

PALADIN RESOURCES NL



PALADIN



ANNUAL  
REPORT  
1998

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## ANNUAL GENERAL MEETING

A Notice of Meeting and Proxy Form accompanies this Annual Report

## CORPORATE DIRECTORY

### DIRECTORS

Chairman  
Dr Douglas Dunnet

Managing Director  
Mr John Borshoff

Director / Secretary  
Ms Gillian Swaby

Director  
Mr Rick Wayne Crabb

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### AUSTRALIAN COMPANY NUMBER

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## Company Snapshot

*The main emphasis of the activity during the past 12 months has been to consolidate and build upon the framework Paladin had established during the preceding year. Through its strategic alliances, Paladin further strengthened its uranium position securing 70% of the prospective ground in the Frome region and has identified an excellent gold project for joint venture farm-in in the highly prospective Kambalda region.*

*The key objective of acquiring uranium projects having contained resources amenable to the desirable in-situ leach (ISL) mining method was also successfully achieved. Acquisition during the year of the Manyingee and Oobagooma Deposits in Western Australia and the Kayelekera Deposit in Malawi in Southern Africa has enabled the Company to be propelled onto the international uranium scene placing it in the top quartile of the emerging uranium producer category worldwide. Development of these projects, which have had a total of \$30 million spent by previous companies on exploration, pre-feasibility and feasibility works, will provide the basis of growth for the Company.*

*Paladin believes it has the correct blend both of relevant deposits suitable for development and exploitation by a junior company, and high quality exploration projects to further assist its growth.*

*Establishment of its 20F registration in the USA completed in parallel with the growth and development of its project asset base gives the Company a sound base from which to access new investor interest to fund support for its future effort.*

## Performance Indicators

### ACHIEVEMENTS

- Establishing as a significant uranium player in Australia.
- Three uranium deposits acquired giving a total resource inventory of 64 million lbs of uranium.
- Frome position consolidated - exploration in progress.
- High quality exploration gold project established.
- 20-F Registration in USA completed.

### THE FUTURE

- Commence feasibility study on Manyingee deposit.
- Complete economic review of final feasibility study on Kayelekera deposit.
- Continue aggressive project acquisition efforts and increase current uranium resource inventory position.
- Maintain focussed exploration in Frome and Ponton joint venture project areas.
- Commence exploration on Kambalda West gold joint venture project.
- Create new opportunities via joint ventures and knowledge/database utilization.
- Consolidate and develop the USA shareholder support base utilizing the 20-F Registration facility.

## Chairman's Letter

Considering the general downturn over the past 12 months across the Australian resource sector it is rewarding that Paladin is showing a resilience to this trend. I believe this is largely due to the counter cyclical strategies adopted by your Board and which now offer exciting possibilities for the future.

The downturn in gold price has meant that interest in this commodity is subdued with sentiment falling to an all time low. The shift by Paladin into the uranium sector has been well timed and justified by the combination of in-house expertise, privileged knowledge and the opportunity this commodity represents, providing an excellent basis for growth.

After rationalising our existing gold projects through farm-out and relinquishment, the Company initiated aggressive moves to re-establish and revitalise its chances of success. In the 18 months since we became involved in the uranium sector we have developed a comprehensive and complementary project portfolio.

With the recent acquisition of the Manyingee and Oobagooma deposits, the Company has positioned itself to become the premier in-situ leach group in Australia. In addition, the Kayelekera Uranium deposit in Malawi, Southern Africa not only provides a significant and high grade deposit but also offers geographic diversity essential to the longer term development of the Company's asset base. This represents a combined resource of 64 million lbs of uranium now placing Paladin in the top quartile of emerging uranium producers worldwide.

Paladin has also built up a high quality exploration package again focussed on in-situ leach targets. Your Board believes that only uranium deposits amenable to in-situ leaching can successfully compete, both on cost and environmental terms, with the large uranium mining operations such as the Ranger deposit. This approach will enable Paladin to fill a potentially very rewarding market niche. In conjunction with its joint venture partners, Paladin has continued to consolidate its position in the Frome where the Company now holds 70% of the priority exploration ground in this exciting region. Efforts for discovery in this highly prospective area are a priority where it is expected that two other companies will proceed to develop in-situ leach mining operations at Beverley and Honeymoon in the next 12 months.

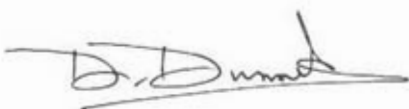
Fifteen months ago a generative joint venture was established with Ranger Minerals NL to target projects with resource potential for greater than 1,000,000 oz of gold in the Yilgarn region. The Kambalda West Project has resulted from this focussed effort. This large tenement package situated in the heartland of major deposits offers excellent potential for discovery.

Completion of our 20F registration in the USA was an integral part of the Company strategy. With the successful 20F filing the Company now has the opportunity to access the huge USA investor market and this key ingredient will be vital to assist in Paladin's future growth.

The decision by Paladin to focus mainly on exploration and development of uranium projects is, your Board believes, correct. The increased demand for uranium in the mid to long term is assured. Electricity is the single greatest global resource which is lacking in supply and limiting social and economic development. Increasing supply of electrical power is critical and is forecast to double in the next 50 years to meet projected demands.

Nuclear energy, which already supplies 17% of the global electricity, is able to provide base load power with zero greenhouse gas emissions. Global warming, greenhouse gas emissions and the coal, oil and gas burn up are inextricably linked and are now being seriously scrutinised at an international level in a bid to alleviate the looming planetary crisis. At the 1997 Kyoto Conference emission guidelines were agreed which, when adopted, will result in a significant reduction in greenhouse gas emissions and thus create an added opportunity for nuclear power. Nuclear power represents the only proven, clean energy source capable of meeting large scale, base load electricity demand.

Paladin, by establishing itself in the uranium sector, has placed itself in a prime position to take advantage of this opportunity and thus benefit its shareholders.



**DR D DUNNET**

CHAIRMAN





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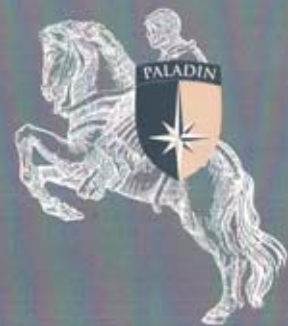
**DIRECTORS**

**MR RICK CRABB**  
Director

**MS GILLIAN SWABY**  
Director

**MR JOHN BORSHOFF**  
Managing Director

**DR DOUGLAS DUNNET**  
Chairman





# Nuclear Power - the essential partner in the 21st century

## IMPLICATIONS OF THE KYOTO CLIMATE CHANGE PROTOCOL

At the Conference held in Kyoto in December 1997 agreement was reached for a convention which, once ratified, will impose defined targets for the permitted emission levels of climate change gases including carbon dioxide. The Convention set these targets based on the emission levels in 1990. The overall, global, requirement by 2008 to 2012 is a reduction to 5 percent below the 1990 levels for the developed countries.

Whilst Australia could only manage agreement to a greenhouse target involving increase of emissions by 8%, this was in stark contrast to the targets set by the majority of the other developed countries which have agreed to decrease their levels even further than the -5% global target figure reduction viz.

### Country Emission Targets

-8%	European Union
-8%	Switzerland and most central and eastern European countries
-7%	USA
-6%	Japan, Canada, Hungary, Poland
-5%	Croatia
0%	Russia, NZ, Ukraine
+1%	Norway
<b>+8%</b>	<b>Australia</b>
+10%	Iceland

### Comments Made Post Conference

#### Dr Tony Beck

February 1998, Member of Australian Governments National Greenhouse Advisory Panel and attended Kyoto meeting.

*"The outcome of the Kyoto climate change conference, the Kyoto Protocol, represents a major historic achievement. Never before have so many countries reached an agreement with such potentially significant economic and environmental consequences. The national commitments to limit emissions are extremely challenging and will require an expansion in the use of non-emitting energy sources including nuclear power".*

*"No other non-emitting source yet provides a proven basis for large-scale base load power generation so nuclear potentially has an important role to play in limiting emissions as energy demand grows. To demonstrate the scale of the task, if, by 2050, nuclear power output was four times its current level (requiring 800 - 1000 reactors), it would contribute about 14% of likely primary energy demand. Other significant changes would need to occur if emissions are to be stabilised".*

#### Dr Madeleine Albright

US Secretary of State Greenhouse, the main topic of her only public speech made in Australia

July 1998 - Excerpts

*"Our choice is clear. We can keep pumping more gases into the atmosphere every year, invite more climate change, and let future generations deal with the consequences. Or we can act prudently to protect our planet, our children's home".*

*Describing global climate change as "perhaps the most comprehensive long-term environmental challenge facing us all".*

*"But the one thing we truly cannot afford to do is wait and see. For if the warnings are right, the cost of reversing climate change and cleaning up the damage will be infinitely greater than the cost of preventing it."*

#### Mr Kabru Samejima

President Tokyo Electric Power Co which operates 183 power stations including 15 nuclear reactors.

*"The agreement by Japan at Kyoto represents a cut of about 150 million tonnes CO<sub>2</sub> on the basis of 1990 emissions and to achieve this goal, the Japanese government aims to build an additional 20 nuclear power reactors as well as to develop and promote energy conservation and new energy sources".*

*"The Japanese government plans to increase proportion of electricity production using nuclear power to 42% by 2010.*

*It is necessary for us to use a diversity of energy sources and make the best use of each source's characteristics to create a well balanced mix capable of meeting steadily increasing electricity demand, achieving improvements in economic efficiency and addressing environmental issues.*

*With these requirements it is obvious that nuclear power must play the major role, while LNG, coal-fired plants and other sources will play their own part according to their characteristics".*

# Nuclear Power

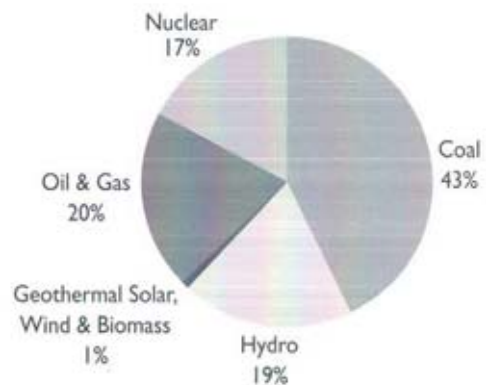
## - the essential partner in the 21st century

*Nuclear generation has already been proven to be a major factor in restraining greenhouse gas emissions around the world.*

### MAKING CLEAN ELECTRICITY

- Nuclear generation has already been proven to be a major factor in restraining greenhouse gas emissions around the world. Large scale commercial nuclear power generation, which began in 1958 and currently includes 440 nuclear units, has avoided the release of over 8 billion tonnes of carbon dioxide into the atmosphere. Currently 17% of global electricity is produced using nuclear energy which is almost as much as the contribution of hydro electric power.
- Hydro electric power generation facilities have been developed for about one-hundred years. Most of the suitable sites near areas of high demand for power are already developed and further expansion is limited. Nuclear power, although a relatively young and still developing technology, remains the only proven greenhouse gas free technology capable of meeting the large scale electricity generation demands of the next century.
- Nuclear power generation does produce high level nuclear fuel waste products. However the fundamental difference is that only a very small volume is created and ALL of these wastes are fully contained at the site.
- Long term storage and disposal alternatives have now been developed and with exhaustive environmental assessment of the concept, long term deep geological disposal sites will be in place early next century.
- A unique aspect of nuclear waste management is that all of the costs associated with the short and medium term storage, as well as the ultimate disposal of the high level waste, are included in the price of the electricity supplied to the consumer. This is not the case with power generation technologies using fossil fuels.

Fuel Source for Global Electricity Supply (1996)



Source: BP World Review



## Review of Operations

The Paladin operational activities are principally focussed on uranium, with subordinate effort focussed on gold. This involves a total of 19 projects (see Figure 1). The Company currently has 12 uranium projects with nine of these in joint venture. The Manyingee, Oobagooma and Kayelekera uranium deposits comprise the three recently acquired resource projects. The seven gold projects include six joint venture projects, two of which Paladin is manager and the remainder are farm-outs.

## URANIUM ACTIVITIES

### URANIUM DEPOSITS

In June 1998 Paladin, through its wholly owned subsidiary Paladin Energy Minerals NL, acquired a 100% interest in the Manyingee and Oobagooma Uranium Deposits in the Onslow and Kimberley areas of Western Australia. These deposits have the potential to be mined using the ISL method and, combined, contain a global inferred resource between 14,000 to 20,000 t (31 million to 45 million lbs) of uranium oxide at a grade in the range 0.12% to 0.14% U<sub>3</sub>O<sub>8</sub>.

Outside the Beverley and Honeymoon deposits in the Frome Basin, Manyingee represents the only other known advanced ISL project in Australia. Oobagooma provides one of the last known ISL advanced exploration projects remaining in Australia.

Acquisition of these projects completes the vital component of the Company's stated strategy to develop an attractive resource base with the real possibility of early production start-up and to enable Paladin to become the premier ISL group in Australia. In addition, the acquisition through farm-in in February 1998 of the Kayelekera Deposit in Malawi, Southern Africa, adds a further 11,640 t of U<sub>3</sub>O<sub>8</sub> grading 0.187% to the Company's growing resource inventory.

### Resource Inventory

The inferred global resources attributable to Paladin now total 64,000,000 lbs at an average grade of 0.14% U<sub>3</sub>O<sub>8</sub>. As the table shows, this is contained within four deposits, two of which have potential for low cost ISL development.

Project	Equity	U <sub>3</sub> O <sub>8</sub> Tonnes	lbs (Millions)	Grade% U <sub>3</sub> O <sub>8</sub>
Manyingee *	100%	7,860 t	17.6	0.120
Oobagooma *	100%	9,950 t	22.3	0.120
Kayelekera	80%	11,640 t	26.0	0.187
Napperby	50%	2,625 t	5.9	0.080
Total		32,075 t	71.8	0.140

\* ISL



**Manyingee Deposit - Western Australia  
(Paladin 100%)**

The Manyingee Deposit is situated in the West Pilbara region of Western Australia, 85km south of the township of Onslow (figure 1). The project is covered by three Mining Leases, granted May 1989 covering a total of 1,567 hectares.

In June 1998, Paladin acquired Manyingee offering staged payments over a two year period totalling \$3,250,000. A 1% royalty will be payable on production.

Uranium exploration commenced in the region in 1973. Uranium exploration was carried out by Total Mining Australia Pty Ltd from 1973 until 1984 drilling a total of 400 holes. Trial field testing of the in-situ leaching method (ISL) was carried out in 1985 over a six month period. Final stages of the rehabilitation took place in 1992, with all exploration and mining test wells sealed and surface restored. A total of \$16 million was spent on this project by previous workers.

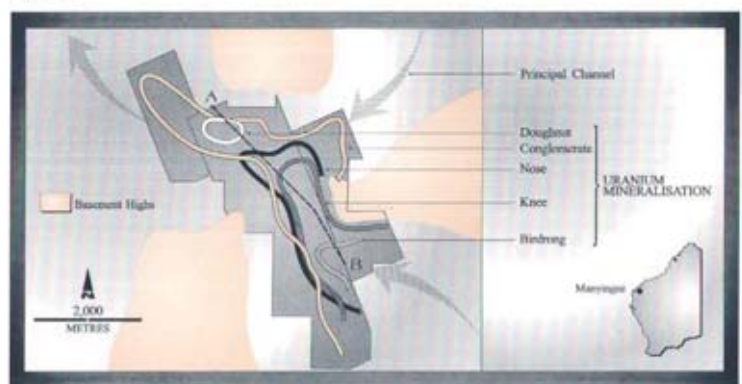
Manyingee is a typical stacked roll front deposit (figures 2 & 3). The mineralisation occurs between 70 to 110m depth range within Lower Cretaceous channel sediments. The 40 to 70m thick Birdrong sandstone, which hosts the bulk of the uranium overlies 20m of conglomerate and a basal 20 to 40 m arkosic unit. The channel sequence is capped by a 10m thick, impervious unit and several specific uranium roll front systems have been recognised. These are categorized into the Knee, Nose and Conglomerate components and are associated with tabular mineralized sections which have potential to develop into sub roll fronts (figure 2).

Resource calculations by Total Mining using a 200ppm cut off and a minimum thickness of 2m resulted in identification of an inferred global resource of 7,400 t of U<sub>3</sub>O<sub>8</sub> at 0.12%. An additional resource, where mineralisation is less than 2m thick, contains 470 t of

U<sub>3</sub>O<sub>8</sub> and these combine to give a total of 7,870 t of contained U<sub>3</sub>O<sub>8</sub>.

The six month 5-spot trial leach test programme conducted by Total Mining showed that the mineralisation at Manyingee is amenable to ISL. This trial did not achieve its economic objective due to poor site selection, leachant application and injection hole design. It did, however, demonstrate amenability to in-situ leach techniques as indicated by the production of 1,200lbs of yellowcake.

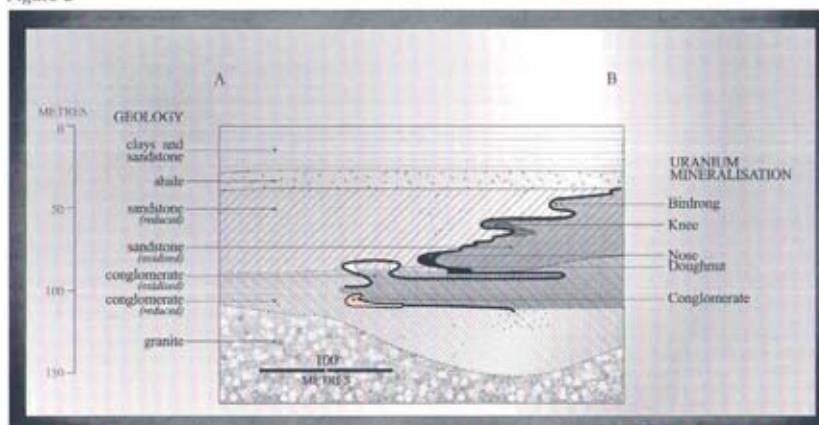
Figure 3



During the time of the pre-feasibility a large quantity of baseline data was collected on the meteorological, hydrological, geotechnical and metallurgical aspects, both for the Environmental Impact Study and economic evaluation. This will allow a fast track evaluation of the project.

The 7,870 t U<sub>3</sub>O<sub>8</sub> resource identified at Manyingee is open and potential exists for increasing these resources. An intensive drilling program to convert the in-ground geological resource to mining reserves and further metallurgical test work needs to be carried out before a full feasibility study of the Manyingee ore body is initiated. It is Paladin's objective to take the Manyingee Deposit to a development decision within the next 2 to 3 years.

Figure 2



# Review of Operations

## Oobagooma Project - Western Australia (Paladin 100%)



Figure 4

The Oobagooma Project is located 75km north east of Derby in the Kimberley Region of Western Australia on freehold land owned by the Commonwealth and used by the military (figure 4). The area is covered by two EL applications covering 392 km<sup>2</sup>.

In June 1998 the Oobagooma Project was acquired by payment of \$150,000 with a put and call option to be exercised on payment of \$750,000 after the tenements have been granted. A 1% gross royalty is payable from production.

Exploration for sandstone hosted uranium targets focussed on the Lower Carboniferous Yampi Sandstone. The uranium mineralisation is largely controlled by a package of reduced sediments located centrally in the Yampi Sandstone at 45 to 80m depth to the north and 80 to 120m in the south of the prospect area.

The Oobagooma project was explored by Afmeco from 1983 to 1986 during which time extensive zones of uranium mineralisation were discovered (figure 5). Work included drilling totalling 40,536m with spacing varying from 800 to 50m. Pump testing carried out showed the mineralised sandstone units had porosity and permeability values suitable for ISL application.

Afmeco calculated ore resources using geostatistical methods employing a cut off of greater than 300ppm U<sub>3</sub>O<sub>8</sub>. A total geological resource of 9,945 t U<sub>3</sub>O<sub>8</sub> at 0.12% was calculated and includes a resource of 5,432 t U<sub>3</sub>O<sub>8</sub> at 0.14% with a grade thickness of greater than 0.1% (percent x metres).

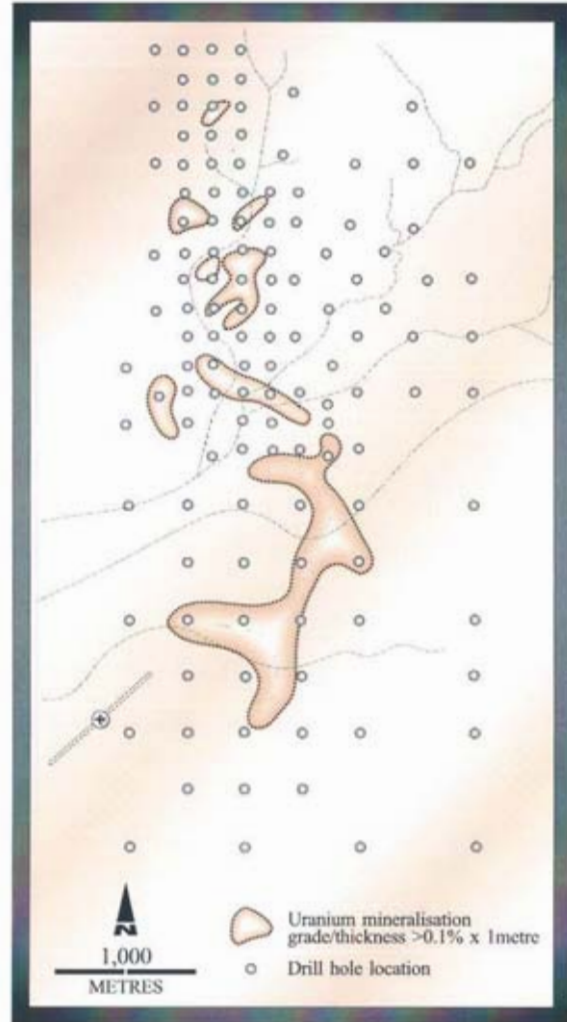


Figure 5

Paladin's evaluation and review work has identified a 15 to 20 m thick prospective sequence in the Yampi Sandstone which includes a prospective redox front system at least 7km in length with roll fronts occurring in a stacked configuration. The re-interpretation indicates a larger more coherent mineralising system with the presence of 4 to 5 individual roll fronts each 3 to 5m thick. This target horizon is located from 75m in the north, to a depth of 105m toward the south.

The main exploration effort, once the tenements have been granted, will be to confirm continuity of the uranium mineralisation by infill drilling concentrating on mineralised redox fronts as re-interpreted and further develop the reserves for consideration of a future ISL mining operation.



**Kayelekera Deposit, Malawi, Southern Africa  
(Paladin earning 80%)**

The Kayelekera Uranium Deposit is located in Malawi, Southern Africa and is 40kms to the west of the provincial town of Karonga (figure 1). The deposit is protected by Exclusive Prospecting Licence (EPL) 070 and covers a total of 157 km<sup>2</sup> (figure 6). It was granted to Balmain Resources Pty Ltd on the 26th of January 1998 for a period of 3 years.

Under the terms of the joint venture agreement signed in February 1998 Paladin can earn an 80% interest on expenditure of \$500,000 within 3 years. Balmain Resources will retain 20% interest comprising a 10% component carried to bankable feasibility and a 10% contributory component triggered once earn-in is achieved. In addition Paladin is required to make 3 staged payments over a 3 year period totalling \$110,000 cash and \$50,000 in shares.

Central Electricity Generating Board in Great Britain (CEGB) commenced exploration on this project in 1983. Their work resulted in the discovery of the high grade Kayelekera sandstone uranium deposit. The deposit was drilled to a 50 x 50m spacing with selected infill drilling on 25m x 25m. A global geological resource of 11,640 t of

U<sub>3</sub>O<sub>8</sub> at a grade of 0.187% (cut off 0.05% U<sub>3</sub>O<sub>8</sub>) up to a depth of 100m was calculated by CEGB utilising the area of influence method. This resource occurs within four principal mineralised lenses. This work culminated in completion of a full feasibility study in 1990 assessing the viability of a conventional open pit mining operation. The study revealed the deposit to be uneconomic.

The main aim of Paladin is to re-assess the final feasibility study and evaluate project viability utilising more updated and optimized mine model data and incorporation of new inputs, particularly evaluation of a radiometric ore sorting component in a potential mining operation. Improved experience of engineering firms now more familiar with assessing establishing mining operations in this region should also benefit the project and Paladin believes significant improvement to the original study will be achieved through this analysis.

Paladin is currently procuring the full exploration and final feasibility database, involving approximately \$9 million of information consisting of exploration, geotechnical and engineering investigations utilised for development of the final feasibility study.

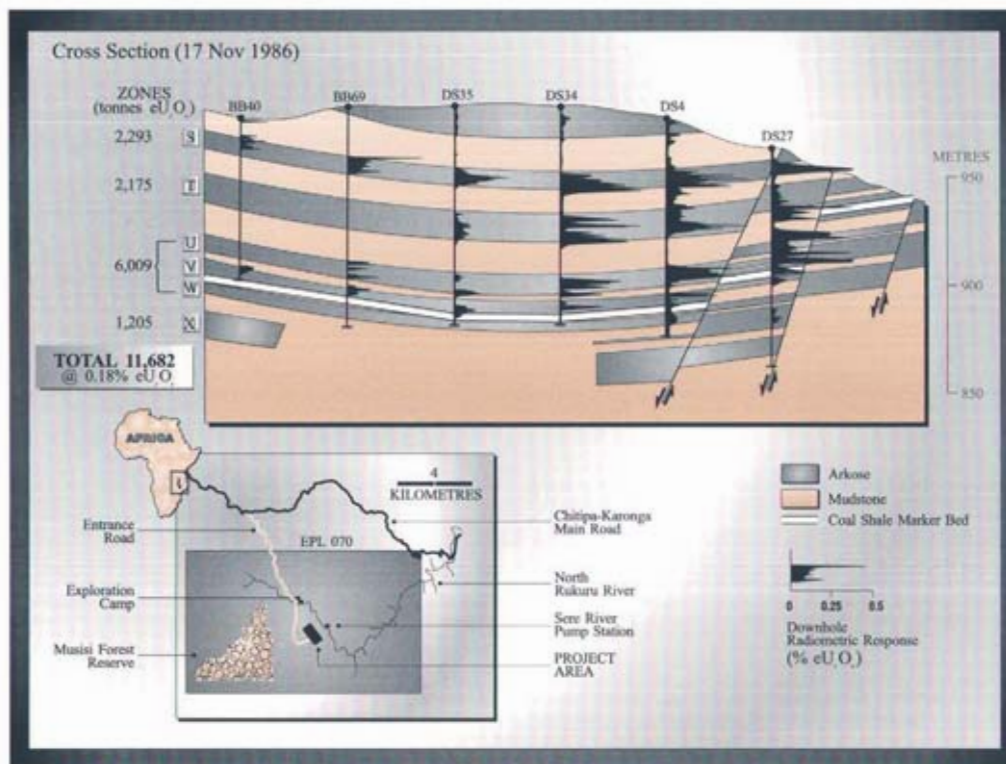


Figure 6

# Review of Operations

## URANIUM ACTIVITIES

### EXPLORATION

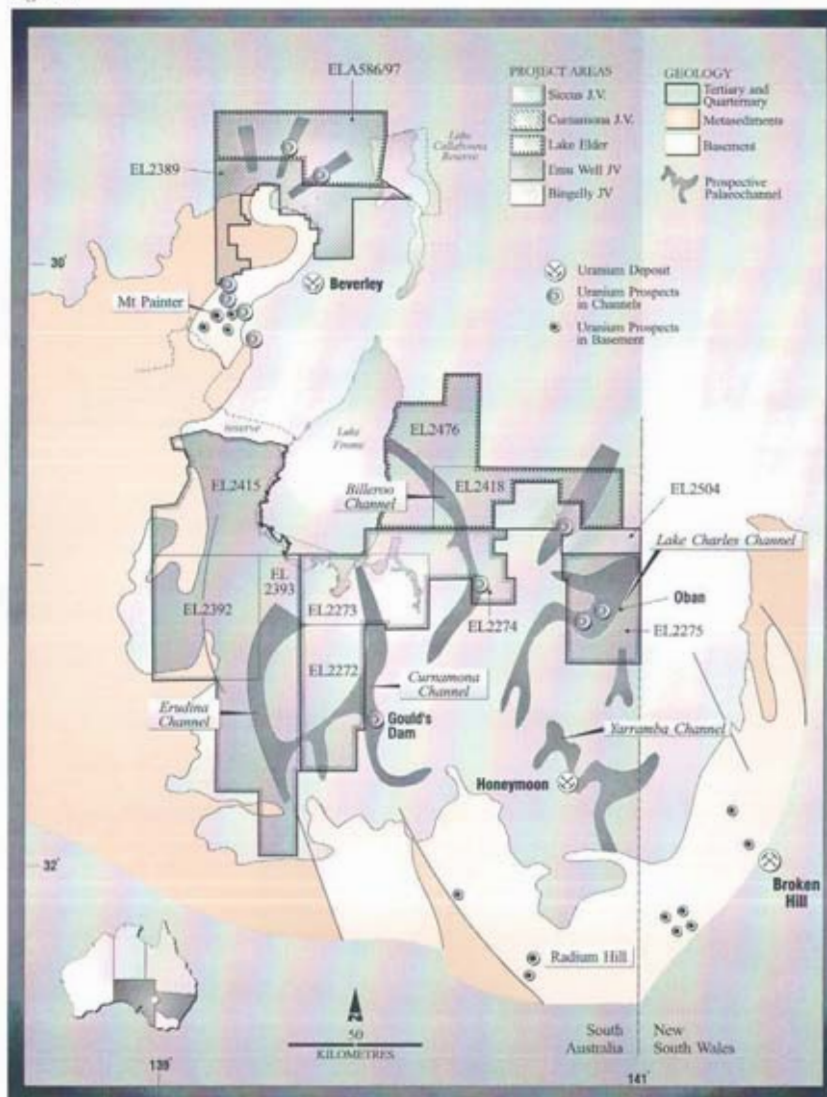
#### Frome Projects, South Australia

The Frome Basin is proving to be a major uranium province. Interest in the Frome Embayment by exploration companies is mounting. Together with the strategic joint ventures already secured in this region, the Paladin Brightstar Joint Venture (PBJV) partners, Paladin and Black Range Minerals NL (formerly Uranium Australia NL) now hold an integral 17,000 km<sup>2</sup> of ground in this emerging uranium province. Paladin and Black Range, through their joint ventures, now control nearly 70% of the prospective ground in the Frome Region giving them a strategic stronghold in this area (figure 7). North American companies, Heathgate Resources and Southern

Cross Resources, are currently undertaking final testing prior to making development decisions regarding future mining of their respective Beverley and Honeymoon Uranium Deposits by in-situ leach methods. Field trial leach testing by Heathgate Resources is showing early positive results, giving high encouragement for commencement of mining development in the next 12 months. The PBJV partners remain the only Australian listed companies with extensive exposure in this major uranium province in search for desirable in-situ leach deposits.

In the past 12 months Paladin completed a comprehensive re-evaluation of all previous exploration in the Frome Basin. This involved a review of a total of approximately 4,200 drillholes, utilising the work of 20 previous companies and has placed the joint venture in a unique position to be able to redefine the prospective targets within the Frome Basin.

Figure 7





### **Curnamona Uranium Joint Venture**

#### **(Paladin earning 37.5%)**

The Curnamona Uranium Joint Venture comprises 4 granted Exploration Licences covering 4533 km<sup>2</sup>. The PBJV partners are earning a 75% interest in the sedimentary cover units which host the ISL amenable uranium deposits. Exploration targets include the Oban uranium prospect, the Curnamona palaeochannel and the northern part of the Namba channel.

A total of 98 rotary mud holes were drilled in the Joint Venture area in two campaigns. Work focussed on evaluation of the Oban prospect and the prospective redox boundary extending north and south. Scout drilling south of Oban prospect confirmed the existence of approximately 6 km of highly prospective horizon within which the Berber prospect was identified, returning radiometric anomalism of 7 to 40 times background in 5 of 7 holes associated with the target redox front.

The Berber prospect now extends for a 2 km strike length and is open to the east. Further to the south a new palaeochannel has been identified. Both of these are targets for follow-up drilling.

### **Bingelly Uranium Joint Venture (Paladin earning 40%)**

In March 1998 the PBJV partners entered into a joint venture with Fortuna NL on EL2504 with an expenditure requirement of \$150,000 over a 5 year period to earn an 80% interest. Fortuna can convert to a 10% interest, carried to bankable feasibility study, should it elect not to contribute when Paladin and Black Range have fulfilled their earning obligations.

With the farm-in completing the landholding in this part of the Frome the PBJV now has a continuous land holding controlling 60 kms of prospective redox fronts and 30 kms of the prospective Lake Carnanto palaeodrainage.

Six vertical rotary mud holes were drilled to follow up results of previous drilling in the Lake Carnanto Channel. The upper redox front shows radiometric anomalism of 5 to 50 times background and 1 to 8 m thickness in 2 drill holes. Future drilling will aim at testing this prospective redox front.

### **Lake Elder Project (Paladin 50%)**

The Lake Elder Project consists of 4 granted Exploration Licences covering a total of 5,097 km<sup>2</sup>.

Review of previous drill hole results shows the Lake Carnanto palaeochannel drains from Benagerrie Ridge into EL 2418 and EL 2485 and contains thicknesses up to 45 m of the prospective basal sands of the Eyre Formation. Radiometric anomalism of 7 and 4 times background occurs in two drill holes. EL 2494 abuts the northern margin of the Mount Painter Complex basement rocks. Analysis of previous company work from this area has identified two anomalous zones. The first area includes a 4 m thick downhole radiometric anomaly of 10 times background. The second area includes downhole radiometric anomalous intersection of 26 times background (1,770 ppm U<sub>3</sub>O<sub>8</sub>) associated with lignitic mudstone within sand. These targets require drilling.

A 15 hole drilling programme on EL 2418 investigated the northern reaches of the Lake Carnanto Channel. Work was inconclusive and further drilling is required to delineate the prospective redox boundaries.

### **Siccus Joint Venture (Paladin earning 45%)**

In the Siccus Joint Venture the PBJV partners can earn a 90% equity interest in 3 tenements covering 6,068 km<sup>2</sup> west and south of Lake Frome by spending \$400,000 over 5 years.

Detailed evaluation of the historic drill data has identified two prospective palaeochannels which are poorly tested. These are the north trending Erudina Channel and east-west trending Curnamona Channel which drained the uranium rich basement rocks in the south. Low level radiometric anomalism of up to 8 times background was detected in two isolated drill holes within these channels. The prospective Eyre Formation has thicknesses of 15 to 20 m in channels which are 130 to 170 m deep.

Beverly type targets are expected in the lowlands abutting the Flinders Ranges to the west. Here wide spaced previous regional drilling has identified prospective sands in the Namba Formation.

# Review of Operations

## **Ponton Project - Western Australia (Paladin 50%)**

The Ponton Project is located 200 km east of Kalgoorlie at the edge of the Victoria Desert in Western Australia (figure 1). The project includes 6 Exploration Licence Applications totalling 1,061 km<sup>2</sup>. Most of these tenements are situated within an A Class Flora and Fauna Reserve.

Exploration in the 80's in this region identified a large uraniferous region and resulted in the discovery of the Mulga Rocks Deposit located 20 km north east of project area. This contains 13,000 t of uranium at an average grade of 0.12%. It is uneconomic for conventional mining and is also not suitable to ISL mining since it occurs at the water table.

The exploration target is for roll front or tabular sandstone type uranium mineralisation in the lower parts of the palaeodrainages suitable for ISL. The channels contain a large proportion of sands showing good porosities located well underneath the water table. Review of previous work identified the poorly tested Double 8 prospect where a highly anomalous zone has been isolated.

Results show consistent downhole radiometric anomalies at the Double 8 prospect for a distance of 15 km along the Raeside palaeochannel. The anomalism is contained within the top 30 m section of a porous sand sequence. Mineralisation is controlled by two or three stacked oxidised cells within the reduced channel sediments. High downhole radiometry in excess of 3,000 counts per second (cps) indicating grades of >0.1% U<sub>3</sub>O<sub>8</sub> were observed in 50% of the holes drilled in this area. Radiometric anomalism extends over thicknesses up to 17 m.

The prospect has only been broadly drilled on traverses 800 to 1,500 m apart using 400 m hole spacing. Drilling was not carried out toward the south leaving a 2 km information gap within this prospective zone. Infill and extension drilling is justified to test the prospectivity of this highly anomalous zone which has been identified.

## **Napperby Project - Northern Territory (Paladin 50%)**

The Napperby Project is located 150 km northwest of Alice Springs in the Northern Territory and comprises 2 Exploration Licence Applications covering 1,362 km<sup>2</sup> (figure 1). These are prospective for both surficial calcrete

type and deeper sandstone type uranium mineralisation. Previous explorers identified the New Well deposit where a surficial calcrete resource of 6,000 t of U<sub>3</sub>O<sub>8</sub> at an average grade of 0.035% (using 0.02% cut off) was outlined. A higher grade resource of 2,625 t of U<sub>3</sub>O<sub>8</sub> exists when using a 0.05% cut off. The bulk of the essentially horizontal mineralisation is located within calcareous sands at 4 to 10 m depth. Studies by the previous owners showed the deposit to be uneconomic using traditional mining methods.

The main target of this project is exploration for ISL deposits in Tertiary channels extending downstream from New Well. This target has not been previously tested. Four deep scout holes in this area identified oxidised sands to a maximum depth of 130 m west of the New Well deposit. These holes located favourable oxidised sands and exploration will focus on the search for a prospective redox boundary.

## **GOLD ACTIVITIES**

### **Yilgarn Gold Joint Venture - Western Australia (Paladin 50%)**

The Yilgarn Gold Joint Venture is located in the Yilgarn Block in Western Australia. The Joint Venture area of interest is approximately 750,000 km<sup>2</sup> and is project generative in nature (figure 1). This joint venture between Paladin and Ranger Minerals NL resulted in the development of the Kambalda West Joint Venture (see below). The main target for this 50:50 joint venture is to search for a major (+1 million ounce) Archaean gold deposit and utilise the experience, databases and capacity of both companies.

Regional studies completed in 1997/98 outlined fertile gold belts including the Yandal Belt and its southern extensions, Leonora, Laverton as well as the Kalgoorlie Norseman area, as highly prospective. Work currently concentrates in the Kalgoorlie area defining specific structural targets for high grade gold mineralisation. Work has included the compilation of all available data (publicly and in the Ranger Minerals/Aurex and Paladin databases) which are being studied to refine a comprehensive exploration model in addition to targeting defined areas.



**Kambalda West Joint Venture - Western Australia  
(Paladin earning 37.5% to 40%)**

The Kambalda West Project is located 45 km south of Kalgoorlie in Western Australia. Paladin and Ranger have agreed to farm into a tenement package from Central Kalgoorlie Gold Mines (CKGM) covering 174 km<sup>2</sup>, incorporating a number of underlying joint ventures between CKGM and other parties. Paladin and Ranger will earn a 80% interest in CKGM's interest in the tenements on expenditure of \$2.5 m over 5 years. This property is the result of Yilgarn Gold Joint Venture generative activities.

The Kambalda West tenement package covers a strategic holding in the highly prospective greenstone belt between Kambalda and Kalgoorlie (figure 8). Several large coherent gold soil anomalies form a northwest trending zone that extends for approximately 13km and closely parallels the surface trace of the Zulieka Shear Zone. Within the zone of anomalism several prospects have been identified where drilling has returned some high grade intersections. These projects have not been fully tested and the potential to

find both lateral and depth extensions of known mineralisation is high.

Several prospects are already known within the lease area. Two of these have small current resources defined.

- \* Jonah Dam 290,000t @ 1.45g/t for 13,200 oz of gold
- \* Green Leader 90,000t @ 3g/t for 8,300 oz of gold

Mineralisation at both Green Leader and Jonah Dam is open at depth and along strike, and this is also the case at Bullseye another prospect which contains ore-grade intercepts from RC drilling. New interpretation of the structural geology has led to the definition of several exciting new targets for walk up drill testing.

The prospectivity of the project is further confirmed by Western Mining Corporation who hold a 787 ha exclusion within the tenement package containing the Caves Rocks gold deposit, where an underground resource of 2Mt @ 5 g/t for 300,000 ounces of gold has recently been announced.

Through the Kambalda West Joint Venture Paladin has been able to secure a large, poorly explored tenement holding and considers this project the cornerstone of its gold efforts.

**Turee Creek Project - Western Australia  
(Paladin 100%)**

The Project is located 120 km west-south-west of the township of Newman in the lower Proterozoic Ashburton Basin (figure 1). It includes 4 Exploration Licence Applications covering 707 km<sup>2</sup>. Paladin reviewed the extensive database it has of the region resulting in a new structural interpretation of the area. Two structurally defined exploration targets associated with anomalous gold are now recognised and require follow up investigation.

**Litchfield Project - Northern Territory  
(Paladin 100%)**

The Litchfield Project is located 150 km south of Darwin at the western margin of the Pine Creek Geosyncline (figure 1). It consists of Exploration Licence 8211 covering 15 km<sup>2</sup>. Paladin outlined a 350 x 100 m rockchip and soil anomaly showing up to 1 g/t gold in rockchip samples. A 5 hole (500 m) RC drilling program to undercut this anomaly failed to intersect mineralisation at depth. The strong surface anomaly remains unexplained and requires further work. Paladin is currently seeking a joint venture partner to further explore the project.

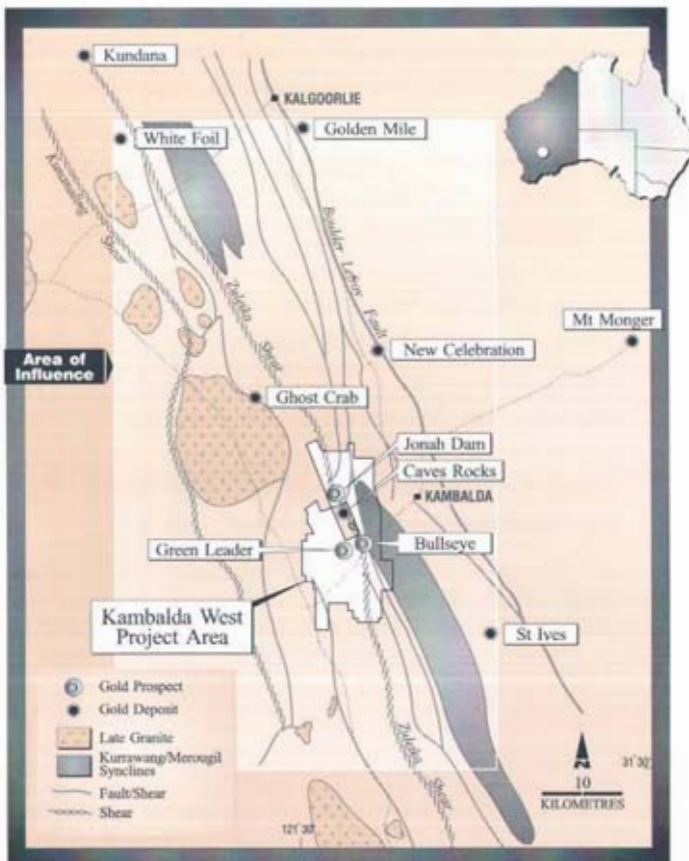


Figure 8



## Directors' Report

The Directors present their report on the consolidated accounts for the year ended 30 June 1998.

### 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 36 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 Yilgam Star Gold Mine near Southern Cross and guiding Orion to its market capitalisation of over \$130 million prior to the takeover by Sons of Gwalia NL. 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 26 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. Uranerz primary focus was for the search and development of uranium projects with the company operating extensively throughout Australia, North America and Africa.

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 uranium, gold and base metal 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 17 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 \$1,520,968 (1997: \$183,613) was written off. Expenditure totalling \$4,999,337 (1997: \$2,218,313) has been carried forward on other areas where operations are continuing. The consolidated results after abnormal write-down of investments of \$1,121,861 (1997: \$2,124,200) are as follows:

	1998	1997
	\$	\$
Operating loss after income tax	3,053,710	2,615,312

## 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 12 to 16 of this report.

## Significant Changes in the State of Affairs

There were no significant changes in the state of affairs of the economic entity during the financial year not otherwise dealt within this report.

## 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 those matters disclosed in Note 22 of the financial statements.

## 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

### 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. On 24 January 1997, 230,000 unlisted options exercisable at 20 cents on or before 31 July 2000 were issued to 6 participants, pursuant to the Plan. During the year ended 30 June 1998, 50,000 (1997: 15,000) options lapsed. The number of unissued ordinary shares under options issued pursuant to the Plan at the date of this report is 2,270,000. No further options can be issued pursuant to the Plan.

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.



## Balance Sheets

as at 30 June 1998

	Notes	Consolidated		Parent Entity	
		1998 \$	1997 \$	1998 \$	1997 \$
<b>CURRENT ASSETS</b>					
Cash	3	933,734	552,619	870,494	446,175
Receivables	4	85,228	89,315	85,103	85,505
<b>TOTAL CURRENT ASSETS</b>		<b>1,018,962</b>	<b>641,934</b>	<b>955,597</b>	<b>531,680</b>
<b>NON CURRENT ASSETS</b>					
Receivables	5	-	-	1,178,050	906,567
Investments	6	650,000	1,692,964	1,986,007	3,392,967
Property, Plant & Equipment	7	864,547	942,597	135,225	187,025
Other	8	5,005,200	2,223,313	334,084	419,541
<b>TOTAL NON CURRENT ASSETS</b>		<b>6,519,747</b>	<b>4,858,874</b>	<b>3,633,366</b>	<b>4,906,100</b>
<b>TOTAL ASSETS</b>		<b>7,538,709</b>	<b>5,500,808</b>	<b>4,588,963</b>	<b>5,437,780</b>
<b>CURRENT LIABILITIES</b>					
Accounts Payable	9	260,640	142,780	60,894	79,752
Borrowings	10	-	39,501	-	39,501
Provisions	11	51,837	31,835	51,837	31,835
Other	12	1,500,000	-	-	-
<b>TOTAL CURRENT LIABILITIES</b>		<b>1,812,477</b>	<b>214,116</b>	<b>112,731</b>	<b>151,088</b>
<b>NON CURRENT LIABILITIES</b>					
Other	12	1,250,000	-	-	-
<b>TOTAL LIABILITIES</b>		<b>3,062,477</b>	<b>214,116</b>	<b>112,731</b>	<b>151,088</b>
<b>NET ASSETS</b>		<b>4,476,232</b>	<b>5,286,692</b>	<b>4,476,232</b>	<b>5,286,692</b>
<b>SHAREHOLDERS' EQUITY</b>					
Share Capital	13	12,195,753	9,952,503	12,195,753	9,952,503
Accumulated Losses		(7,719,521)	(4,665,811)	(7,719,521)	(4,665,811)
<b>TOTAL SHAREHOLDERS' EQUITY</b>		<b>4,476,232</b>	<b>5,286,692</b>	<b>4,476,232</b>	<b>5,286,692</b>
<b>COMMITMENTS AND CONTINGENT LIABILITIES</b>					
	14				

The accompanying notes form part of these statements.



## Profit and Loss Accounts

for the year ended 30 June 1998

	Notes	Consolidated		Parent Entity	
		1998	1997	1998	1997
		\$	\$	\$	\$
Operating loss before abnormal items and income tax		1,931,849	491,112	1,931,849	491,112
Abnormal item before income tax	15	1,121,861	2,124,200	1,121,861	2,124,200
Operating loss before income tax	2,15	3,053,710	2,615,312	3,053,710	2,615,312
Income tax attributable to operating loss	16	-	-	-	-
Operating loss after income tax		3,053,710	2,615,312	3,053,710	2,615,312
Accumulated losses at the beginning of the financial year		4,665,811	2,050,499	4,665,811	2,050,499
Accumulated losses at the end of the financial year		7,719,521	4,665,811	7,719,521	4,665,811
Earnings per share	24				

The accompanying notes form part of these financial statements.

## Statements of Cash Flows

for the year ended 30 June 1998

	Notes	Consolidated		Parent Entity	
		1998 \$	1997 \$	1998 \$	1997 \$
<b>Cash flows from operating activities</b>					
Payments to suppliers and employees		(374,506)	(423,742)	(373,406)	(423,742)
Interest received		73,692	50,195	73,692	50,195
Sundry Income		82,586	86,330	82,586	86,330
<b>Net cash outflow from operating activities</b>	23	<b>(218,228)</b>	<b>(287,217)</b>	<b>(217,128)</b>	<b>(287,217)</b>
<b>Cash flows from investing activities</b>					
Payments for property, plant and equipment		(21,620)	(40,685)	(21,620)	(40,685)
Exploration and evaluation expenditure		(715,955)	(563,354)	(158,059)	(387,637)
Purchase of prospects		(680,000)	-	-	-
Payments for investments		(78,897)	(250,000)	(78,897)	(250,000)
Payment on behalf of subsidiaries		-	-	(1,195,792)	(282,125)
<b>Net cash outflow from investing activities</b>		<b>(1,496,472)</b>	<b>(854,039)</b>	<b>(1,454,368)</b>	<b>(960,447)</b>
<b>Cash flows from financing activities</b>					
Loan of funds to non-related entities		-	(400,000)	-	(400,000)
Share placement		2,243,033	952,500	2,243,033	952,500
Fundraising costs		(107,716)	-	(107,716)	-
<b>Net cash inflow from financing activities</b>		<b>2,135,317</b>	<b>552,500</b>	<b>2,135,317</b>	<b>552,500</b>
<b>Net increase / (decrease) in cash held</b>		<b>420,617</b>	<b>(588,756)</b>	<b>463,821</b>	<b>(695,164)</b>
Cash at the beginning of the financial year		513,117	1,101,873	406,673	1,101,837
<b>Cash at the end of the financial year</b>	3	<b>933,734</b>	<b>513,117</b>	<b>870,494</b>	<b>406,673</b>

The accompanying notes form part of these statements.



# Notes To and Forming Part of the Financial Statements

for the year ended 30 June 1998

## 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.

The financial statements have been drawn up on a going concern basis. The Company has no operating cashflow and has liabilities due in June 1999 of \$1,500,000 and in June 2000 of \$1,250,000. The Directors are confident that the Company will have the necessary funds to meet these liabilities as and when they fall due. The Directors have advanced a program to raise capital from overseas investors, and at the date of this report had achieved the following:

- (i) a 20F registration in the United States has been completed;
- (ii) a USA investor has already taken a significant equity position in the Company;
- (iii) overseas investor support has been further demonstrated by a placement raising \$500,500 at an issue price of 11 cents per share subsequent to balance date; and
- (iv) a portion of funds raised from this placement were being used to progress a USA promotional campaign to raise equity in the next few months.

The Directors are confident of a successful outcome to this campaign.

### (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 1998 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.

### (D) 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.



# Notes To and Forming Part of the Financial Statements

for the year ended 30 June 1998

## 1. STATEMENT OF ACCOUNTING POLICIES (continued)

### (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.

	Consolidated		Parent Entity	
	1998	1997	1998	1997
	\$	\$	\$	\$
<b>2. OPERATING REVENUE</b>				
Other revenue				
- interest received from other corporations	73,692	35,196	73,692	35,196
- sundry income	82,586	23,978	82,586	23,978
- proceeds on sale of tenement	-	275,000	-	275,000
	<b>156,278</b>	<b>334,174</b>	<b>156,278</b>	<b>334,174</b>
<b>3. CASH</b>				
Cash at bank and on hand	136,486	109,626	73,246	3,182
Bank bills	797,248	442,993	797,248	442,993
	<b>933,734</b>	<b>552,619</b>	<b>870,494</b>	<b>446,175</b>

The above figures are reconciled to cash at the end of the financial year as shown in the Statements of Cash Flows as follows:

Balance as above	933,734	552,619	870,494	446,175
Less: Bank overdraft (Note 10)	-	(39,502)	-	(39,502)
	<b>933,734</b>	<b>513,117</b>	<b>870,494</b>	<b>406,673</b>



Paladin Resources NL and Controlled Entities

	Consolidated		Parent Entity	
	1998	1997	1998	1997
	\$	\$	\$	\$
<b>4. CURRENT RECEIVABLES</b>				
Sundry debtors	85,228	89,315	85,103	85,505
<b>5. NON CURRENT RECEIVABLES</b>				
Loan to controlled entities - unsecured	-	-	3,224,782	2,028,990
Less provision for non-recovery	-	-	(2,046,732)	(1,122,423)
	-	-	1,178,050	906,567
<b>6. NON CURRENT INVESTMENTS</b>				
Listed investment - at cost	3,896,061	3,817,164	3,896,061	3,817,164
Less provision for non-recovery	-	(2,124,200)	-	(2,124,200)
Less write-down	(3,246,061)	-	(3,246,061)	-
Listed investment - at Directors' valuation	650,000	1,692,964	650,000	1,692,964
Shares at cost - controlled entity	-	-	1,700,003	1,700,003
Less provision for non-recovery	-	-	(363,996)	-
	650,000	1,692,964	1,986,007	3,392,967
The market value of shares listed on a prescribed stock exchange	303,632	1,206,950	303,632	1,206,950

**Investment in Controlled Entities**

Name	Country of Incorporation	Percentage Interest Held		Cost of Parent Entity's Investment	
		1998	1997	1998	1997
				\$	\$
Eden Creek Pty Ltd *	Australia	100%	100%	1,700,002	1,700,002
Paladin Energy Minerals NL	Australia	100%	100%	1	1
				1,700,003	1,700,003
Less provision for non-recovery of investment - Eden Creek Pty Ltd				(363,996)	-
				1,336,007	1,700,003

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

\* This entity is not required to prepare or lodge audited accounts.



# Notes To and Forming Part of the Financial Statements

for the year ended 30 June 1998

	Consolidated		Parent Entity	
	1998 \$	1997 \$	1998 \$	1997 \$
<b>7. NON CURRENT PROPERTY PLANT &amp; EQUIPMENT</b>				
Plant and equipment - at cost	411,768	390,148	411,768	390,148
Less provision for depreciation	276,543	203,123	276,543	203,123
	135,225	187,025	135,225	187,025
Technical database - at cost	262,500	262,500	-	-
Less amortisation	122,464	96,214	-	-
	140,036	166,286	-	-
Project generation database - at cost	589,286	589,286	-	-
	864,547	942,597	135,225	187,025
<b>8. NON CURRENT ASSETS - OTHER</b>				
(a) Exploration Expenditure				
Opening Balance	2,218,313	2,004,322	419,541	302,259
Movements:				
- Acquisition costs	680,000	-	-	-
- Deferred acquisition costs	2,750,000	-	-	-
- Direct expenditure for the year	872,855	642,520	174,556	409,669
- Cost of tenement sold	-	(244,916)	-	(244,916)
Expenditure written off	(1,520,968)	(183,613)	(260,013)	(47,471)
	5,000,200	2,218,313	334,084	419,541
(b) Mines Department Bonds	5,000	5,000	-	-
	5,005,200	2,223,313	334,084	419,541
<b>9. ACCOUNTS PAYABLE</b>				
Trade creditors and accruals	260,640	142,780	60,894	79,752
<b>10. CURRENT BORROWINGS</b>				
Unsecured bank overdraft	-	39,502	-	39,502
<b>11. CURRENT PROVISIONS</b>				
Employee entitlements	51,837	31,835	51,837	31,835



	Consolidated		Parent Entity	
	1998	1997	1998	1997
	\$	\$	\$	\$
<b>12. OTHER LIABILITIES</b>				
Deferred tenement acquisition cost:				
Current	1,500,000	-	-	-
Non-Current	1,250,000	-	-	-
	<u>2,750,000</u>	-	-	-

This liability which is non interest bearing, is secured by a fixed and floating charge over the assets of the economic entity.

### 13. SHARE CAPITAL

#### (a) Paid Up Capital

Ordinary shares of 20 cents each fully paid	80,174,252	55,250,015	12,195,753	9,952,503
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#### (b) Movements in issued and paid up ordinary share capital of the Company during the past two years were as follows:

Date		Number of Shares	Par Value \$	Discount \$	Total \$
01.07.96	Opening Balance	46,500,015	9,300,003	(300,000)	9,000,003
25.02.97	Placement at 9c	6,000,000	1,200,000	(660,000)	540,000
13.03.97	Placement at 15c	2,750,000	550,000	(137,500)	412,500
30.06.97	Balance	55,250,015	11,050,003	(1,097,500)	9,952,503
25.08.97	Entitlement Issue at 9c	13,812,500	2,762,500	(1,519,375)	1,243,125
25.09.97	Placement at 9c	11,111,112	2,222,222	(1,222,222)	1,000,000
11.11.97	Exercise of Listed Options at 20c	625	125	-	125
30.06.98	Balance	80,174,252	16,034,850	(3,839,097)	12,195,753

#### (c) Issued Options

	Number of Options	
	1998	1997
(i) Paladin Resources NL Directors, Employees and Consultants Share Option Plan		
Unlisted and exercisable at 25 cents, on or before 31 May 1999		
Balance at 1 July 1997	2,090,000	1,985,000
Issued during year	-	120,000
Less lapsed during year	(50,000)	(15,000)
Balance at 30 June 1998	<u>2,040,000</u>	<u>2,090,000</u>
Unlisted and exercisable at 20 cents, on or before 31 July 2000		
Balance at 1 July 1997	230,000	-
Issued during year	-	230,000
Balance at 30 June 1998	<u>230,000</u>	<u>230,000</u>



## Notes To and Forming Part of the Financial Statements

for the year ended 30 June 1998

### 13. SHARE CAPITAL (continued)

	<i>Number of Options</i>	
	1998	1997
<b>(c) Issued Options (continued)</b>		
<b>(ii) Unlisted and exercisable at 20 cents, on or before 31 July 2000.</b>		
Balance at 1 July 1997	4,500,000	-
Issued during year	-	4,500,000
Balance at 30 June 1998	4,500,000	4,500,000
<b>(iii) Unlisted and exercisable at 35 cents, on or before 30 July 2000.</b>		
Balance at 1 July 1997	1,500,000	-
Issued during year	-	1,500,000
Balance at 30 June 1998	1,500,000	1,500,000
<b>(iv) Unlisted and exercisable at 20 cents, on or before 31 May 2000</b>		
Balance at 1 July 1997	-	-
Issued during year	4,100,000	-
Balance at 30 June 1998	4,100,000	-
<b>(v) Listed and exercisable at 20 cents, on or before 31 May 1999</b>		
Balance at 1 July 1997	-	-
Issued during year	12,461,806	-
Less exercised during year	625	-
Balance at 30 June 1998	12,461,181	-

### (d) Issue of Shares and Options Subsequent to 30 June 1998

Refer to Note 22 regarding the issue of shares and options on 14 September 1998.



#### 14. 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 1998 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, Northern Territory and South Australian 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 1998/99, estimated outlays by the Company and the economic entity are \$510,907 (1997: \$441,075). Commitments beyond 1998/99 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. These relate to minimum expenditure requirements prior to the ability to withdraw from these joint ventures.

	Consolidated		Parent Entity	
	1998	1997	1998	1997
	\$	\$	\$	\$
Less than 1 year	50,000	-	-	-
1 to 2 years	57,421	-	-	-
	107,421	-	-	-

##### (c) Acquisition Costs

The economic entity acquired a call option on 19 June 1998 in relation to the purchase of the Oobagooma Uranium Deposit. As a condition to the option contract, the economic entity granted a put option to the current holder of the Oobagooma Uranium Deposit. Both the call and put options have an exercise price of \$750,000. Both of the options are subject to the Department of Minerals & Energy granting tenements comprising 2 exploration licence applications. The \$750,000 is payable by the economic entity within 10 business days of the later of the grant of the tenements or the exercise of either the call or put option. The options will expire 3 months after the date on which either of the tenements are granted.

#### 15. OPERATING LOSS

Operating loss has been determined after:

##### (a) Charging as an expense:

Depreciation of property, plant and equipment	73,421	66,178	73,421	66,178
Amortisation - technical database	26,250	26,250	-	-
<b>Other charges against assets:</b>				
Provision for non-recovery of intercompany loan	-	-	924,309	162,392
Exploration expenditure written off	1,520,968	183,613	260,013	47,471
Provision for non-recovery of investment in controlled entity	-	-	-	363,996



# Notes To and Forming Part of the Financial Statements

for the year ended 30 June 1998

	Consolidated		Parent Entity	
	1998	1997	1998	1997
	\$	\$	\$	\$
<b>15. OPERATING LOSS (continued)</b>				
<b>Abnormal Item:</b>				
Write down of investment to recoverable amount (nil tax effect)	1,121,861	2,124,200	1,121,861	2,124,200
<b>Other provisions:</b>				
Employee entitlements	20,002	15,527	20,002	15,527
<b>(b) Crediting as income:</b>				
Interest received from other corporations	73,692	35,196	73,692	35,196
Profit on sale of tenement	-	30,084	-	30,084

## 16. INCOME TAX

The aggregate amount of income tax attributable to the financial year differs from the amount calculated on the operating loss. The differences are reconciled as follows:

Operating loss before income tax	(2,703,710)	(2,615,312)	(2,703,710)	(2,615,312)
Income tax (benefit) calculated at 36% (1997: 36%)	(973,336)	(941,512)	(973,336)	(941,512)
Tax effect of permanent differences:				
Non-deductible amortisation	-	-	-	-
Non-deductible expenditure	156,944	89,196	156,944	89,196
	(816,392)	(852,316)	(816,392)	(852,316)
Tax benefit not recognised/(claimed)	816,392	852,316	816,392	852,316
Income tax attributable to operating loss	-	-	-	-

The Directors estimate that the potential future income tax benefit at 30 June 1998 in respect of tax losses not brought to account is:

	1,316,772	1,447,980	546,738	741,094
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This benefit for tax losses will only be obtained if:

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



	Consolidated		Parent Entity	
	1998	1997	1998	1997
	\$	\$	\$	\$

### 17. 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	15,919	11,427	15,919	11,427
Remuneration for other services by the parent entity auditors	8,126	1,520	8,126	1,520
	<u>24,045</u>	<u>12,947</u>	<u>24,045</u>	<u>12,947</u>

	Directors of Entities in the Economic Entity		Directors of Parent Entity	
	1998	1997	1998	1997
	\$	\$	\$	\$

### 18. REMUNERATION OF DIRECTORS

Income paid or payable, or otherwise made available to directors by entities in the economic entity and related parties

	<u>384,391</u>	<u>315,387</u>	<u>384,391</u>	<u>315,387</u>
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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	-	1
\$50,000 to \$59,999	-	1	-	1
\$60,000 to \$69,999	-	1	-	1
\$90,000 to \$99,999	1	-	1	-
\$120,000 to \$129,999	1	-	1	-
\$150,000 to \$159,999	1	1	1	1

Included in the above and 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.

### 19. REMUNERATION OF EXECUTIVES

One executive received \$150,000 during the year ended 30 June 1998 (1997: 1 executive \$150,000).

### 20. SEGMENT REPORTING

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



# Notes To and Forming Part of the Financial Statements

for the year ended 30 June 1998

## 21. 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 18.

(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 and consulting services were paid to a company in which G Swaby is a director and shareholder; and
- (iv) Fees for legal services totalling \$45,615 (1997: \$39,523) 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:

	Consolidated		Parent Entity	
	1998	1997	1998	1997
	\$	\$	\$	\$
Geological and management consulting fees	339,391	270,387	339,391	270,387
Directors' Fees	45,000	45,000	45,000	45,000
Legal services	45,615	39,523	45,615	39,523



**21. RELATED PARTIES (continued)****(d) Directors' holdings**

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

	Shares	1998 Number		Options*
		Options***	Options**	
D. Dunnet	4,383,413	465,278	750,000	300,000
J. Borshoff	10,198,237	444,444	950,000	500,000
G. Swaby	1,142,096	125,000	700,000	300,000
R. Crabb	2,603,175	277,778	700,000	300,000
		1997 Number		
	Shares	Options*		
D. Dunnet	3,342,857	300,000		
J. Borshoff	9,149,348	500,000		
G. Swaby	892,096	300,000		
R. Crabb	2,047,619	300,000		

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

\*\* unlisted, exercisable at 20 cents on or before 31 May 2000.

\*\*\* listed, exercisable at 20 cents on or before 31 July 1999.

The July 1999 options were acquired during the year on the same terms and conditions as applicable to other option holders. The May 2000 options were allotted at nil consideration, pursuant to shareholder approval.

**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.

**22. 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**

On 14 September 1998 the Company placed 4,550,000 fully paid shares at 11 cents per share together with 2,275,000 free attaching unlisted options (exercisable at 25 cents on or before 31 August 2000) to raise \$500,500 for additional working capital for evaluation of the economic entity's recently acquired uranium resource projects and to progress the USA promotional campaign following the 20-F registration.

**Kambalda West Joint Venture**

On 3 September 1998 the Company entered into a farm-in and joint venture agreement with Central Kalgoorlie Gold Mines NL (CKGM) covering some 180 km<sup>2</sup> straddling the Zuleika Shear Zone. Paladin and Ranger Minerals NL (through its wholly owned subsidiary) have the right to earn a joint 80% equity in CKGM's interest in the tenement package with expenditure of \$2.5 million over 5 years. The equity can be earned in two stages - 51% with expenditure of \$1.3 million over 3 years with the balance to 80% with expenditure of \$1.2 million over 2 years. This is the first project resulting from the generative activities of the Yilgarn Gold Joint Venture and Paladin will be the manager during the exploration phase with Ranger managing any development and mining operations.



# Notes To and Forming Part of the Financial Statements

for the year ended 30 June 1998

	Consolidated		Parent Entity	
	1998	1997	1998	1997
	\$	\$	\$	\$
<b>23. RECONCILIATION OF NET CASH OUTFLOW FROM OPERATING ACTIVITIES TO OPERATING LOSS AFTER INCOME TAX</b>				
(a) Operating loss after income tax	3,053,710	2,615,312	3,053,710	2,615,312
Non cash items:				
Depreciation and amortisation	(99,671)	(92,428)	(73,421)	(66,178)
Exploration expenditure written off	(1,520,968)	(183,613)	(260,013)	(47,471)
Provision for non-recovery of intercompany loan	-	-	(924,309)	(162,392)
Provision for non-recovery of investment in controlled entity	-	-	(363,996)	-
Fundraising costs paid and allocated to financing activities	(107,716)	-	(107,716)	-
Change in operating assets and liabilities:				
Write down of investment	(1,121,862)	(2,124,199)	(1,121,862)	(2,124,199)
Profit on sale of tenement	-	30,084	-	30,084
(Decrease)/increase in trade debtors	(4,250)	70,668	(4,250)	70,668
Decrease/(increase) in operating liabilities	18,985	(28,607)	18,985	(28,607)
Net cash outflow from operating activities	218,228	287,217	217,128	287,217

## 24. EARNINGS PER SHARE

	Consolidated	
	1998	1997
	(cents)	(cents)
(a) Basic Loss Per Share	(4.07)	(5.18)
Weighted average number of ordinary shares on issue during the year used in the calculation of basic earnings per share	75,066,687	50,452,070

### (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 13(c).



## 25. EMPLOYEE ENTITLEMENTS

	<i>Parent Entity</i>	
	1998	1997
	\$	\$
Provision for Annual Leave & Long Service Leave		
Aggregate employment entitlement liability	51,837	31,835

### 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.

On 24 January 1997, 230,000 unlisted options exercisable at 20 cents on or before 31 July 2000 were issued to 6 participants, pursuant to the Plan. During the year ended 30 June 1997, 15,000 options lapsed. The number of unissued ordinary shares under options issued pursuant to the Plan at the date of this report is 2,270,000. No further options can be issued pursuant to the Plan.

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.



## Notes To and Forming Part of the Financial Statements

for the year ended 30 June 1998

### 26. JOINT VENTURE INTERESTS

The Company is a participant in the following joint ventures as at 30 June 1998:

Joint Venture	Location	Principal Activity	%
Paladin Brightstar JV	Australia wide	Uranium exploration	50
Yilgarn Gold JV	Western Australia	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:-

	Parent Entity	
	1998	1997
	\$	\$
Exploration expenditure capitalised	598,752	96,785
Cash at bank	63,202	106,206
Current receivables	125	3,810
Current creditors	(55,190)	(52,477)
	<u>606,889</u>	<u>154,324</u>

### 27. FINANCIAL INSTRUMENTS

The net fair value of monetary financial assets and financial liabilities of the economic entity approximates their carrying value. The net fair value of the investment in Gullewa Gold NL has been based on the expected cash asset backing (net of debt) of Gullewa, following the announced sale of certain mining and exploration assets. The credit risk on financial assets of the economic entity which have been recognised in the balance sheet, other than investments in shares, is the carrying amount, net of any provisions for doubtful debts. The economic entity's exposure to interest rate risk is limited to that earned on cash which is deposited at a weighted average interest rate of 5%. All other financial instruments are non-interest bearing.



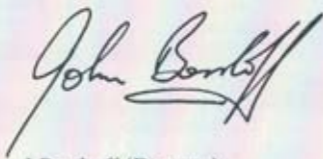
## Statement by Directors

In the opinion of the Directors:

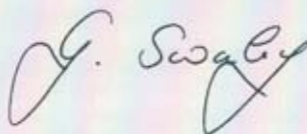
- (a) the financial statements set out on pages 22 to 38 are drawn up in accordance with Divisions 4, 4A and 4B of Part 3.6 of the Corporations Law and so as to give a true and fair view of:
  - (i) the state of affairs as at 30 June 1998 and the loss for the financial year ended on that date of the 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.

Signed at Perth this 23rd day of September 1998 in accordance with a resolution of the Directors.



J Borshoff (Director)



G Swaby (Director)



## Independent Audit Report 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 1998 as set out on pages 22 to 39. The financial statements include the consolidated accounts of the economic entity comprising the company and the entities it controlled at the year's 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 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 and the Corporations Law 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.

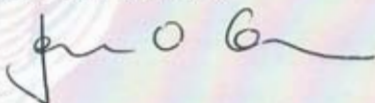
### Audit Opinion

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 1998 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.

*PricewaterhouseCoopers*

PricewaterhouseCoopers  
Chartered Accountants



John O'Connor  
Partner

Perth, Western Australia  
25th September 1998



## Additional Information

Pursuant to the Listing Requirements of Australian Stock Exchange Limited as at 12 September 1998

	<i>Number</i>	
	<i>Shareholders</i>	<i>Optionholders</i>
(a) Distribution		
1 - 1,000	8	23
1,001 - 5,000	102	154
5,001 - 10,000	209	42
10,001 - 100,000	562	54
100,001 - maximum	90	16
	<hr/> 971	<hr/> 289

74 shareholders hold less than a marketable parcel of shares.

223 optionholders hold less than a marketable parcel of options.

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

J Borshoff and associated companies

Uranex Resources Ltd

D. Dunnet and associated companies

(c) The twenty largest shareholders hold 55.06% of the total shares issued.

<i>Holder</i>	<i>No. of Shares</i>	<i>%</i>
Aylworth Holdings Pty Ltd	9,948,237	12.41
Uranex Resources Ltd	7,000,000	8.73
ANZ Nominees Limited	3,241,778	4.04
Merrill Lynch (Australia)	3,096,062	3.86
Shar Holdings Pty Ltd	3,073,890	3.83
Mr James U Blanchard III	2,777,778	3.46
Bunnaton Ltd	2,777,778	3.46
Mr R.W & C.J. Crabb	2,503,175	3.12
Grundy Nominees Pty Ltd	1,586,806	1.98
Aurex Pty Ltd	1,309,523	1.63
Strategic Consultants Pty Ltd	1,142,096	1.42
Orebo Pty Ltd	911,806	1.14
Ridgemark Pty Ltd	900,000	1.12
Tilbia Nominees Pty Ltd	700,000	0.87
Berne No 132 Nominees Pty Ltd	622,500	0.78
Mr Sean Reville Llewelyn	539,000	0.67
Foskin Pty Ltd	532,778	0.66
Fogbell Nominees Pty Ltd	513,578	0.64
Mr John Scott Mack & Mrs Gwenneth Grace Mack	500,500	0.62
Mr Tibor Von Karlowitz	500,500	0.62
	<hr/> 44,177,785	<hr/> 55.06



## Additional Information

(c) The twenty largest optionholders hold 83.47% of the total options issued.

<i>Holder</i>	<i>No. of Options</i>	<i>%</i>
Uranex Resources Ltd	2,500,000	20.06
ANZ Nominees Limited	1,393,898	11.19
Mr James U Blanchard III	1,388,889	11.15
Bunnaton Ltd	1,388,889	11.15
Fogbell Nominees Pty Ltd	514,357	4.13
Aylworth Holdings Pty Ltd	444,444	3.57
Grundy Nominees Pty Ltd	380,903	3.06
Shar Holdings Pty Ltd	334,326	2.68
Orebo Pty Ltd	323,403	2.60
Mr R.W. & C.J. Crabb	277,778	2.23
Planmoor Investments Pty Ltd	267,778	2.15
Mr B.& A. Lee	222,222	1.78
Mr M.J. Wildie	200,000	1.60
Aurex Pty Ltd	130,952	1.05
Strategic Consultants Pty Ltd	125,000	1.00
Foskin Pty Ltd	108,611	0.87
Mrs B.E. James	100,000	0.80
Mr R.A.M. Johns	100,000	0.80
PEP Nominee Pty Ltd	100,000	0.80
Mr M.F. Worrall	100,000	0.80
	<b>10,401,450</b>	<b>83.47</b>

(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.



Pursuant to the Listing Requirements of Australian Stock Exchange Limited as at 12 September 1998

(e) Mining Tenements held -

<b>Uranium Projects</b>				
<i>Project</i>	<i>Tenement</i>	<i>Interest %</i>	<i>JV Partners</i>	<i>Operator</i>
<b>WESTERN AUSTRALIA</b>				
PONTON	6E(A)'s	50%	Brightstar Power Corporation Pty Ltd	Paladin Resources NL
GASCOYNE	1E(A)	50%	Brightstar Power Corporation Pty Ltd	Paladin Resources NL
MANYINGEE	3M's	100%	-	-
OOBAGOOMA	4E(A)'s	100%	-	-
<b>SOUTH AUSTRALIA</b>				
LAKE ELDER	4EL's	50%	Brightstar Power Corporation Pty Ltd	Paladin Resources NL
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
BINGELLY JOINT VENTURE	1EL	40%	Brightstar Power Corporation Pty Ltd & Fortuna NL	Paladin Resources NL
EMU WELL JOINT VENTURE	1EL	45%	Brightstar Power Corporation Pty Ltd & J.E. Risinger'	Paladin Resources NL
<b>NORTHERN TERRITORY</b>				
NAPPERBY	2EL(A)'s	50%	Brightstar Power Corporation Pty Ltd	Paladin Resources NL
N E ARUNTA	1EL(A)	50%	Brightstar Power Corporation Pty Ltd	Paladin Resources NL
<b>MALAWI - AFRICA</b>				
KAYELEKERA	1 EPL	80%	Balmain Resouces NL	Paladin Resources NL



## Additional Information

(c) Mining Tenements held - (continued)

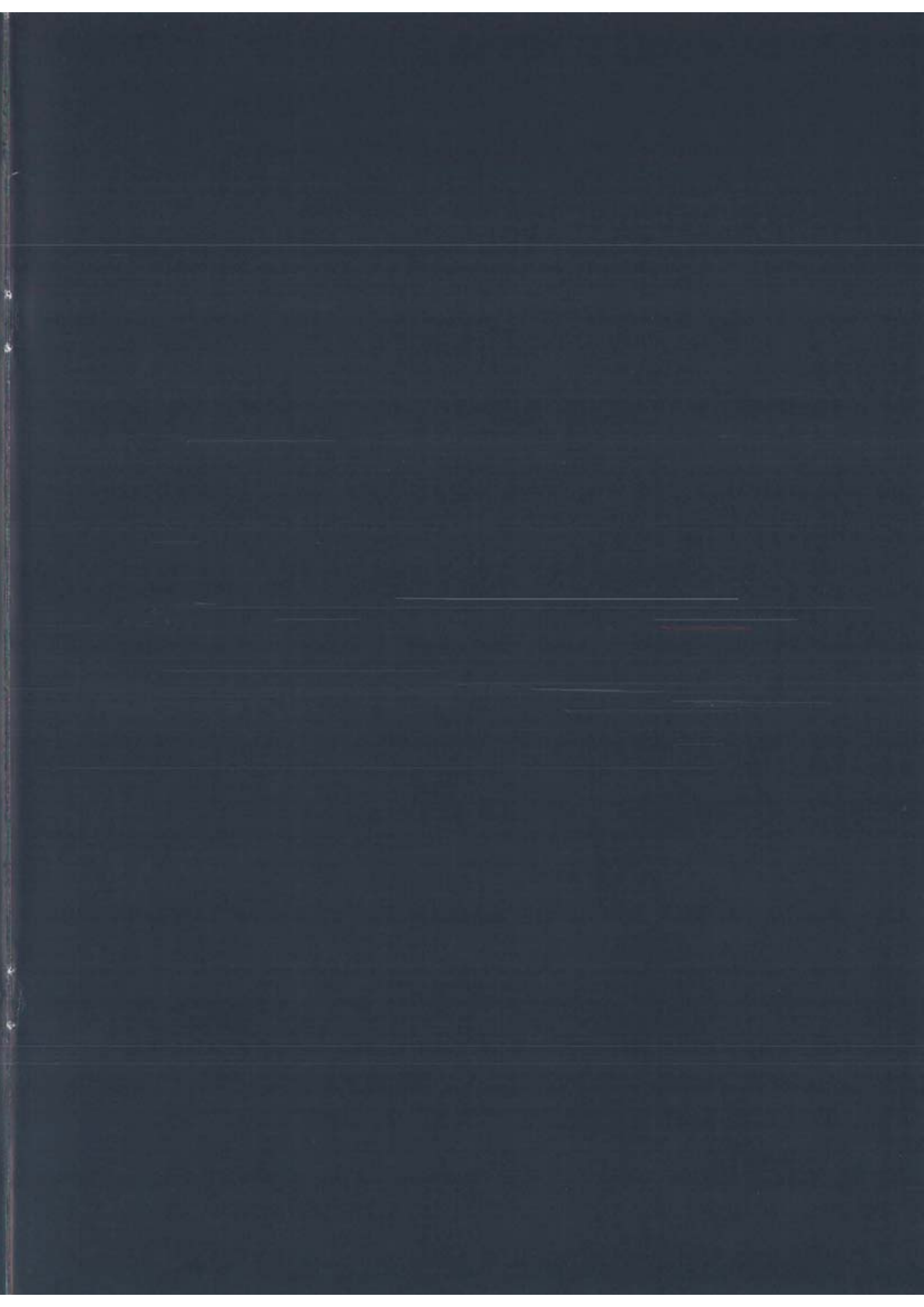
### Non-Uranium Projects

Project	Tenement	Interest %	JV Partners	Operator
<b>WESTERN AUSTRALIA</b>				
<b>WEST KAMBALDA JOINT VENTURE</b>				
CAVE ROCK TENEMENTS	18P's	40%	Juno Resources NL Central Kalgoorlie Gold Mines NL	Paladin Resources NL
ST BARBARA NORTH TENEMENT	1P	40%	Juno Resources NL Central Kalgoorlie Gold Mines NL	Paladin Resources NL
MEROUGIL JOINT VENTURE TENEMENTS	1E	30%	Juno Resources NL Central Kalgoorlie Gold Mines NL & Defiance Mining NL	Paladin Resources NL
PILBAILEY JOINT VENTURE TENEMENTS	1E 2P's 4 M(A)'s	32%	Juno Resources NL Central Kalgoorlie Gold Mines NL & Border Resources NL	Paladin Resources NL
ST BARBARA SOUTH TENEMENT	1P	30%	Juno Resources NL Central Kalgoorlie Gold Mines NL & Defiance Mining NL	Paladin Resources NL
TOP DAM TENEMENTS	1E 3M(A)'s	30%	Juno Resources NL Central Kalgoorlie Gold Mines NL, Merritt Mining NL & Richfield Resources NL	Paladin Resources NL
DUNNSVILLE	1E	100%	-	-
DUNNSVILLE JOINT VENTURE	1E	30%	Ida Gold Pty Ltd	Delta Gold NL
LAKE ROE	1E	100%	-	-
ASHBURTON BASIN	4E(A)'s	100%	-	-
<b>NORTHERN TERRITORY</b>				
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	1EL(A)	30%	Normandy Gold Pty Ltd	Normandy Gold Pty Ltd

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

P Prospecting Licence (WA)  
EL Exploration Licence (SA and NT)  
EL(A) Exploration Licence Application (SA and NT)  
EPL Exclusive Prospecting Licence (Malawi)







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