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Company Announcements Office
Australian Stock Exchange Limited
20 Bridge Street
SYDNEY NSW 2000

By Electronic Lodgement

Dear Sir / Madam

Paladin Denies Bid Motivated by Litigation Concerns

On Tuesday 27th February 2007, Paladin Resources Ltd ("Paladin") announced its intention to make an off-market takeover bid for all of the shares in Summit Resources Limited ("Summit"). On Friday 2nd March 2007, Summit issued a statement to the market recommending that shareholders reject the bid.

There were a number of errors and assertions in the Summit announcement which Paladin raised with Summit yesterday. Summit has today announced that their comments with respect to treatment of overseas shareholders and shareholders owning their stock for less than 12 months were incorrect. They have qualified their comments on the litigation but continue to assert that it is a major driver of Paladin's bid.

Summit claims that Paladin's offer has been "timed to escape a potential loss for Paladin in Summit's legal case against Paladin and Resolute Mining Limited ("Resolute") over the Isa Uranium Joint Venture" and to eliminate the risk to Paladin that it will "lose its share of the Isa Uranium Joint Venture...". Although Paladin has summarised the litigation in its Bidders' Statement (which is expected to be dispatched to Summit shareholders next week), given the prominence given to this issue by Summit, Paladin believes it is important to summarise its own views on the litigation.

John Borshoff, Managing Director of Paladin, stated that "The litigation has not been a factor in our decision to bid for Summit. Our objective is to acquire Summit so as to bring the appropriate management and market expertise to the development of the Mt Isa uranium assets, in which we already have a substantial interest.

"It is a key component of Summit's defence to Paladin's bid that the litigation represents both upside potential for Summit and downside potential for Paladin, through Summit's alleged right to acquire Paladin's share of the Valhalla and Skal deposits, at a 15% discount to their independently assessed market value. **Paladin firmly believes that Summit has no such right.**

"Furthermore, we have stated clearly in the Bidders' Statement that we would not cause Summit to withdraw from the litigation should Paladin achieve any level of acceptance less than 100%. It is therefore completely misleading for Summit to assert that if Paladin acquires control of Summit under the bid, Paladin will move to stop the litigation. Any such decision would properly remain in the hands of the independent directors of Summit"

"We remain confident that Summit's action will be defeated. It should also be remembered that Paladin has the benefit of an indemnity from Resolute (capped at between \$A50 to \$A75 million) to protect against the unlikely eventuality that the Court finds in favour of Summit."

The litigation is founded on three separate allegations:

1. First, Summit alleges that, prior to Paladin's acquisition of Valhalla Uranium Limited ("Valhalla"), Resolute, Mt Isa Uranium Pty Ltd ("Mt isa") and Valhalla committed a "material breach" of the Mt Isa joint venture agreement ("JV Agreement") through disclosure of certain information relating to the joint venture in the prospectus for the Valhalla IPO in December 2005. Paladin notes that:
 - Summit waited for nine months after the alleged breach before taking court action, and then did so only on the announcement of Paladin's offer for Valhalla;
 - Resolute and Mt Isa assert that the information in question was not confidential and/or was already in the public domain predominantly as a result of **Summit's own disclosures**;
 - Resolute and Mt Isa also assert that disclosure of the information was permissible under the JV Agreement in any event.
2. Second, Summit alleges that Mt Isa and/or Resolute disclosed confidential information to Paladin and its advisors to "facilitate" the take-over by Paladin of Valhalla. Paladin notes the following:
 - The only information disclosed to Paladin was the JV Agreement itself, which Paladin asserts was not confidential;
 - In conducting due diligence in relation to the Valhalla bid, Paladin asserts that it only relied on information in relation to the joint venture disclosed to the capital markets by Summit: **it did not receive confidential information from Resolute or Mt Isa** (which was the reason Paladin's bid for Valhalla was conditional on the announcement of JORC compliant resources from the JV).
3. In its amended statement of claim, received only last Friday 2nd March, Summit now allege that certain disclosures to an unrelated third party prior to Paladin bidding for Valhalla also amounted to a breach of confidentiality. An issue arises as to how this disclosure could amount to a "material" breach when the third party did not proceed with a proposal.

Paladin also notes that Resolute and Mt Isa have counterclaimed against Summit in these proceedings: **a matter on which Summit made no disclosure until after the release of the Bidders' Statement**. In its counterclaim, Mt Isa and Resolute allege that Summit itself materially breached the JV Agreement by its own unauthorised disclosure of confidential information. Should this counterclaim be upheld, Mt Isa (a Paladin subsidiary) may be entitled to acquire Summit's share of the JV assets from Summit at 85% of market value.

Finally, Paladin notes that, contrary to numerous assertions by Summit, the litigation involves a number of factual disputes together with issues relating to the proper legal interpretation of both the express terms of the JV Agreement and terms which Summit argues should be implied. While Paladin is confident of eventual success, it is likely that these issues will take

some time to be properly considered by a Court. Paladin's view is that it is very unlikely the litigation will be resolved in the May/June 2007 timeframe suggested by Summit.

Mr Borshoff concludes: "We always viewed this litigation as an attempt by Summit to extract some leverage from the original Valhalla bid. It now seems to have morphed into a central plank of the defence to our bid for Summit. We urge Summit shareholders not to place undue reliance on Summit's assertions regarding the litigation and to instead focus on the clear attractions of the offer, as outlined in our Bidder's Statement."

Yours faithfully
Paladin Resources Ltd

A handwritten signature in black ink, appearing to read 'Rick Crabb', with a stylized flourish at the end.

RICK CRABB
Chairman

For further information please visit www.paladinresources.com.au