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Dear Shareholder

NGM urges shareholders to accept Paladin Offer without delay

I am writing to provide an important update on the Takeover Offer for NGM Resources Limited (NGM) by Paladin Energy Limited (Paladin).

As you may be aware, NGM applied to the Takeovers Panel in regards to Paladin's purported reliance on two of the defeating conditions to its Takeover Offer to seek to let that Offer lapse.

NGM is pleased to confirm that the Takeovers Panel has found that the two defeating conditions which Paladin alleged had been triggered remain capable of being fulfilled, meaning that Paladin's Takeover Offer remains on foot.

Paladin's Takeover Offer is now scheduled to close at 5.00pm (Perth time) on 22 October 2010 (unless extended). NGM's directors continue to unanimously recommend that NGM shareholders ACCEPT Paladin's takeover offer, in the absence of a superior proposal.

NGM's directors have all accepted the takeover offer in respect to their existing individual holdings of NGM ordinary shares.

You should be aware that Paladin's Takeover Offer remains subject to a number of defeating conditions, including a condition that Paladin acquires a relevant interest of at least 90% of NGM by the close of its Offer. As at 7 October 2010, Paladin had a relevant interest in approximately 70% of NGM.

If Paladin has not acquired a relevant interest in NGM of at least 90% by the close of its Takeover Offer and Paladin has not otherwise waived that condition, or if any of the other defeating conditions to Paladin's Takeover Offer have not been satisfied or waived by that time, Paladin's Takeover Offer for NGM will lapse and all contracts resulting from acceptances of that Offer will become void.

Accordingly, for NGM shareholders to benefit from the Takeover Offer, it is important that all NGM shareholders, irrespective of the size of their shareholding, accept Paladin's Offer without delay.

The consideration under the Offer is one fully paid ordinary Paladin share for every 23.9 fully paid ordinary NGM shares held.

You should also be aware that if the Offer lapses, it is possible that the market price and trading volumes in NGM Shares will decrease, at least in the short term, to around the levels at which they were trading prior to the Offer being announced.

The NGM Directors remind you the Takeover Offer is now scheduled to close at 5pm Perth time on 22 October 2010 (unless extended), and urge you to accept the Offer without delay.

If you need further information or have any queries in regard to the Takeover Offer or how to accept, please contact the NGM Shareholder Information Line on 1800 656 743 (within Australia) and +61 2 8004 4305 (from outside Australia).

Yours sincerely

Robert Kirtlan
Director
NGM Resources

Important note: The Bidder's Statement and Target's Statement in relation to the Offer contains important information. You should read both of those documents in their entirety before you decide whether or not to accept the Offer. If you are in doubt as to what to do, you should consult your legal, financial or other professional adviser.