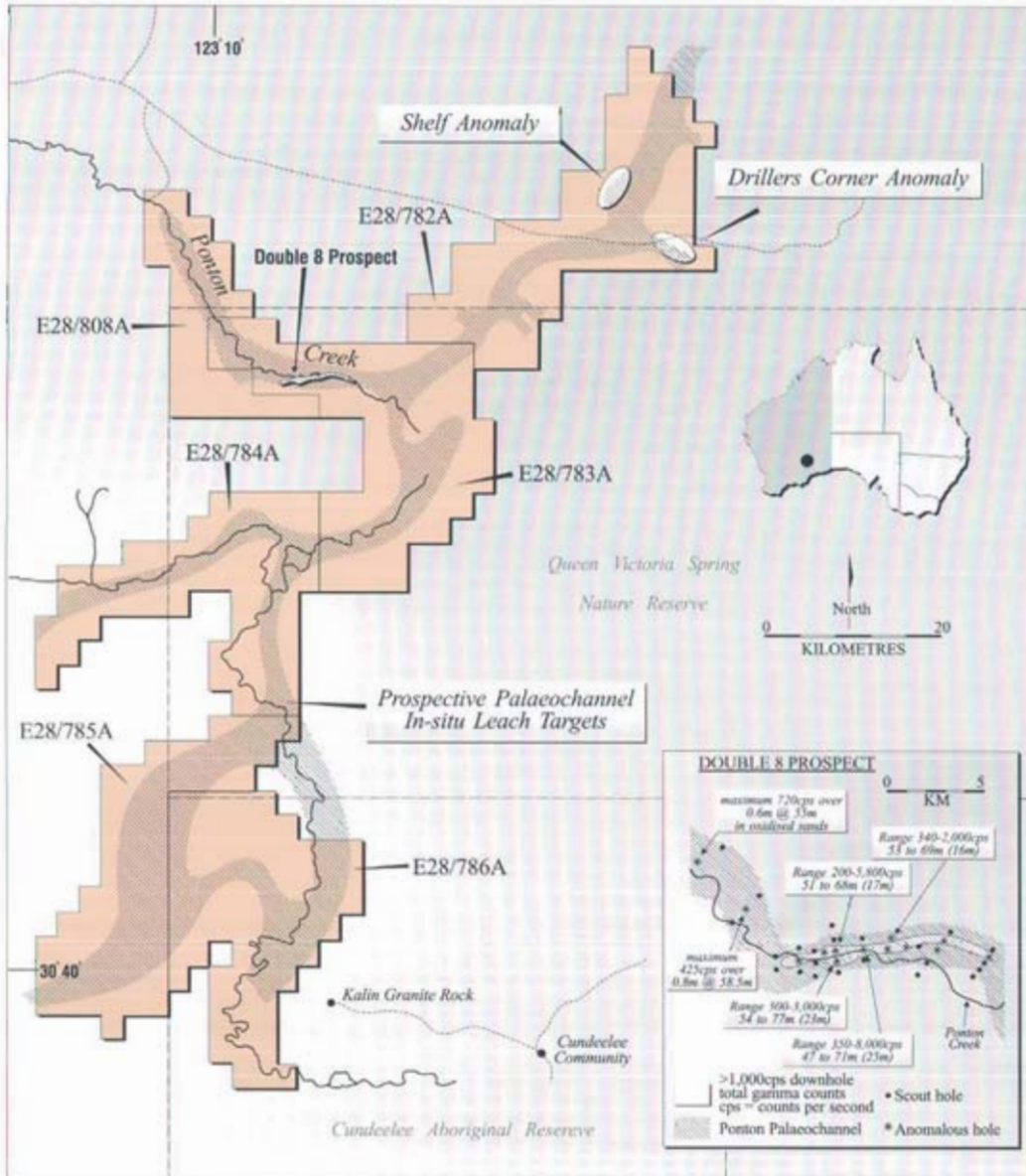


Figure 3



URANIUM ACTIVITIES

The tenement applications are subject to the Native Title procedures but the Directors believe an equitable agreement can be reached.

RC drilling is planned to define the Double 8 Prospect more clearly, particularly to establish the nature of the uranium mineralisation within this extensive anomalous system. Follow-up drilling of outlying mineralisation up and downstream from the main prospect will aim at identifying additional targets (Figure 4).

NAPPERBY, NORTHERN TERRITORY

(Paladin 50%)

The Napperby Project is located 150km northwest of Alice Springs in the Northern Territory. It consists of two exploration licence applications covering 1362km², prospective for both deeper sandstone roll front and surficial calcrete uranium target types (Figure 4).

Uranerz carried out extensive exploration in this area in the late 70's. Uranerz drilled 820 shallow RC holes on this prospect and delineated a 20 x 4km uranium mineralised palaeodrainage. The depth of the essentially horizontal mineralisation lies between 4 to 10m. This work defined a near surface calcrete associated uranium resource at the New Well Prospect of 6,000 tonnes of uranium grading 0.036% U₃O₈. Studies by Uranerz showed the mineralisation to be uneconomic using traditional mining methods. This work did, however, highlight that if the grades of the deposit could be improved further work was justified to evaluate the potential viability of optimised heap leaching and ISL processes.

The prime exploration target in this project is a sandstone hosted uranium deposit amenable to ISL. Drilling by Uranerz showed the presence of a deeper Tertiary palaeochannel extending to the west of the near-surface calcrete uranium mineralisation at New Well. This drilling was never followed up. Considering the high uranium content of the ground waters in the area, this palaeochannel system offers an excellent target for discovery of a sandstone hosted uranium deposit suitable for ISL, downstream from the New Well resource.



Napperby Project - New Well Prospect

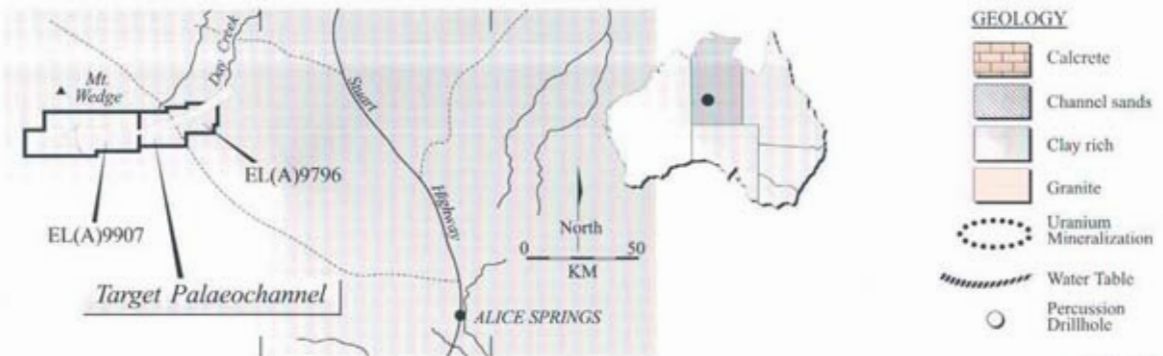
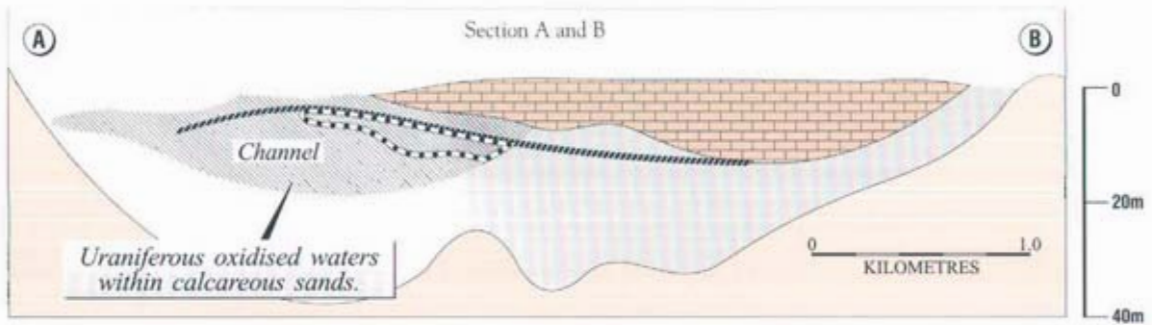
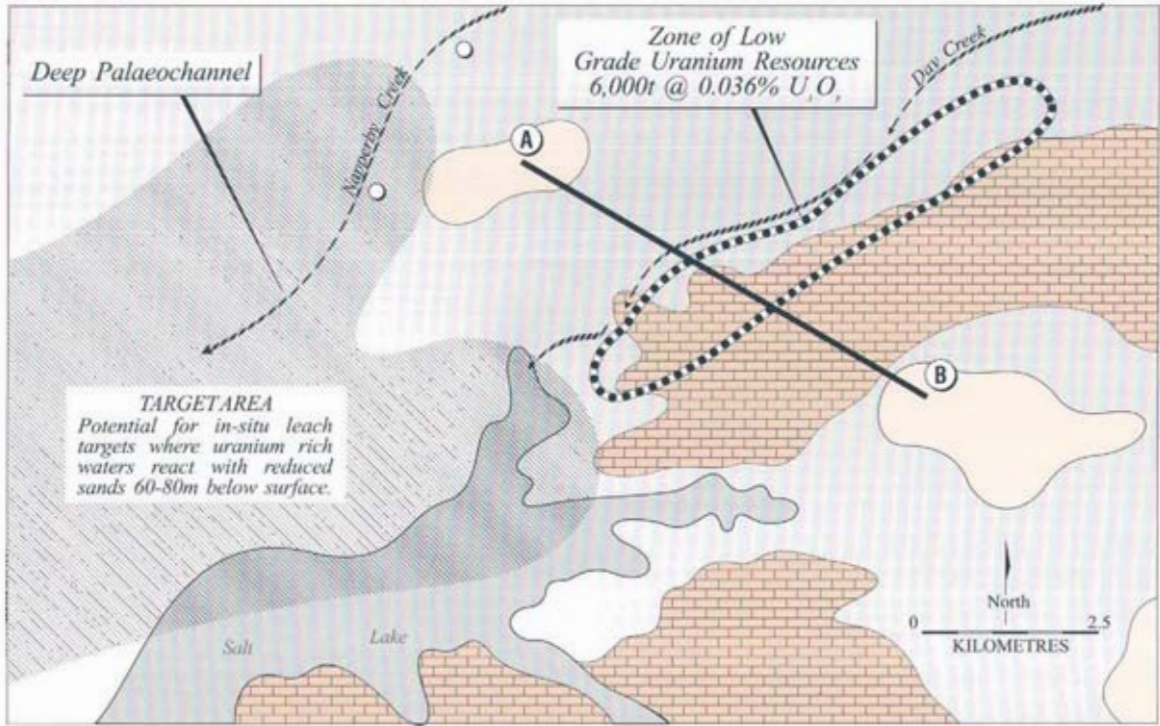


Figure 4



GOLD EXPLORATION

The gold activities of the Company were strengthened during the past 12 months through a combination of project rationalisation, project generation development via the database and establishment of the Yilgarn Gold Joint Venture.

Paladin farmed-out or sold its lower priority projects and focussed on the main gold projects at Dunnsville and Litchfield. Further, it developed the Turee Creek Project from project generation activities related to the database. Most importantly, March 1997 saw the establishment of the far reaching Yilgarn Gold Joint Venture, a 50:50 strategic gold alliance with Ranger Minerals NL searching for 1 million ounce gold deposits within the Yilgarn Craton.

YILGARN GOLD JOINT VENTURE, WESTERN AUSTRALIA

(Paladin 50%)

In March 1997 Paladin announced it had reached agreement with Ranger Minerals NL to enter into a 50:50 joint venture to explore the Yilgarn Block of Western Australia for major (+1 million ounce) Archaean gold deposits (Figure 5). To secure this joint venture, Paladin granted Ranger 1.5 million 30 July 2000 unlisted options exercisable at 35 cents. Consequently, Paladin will have exclusive use of the extensive exploration database over the Yilgarn block to which Ranger has rights through its executive directors (Mr Guy Travis and Dr Rod Marston). The project generation component of the joint venture will have a term of two years, with provision for extension, subject to mutual agreement.

This exciting joint venture over one of the most prospective gold regions of the world will utilise the resources, experience and capacity of both companies. Paladin will be the manager at the project generation, exploration and feasibility stages and Ranger will be the manager at the development and mining stages once a decision to mine is reached.

Initial regional studies have outlined fertile gold belts including the Yandal Belt and its southern extensions to Leonora, as well as the highly prospective Kalgoorlie-Norseman area. Detailed studies are in progress for these three areas.

TUREE CREEK PROJECT, WESTERN AUSTRALIA

(Paladin 100%)

The project is located in the Ashburton Basin and is 120km west-south-west of the township of Newman in Western Australia (Figure 6). It includes 3 granted exploration licences and 4 exploration licences under application covering 1120km². Granting of the remaining four tenement applications is subject to negotiation of an exploration access agreement with the Native Title claimants.

Recent gold discoveries by Sipa Resources NL at Mt Olympus, 50km west-north-west of the Turee Creek project area, has signified the emergence of a new gold province in Western Australia.

Uranerz operated extensively throughout the Ashburton region in the late 1970's developing an extensive exploration database which produced a large amount of information on this region. This database, now owned by Paladin, gives a considerable competitive advantage in target development and exploration of this region and was utilised to develop the Turee Creek Project.

A structural corridor, trending east-south-east from the Sipa discovery into the Paladin project area, contains prospective Lower Proterozoic stratigraphy. A number of bottom hole, multi-element geochemical anomalies were identified from RAB drilling associated with this structural corridor. Some limited analysis was carried out for gold with this work returning anomalous results. Although the majority of samples were not assayed for gold, geochemical associations similar to that reported at Mt Olympus indicate the possibility of gold mineralisation along this trend. Gold mineralisation was identified on the surface, associated with quartz veined ironstones and altered carbonated sediments. Both of these gold mineralised areas are prime targets to focus initial exploration.



Yilgarn Gold Joint Venture showing area of interest and major gold belts

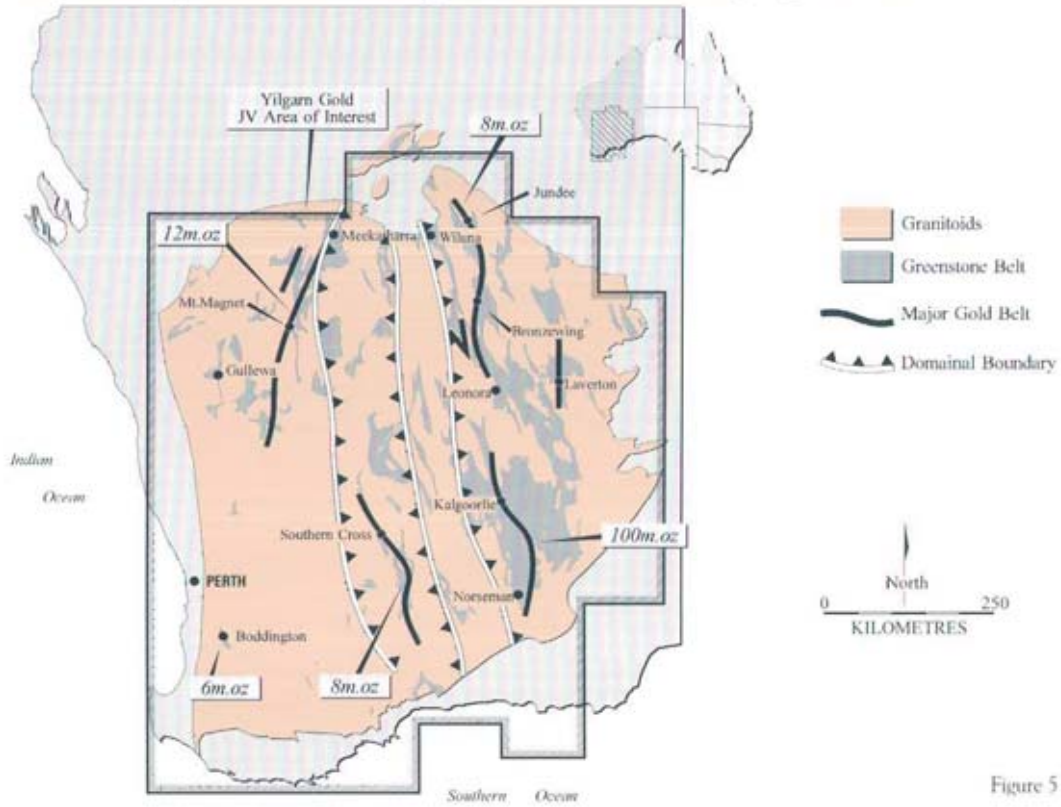


Figure 5

Turee Creek Project

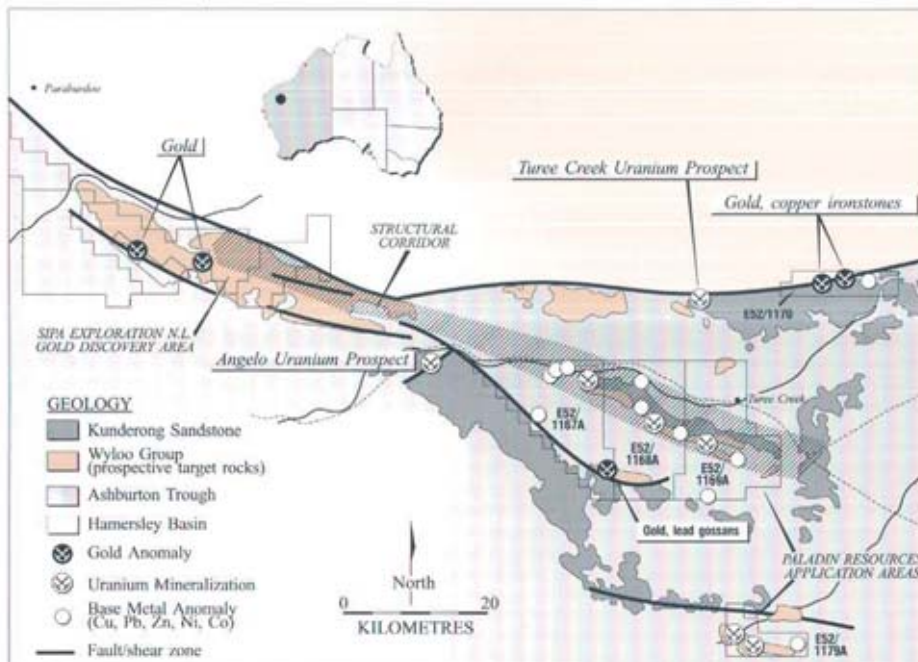


Figure 6



GOLD EXPLORATION

LITCHFIELD PROJECT, NORTHERN TERRITORY

(Paladin 50%)

The Litchfield Project is located 150km south of Darwin at the western margin of the Pine Creek geosyncline. It consists of exploration licence 8211 covering 22km².

In the past year detailed rock chip sampling and geological mapping concentrated on the Chilling Creek anomaly. A total of 234 composite rock chip samples (each covering an area of 5 x 5m) were collected covering the prospect along 22 lines spaced 20 metres apart. Three shallow trenches were also excavated and channel sampled at 5 metre spacings.

Follow-up rock chip sampling of the prospect extended the area of known anomalism to 350m x 100m (Figure 7). Within this zone, seven areas returned greater than 1ppm gold with values peaking at 14.7ppm gold. This mineralisation is related to shear systems coincident with a northerly plunging anticlinal axis. The anomaly remains open to the south, west and east. Trenching exposed mineralisation beneath scree to the north and south of the original anomaly indicating the possibility for further extension to the anomalous zone. Five drill pads have been prepared for follow-up RC drilling.

Of the 234 composite rock chip samples taken, 23% assayed greater than 0.1ppm gold and 5% assayed greater than 1.0ppm gold confirming the mineralised nature of this zone. The planned drilling is targeted to determine the depth extension of the mineralisation. Anomalous gold, was also identified 1.1km north of the Chilling Creek anomaly where 6 of 10 rock chip samples assayed higher than 0.1ppm gold, peaking at 0.62ppm gold.

DUNNSVILLE, WESTERN AUSTRALIA

(Paladin 100%)

The Dunnsville Project is located 50km north-northwest of Coolgardie and consists of two exploration licences covering 72km². Recent discoveries in this region highlight the prospective nature of the Dunnsville region. Paladin has identified a significant mineralised zone in this project, referred to as the Top Dam Prospect (Figure 8).

The mineralisation at Top Dam is situated within a dilatational structure associated with a major regional shear zone. These structures are acknowledged as favourable settings, able to provide large open spaces within which to focus the subsequent mineralising fluids. This feature extends 1500 x 400m and coincides with a zone of anomalous RAB geochemistry.

Systematic RAB drilling has closed off the 1500 x 400m anomalous zone. Within this anomalous envelope, 50 x 25m infill drilling identified two sub-parallel north-northwest trending zones measuring 300 x 50m showing contiguous gold geochemistry of higher than 0.1ppm gold / 3m. The anomalism ranges from 0.17ppm gold / 3m to 0.152ppm gold / 10m including 0.625ppm gold / 3m. Extensive deeper drilling is required to determine the full potential of the Top Dam Prospect and a joint venture partner is being sought to carry out this necessary work.

On the adjacent EL16/96, soil sampling identified two anomalous areas 500 x 200m in size outlined by the 8ppb gold contour line and peaking at 37ppb gold. The anomalies are associated with a sheared granite / greenstone contact. The soil values are similar to the ones initially encountered at Top Dam, highlighting the need for further work in the area.



Litchfield Project - Chilling Creek Anomaly

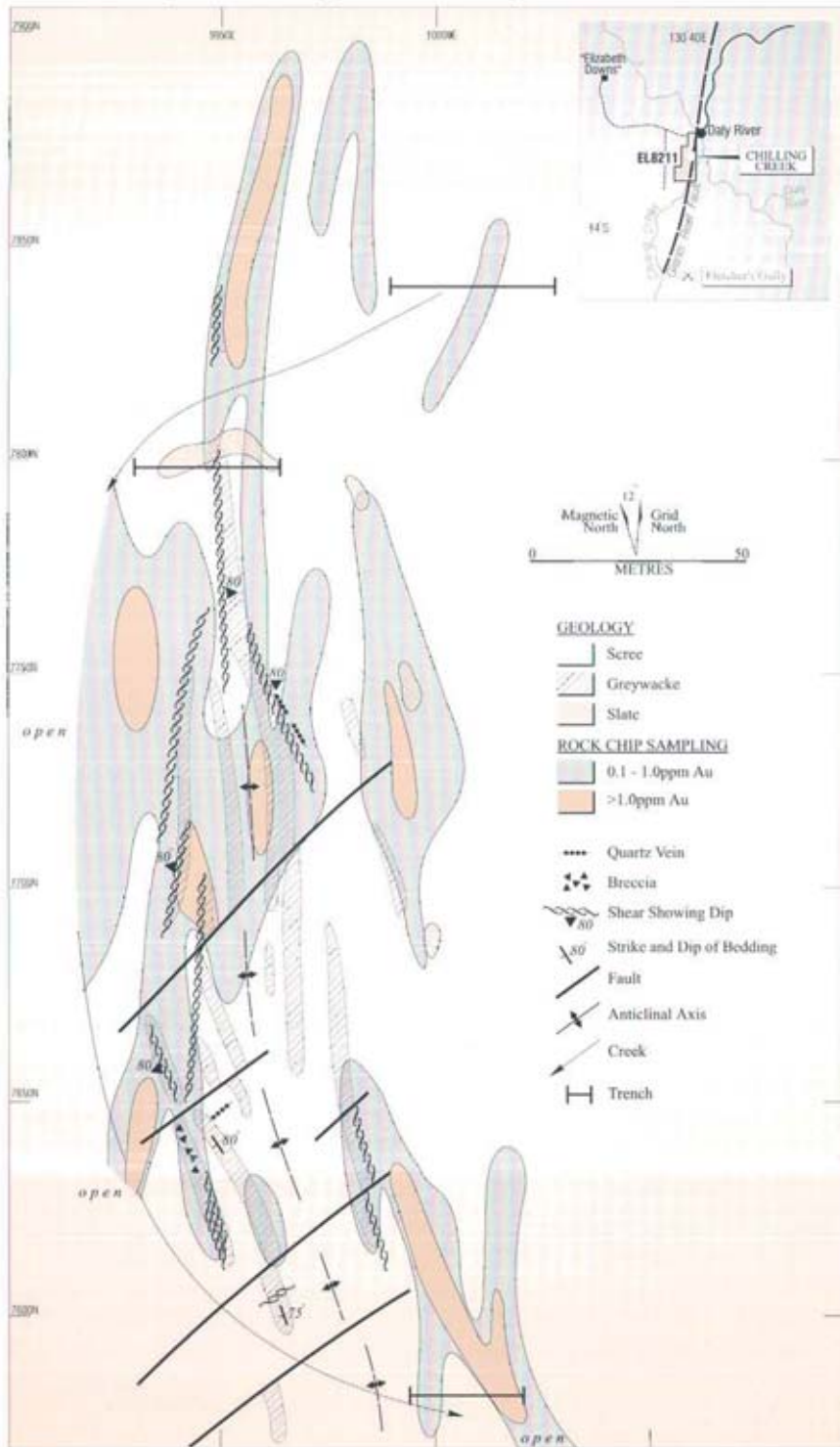


Figure 7

Dunnsville Project - Top Dam Prospect

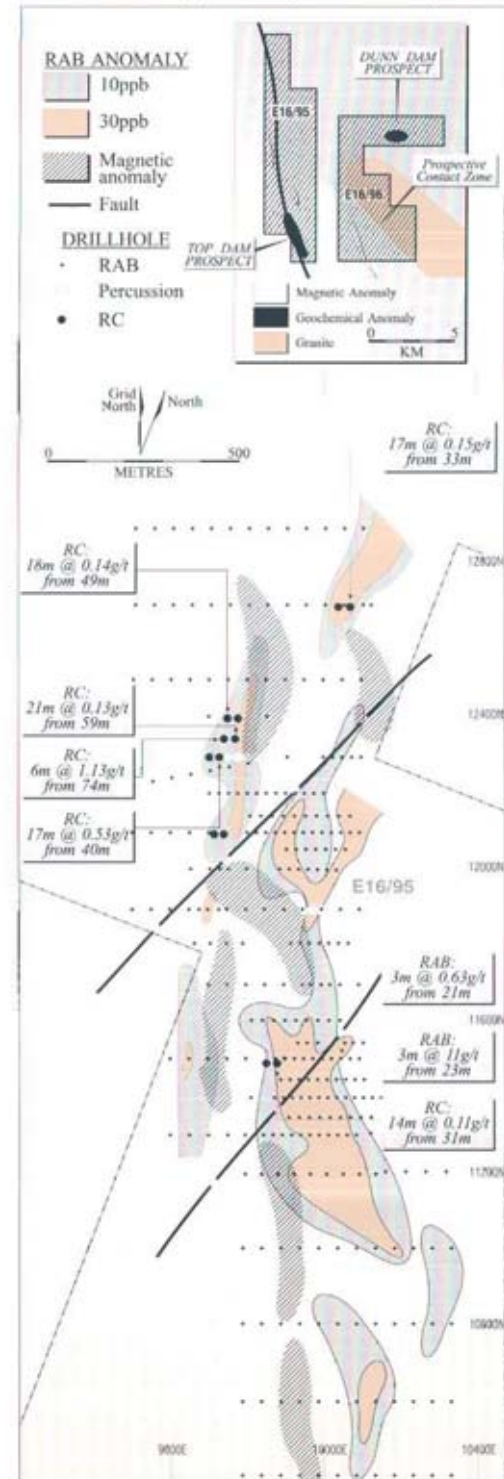


Figure 8



FARM-OUT PROJECTS

Paladin has six projects farmed-out to major companies. These projects are where Paladin's early exploration has demonstrated various favourable mineralisation parameters but where expenditure to advance them will be high. It is Paladin's objective to retain a 20-30% interest in these projects.

The combined expenditure commitments by the farminees is \$3.5 million for them to earn their stated equities.

BRUMBY JOINT VENTURE, NORTHERN TERRITORY

(Acacia Resources Limited earning 80%)

The Brumby Project consisting of two exploration licences totalling 90km², is located 100km south west of Darwin within the Pine Creek gold mining district.

Acacia has entered into a joint venture arrangement with Paladin to farm-in to EL8333 and EL9375. On expenditure of \$350,000 over 4 years it can earn an 80% equity interest in this project. Vacuum drilling by Acacia defined strong geochemical gold anomalies peaking at 0.519ppm gold extending 3km along a magnetic anomaly under black soil plain sediments north of the Brumby Prospect. At the Alligator Anomaly, a 200m anomalous zone of +0.05ppm gold was defined. Infill drilling is planned for the second half of 1997.

MARGARET RIVER JOINT VENTURE, NORTHERN TERRITORY

(Acacia Resources Limited earning 70%)

The Margaret River Project comprises exploration licences 8706 and 9162 covering 182km² and is located 15km north-east of Brocks Creek Gold Mine.

Acacia carried out infill gridding, limited geochemical sampling and RAB drilling covering the prospective Pine Creek shear zone with low level, spotty gold anomalism detected. Extensive gridding and a regional RAB drilling programme, designed to extend the area covered so far, is planned for the second half of 1997.

HATCHES CREEK PROJECT, NORTHERN TERRITORY

(Normandy Gold Pty Ltd earning 70%)

The Hatches Creek Project is located 100km south-southeast of the township of Tennant Creek. It consists of exploration licences 8346 and 8987 covering 135km².

A reconnaissance survey was carried out with future exploration concentrating on structural targets within the interpreted Lower Proterozoic meta-sediments. Work planned includes ground magnetics, bedrock geochemistry and RAB drilling.

LAKE ROE JOINT VENTURE, WESTERN AUSTRALIA

(Newcrest Operations Limited earning 75%)

The Lake Roe Project is located 100km due east of Kalgoorlie and consists of three exploration licences totalling 215km², protecting a 30km strike length of the prospective Keith Kilkenny Structural Corridor.

Newcrest will farm-in to the Lake Roe project tenements (ELs 28/495, 502 and 521) on expenditure of \$1,650,000 to earn 75% within five years. Newcrest is the manager and is obliged to spend \$100,000 in the first year, prior to withdrawal.

Newcrest carried out rock chip sampling and limited RAB drilling. A weak gold anomaly was identified north-west of the Rocky Dam Prospect. Regional RAB drilling is planned for the second half of 1997.

SWAN LAKE JOINT VENTURE, WESTERN AUSTRALIA

(Aberfoyle Resources Limited earning 60%)

The Swan Lake Project is located 120km due east of Kalgoorlie. It consists of exploration licence 28/504 totalling 165km² and straddles the eastern greenstone / granite boundary of the Norseman Wiluna Belt.

Aberfoyle reassessed previous drilling during the year together with a reinterpretation of aeromagnetic data. Open anomalies and poorly tested prospective zones were highlighted and aircore / RAB drilling is planned for the latter part of 1997.



PROJECT GENERATION

The project generation activities will continue to be an important ongoing activity of the Company. This year, with utilisation of the extensive database, Paladin developed projects such as Turee Creek, Ponton, Napperby and Frome.

With the exploration database covering all major metallogenic regions of Australia, this information resource continues to offer excellent opportunity for defining further projects in uranium, gold and copper. Of significance is the potential for copper/gold Proterozoic targets for which the database also has particular relevance.

CORPORATE

FUND RAISING

During the year the Company raised \$952,500 via two placements, for additional working capital.

In July 1997 the Company announced a fundraising comprising an entitlement issue to shareholders (on a 1:4 basis at 9 cents per share together with a 1:2 free attaching option, exercisable at 20 cents on or before 31 July 1999) and a placement on the same conditions. This fundraising package, underwritten by DJ Carmichael Pty Limited, raised \$2.25 million for ongoing working capital, to fund, in particular, the uranium projects associated with the Paladin Brightstar Joint Venture.

This combination of capital raising to existing shareholders and to new investors allowed entry of international investors who also have a keen interest in uranium energy stocks. Clients of Global Resource Investments Ltd, a US finance and broking house, agreed to subscribe to \$1 million of the placement and to take a sub-underwriting position in the entitlement issue. The Company welcomes this uranium energy investor group onto its share register and regards its participation as significant which could assist the Company's affairs in the future.

GULLEWA GOLD NL

In May this year, Paladin agreed to the sale of the Company's 50% interest in the Salt River Joint Venture back to Gullewa Gold NL (Gullewa) for the consideration of \$275,000, satisfied by the issue to Paladin of 6,875,000 fully paid shares at an issue price of 4 cents per share.

The decision by Paladin to sell this interest was initiated as a result of strategic joint ventures entered into for uranium and gold - the Paladin Brightstar Joint Venture and the Yilgarn Gold Joint Venture. The new opportunities these joint ventures present, together with results from the Turee Creek Projects, promoted a re-direction of the Paladin exploration priorities.

Paladin also participated in a placement in Gullewa of 6,250,000 shares at 4 cents for a total price of \$250,000, as part of the placement of \$6.2 million arranged for Gullewa by Deutsche Morgan Grenfell Securities Australia Ltd. This major fundraising allowed Gullewa to retire all its debts, leaving it well funded to pursue an aggressive exploration programme targeted at expansion of existing gold resources and delineation of a major gold target. Paladin now holds 11.5% of Gullewa.



CORPORATE GOVERNANCE

The Board is responsible for the overall Corporate Governance of the Group ("the Group") including the strategic direction, establishing goals for management and monitoring the achievement of these goals. The Board has also established a framework for the management of the Group including setting levels of remuneration for Executive Directors, Managers and senior personnel, an overall framework of internal control and the establishment of appropriate ethical standards.

The Board regularly reviews operational and financial performance and reviews and approves detailed budgets and investment opportunities. Being a small company at present, the Board works closely with executive management to identify and manage operational, financial and legislative risk. Whilst the Corporate Governance policies and procedures have been in place since the incorporation of the Company, they were formally adopted by the Board in May 1996.

AUDIT COMMITTEE

The Company is not of a size which justifies having a separate Audit Committee, however, matters typically dealt with by such a committee are dealt with by the full Board.

COMPOSITION OF THE BOARD

The composition of the Board is determined using the following principles:

- The Board should comprise four Directors. This number may be increased where it is felt that additional expertise is required in specific areas, or when an outstanding candidate materialises.
- The Chairman of the Board should be a Non-Executive Director.
- The Board should comprise Directors with a broad range of expertise.

When a vacancy exists, through whatever cause, or where it is considered that the Board would benefit from the services of a new director with particular skills, the Board selects a candidate or panel of candidates with the appropriate expertise and experience. The Board then appoints the most suitable candidate who must stand for election at the next general meeting of shareholders. The Company does not have a formal Nomination Committee.

INDEPENDENT PROFESSIONAL ADVICE

Each Director has the right to seek independent professional advice at the Group's expense. However, prior approval of the Chairman is required, which may not be unreasonably withheld.

REMUNERATION

Remuneration levels are set by the Board in accordance with industry standards to attract suitably qualified and experienced Directors and senior executives. The Board obtains independent advice on the appropriateness of remuneration packages.

ETHICAL STANDARDS

All Directors, managers and employees are to act with the utmost integrity and objectivity, striving at all times to enhance the reputation and performance of the Group.

DIRECTORS' REPORT



The Directors present their report on the consolidated accounts for the year ended 30 June 1997.

DIRECTORS

The Directors in office at the date of this report are:

Dr Douglas Dunnet (Chairman - Non-Executive)

B.Sc. (Hons) PhD, F.AusIMM

Dr Dunnet is a geologist with 35 years experience. He has a strong background in financial management of mineral project initiation and development in Australia and North America, including 14 years with the Anaconda group of companies.

In 1984 Dr Dunnet became a principal of Aurex Pty Ltd, a contracting and consulting company. In 1987 he initiated the listing of and became Managing Director of Orion Resources NL. He was subsequently instrumental in acquiring a 45% interest in the Yilgarn Star Gold Mine near Southern Cross and guiding Orion to its current market capitalisation of over \$130 million. This included the successful transition from significant open pit mining to major underground mining operations producing in excess of 100,000ozs per annum.

Dr Dunnet is also non-executive Chairman of Gullewa Gold NL.

Mr John Borshoff (Managing Director)

B.Sc. F.AusIMM

Mr Borshoff is a geologist who has been involved in the Australian exploration and mining industry for 25 years. Mr Borshoff worked for International Nickel and Canadian Superior Mining before joining a German mining group, Uranerz from 1976 to 1991. He became Chief Geologist/Exploration Manager during the period 1981-1986 and served as its chief executive from 1987 to mid 1991 when the German parent of Uranerz made the decision to close its Australian operations.

In 1991 Mr Borshoff formed the consulting and contracting company, Scovac Management Services Pty Ltd, consulting to mineral resource groups throughout Australia and management of an underground mining operation near Kalgoorlie. Mr Borshoff has extensive experience in gold, base metal and uranium exploration, company management and administration.

Ms Gillian Swaby (Director - Non-Executive/ Company Secretary)

B.Bus., FCIS

Ms Swaby has been involved in the Australian mining and exploration industry for 16 years. Ms Swaby is experienced in areas of secretarial practice, management accounting and corporate and financial management and is a Fellow of the Chartered Institute of Secretaries. She is the principal of Strategic Consultants Pty Ltd, specialising in corporate consultancy and is also a Director and Company Secretary of Gullewa Gold NL.

Mr Rick W. Crabb (Director - Non-Executive)

B. Juris (Hons), LLB, MBA

Mr Crabb is a partner with the legal practice, Blakiston and Crabb. He holds degrees of Bachelor of Jurisprudence (Honours), Bachelor of Laws and Master of Business Administration from the University of Western Australia. He has practised as a solicitor since 1980 and was previously a partner with a major law firm. He specialises in mining, corporate and commercial law. Mr Crabb is also a director of Menzies Court Holdings Limited and Africwest Gold NL.

PRINCIPAL ACTIVITY

The principal activity of the economic entity constituted by Paladin Resources NL and the entities it controlled during the financial year was mineral exploration.

RESULTS OF OPERATIONS

The economic entity's policy is to write off acquisition and exploration costs associated with abandoned or non-commercial areas and to this extent an amount of \$183,613 (1996: \$931,932) was written off. Expenditure totalling \$2,218,313 (1996: \$2,004,322) has been carried forward on other areas where operations are continuing. The consolidated results after abnormal write-down of investments of \$2,124,200 (1996: NIL) are as follows:

	1997	1996
	\$	\$
Operating loss after		
income tax	2,615,312	1,058,648



DIVIDENDS

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

REVIEW OF OPERATIONS

A detailed review of the economic entity's operations is set out on pages 5 to 20 of this report.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

Significant changes in the state of affairs of the economic entity during the financial year were as follows:

- a) An increase in paid up capital from \$9,000,003 to \$9,952,503 as a result of:

Placement of 6,000,000 fully paid ordinary shares at 9 cents per share (Dec 1996)	\$540,000
Placement of 2,750,000 fully paid ordinary shares at 15 cents per share (Mar 1997)	<u>\$412,500</u>
TOTAL	<u>\$952,500</u>

MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors of the Company, to affect substantially the operations of the economic entity, the results of these operations or the state of affairs of the economic entity in subsequent financial years with the exception of:

Fundraising

In September 1997 the Company finalised an underwritten entitlement issue (1:4 at 9 cents per share together with a free attaching 31 July 1999 option, on a 1:2 basis, exercisable at 20 cents) and placement, issuing 24,923,612 fully paid ordinary shares and 12,461,806 options to raise \$2.25 million in additional working capital. In particular, this will be utilised on projects within the Paladin Brightstar Joint Venture and the acquisition of new uranium opportunities through exploitation of Paladin's extensive database. The fundraising referred to above results in an increase in issued capital to 80,173,627 fully paid ordinary shares and 12,461,806 listed options.

Issue of Options

At an Extraordinary General Meeting held on 15 August 1997 shareholders approved the issue of a total of 3,100,000 unlisted incentive options to Directors, exercisable at 20 cents on or before 31 May 2000. Shareholders also approved the issue of 1,000,000 unlisted options, exercisable at 20 cents on or before 31 May 2000, to D J Carmichael Pty Limited or its nominee, as part of the underwriting fee structure relating to the fundraising.

LIKELY DEVELOPMENTS

Likely developments in the operations of the economic entity constituted by Paladin Resources NL and the entities it controls from time to time are the exploration and development of projects currently held and the investigation, acquisition, exploration and development of additional prospects, yet to be identified, which may be considered by the Directors to have merit.

OPTIONS OVER UNISSUED CAPITAL

For details of the issue in September 1997, refer above.

Share Option Plan

On 21 June 1994, shareholders approved the introduction of the Paladin Resources NL Directors, Employees and Consultants Share Option Plan ("the Plan"). The number of options issued from time to time pursuant to the Plan shall not exceed 10% of the total issued shares in the Company from time to time. On 8 September 1994 the Company issued 1,985,000 unlisted options exercisable at 25 cents on or before 31 May 1999, pursuant to the Plan to 10 participants with a further 120,000 issued on 30 June 1997 to 2 participants on the same terms and conditions. During the year ended 30 June 1997, 15,000 options lapsed. On 24 January 1997, 230,000 unlisted options exercisable at 30 cents on or before 31 July 2000 were issued to 6 participants, pursuant to the Plan. The number of unissued ordinary shares under options issued pursuant to the Plan at the date of this report is 2,320,000.

The Company is of a kind referred to in the class order 94/284 issued by the Australian Securities Commission dated 8 March 1994, under which the Directors are relieved from the need to disclose the names of all employees and relevant details in respect of options granted to those employees under the Plan. The Directors have availed themselves of the relief granted under this class order.

No persons entitled to exercise any option referred to above has or had, by virtue of the option, a right to participate in any share issue of any other body corporate.

DIRECTORS' REPORT



Unlisted Options

On 30 June 1997, the Company issued 1,500,000 unlisted options exercisable at 35 cents, on or before 30 July 2000, as consideration for entering into the Yilgarn Gold Joint Venture. These remain on issue at the date of this report.

On 15 January 1997, the Company issued 4,500,000 unlisted options exercisable at 20 cents, on or before 31 July 2000, attaching to the placement of 6,000,000 fully paid shares made on that date. These remain on issue at the date of this report.

DIRECTORS' BENEFITS

No Director of the Company has, during the financial year, received or become entitled to receive a benefit (other than a benefit included in the aggregate amount of remuneration received or due and receivable by Directors shown in the accounts in Note 17), by reason of a contract made by the Company or a related corporation with the director, or with a firm of which he is a member, or with a company in which he is a member, or with a company in which he has a substantial interest, not otherwise disclosed in this report.

Consulting fees in the form of management fees and geological consulting fees were paid during the year in the normal course of business to firms of consultants, of which Directors are the principals. These are included within Directors' remuneration disclosed in Note 17 to the accounts. In addition, legal fees were paid to a legal practice in which a Director is a partner. These are disclosed in Note 20 to the accounts.

MEETINGS OF DIRECTORS

The following table sets out the number of meetings of the Company's Directors held during the year ended 30 June 1997 and the number of meetings attended by each Director.

Meetings of Directors	
Number of meetings held	12
Number of meetings attended by:	
Dr D Dunnet	9
Mr J Borshoff	12
Ms G Swaby	11
Mr R W Crabb	11

DIRECTORS' INTERESTS

	1997				1996	
	Fully Paid Shares	Options*	Options**	Options***	Fully Paid Shares	Options*
Dr D Dunnet	4,273,413	300,000	750,000	465,278	200,000	300,000
Mr J Borshoff	10,038,237	500,000	950,000	444,444	8,816,015	500,000
Ms G Swaby	1,142,096	300,000	700,000	125,000	154,000	300,000
Mr R W Crabb	2,603,175	300,000	700,000	277,778	800,000	300,000

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

* Unlisted and exercisable at 25 cents on or before 31 May 1999, pursuant to the Paladin Resources NL Directors, Employees and Consultants Share Option Plan.

** Unlisted and exercisable at 20 cents on or before 31 May 2000.

*** Listed and exercisable at 20 cents on or before 31 July 1999.

INDEMNITIES AND INSURANCE

The Company has not, during or since the end of the financial year, in respect of any person who is or has been an officer or auditor of the Company or a related body corporate:

- indemnified or made any relevant agreement for indemnifying against a liability, including costs and expenses in successfully defending legal proceedings; or
- paid or agreed to pay a premium in respect of a contract insuring against a liability for the costs or expenses to defend legal proceedings

DATED at Perth this 26th day of September 1997

Signed in accordance with a resolution of Directors.

J Borshoff
(Director)

G Swaby
(Director)



BALANCE SHEETS
as at 30 June 1997

	<i>Notes</i>	<i>1997</i>	<i>Consolidated</i>	<i>1997</i>	<i>Parent Entity</i>	<i>1996</i>
		\$		\$	\$	\$
CURRENT ASSETS						
Cash	3	552,619	1,101,873	446,175		1,101,836
Receivables	4	89,315	15,792	85,505		15,792
TOTAL CURRENT ASSETS		641,934	1,117,665	531,680		1,117,628
NON CURRENT ASSETS						
Receivables	5	-	-	906,568		786,833
Investments	6	1,692,964	2,892,164	3,392,967		4,592,166
Property, Plant & Equipment	7	942,597	994,645	187,025		212,823
Other	8	2,223,313	2,009,322	419,541		302,259
TOTAL NON CURRENT ASSETS		4,858,874	5,896,131	4,906,100		5,894,081
TOTAL ASSETS		5,500,808	7,013,796	5,437,780		7,011,709
CURRENT LIABILITIES						
Accounts Payable	9	142,780	47,984	79,752		45,897
Borrowings	10	39,501	-	39,501		-
Provisions	11	31,835	16,308	31,835		16,308
TOTAL LIABILITIES		214,116	64,292	151,088		62,205
NET ASSETS		5,286,692	6,949,504	5,286,692		6,949,504
SHAREHOLDERS' EQUITY						
Share Capital	12	9,952,503	9,000,003	9,952,503		9,000,003
Accumulated Losses		(4,665,811)	(2,050,499)	(4,665,811)		(2,050,499)
TOTAL SHAREHOLDERS' EQUITY		5,286,692	6,949,504	5,286,692		6,949,504
COMMITMENTS AND CONTINGENT LIABILITIES						
	13					

The accompanying notes form part of these financial statements.

FINANCIAL STATEMENTS



PROFIT AND LOSS ACCOUNTS
for the year ended 30 June 1997

	Notes	Consolidated		Parent Entity	
		1997 \$	1996 \$	1997 \$	1996 \$
Operating loss before abnormal items and income tax		491,112	1,058,648	491,112	1,058,648
Abnormal items before income tax		2,124,200	-	2,124,200	-
Operating loss before income tax	2, 14	2,615,312	1,058,648	2,615,312	1,058,648
Income tax attributable to operating loss	15	-	-	-	-
Operating loss after income tax		2,615,312	1,058,648	2,615,312	1,058,648
Accumulated losses at the beginning of the financial year		2,050,499	991,851	2,050,499	991,851
Accumulated losses at the end of the financial year		4,665,811	2,050,499	4,665,811	2,050,499
Earnings per share	23				

The accompanying notes form part of these financial statements



STATEMENTS OF CASH FLOWS
for the year ended 30 June 1997

	Notes	1997 \$	Consolidated 1996 \$	1997 \$	Parent Entity 1996 \$
Cash flows from operating activities					
Payments to suppliers and employees		(423,742)	(336,376)	(423,742)	(336,376)
Interest received		50,195	232,483	50,195	232,483
Receipts from customers		86,330	96,058	86,330	96,058
Net cash outflow from operating activities	22	(287,217)	(7,835)	(287,217)	(7,835)
Cash flows from investing activities					
Payments for property, plant and equipment		(40,685)	(45,687)	(40,685)	(45,687)
Exploration and evaluation expenditure		(563,354)	(818,543)	(387,637)	(447,425)
Purchase of prospects		-	(25,000)	-	(25,000)
Payments for investments		(250,000)	(2,042,164)	(250,000)	(2,042,164)
Net cash outflow from investing activities		(854,039)	(2,931,394)	(678,322)	(2,560,276)
Cash flows from financing activities					
Loan of funds to non-related entities		(400,000)	-	(400,000)	-
Loan of funds to controlled entities		-	-	(282,125)	(371,117)
Share placement		952,500	-	952,500	-
Net cash inflow / (outflow) from financing activities		552,500	-	270,375	(371,117)
Net decrease in cash held		(588,756)	(2,939,229)	(695,164)	(2,939,228)
Cash at the beginning of the financial year		1,101,873	4,041,102	1,101,837	4,041,065
Cash at the end of the financial year	3	513,117	1,101,873	406,673	1,101,837

The accompanying notes form part of these financial statements.



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 30 June 1997

1. STATEMENT OF ACCOUNTING POLICIES

(A) *Basis of Accounting*

This general purpose financial report has been prepared in accordance with Accounting Standards, other mandatory professional reporting requirements (Urgent Issues Group Consensus Views) and the Corporations Law.

The accounts have been prepared on the basis of historical costs and do not take into account changing money values or, except where stated, current valuations of non-current assets. The accounting policies have been consistently applied and have not changed from the previous year, unless otherwise stated. Comparative information is reclassified where appropriate to enhance comparability.

(B) *Principles of Consolidation*

The consolidated accounts incorporate the assets and liabilities and results of all entities controlled by Paladin Resources NL as at 30 June 1997 and the results of all controlled entities for the year then ended. Paladin Resources NL and its controlled entities together are referred to in this financial report as the economic entity. The effects of inter-entity transactions have been eliminated from the consolidated accounts. Where controlled entities are acquired during the year, their results are included only from the date control commences.

On acquisition of some or all of the shares in a controlled entity, the identifiable net assets acquired are measured at their fair value. The excess of the fair value of the purchase consideration over the fair value of identifiable assets acquired (ie: goodwill) is amortised over a period of twenty years.

Where a discount on acquisition arises, that discount is accounted for by reducing proportionately the fair value of the non monetary assets acquired until the discount is eliminated. Any residual discount is immediately recognised in the profit and loss account.

(C) *Exploration, Evaluation and Development Expenditure*

Costs incurred during the exploration, evaluation and development stages of specific areas of interest are accumulated. Such costs are written off unless the Directors consider that the costs are expected to be fully recouped through the successful development of the area, or where activities to date have not reached a stage to allow reasonable assessment regarding existence of economically recoverable reserves. Costs are written off as soon as an area has been abandoned or is considered to be non-commercial.

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

Once production commences, expenditure accumulated in respect of areas of interest will be amortised on a unit of production basis against the economically recoverable mineral resources.



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
30 June 1997

1. STATEMENT OF ACCOUNTING POLICIES (Cont.)

(D) *Earnings Per Share*

(i) *Basic Earnings Per Share*

Basic earnings per share is determined by dividing the operating result after income tax attributable to members of Paladin Resources NL by the weighted average number of ordinary shares on issue during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

(ii) *Diluted Earnings Per Share*

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share by taking into account amounts unpaid on ordinary shares and any reduction in earnings per share that will probably arise from the exercise of options on issue during the financial year.

(E) *Cash*

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

(F) *Data Bases*

(i) *Project Generation Data Base*

The project generation data base, which consists of unpublished and generally unavailable exploration, geological and other data, is recorded at cost. The Directors consider that there are presently no foreseeable limits to the useful life of this asset and accordingly periodic amortisation is not provided in the financial statements. The service potential of the project generation data base is periodically reviewed to ensure that its carrying amount does not exceed recoverable value.

(ii) *Technical Data Base*

The technical data base includes an extensive technical library and published exploration data. The Directors consider that this information diminishes in value over time and accordingly periodic amortisation charges are raised on a straight line basis over a period of 10 years.

(G) *Valuation of Non-Current Assets*

The carrying amounts of non-current assets are reviewed to determine whether they are in excess of their recoverable amounts at balance date. If the carrying amount of a non-current asset exceeds the recoverable amount, the asset is written down to the lower amount. Unless otherwise stated, in assessing recoverable amounts, the relevant cash flows have not been discounted to their present value.

FINANCIAL STATEMENTS



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
30 June 1997

	1997	Consolidated	1996	1997	Parent Entity	1996
	\$		\$	\$		\$
2. OPERATING REVENUE						
Other revenue						
- interest received from other corporations	35,196		259,791	35,196		259,791
- sub-underwriting fee	-		68,750	-		68,750
- sundry income	23,978		27,308	23,978		27,308
- proceeds on sale of tenement	275,000		-	275,000		-
	<u>334,174</u>		<u>355,849</u>	<u>334,174</u>		<u>355,849</u>
3. CASH						
Cash at bank and on hand	109,626		108,252	3,182		108,216
Bank bills	442,993		993,621	442,993		993,621
	<u>552,619</u>		<u>1,101,873</u>	<u>446,175</u>		<u>1,101,837</u>
The above figures are reconciled to cash at the end of the financial year as shown in the Statements of Cash Flows at follows:						
Balances as above	552,619		1,101,873	446,175		1,101,837
Less: Bank overdraft (Note 10)	(39,502)		-	(39,502)		-
	<u>513,117</u>		<u>1,101,873</u>	<u>406,673</u>		<u>1,101,837</u>
4. CURRENT RECEIVABLES						
Sundry debtors	<u>89,315</u>		<u>15,792</u>	<u>85,505</u>		<u>15,792</u>
5. NON CURRENT RECEIVABLES						
Loan to controlled entities						
- unsecured	-		-	2,028,990		1,746,864
Less provision for non-recovery	-		-	(1,122,422)		(960,031)
	<u>-</u>		<u>-</u>	<u>906,568</u>		<u>786,833</u>



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
30 June 1997

	Consolidated		Parent Entity	
	1997 \$	1996 \$	1997 \$	1996 \$
6. NON CURRENT INVESTMENTS				
Listed investment - at cost	3,817,164	2,892,164	3,817,164	2,892,164
Less provision for non-recovery	(2,124,200)	-	(2,124,200)	-
Listed investment - at Directors' valuation	1,692,964	2,894,164	1,692,964	2,894,164
Shares at cost - controlled entity	-	-	1,700,002	1,700,002
	<u>1,692,964</u>	<u>2,892,164</u>	<u>3,392,967</u>	<u>4,592,166</u>
The market value of shares and options listed on a prescribed stock exchange *	<u>1,206,950</u>	<u>2,025,644</u>	<u>1,206,950</u>	<u>2,025,644</u>

The provision against the value of the listed investment, being shares in Gullewa Gold NL, is considered a prudent move by the Directors and reflects the lower share price of Gullewa, caused by the general downturn in the gold sector. The Board of Paladin is confident, however, that the recent fundraising and subsequent focus on advanced exploration, including drilling, will see an improvement in the market capitalisation of Gullewa.

* At 30 June 1997, 3,400,000 listed options held in Gullewa expired.

Investment in Controlled Entities

Name	Country of Incorporation	Percentage Interest Held		Contribution to Consolidated Loss After Income Tax		Cost of Parent Entity's Investment	
		1997	1996	1997 \$	1996 \$	1997 \$	1996 \$
Paladin Resources NL *	Australia	Parent Entity	Parent Entity	2,452,920	407,200	-	-
Eden Creek Pty Ltd	Australia	100%	100%	162,392	651,448	1,700,002	1,700,002
Paladin Energy Minerals NL *	Australia	100%	-	-	-	1	-
				<u>2,615,312</u>	<u>1,058,648</u>	<u>1,700,003</u>	<u>1,700,002</u>

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

* These entities are audited by Coopers & Lybrand.



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

30 June 1997

	1997	Consolidated	1996	1997	Parent Entity	1996
	\$		\$	\$		\$
7. NON CURRENT PROPERTY, PLANT & EQUIPMENT						
Plant and equipment - at cost	390,148		349,768	390,148		349,768
Less provision for depreciation	203,123		136,945	203,123		136,945
	<u>187,025</u>		<u>212,823</u>	<u>187,025</u>		<u>212,823</u>
Technical database - at cost	262,500		262,500	-		-
Less amortisation	96,214		69,964	-		-
	<u>166,286</u>		<u>192,536</u>	<u>-</u>		<u>-</u>
Project generation database - at cost	589,286		589,286	-		-
	<u>942,597</u>		<u>994,645</u>	<u>187,025</u>		<u>212,823</u>
8. NON CURRENT ASSETS - OTHER						
(a) Exploration Expenditure						
Opening Balance	2,004,322		2,059,100	302,259		107,094
Movements:						
- Acquisition costs	-		25,000	-		25,000
- Direct expenditure for the year	642,520		852,154	409,669		476,863
- Cost of tenement sold	(244,916)		-	(244,916)		-
Expenditure written off	(183,613)		(931,932)	(47,471)		(306,698)
	<u>2,218,313</u>		<u>2,004,322</u>	<u>419,541</u>		<u>302,259</u>
(b) Mines Department Bonds	5,000		5,000	-		-
	<u>2,223,313</u>		<u>2,009,322</u>	<u>419,541</u>		<u>302,259</u>
9. ACCOUNTS PAYABLE						
Trade creditors and accruals	142,780		47,984	79,752		45,897
10. CURRENT BORROWINGS						
Unsecured bank overdraft	39,502		-	39,502		-
11. CURRENT PROVISIONS						
Employee entitlements	31,835		16,308	31,835		16,308



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
30 June 1997

	1997	Consolidated 1996	1997	Parent Entity 1996
	\$	\$	\$	\$
12. SHARE CAPITAL				
(a) Paid Up Capital				
Ordinary shares of 20 cents each fully paid	55,250,015	46,500,015	9,952,503	9,000,003
	<i>Number of Shares</i>	<i>Par Value</i>	<i>Discount</i>	<i>Total</i>
	\$	\$	\$	\$
(b) Issued Capital				
Issued \$0.20 fully paid ordinary shares as at 1 July 1995 & 1996	46,500,015	9,300,003	(300,000)	9,000,003
Placement at 9 cents per share (Dec 1996)	6,000,000	1,200,000	(660,000)	540,000
Placement at 15 cents per share (Mar 1997)	2,750,000	550,000	(137,500)	412,500
Issued \$0.20 fully paid ordinary shares as at 30 June 1997	55,250,015	11,050,003	(1,097,500)	9,952,503
(c) Issued Options				
Paladin Resources NL Directors, Employees and Consultants Share Option Plan Unlisted and exercisable at 25 cents, on or before 31 May 1999			<i>Number of Options</i>	
			1997	1996
Balance at 1 July 1996			1,985,000	1,985,000
Issued during year			120,000	-
Less lapsed during year			(15,000)	-
Balance at 30 June 1997			2,090,000	1,985,000
Unlisted and exercisable at 20 cents, on or before 31 July 2000.				
Balance at 1 July 1996			-	-
Issued during year			230,000	-
Balance at 30 June 1997			230,000	-



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
30 June 1997

	1997	Number of Options	1996
	\$		\$
12. SHARE CAPITAL (Cont.)			
Unlisted and exercisable at 20 cents, on or before 31 July 2000.			
Balance at 1 July 1996	-		-
Issued during year *	4,500,000		-
Balance at 30 June 1997	<u>4,500,000</u>		-

* Attaching to December 1996 placement

Unlisted and exercisable at 35 cents, on or before 30 July 2000.

Balance at 1 July 1996	-		-
Issued during year *	1,500,000		-
Balance at 30 June 1997	<u>1,500,000</u>		-

* Consideration for Yilgarn Gold Joint Venture

13. COMMITMENTS AND CONTINGENT LIABILITIES

There were no outstanding commitments or contingent liabilities, which are not disclosed in the financial statements of the economic entity and the Company as at 30 June 1997 other than:

- (a) **Exploration Tenement Leases** - in order to maintain the tenements in which the Company 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 Australia. These commitments relate to tenement lease rentals and the minimum expenditure requirements of the Western Australian and Northern Territory 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. In 1997/98, estimated outlays by the Company and the economic entity are \$441,075 (1996:\$524,133). Commitments beyond 1997/98 are dependent upon whether existing rights of tenure are renewed or new rights of tenure are acquired.
- (b) **Joint Venture Commitments** - the Company and economic entity have the following cumulative commitments in respect of exploration joint ventures to which they are farming-in and are not provided for in the accounts.

	Consolidated		Parent Entity	
	1997	1996	1997	1996
	\$	\$	\$	\$
Not later than one year	-	150,000	-	150,000



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
30 June 1997

	1997	<i>Consolidated</i>	1996	1997	<i>Parent Entity</i>	1996
	\$		\$	\$		\$
14. OPERATING LOSS						
Operating loss has been determined after:						
(a) Charging as an expense:						
Depreciation of property, plant and equipment	66,178	66,897		66,178		66,897
Amortisation						
- formation expenses	-	56,952		-		56,952
- technical database	26,250	26,214		-		
Total amortisation	26,250	83,166		-		56,952
Other charges against assets:						
Provision for non-recovery of intercompany loan	-	-		162,392		651,449
Exploration expenditure written off	183,613	931,932		47,471		306,698
Abnormal Item:						
Write down of investment to recoverable amount (nil tax effect)	2,124,200	-		2,124,200		-
Other provisions:						
Employee entitlements	15,527	227		15,527		227
(b) Crediting as income:						
Interest received from other corporations						
Profit on sale of tenement	35,196	259,791		35,196		259,791
	30,084	-		30,084		-



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
30 June 1997

	1997	<i>Consolidated</i>	1996	1997	<i>Parent Entity</i>	1996
	\$		\$	\$		\$
15. INCOME TAX						
The aggregate amount of income tax attributable to the financial year differs by more than 15% from the amount calculated on the operating loss.						
The differences are reconciled as follows:						
Operating loss before income tax	(2,615,312)		(1,058,648)	(2,615,312)		(1,058,648)
Income tax (benefit) calculated at 36% (1996: 36%)	(941,512)		(381,113)	(941,512)		(381,113)
Tax effect of permanent differences:						
Non-deductible amortisation	-		29,939	-		29,939
Non-deductible expenditure	89,196		347,512	89,196		347,512
	(852,316)		(3,662)	(852,316)		(3,662)
Tax benefit not recognised/(claimed)	852,316		3,662	852,316		3,662
Income tax attributable to operating loss	-		-	-		-
The Directors estimate that the potential future income tax benefit at 30 June 1997 in respect of tax losses not brought to account is:						
	1,447,980		703,307	741,094		236,530

This benefit for tax losses will only be obtained if:

- (i) the economic 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 economic entity continues to comply with the conditions for deductibility imposed by tax legislation; and
- (iii) no changes in tax legislation adversely affect the economic entity in realising the benefit from the deductions for the losses.

	1997	<i>Consolidated</i>	1996	1997	<i>Parent Entity</i>	1996
	\$		\$	\$		\$
16. AUDITOR'S REMUNERATION						
Remuneration for audit or review of the financial reports of the parent entity or any entity in the economic entity:						
Auditors of parent entity	11,427		9,700	11,427		9,700
Remuneration for other services by the parent entity auditors	1,520		-	1,520		-
	12,947		9,700	12,947		9,700



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
30 June 1997

	<i>Directors of Entities in the Economic Entity</i>		<i>Directors of Parent Entity</i>	
	1997 \$	1996 \$	1997 \$	1996 \$
17. REMUNERATION OF DIRECTORS				
Income paid or payable, or otherwise made available to directors by entities in the economic entity and related parties	315,387	253,414	315,387	253,414

Number of parent entity Directors whose total income from the parent entity or related parties was within the following bands:

\$10,000 to \$19,999	-	1	-	1
\$40,000 to \$49,999	1	2	1	2
\$50,000 to \$59,999	1	-	1	-
\$60,000 to \$69,999	1	-	1	-
\$150,000 to \$159,999	1	1	1	1

Included in the above are consulting fees. Consulting fees in the form of management fees and geological fees were paid during the year in the normal course of business to firms of consultants, of which Directors are the principals.

18. REMUNERATION OF EXECUTIVES

One executive received \$150,000 during the year ended 30 June 1997 (1996: 1 executive \$150,000).

19. SEGMENT REPORTING

The economic entity operates in the mining and exploration industry in Australia.

20. RELATED PARTIES

Related parties of Paladin Resources NL fall into the following categories:

Directors

(a) The following persons were Directors of Paladin Resources NL during the financial year:

- D Dunnet
- J Borshoff
- G Swaby
- R W Crabb

(b) Remuneration of Directors is disclosed in Note 17.



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
30 June 1997

20. RELATED PARTIES (Cont.)

(c) Transactions with director-related entities

The following transactions with Directors and director-related entities occurred during the year on normal commercial terms and conditions:

- (i) Fees for geological and consulting services were paid to a company in which J Borshoff is a director and shareholder;
- (ii) Fees for geological and consulting services were paid to a company in which D Dunnet is a director and shareholder;
- (iii) Fees for company secretarial services were paid to a company in which G Swaby is a director and shareholder; and
- (iv) Fees for legal services totalling \$39,523 (1996: \$25,414) were paid to Blakiston and Crabb, Solicitors, a firm in which R Crabb is a partner.

Aggregate amount of each of the above types of transactions with Directors and their director-related entities were as follows:

	<i>Consolidated</i>		<i>Parent Entity</i>	
	1997 \$	1996 \$	1997 \$	1996 \$
Geological and management consulting fees	315,387	218,728	315,387	218,728
Legal services	39,523	25,414	39,523	25,414

(d) Directors' holdings

Aggregate number of shares and share options of Paladin Resources NL held directly, indirectly or beneficially by directors or their director related entities at balance date:

	1997 <i>Number</i>		1996 <i>Number</i>	
	<i>Shares</i>	<i>Options *</i>	<i>Shares</i>	<i>Options *</i>
D Dunnet	3,342,857	300,000	200,000	300,000
J Borshoff	9,149,348	500,000	8,816,015	500,000
G Swaby	892,096	300,000	154,000	300,000
R Crabb	2,047,619	300,000	800,000	300,000

* unlisted, exercisable at 25 cents on or before 31 May 1999.

Refer to Note 21 regarding issues of options to Directors subsequent to 30 June 1997.

Wholly-owned Group Transactions

The wholly-owned group consists of Paladin Resources NL, the ultimate parent entity and the wholly-owned controlled entities set out in Note 6. Transactions between Paladin Resources NL and its controlled entities consist of the transfer of funds amongst the companies for day to day financing. Inter-company balances are unsecured and are not interest bearing. The balance in respect of inter-group loans is set out in Note 5.



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
30 June 1997

21. EVENTS SUBSEQUENT TO BALANCE DATE

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors of the Company, to affect substantially the operations of the economic entity in subsequent financial years with the exception of:

Fundraising

In September 1997 the Company finalised an underwritten entitlement issue (1:4 at 9 cents per share together with a free attaching 31 July 1999 option, on a 1:2 basis, exercisable at 20 cents) and placement, raising \$2.25 million in additional working capital. In particular, this will be utilised on projects within the Paladin Brightstar Joint Venture and the acquisition of new uranium opportunities through exploitation of Paladin's extensive database. The fundraising referred to above results in an increase in issued capital to 80,173,627 fully paid shares and 12,461,806 listed options.

Issue of Options

At an Extraordinary General Meeting held on 15 August 1997 shareholders approved the issue of a total of 3,100,000 unlisted incentive options to Directors, exercisable at 20 cents on or before 31 May 2000. Shareholders also approved the issue of 1,000,000 unlisted options, exercisable at 20 cents on or before 31 May 2000, to D J Carmichael Pty Limited or its nominee, as part of the underwriting fee structure relating to the fundraising.

The financial effect of the above two events has not been brought to account at 30 June 1997.

	1997	Consolidated	1996	1997	Parent Entity	1996
	\$		\$	\$		\$
22. RECONCILIATION OF NET CASH OUTFLOW FROM OPERATING ACTIVITIES TO OPERATING LOSS AFTER INCOME TAX						
(a) Operating loss after income tax	2,615,312		1,058,648	2,615,312		1,058,648
Non cash items:						
Depreciation and amortisation	(92,428)		(150,064)	(66,178)		(123,849)
Exploration expenditure written off	(183,613)		(931,932)	(47,471)		(306,698)
Provision for non-recovery of intercompany loan	-		-	(162,392)		(651,449)
Change in operating assets and liabilities:						
Provision for non-recovery of investment	(2,124,199)		-	(2,124,199)		-
Profit on sale of tenement	30,084		-	30,084		-
(Decrease)/increase in trade debtors	70,668		(1,291)	70,668		(1,291)
Decrease/(increase) in operating liabilities	(28,607)		32,474	(28,607)		32,474
Net cash outflow from operating activities	287,217		7,835	287,217		7,835

(b) Non-cash financing and investment activities:

- (i) In November 1996 the loan made to Gullewa Gold NL of \$400,000, in the form of a Convertible Note, was converted at the rate of 6.7 cents per share resulting in the issue to Paladin of 5,970,152 fully paid shares in Gullewa.
- (ii) In April 1997 Paladin sold its 50% interest in the Salt River Joint Venture back to Gullewa Gold NL, the consideration being 6,875,000 fully paid shares in Gullewa totalling \$275,000.



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
30 June 1997

	1997 (cents)	<i>Consolidated</i>	1996 (cents)
23. EARNINGS PER SHARE			
(a) Basic Loss Per Share	(5.18)		(2.28)
Weighted average number of ordinary shares on issue during the year used in the calculation of basic earnings per share	50,452,070		46,500,015

(b) Diluted Earnings Per Share

Diluted earnings per share has not been disclosed as it is not materially different from the basic earnings per share.

Information concerning the classification of securities options granted are not considered to be potential ordinary shares and have not been included in the determination of diluted earnings per share. Details relating to the options are set out in Note 12(c).

	1997 \$	<i>Parent Entity</i>	1996 \$
24. EMPLOYEE ENTITLEMENTS			
Provision for Annual Leave & Long Service Leave Aggregate employment entitlement liability	31,835		16,308

Superannuation

A superannuation plan has been established by the parent entity for the provision of benefits to employees on retirement, death or disability. The plan's benefits have been designed to comply with the appropriate Occupational Superannuation Legislation requirements.

The plan is an accumulation style fund whereby a member's benefit equals the total contributions to the fund on behalf of the member plus investment income earned, less the cost of insurance, tax and administration costs charged. Because of the nature of the plan, there are adequate funds to satisfy all benefits to employees.

Contributions by the parent entity represent a defined percentage of each employee's salary. Employee contributions are voluntary.

There is no legally enforceable obligation on the parent entity to contribute to the superannuation plan other than that directly associated with the Occupational Superannuation Legislation requirements.

Employee Share Option Plan

On 21 June 1994, shareholders approved the introduction of the Paladin Resources NL Directors, Employees and Consultants Share Option Plan ("the Plan"). The number of options issued from time to time pursuant to the Plan shall not exceed 10% of the total issued shares in the Company from time to time. On 8 September 1994 the Company issued 1,985,000 unlisted options exercisable at 25 cents on or before 31 May 1999, pursuant to the Plan to 10 participants with a further 120,000 issued on 30 June 1997 to 2 participants on the same terms and conditions.

During the year ended 30 June 1997, 15,000 options lapsed. On 24 January 1997, 230,000 unlisted options exercisable at 30 cents on or before 31 July 2000 were issued to 6 participants, pursuant to the Plan. The number of unissued ordinary shares under options issued pursuant to the Plan at the date of this report is 2,320,000.



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
30 June 1997

24. EMPLOYEE ENTITLEMENTS (Cont.)

The Company is of a kind referred to in the class order issued by the Australian Securities Commission dated 8 March 1994, under which the Directors are relieved from the need to disclose the names of all employees and relevant details in respect of options granted to those employees under the Plan. The Directors have availed themselves of the relief granted under this class order.

No persons entitled to exercise any option referred to above has or had, by virtue of the option, a right to participate in any share issue of any other body corporate.

25. JOINT VENTURE INTERESTS

The Company is a participant in the following joint ventures as at 30 June 1997:

<i>Joint Venture</i>	<i>Location</i>	<i>Principal Activity</i>	<i>%</i>
Paladin Brightstar JV	Australia wide	Uranium exploration	50
Yilgarn Gold JV	WA	Gold exploration	50

The Company's aggregate interest in the assets and liabilities of each of these joint ventures is reflected in the following categories in the financial statements:-

	1997 \$	1996 \$
Exploration expenditure capitalised	96,785	-
Cash at bank	106,206	-
Current receivables	3,810	-
Current creditors	(52,477)	-
	154,324	-

26. ACQUISITION OF SUBSIDIARY

On 23 December 1996 the Company acquired 100% of the issued capital of Paladin Energy Minerals NL (ACN 073 700 393) being one fully paid share at a total cost of \$1.00. The assets comprised \$1.00 cash at the time of acquisition.

STATEMENT BY DIRECTORS

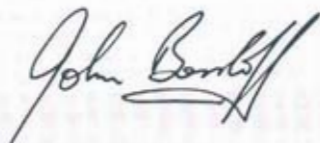


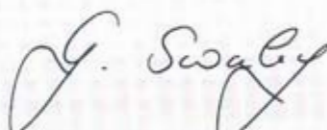
In the opinion of the Directors:

- (a) the financial statements set out on pages 24 to 40 are drawn up in accordance with Divisions 4, 4A and 4B of Part 3.6 of the Corporations Law and so as to give a true and fair view of:
 - (i) the state of affairs as at 30 June 1997 and the loss for the financial year ended on that date of the Company and the economic entity; and
 - (ii) the other matters with which they deal;
- (b) at the date of this statement there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

The financial statements are drawn up in accordance with applicable Accounting Standards and other mandatory professional reporting requirements (Urgent Issues Group Consensus Views).

Signed at Perth this 26th day of September 1997 in accordance with a resolution of the Directors.


J Borshoff (Director)


G Swaby (Director)



TO THE MEMBERS OF PALADIN RESOURCES NL

SCOPE

We have audited the financial statements of Paladin Resources NL for the financial year ended 30 June 1997 as set out on pages 24 to 41. The financial statements include the consolidated accounts of the economic entity comprising the Company and the entities it controlled at the year end or from time to time during the financial year. The Company's directors are responsible for the financial statements. We have conducted an independent audit of these financial statements in order to express an opinion on them to the members of the Company.

Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance as to whether the financial statements are free from material misstatement. Our procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial statements, and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion as to whether, in all material respects, the financial statements are presented fairly in accordance with Accounting standards, other mandatory professional reporting requirements (Urgent Issues Group Consensus Views) and statutory requirements so as to present a view which is consistent with our understanding of the Company's and the economic entity's financial position, the results of their operations and their cash flows.

The name of the controlled entity of which we have not acted as auditor is Eden Creek Pty Ltd. We have, however, received sufficient information and explanations concerning this controlled entity to enable us to form an opinion on the consolidated accounts.

The audit opinion expressed in this report has been formed on the above basis.

AUDIT OPINION

In our opinion, the financial statements of Paladin Resources NL are properly drawn up:

- (a) so as to give a true and fair view of:
 - (i) the state of affairs as at 30 June 1997 and the loss and cash flows for the financial year ended on that date of the Company and the economic entity; and
 - (ii) the other matters required by Divisions 4, 4A and 4B of Part 3.6 of the Corporations Law to be dealt with in the financial statements;
- (b) in accordance with the provisions of the Corporations Law; and
- (c) in accordance with applicable Accounting Standards and other mandatory professional reporting requirements.

Coopers + Lybrand

COOPERS & LYBRAND

Chartered Accountants

John O'Connor

Partner

Perth, Western Australia

26th September 1997

ADDITIONAL INFORMATION



Pursuant to the Listing Requirements of Australian Stock Exchange Limited as at 16 September 1996

		Shareholders	Number	Optionholders
(a)	Distribution			
	1 - 1,000	2		24
	1,001 - 5,000	53		173
	5,001 - 10,000	140		49
	10,001 - 100,000	504		62
	100,001 - maximum	98		11
		<hr/>		<hr/>
		797		319
		<hr/>		<hr/>

3 shareholders hold less than a marketable parcel of shares.
83 optionholders hold less than a marketable parcel of shares.

(b) Substantial shareholders (5% or more of issued capital)

J Borshoff and associated companies	10,038,237 shares
D Dunnet and associated companies	4,273,413 shares

(c) The twenty largest shareholders hold 53.71% of the total shares issued.

Holder	No. of Shares	%
Aylworth Holdings Pty Ltd	9,948,237	14.40
Overnight Nominees Pty Ltd	6,835,859	9.90
Shar Holdings Pty Ltd	2,963,890	4.29
Uranex Resources Ltd	2,777,778	4.02
Westessa Holdings Pty Ltd	1,947,619	2.82
Grundy Nominees Pty Ltd	1,586,806	2.30
Aurex Pty Ltd	1,309,523	1.90
Orebo Pty Ltd	1,290,806	1.76
Brian Lee & Audrey Lee	1,144,444	1.66
Strategic Consultants Pty Ltd	1,142,096	1.65
Sequentes Pty Ltd	926,667	1.34
Tilbia Nominees	843,750	1.22
Planmoor Investments Pty Ltd	821,500	1.19
Berne No: 132 Nominees Pty Ltd	712,500	1.03
Darkdale Pty Ltd	625,000	0.90
RW & CJ Crabb	555,556	0.80
S R Llewelyn	539,000	0.78
Underpass Holdings Pty Ltd	437,500	0.63
Dr L E Pretorius	400,000	0.58
Jarota Investments Pty Ltd	375,000	0.54
	<hr/>	
	37,183,531	53.71
	<hr/>	

ADDITIONAL INFORMATION



(c) The twenty largest optionholders hold 73.38% of the total options issued.

<i>Holder</i>	<i>No. of Options</i>	<i>%</i>
Uranex Resources Ltd	1,388,889	20.11
Overnight Nominees Pty Ltd	721,143	10.44
Aylworth Holdings Pty Ltd	444,444	6.44
Grundy Nominees Pty Ltd	380,903	5.52
Shar Holdings Pty Ltd	334,326	4.84
Orebo Pty Ltd	309,903	4.49
RW & CJ Crabb	277,778	4.02
BL & A Lee	222,222	3.22
Aurex Pty Ltd	130,952	1.90
Strategic Consultants Pty Ltd	125,000	1.81
Foskin Pty Ltd	108,611	1.57
Arredo Pty Ltd	87,500	1.27
Tilbia Nominees Pty Ltd	84,375	1.22
Sequentes Pty Ltd	83,333	1.21
Berne No: 132 Nominees Pty Ltd	71,250	1.03
Fogbell Nominees Pty Ltd	64,250	0.93
Darkdale Pty Ltd	62,500	0.90
Ikon Management Pty Ltd	59,722	0.86
Commerce Pty Ltd	55,556	0.80
D M Oliver	55,556	0.80
	<hr/>	
	5,068,213	73.38
	<hr/>	

(d) Voting rights

For all shares, voting rights are one vote per member on a show of hands and one vote per share in a poll.

(e) Restricted Securities

The Company has on issue 1,500,000 options, exercisable at 35 cents on or before 31 July 2000, due for release from escrow in August 1998.

ADDITIONAL INFORMATION



(f) Mining Tenements held –

<i>Project</i>	<i>Tenement</i>	<i>Interest %</i>	<i>JV Partners</i>	<i>Operator</i>
PALADIN 100% & FARM OUT PROJECTS				
<i>Western Australia</i>				
Dunnsville	2E's	100%	-	-
Turee Creek	3E's	100%	-	-
	4EA's	100%	-	-
Lake Roe	3E's	25%	Newcrest Operations Ltd	Newcrest Operations Ltd
Swan Lake Joint Venture	1E	40%	Aberfoyle Resources Ltd	Aberfoyle Resources Ltd
<i>Northern Territory</i>				
Litchfield	1EL	100%	-	-
Brumby Joint Venture	2EL's	20%	Acacia Resources Ltd	Acacia Resources Ltd
Margaret River Joint Venture	2EL's	30%	Acacia Resources Ltd	Acacia Resources Ltd
Davenport	1ELA	30%	Normandy Gold Pty Ltd	Normandy Gold Pty Ltd
Hatches Creek	1EL	30%	Normandy Gold Pty Ltd	Normandy Gold Pty Ltd
PALADIN BRIGHTSTAR JOINT VENTURE				
<i>Western Australia</i>				
Ponton	6EA's	50%	Brightstar Power Corporation Pty Ltd	Paladin Resources NL
Gascoyne	1EA	50%	Brightstar Power Corporation Pty Ltd	Paladin Resources NL
<i>South Australia</i>				
Lake Elder	1EL	50%	Brightstar Power Corporation Pty Ltd	Paladin Resources NL
	1ELA	50%		
Curnamona Uranium Joint Venture	4EL's	37.5%	Brightstar Power Corporation Pty Ltd & Goldminco NL	Paladin Resources NL
Siccus Joint Venture	3EL's	45%	Brightstar Power Corporation Pty Ltd & Signature Resources NL	Paladin Resources NL
<i>Northern Territory</i>				
Napperby	2ELA's	50%	Brightstar Power Corporation Pty Ltd	Paladin Resources NL
N E Arunta	1ELA	50%	Brightstar Power Corporation Pty Ltd	Paladin Resources NL

E	Exploration Licence (WA)
E(A)	Exploration Licence Application (WA)
M(A)	Mining Lease Application (WA)
EL	Exploration Licence (NT)
EL(A)	Exploration Licence Application (NT)

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