



PALADIN RESOURCES LTD

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Ref: 66211

3 August 2007

The Company Announcements Officer
Australian Stock Exchange Limited
Exchange Centre
20 Bridge Street
SYDNEY NSW 2000

Dear Sir/Madam

**Settlement of Litigation by Summit Resources (Aust) Pty Ltd
Against Resolute Limited and Mt Isa Uranium Pty Ltd**

Summit Resources (Aust) Pty Ltd ("Summit") (a wholly owned subsidiary of Summit Resources Limited) has agreed with Resolute Limited and Mt Isa Uranium Pty Ltd (a wholly owned subsidiary of Paladin Resources Limited) to settle the Supreme Court proceedings commenced by Summit.

The details of the settlement are set out in the attached announcement made today by Summit Resources Limited.

The Paladin Board is pleased that the independent directors of Summit concluded that it was in the best interests of Summit that the litigation be discontinued. As recently announced, the Mt Isa Joint Venture is embarking on a significant exploration programme and both companies can now focus on field activities, to enhance the value of the exciting Mt Isa uranium province, for the benefit of shareholders of both companies.

Yours faithfully
Paladin Resources Ltd

JOHN BORSHOFF
Managing Director

3 August 2007

Companies Announcement Office
Australian Stock Exchange Limited
20 Bridge Street
Sydney NSW 2000
AUSTRALIA

Electronic Lodgement

Summit Settles Litigation

Summit Resources (Aust) Pty Ltd ("Summit") (a wholly owned subsidiary of Summit Resources Limited) has agreed with Resolute Limited and Mt Isa Uranium Pty Ltd ("Defendants") to settle the Supreme Court proceedings commenced by Summit.

As previously announced to the market, Summit commenced proceedings against the Defendants in respect of alleged breaches of confidentiality provisions in the Joint Venture Agreement governing the Mt Isa Uranium Project.

Summit sought a declaration that based on those breaches it would be entitled to exercise an option to acquire the Defendants' interest in the Joint Venture. Summit's objective in pursuing the litigation was to seek to gain control of all of the Isa Uranium Project.

Following the acquisition of 81.82% of Summit's shares by Paladin, a Committee of the Board of Summit Resources Limited chaired by independent director Mr Mal Randall and comprising Mr Randal and Mr David Berrie, was constituted to oversee the litigation.

The Committee after taking legal advice, and reviewing the commercial rationale for litigation, determined that it was in the best interests of Summit that the litigation be discontinued. In particular, the Committee took into account the following:

- (a) Summit had the benefit of discovery by the Defendants in the proceedings. Paladin and its advisers had received a copy of the Joint Venture Agreement. There was no evidence that was given in discovery that Paladin or its advisers had received other confidential joint venture information. Discovery had not improved the prospects of Summit's success in the proceedings;
- (b) If Summit was successful the remedy sought would not give Summit a satisfactory commercial outcome. The remedy sought was a declaration that the Defendants were materially defaulting participants and that Summit had an option under the Joint Venture Agreement to acquire the Defendants' joint venture interest for 85% of value;

- (c) Value was not defined under the Joint Venture Agreement and in the absence of agreement, value would be determined by an expert, with little guidance as to the basis on which value would be arrived at. Once exercised the option would commit Summit to pay an as yet unquantified amount, which it could not do without raising substantial new equity;
- (d) Where Paladin now owned 81.82% of Summit Resources Limited and 100% of the Defendants, the Committee did not believe that it was in the interests of Summit to seek to acquire the Defendants' joint venture interest for an uncertain (but significant) sum of money, by pursuing the proceedings.
- (d) Lastly, substantial legal costs would continue to be incurred if Summit pursued the proceedings;

Accordingly, a Consent Order has been agreed to that the proceedings be dismissed and that there be no order as to costs. (It being agreed by the Parties that each Party will bear its own costs).

Mal Randall
Director
Summit Resources Limited