

Monday 21 May, 2007

Dear Shareholder

TAKEOVERS PANEL DECISION AND PROGRESS OF PALADIN'S BID

I am writing to you about the Takeover's Panel decision that was announced on Friday, 18 May 2007 and to provide you with an update on the progress of Paladin's takeover offer.

TAKEOVERS PANEL DECISION

Summit is concerned that press reports regarding the Takeovers Panel's media release of Friday, 18 May 2007, might have led Summit shareholders to question whether the Summit board has acted in their best interests. The Summit board wishes to assure all shareholders that it has at all times acted in the best interests of Summit shareholders, both past and present, and continues to do so.

The Takeovers Panel's decision, in so far as it relates to Summit, deals only with the question of the adequacy of the qualification of the original announcement concerning the Areva Transaction and the disclosure of the reasons why the Areva Transaction did not proceed.

The decision of the Summit board to recommend the Paladin offer was not an issue that was before the Panel.

The Summit board made an announcement on 23 April 2007 confirming that the Areva Transaction would not proceed. That announcement was based on advice that the information that was material to Summit shareholders and the market generally was the fact that the Areva deal would not be proceeding rather than the reason it would not. That is why the announcement was made in the form it was on 23 April 2007.

The Takeovers Panel has essentially concluded that Summit should have given a specific qualification to its original advice that it would convene a shareholders meeting and that on 23 April 2007 Summit should also have disclosed more information about the reason the meeting would not be convened. In fact, the reason the meeting was not convened was that Paladin had indicated that it would vote against the resolution and the Summit board had therefore concluded that it would be a waste of shareholders funds to convene a meeting.

Whilst the Summit board holds a different view from the Panel on this issue, it respects the Panel's decision. Shareholders should note that, in any event, the board's reasons for deciding not to convene a meeting to consider the Areva Transaction were summarised for the benefit of shareholders in Summit's 5th Supplementary Target's Statement dated 30 April 2007.

Importantly, the board of Summit wishes to confirm to all shareholders (both past and present) that the decision of the Takeovers Panel does not in any way call into question the

most important issue for shareholders to consider – namely, the recommendation of the Summit board that Summit shareholders should accept Paladin's takeover offer.

The board recommended that shareholders should accept Paladin's takeover offer in its letter of 16 April 2007, following notification of the increase in that offer. Nothing that has occurred since that date has changed the view of the Summit board, namely that it was at that time, and continues to be, in the best interests of Summit shareholders to accept.

Areva made its application to the Takeovers Panel seeking orders that:

1. Summit convene a shareholder's meeting to consider the Areva Transaction; and
2. Paladin be required to vote in favour of the Areva Transaction at that meeting.

The Takeovers Panel's final decision did not include orders for Summit to convene a shareholders meeting, and it did not include orders for Paladin to vote in favour of the Areva Transaction if any such meeting were to be convened.

Given that Summit is now a subsidiary of Paladin and since Paladin has told Summit that it would vote against the Areva Transaction at any general meeting, the Summit board remains of the view that it would be a waste of time and money to convene such a meeting when the outcome is a foregone conclusion.

TAKEOVER UPDATE

At the time of writing, Paladin had increased its holding in Summit to 68.30%, giving Paladin outright control of Summit.

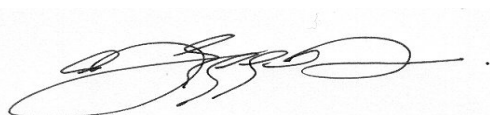
The Summit board confirms its unanimous recommendation that all Summit shareholders should accept Paladin's offer of one new Paladin share for every 1.67 Summit shares held.

In order to **ACCEPT** the offer you must sign and return your Transfer and Acceptance form to Computershare or to your Broker, in accordance with the instructions on the form.

If you require assistance, or you do not have a Transfer and Acceptance Form, please contact the Paladin Offer Information Line on:

- From within Australia - 1800 651 091
- International - +61 8 6263 0832

Yours sincerely



Alan J Eggers
Summit Resources Limited