



## PALADIN ENERGY LTD

ACN 061 681 098

29 October 2010

The Manager  
Company Announcements Office  
ASX Limited  
Exchange Plaza  
2 The Esplanade  
PERTH WA 6000

Dear Sir/Madam

### **Settlement of Areva Proceedings**

Paladin Energy Ltd (**Paladin**) is pleased to announce that it has reached an agreement to resolve its dispute with Areva NC (Australia) Pty Ltd (**Areva**). Please refer to the announcement today by Summit Resources Limited (**Summit**) (copy attached) for details of the settlement.

As part of the settlement arrangements, Paladin will pay \$3,950,000 to Areva in consideration for the transfer to Paladin of all of Areva's rights under the Strategic Alliance agreement between Areva and the Summit entities.

Paladin is very pleased with the settlement as it:

- resolves the dispute with Areva, and thereby paves the way for Paladin and Areva to work co-operatively as shareholders of Summit Resources Ltd.
- ensures that Paladin controls, amongst other things, the Mt Isa Project sales and marketing rights.

Although the effect of the settlement is that the underlying claim by Summit against Resolute and MIU remains on foot, as previously announced, Paladin is confident that, if pursued, those proceedings can be successfully defended and, in any event, Paladin has the benefit of an indemnity from Resolute.

Yours faithfully  
Paladin Energy Ltd

**JOHN BORSHOFF**  
Managing Director/CEO

## Orders made dismissing intervention proceedings brought by Areva NC (Australia) Pty Ltd

On 11 April 2007, Summit and Areva NC (Australia) Pty Ltd (**Areva**) entered into a strategic alliance whereby Areva would subscribe for shares. That strategic alliance was documented in the Strategic Alliance Agreement, the Subscription Deed and the Deed of Undertaking executed by Summit and Areva on 11 April 2007. The terms of the documents comprising the strategic alliance were detailed in the supplementary target's statement released by Summit to the market on 11 April 2007.

On 3 August 2007, Summit announced that its wholly owned subsidiary, Summit Resources (Aust) Pty Ltd (**SRA**), had agreed with Resolute Limited and Mt Isa Uranium Pty Ltd (**MIU**) to settle the legal proceedings commenced against them by SRA on 28 July 2006 (the **underlying proceedings**).

Areva subsequently applied to the Supreme Court of Western Australia for orders under section 237 of the *Corporations Act 2001 (Cth)* seeking leave to intervene in the underlying proceedings in the name of SRA.

The background to, and a summary of, Areva's application to intervene in the underlying proceedings is set out in the announcement made by Summit on 6 August 2007.

Areva's application to intervene in the underlying proceedings was heard by the Honourable Chief Justice Martin in May and June 2009.

On 16 October 2009, Summit entered into a conditional settlement agreement with (amongst others) Areva, Resolute, Paladin Energy Ltd (**Paladin**) and MIU (the **settlement agreement**). The conditional settlement is made without any party admitting liability to another.

On 6 October 2010, the settlement agreement was amended by further agreement between the parties (the **amended settlement agreement**).

The Honourable Chief Justice has made orders in the form sought by the parties under the terms of the amended settlement agreement. Under the terms of that agreement (and upon extraction of the orders made by the Honourable Chief Justice):

- Areva's application to intervene in the underlying proceedings will be dismissed with no order as to costs;
- Areva and Summit (along with its related parties) will provide broad releases to one another;
- Summit will pay the sum of A\$4.5 million to Areva of which A\$2.5 million is paid in satisfaction of the break fee that Summit agreed to pay Areva in the event that the strategic alliance did not proceed; and
- Areva's existing rights (if any) under the terms of the Strategic Alliance Agreement will be assigned to Paladin and the strategic alliance will otherwise be brought to an end.

Despite the dismissal of Areva's application to intervene in the underlying proceedings, the underlying proceedings remain on foot and will be listed for directions in due course.

Summit will make a further announcement to the market once the independent committee of the Board of Summit charged with the responsibility of managing the underlying proceedings has had the opportunity to form a considered view as to the next steps that should be taken by Summit.