



SUMMIT RESOURCES LIMITED

ACN 009 474 775

The Directors of Summit
unanimously recommend that
you **REJECT** Paladin's Offer

TARGET'S STATEMENT

In response to the offer by Paladin Resources Ltd ABN 47 061 681 098 to acquire all of your fully paid ordinary shares in Summit Resources Limited on a ratio of 1 Paladin share for every 2.04 Summit Shares you hold

Advisers to Summit



GRESHAM
INVESTMENT HOUSE

BLAKE DAWSON WALDRON
LAWYERS

COCHRANE LISHMAN

IMPORTANT INFORMATION

Target's Statement

This statement is made in response to the Bidder's Statement dated 27 February 2007 received by Summit Resources Limited ABN 88 009 474 775 (Summit) from Paladin Resources Ltd ABN 47 061 681 096 (Paladin) (the Bidder's Statement) and relates to the offer made by Paladin constituting a takeover bid (the Offer) for the acquisition of all the issued shares in Summit (including all shares issued as a result of the exercise of Summit options).

A copy of this Target's Statement was lodged with ASIC on 20 March 2007 and provided to ASX on 20 March 2007. None of ASIC, ASX or any of their officers takes any responsibility for the contents of this Target's Statement.

Defined terms

A number of defined terms are used in this Target's Statement. These terms have capitalised first letters and are set out in the glossary in Section 10, which also sets out some rules of interpretation which apply in this Target's Statement.

Investment Decisions

This document does not take into account the investment objectives, financial situation or particular needs of any person. Before making any investment decisions on the basis of this Target's Statement you should consider whether that decision is appropriate in the light of those factors and seek independent financial and taxation advice if necessary.

Disclaimer regarding forward looking statements

This Target's Statement contains statements in the nature of forward-looking statements. All statements other than statements of historical fact are forward-looking statements. Shareholders should note that forward-looking statements are only predictions and are subject to risks, uncertainties and assumptions which could cause actual values, results or events to be materially different to those expressed or implied in those forward-looking statements. These risks, uncertainties and assumptions include matters specific to the industries in which Summit operates as well as economic and financial market conditions, legislative, fiscal or regulatory developments; the price performance of Summit Shares, including the risk of possible price decline in the absence of the Offer or other takeover or merger speculation; and risks associated with the business and operations of Summit. None of Summit, any of its officers or any person named in this Target's Statement with their consent or any person involved in the preparation of this Target's Statement makes any representation or warranty (either express or implied) or gives any assurance that the implied values or anticipated results or events expressed or implied in forward-looking statements contained in this Target's Statement will be achieved, and you are cautioned not to place undue reliance on these statements. Any forward-looking statement in this Target's Statement is qualified by this cautionary statement.



20 March 2007

Dear Fellow Shareholder

Rejection of Paladin's Inadequate Offer

Summit, now one of Australia's top 200 listed companies, has an exciting future ahead of it with shareholder wealth set to grow through the development of its assets.

This Target's Statement is our formal response to the takeover offer that Paladin Resources Ltd is making for your Company.

For the reasons set out on the following pages, your directors unanimously recommend that you **REJECT PALADIN'S OFFER BY SIMPLY IGNORING ALL COMMUNICATION AND CORRESPONDENCE FROM PALADIN.**

Your directors (who control approximately 5% of the shares in Summit) will not be accepting Paladin's Offer.

Your directors believe that Summit is poised to unlock significant value for you, our shareholders, by developing our world class Mount Isa Uranium Project in a politically stable first world country close to world class infrastructure.

Paladin's Offer is designed to secure early control of these assets and capture value that we believe will otherwise flow to you. Your directors believe that the Offer does not reflect the short, medium and long term unrealised potential that Summit offers you.

Through its participation in the Valhalla/Skal Joint Venture, we believe that Paladin now recognises the value of our projects and extensive ground position in the Mount Isa region. Paladin appears determined to get whatever foothold shareholding in Summit it can. We believe that this explains why Paladin has taken the unusual step of launching a hostile share offer with no minimum acceptance condition.

We now have in place a strong and experienced management team, the expertise, the asset base and the world class projects that we believe will deliver the value that you are entitled to enjoy. Your directors urge you not to dilute your exposure to that value by prematurely passing control of Summit to Paladin at a price that does not adequately reflect Summit's unrealised potential.

We appreciate your support by first investing in Summit, and we look forward to your continuing support as the Board and management team take our investment forward and deliver the returns you are entitled to receive.

Yours sincerely
Summit Resources Limited



John A G Seton
Chairman

Target's Statement



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1. WHY YOUR DIRECTORS RECOMMEND YOU REJECT PALADIN'S OFFER

1	<p>THE OFFER FAILS TO RECOGNISE SUMMIT'S UNREALISED POTENTIAL</p> <p>Your directors believe Summit Shareholders are best served by REJECTING the Paladin Offer, because the Offer does not</p> <ul style="list-style-type: none"> Recognise Summit's world class uranium project and tenement holdings in one of the most prolific metal producing districts in the world Adequately reflect the unrealised potential of Summit's Mount Isa uranium, base metal and iron ore projects Recognise the exploration potential at Summit's extensive 100% owned northwest Queensland tenement holdings
2	<p>SUMMIT'S MOUNT ISA URANIUM PROJECT IS POTENTIALLY A WORLD CLASS ASSET</p> <p>Your directors believe that Summit will be able to develop the Mount Isa Uranium Project into one of the top five uranium projects in the world</p> <p>By REJECTING the Paladin Offer you will</p> <ul style="list-style-type: none"> Avoid significantly diluting your exposure to the Mount Isa Uranium Project, which is regarded by your directors as a world class project due to its anticipated scale and cost structure and its location Avoid exposure to what your directors regard as inferior Paladin uranium projects in Namibia and Malawi
3	<p>THE OFFER IS TIMED TO CLOSE BEFORE KEY EVENTS</p> <p>Your directors believe that Paladin is trying to capture short term potential value that would otherwise flow to you by timing its Offer to close</p> <ul style="list-style-type: none"> Just before the widely anticipated reversal of the ALP's current policy of not approving any new uranium mines in Australia Just a few months before the expected determination of the Joint Venture Litigation action that Summit has commenced against Resolute and Paladin Before Summit's exploration results and resource upgrades for a number of 100% owned uranium deposits are made available



4**PALADIN NEEDS SUMMIT BUT OFFERS LITTLE TO SUMMIT SHAREHOLDERS**

Gaining control of Summit's assets appears to be important to Paladin in the longer term and your directors believe that

- Paladin's projects have much higher sovereign and political risk and Paladin needs Summit to diversify its risks away from Africa
- Paladin wants to become the operator of the Valhalla/Skal JV
- Paladin recognises that the Valhalla and Skal deposits are geographically "stranded" within 100% owned Summit tenements and unless it controls Summit, Paladin cannot control the development of those resources
- Paladin wants to control Summit's extensive tenement holdings in the Mount Isa region in which they currently have no interest
- Paladin's existing shareholders would benefit from the long term growth prospects that Summit offers in Australia

5**YOUR DIRECTORS BELIEVE PALADIN WILL NOT MANAGE THE LITIGATION IN SUMMIT'S INTERESTS**

Your directors believe that

- If Paladin gains control of Summit, Paladin will not pursue the Joint Venture Litigation with the vigour it deserves
- The removal of the majority of Summit's Board and replacement with Paladin appointees will not serve your best interests
- Resolute's counterclaim (to which Paladin referred in a recent ASX announcement) has absolutely no merit and Paladin's suggestion that it does is an attempt to scare you into accepting the Offer

If the counterclaim had ANY realistic prospect of success, why would Paladin have launched its Offer for Summit now?

6**YOUR DIRECTORS BELIEVE THIS IS UNLIKELY TO BE PALADIN'S LAST MOVE**

Your directors believe that

- Paladin now recognises the unrealised potential of Summit's assets
- Paladin is determined to get whatever foothold shareholding in Summit it can – that is why it has taken the unusual step of launching a hostile share offer without a minimum acceptance condition
- Paladin is unlikely to get control in this first attempt and it is possible that Paladin will return with a higher offer in the future because Summit is a highly valuable asset which your directors believe is very important to Paladin's long term growth aspirations

7**IF YOU ACCEPT THE PALADIN OFFER YOU MIGHT INCUR A SIGNIFICANT CAPITAL GAINS TAX LIABILITY**

- Paladin must acquire 80% of Summit Shares before CGT roll-over relief is available to Summit Shareholders
- Your directors believe that this is very unlikely, leaving Shareholders who accept with potentially large CGT liabilities to be paid in cash



2. **EXPLANATION OF WHY YOUR DIRECTORS RECOMMEND YOU REJECT THE OFFER**

1

THE OFFER FAILS TO RECOGNISE SUMMIT'S UNREALISED POTENTIAL

Your directors believe that Summit will be able to develop the Mount Isa Uranium Project into one of the top five uranium projects in the world.

Summit has successfully delineated significant uranium resources at Valhalla and has historic resources at Andersons, Skal, Watta and Warwai deposits which, your directors believe, when combined would provide ore in sufficient quantity for a large uranium project.

Furthermore, the success of Summit's existing exploration program and subsequent exploration across Summit's 100% owned tenements (where six uranium deposits are being drilled and a further fifteen uranium mineralised prospects have been identified) is expected to provide a significant uplift in Summit's resource position at Mount Isa. The opportunity to transport ore across Summit's tenement holdings relatively simply, off road and cost effectively is but one reason why your directors believe that we have the opportunity to develop a mining operation which could place it in the top five producing mines in the world.

In the opinion of your directors, the Paladin Offer:

- **Fails to recognise Summit's potentially world class project** and extensive tenement holdings in one of the most prolific metal producing districts in the world;
- **Does not adequately reflect the unrealised potential** of Summit's Mount Isa uranium, base metal and iron ore projects; and
- **Does not recognise the exploration potential** at Summit's extensive northwest Queensland tenement holdings.

2

SUMMIT'S MOUNT ISA URANIUM PROJECT IS POTENTIALLY A WORLD CLASS ASSET

If you accept the Paladin Offer, your exposure to Summit's Mount Isa Uranium Project will be significantly diluted and in exchange for that dilution you will be exposed to Paladin's projects in Namibia and Malawi – projects which your directors regard as inferior to the Mount Isa Uranium Project for the following reasons:

SCALE, GRADE AND ANTICIPATED COST STRUCTURE

Based on pre-feasibility studies of the Mount Isa Uranium Project and including nearby exploration potential within Summit's 100% owned tenements, resource estimates, metallurgical testwork and preliminary mine and treatment plant designs and mining rates, your directors believe that Summit's Mount Isa Uranium Project has the potential to be much larger and more attractive than either of Paladin's current projects – in terms of annual uranium and vanadium production, mine life and anticipated cost structure. Summit's extensive tenement holdings in the area and identified uranium prospects underpin your directors' confidence that there is capacity for future expansion through continued exploration success.

INFRASTRUCTURE

There is already significant mining infrastructure in place adjacent to Summit's Mount Isa Uranium Project. Mount Isa, a mining centre since 1928, is a modern inland city of 25,000 people and offers services, communications, transport, light and heavy industry, power, water, gas and a skilled mining work force within 30 kilometres of our proposed plant site.

Summit's Mount Isa Uranium Project could not be located in a more favourable location.

Compare that to Paladin's next development project in Malawi.

STABLE ENVIRONMENT FOR DEVELOPMENT

Australia is a stable, developed country, with one of the most advanced mining industries in the world. Australia is already the world's second largest miner and producer of uranium oxide. This is an important consideration for financial intermediaries when evaluating project financing. Government stability is of particular concern when operating in the uranium industry.

You should note that a 2006 country risk ranking report that reviewed 185 countries, put Australia in the top 20 countries, with a score of 90.37. Malawi, where Paladin is currently progressing its Kayelekera project, received a score of 28.09, and was in the bottom 30 countries.¹

By accepting the Paladin Offer, your exposure to the Mount Isa Uranium Project will be significantly diluted.

SIGNIFICANT EXPLORATION UPSIDE POTENTIAL

Summit has assembled a portfolio of tenements covering an area of **18,750km²** in the wider Mount Isa region that it owns **on a 100% basis**. Your directors believe that this strategic holding is highly valuable. Not only are the tenements largely contiguous affording ease of exploration and development, but importantly they are located in one of the most prospective metal producing districts in the world.

In addition to Valhalla and Skal, Summit is currently drilling 6 uranium deposits on its 100% owned tenements, which could result in a substantial upgrade in Summit's resource position.

Your directors believe that the Paladin Offer does not adequately compensate Summit Shareholders for the unrealised potential of Summit's uranium deposits and prospects at Mount Isa, the Georgina Basin greenfields uranium project, our base metal, iron ore and phosphate exploration interests and our extensive mineral exploration tenement holdings in northwest Queensland.

STRONG AND GROWING MANAGEMENT TEAM

One of Paladin's primary claims in support of its Offer is that Paladin is better placed to manage your Company than your existing Board and management.

Your directors reject this assertion.

Summit management has a long history of exploration for uranium and base metals in the Mount Isa district with the pegging of the Valhalla area and deposit in 1990.

Summit management has solely recognised the opportunity and potential, developed the exploration models, initiated the programs and pegged the extensive tenement holding.

Summit management has extensive experience and has managed and operated all the uranium and base metal programs in the Mount Isa area both on its own behalf and for the Valhalla/Skal JV from its inception.

Summit management has detailed knowledge of the geology, geochemistry and mineralogy of the ore deposit types being explored for and developed.

Summit management has developed long term productive relationships with all stakeholders involved including local indigenous land claimants and communities, pastoralists, the community of Mount Isa, local government, chambers of commerce, political representatives, Queensland Department of Mines and Energy, tenement administration, compliance consultants and the EPA, the federal government and its agencies.

¹ Source: Euromoney, Country Risk Ratings March 2006

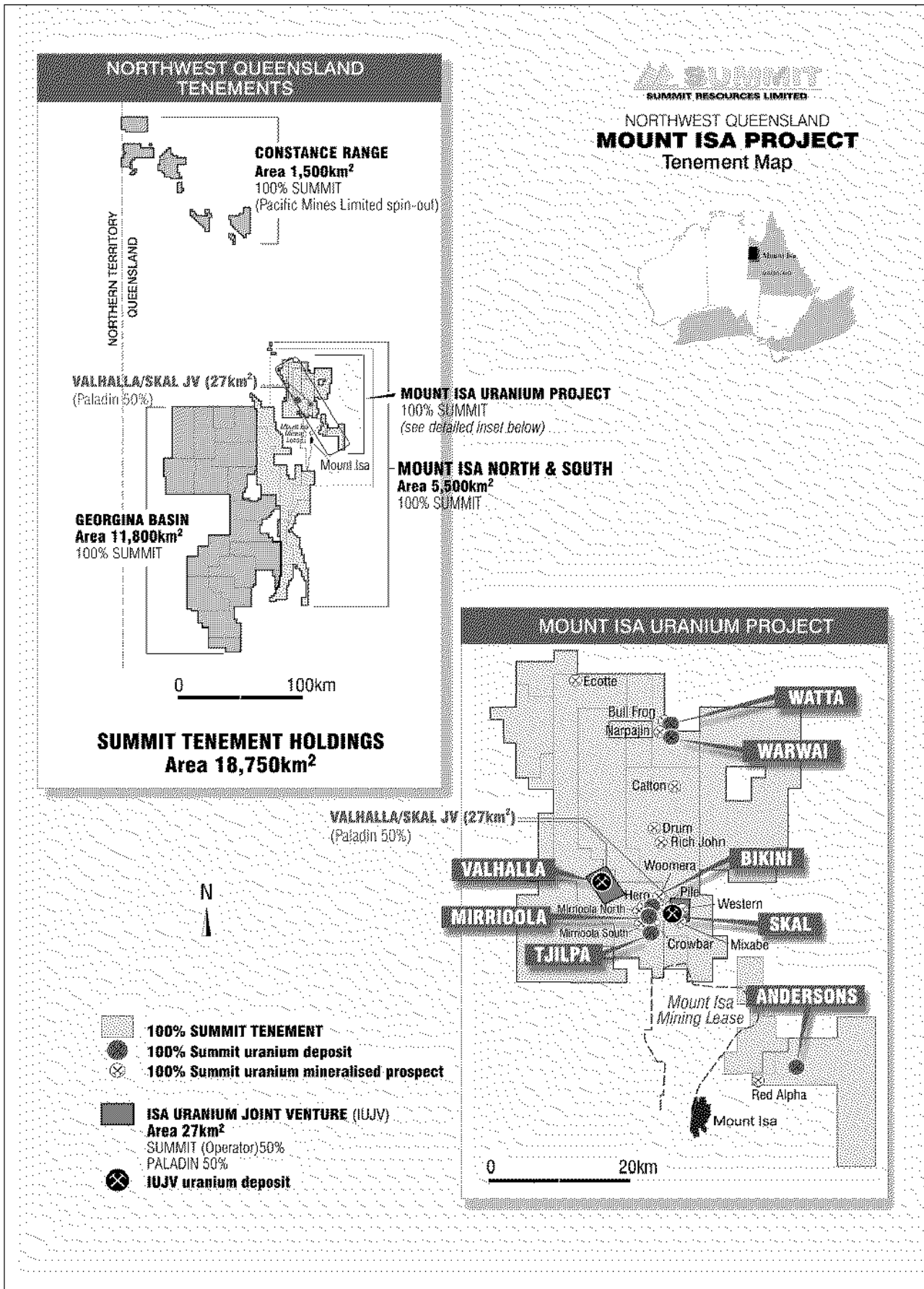


Figure 2: Mount Isa Project - Summary Map

Summit is continuing to build an experienced team of executives and senior professionals to take the Mount Isa Uranium Project forward into development and has already hired personnel from BHP Billiton, Cameco and Iluka Resources.

3

THE OFFER IS TIMED TO CLOSE BEFORE KEY EVENTS

Your directors believe that the Paladin Offer has been deliberately timed to capture short term value that could otherwise flow to you.

The Paladin Offer is timed to close:

1. **Just prior to the ALP national conference in late April 2007**, where it is widely expected that the ALP will reverse its "no new uranium mines" policy;
2. Just a few months **before the expected hearing of the Joint Venture Litigation** brought by Summit against Resolute and Paladin; and
3. **Before further exploration results and resource estimates from Summit's 100% owned tenements** are ready to be released to the markets and our investors.

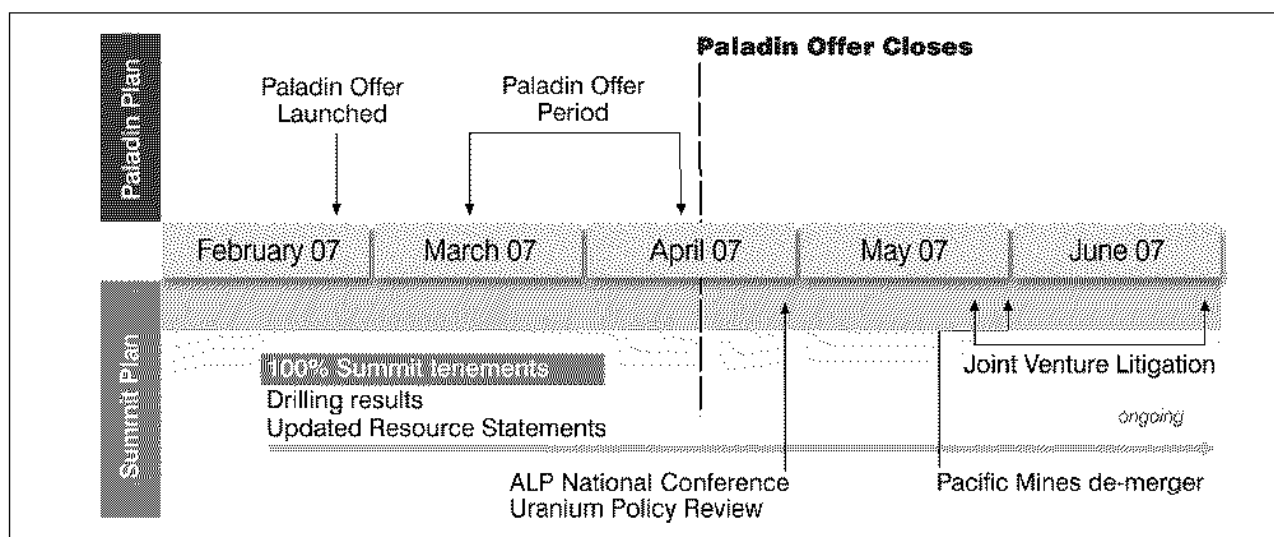


Figure 3: Key Event Timeline

Summit believes that in addition to these short term events, Summit Shareholders will enjoy longer term value creation as the development of mining operations is progressed.

Your directors believe that Summit could enjoy a re-rating in the market and become increasingly valuable as key milestones associated with the development of the Mount Isa Uranium Project are achieved.

These key milestones would include:

- Government green light for new uranium mines in Queensland (anticipated as early as April this year);
- Commencement of definitive feasibility study and associated documentation for project approval by state and federal governments;
- Completion of a definitive feasibility study;
- Board approval for the development of the project;

- Awarding of key contracts for mine and other project development;
- Confirmation of project finance; and
- Commencement and completion of processing plant and mine construction.

Accepting the Paladin Offer now will materially dilute your exposure to the increase in value that your directors believe should come about as a result of these milestones being achieved.

You should note that there is a material risk that the Summit Share price will be "pegged" to the Paladin Share price until the Offer closes.

The following chart shows that the Summit Share price outperformed the Paladin Share price in the 6 months prior to the announcement of the Offer.

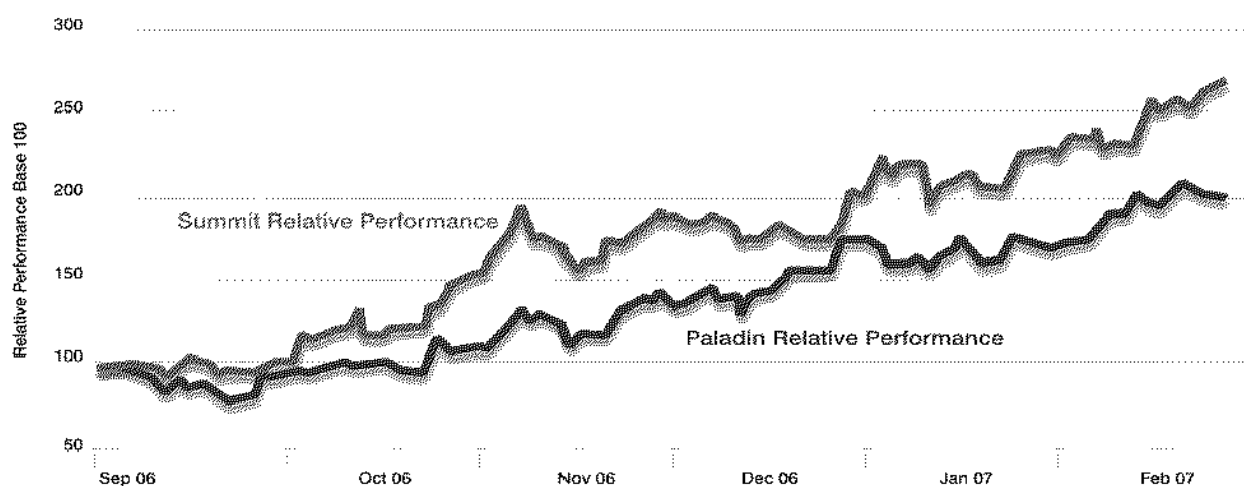


Figure 4: Relative Share Performance - Summit vs Paladin

However, the following chart shows that since the Offer was announced, the Summit Share price has effectively been pegged to the Paladin Share Price (albeit that the Summit Share price has traded consistently at a premium to the price implied by Paladin's Offer).

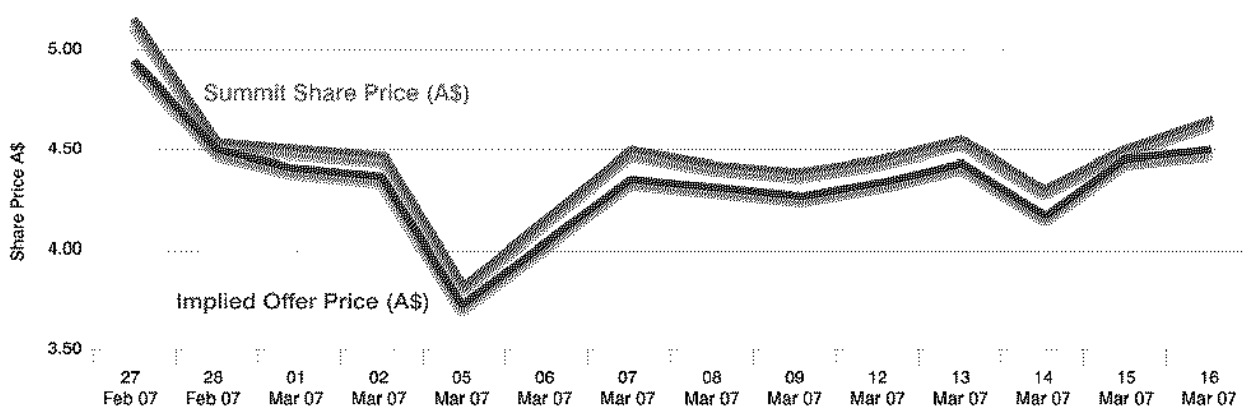


Figure 5: Summit Share Price vs Implied Offer Price

Notes

Implied Offer Price based on the ASX closing price for Paladin Shares divided by the Offer terms of 1 Paladin Share for every 2.04 Summit Shares.

Summit and Paladin Share prices are based on ASX closing price

Source: IRESS

You should recognise that in the short term, further appreciation in the Summit Share price that you might otherwise have enjoyed may be negated by the existence of Paladin's Offer.

4

PALADIN NEEDS SUMMIT BUT OFFERS LITTLE TO SUMMIT SHAREHOLDERS

Your directors believe that through its 50% interest in and involvement with the Valhalla/Skal JV (which governs the Valhalla and Skal deposits only) Paladin now fully appreciates that Summit's Mount Isa Uranium Project is a world class project in a world class location with enormous upside potential.

That is why your directors believe that Paladin has made its hostile offer at this time.

The fact that the African countries in which it is operating do not prohibit new uranium mines has been a key factor in Paladin being able to move forward and achieve what it has in the last two years. The sovereign risks associated with Paladin's African operations are, however, greater than they are for Summit's planned operations in Queensland.

Summit's development plans for the Mount Isa region have been delayed by the ALP's "no new uranium mines" policy and the Queensland Labor Government's ban on approving new uranium mines.

Your directors believe that if mining uranium had been permitted in Queensland, Summit Shareholders could have enjoyed even greater appreciation in the value of their Summit Shares.

That upside is now ahead of Summit Shareholders if, as is widely anticipated, the ALP decides at its National Conference in late April this year to end its opposition to new uranium mines.

Despite the political roadblock that Summit faced here in Australia, your directors believe that much has been achieved by Summit in the last two years including:

- *Over 50,000 metres of resource definition drilling into eight uranium deposits at Mount Isa;*
- *Advancing the metallurgical test work and developing a standard metallurgical flowsheet for all our Mount Isa uranium deposits;*
- *Commencement of JORC compliant resource modelling and estimates for eight uranium deposits;*
- *Establishing a combined JORC compliant and historic uranium resource base inventory under its control at Mount Isa in excess of 70 million pounds. Your directors expect that this resource inventory will expand as all drilled deposits remain open in all directions;*
- *Identification of approximately 15 further uranium mineralised prospects within Summit's 100% owned tenements;*
- *Recruitment of an experienced executive and professional team of personnel with both mine and uranium project development management skills;*
- *Establishment of a major operational and administrative base at Mount Isa and new corporate headquarters in Perth;*
- *Recognition of the Georgina Basin greenfields uranium project, pegging of 11,800km² of tenements, funding the exploration program and completion of flying of the first phase 8,000km² Tempest airborne EM survey;*
- *Ongoing base metal copper exploration including geophysical surveys in preparation for drilling south of Mount Isa in the first half of 2007;*

- *Pegging of the Constance Range iron ore, phosphate and base metal tenements around the Century zinc mine in northwest Queensland and documentation preparation for the demerger and spin out of Pacific Mines Limited; and*
- *Consolidation of over 18,750km² 100% owned mineral tenement holdings in one of the most prospective base metal and uranium mining provinces in the world.*

Your directors believe that Paladin has recognised the significant benefits of gaining control of Summit at this time which include:

- **PALADIN WANTS LONG TERM GROWTH**

Control of Summit will create an exciting growth story for Paladin shareholders (at the expense of Summit Shareholders) through the opportunity to develop a new long life world class uranium mine and processing plant at Mount Isa which has the potential, in the view of your directors, to be one of the top 5 uranium mines in the world.

Summit Shareholders deserve this upside and should not have it diluted through acceptance of Paladin's inadequate Offer.

- **PALADIN WANTS TO REDUCE ITS SOVEREIGN RISK EXPOSURE**

Despite its achievements, Paladin shareholders are exposed to greater political/country risk than Summit Shareholders given the location of Paladin's operations in Namibia and Malawi. As an example of that risk, Paladin had to negotiate a fiscal regime with the Malawian government before it could progress its project in Malawi.

Your directors believe that there are significant benefits for Paladin and its shareholders in spreading its current African based political/country risk with Summit Shareholders.

Summit Shareholders should not accept this increase in risk and should REJECT Paladin's inadequate Offer.

- **PALADIN WANTS TO TAKE CONTROL OVER THE DEVELOPMENT OF THEIR GEOGRAPHICALLY STRANDED INTEREST IN THE VALHALLA AND SKAL DEPOSITS**

Summit is the operator of the Valhalla/Skal JV which covers only the Valhalla and Skal deposits.

These two deposits are located on two small areas on Summit's tenements which are only 17km² (Valhalla) and 10km² (Skal) respectively. These areas are too small to allow for the standalone development of the Valhalla and Skal deposits because access is required to the surrounding land for waste rock dumps, haul roads, infrastructure, mineral processing and tailings storage facilities and other key components of the overall project.

All the surrounding land is 100% controlled by Summit.

Paladin cannot therefore develop Valhalla or Skal unless it has the support and agreement of Summit to gain access to Summit's 100% owned surrounding land on which to place the mine infrastructure. Resolute sold its entire interest in the surrounding ground to Summit in 2001 and neither Paladin nor Resolute have any rights to gain access over areas outside the 27km² area on which the Valhalla and Skal deposits are found.

Only by taking control of Summit can Paladin control the development of the Valhalla and Skal deposits and capture the exploration upside of Summit's extensive 100% owned ground position.

Summit's control of the surrounding area gives it the ability to develop the Mount Isa Uranium Project on a stand alone basis (potentially agreeing to toll treat ore from Valhalla and Skal). Shareholders should not hand over project control by accepting Paladin's inadequate Offer.

5

YOUR DIRECTORS BELIEVE PALADIN WILL NOT MANAGE THE LITIGATION IN SUMMIT'S INTERESTS

If Paladin gets control of Summit (but not 100% outright ownership) Paladin has signalled an intention to seek the removal of some of the current directors of Summit and replace them with *"nominees of Paladin such that there is a majority of Paladin nominees on the board..."* Given that there are currently four directors of Summit, this suggests that Paladin intends to remove at least three of the directors or to expand the size of the Board. Paladin does not say who it intends to appoint.

Paladin also notes in its Bidder's Statement (Section 7.4(c) "Supreme Court Action") that *"it is likely to become necessary for the Board to consider its on-going approach to the Supreme Court action"*. Paladin does not suggest why this might *"become necessary"*.

Your directors believe that the words *"become necessary"* should be read to mean necessary for the protection of Paladin's interests.

In the opinion of your directors, these statements give a clear guide to Paladin's objective of doing whatever it can to mitigate the risk of losing the Joint Venture Litigation.

Paladin also refers in its Bidder's Statement to the need to establish an independent committee because of provisions of the Corporations Act and the ASX Listing Rules that might require shareholders to *"approve any settlement proposal"*. Summit has no intention of *"settling"* this problem for Resolute and Paladin and your directors believe that this statement by Paladin is a further indication that resolving the Joint Venture Litigation in a way that is acceptable to Paladin is one of Paladin's key objectives in making its hostile offer.

You should also question how the Joint Venture Litigation will be handled in a practical sense if Paladin has control of Summit? As directors of Summit, the Paladin appointees will have access to Summit's legal advice, control over the appointment of lawyers, control over payment of legal bills and control and knowledge of the Joint Venture Litigation strategy. Key Summit executives whose evidence is fundamental to Summit's case are likely to be sacked from their employment.

Paladin has also publicly referred to a counterclaim that Resolute made against Summit in response to Summit's legal action. Your directors believe Resolute's counterclaim has no substance and is a standard strategic ploy by a defendant in Resolute's position.

Your directors regard Paladin's assertion as yet another attempt to scare you into accepting its Offer.

If the counterclaim had ANY realistic prospect of success, why would Paladin have launched its Offer for Summit now?

6

YOUR DIRECTORS BELIEVE THIS IS LIKELY TO BE PALADIN'S FIRST MOVE

Your directors believe that Paladin understands that its **hostile and inadequate offer** may be just the first step in Paladin's plan to take control of Summit.

Paladin appears to recognise the unrealised potential of Summit's projects and ground position and has made the Offer prior to the anticipated removal of the ALP ban on approving new uranium mines. Your directors believe that Paladin is determined to get whatever foothold shareholding in Summit it can using its highly priced Shares – that is why it has taken the unusual step of launching a hostile share offer with no minimum acceptance condition.

Your directors remain confident that Paladin will not get control at the price it has offered.

Your directors believe, however, that if Paladin fails to get control in this first attempt, it is possible that Paladin will

return in the future with a higher offer because Summit is a highly valuable asset and is potentially very important to Paladin's long term growth aspirations.

Your directors urge you not to sell to Paladin at a price that does not, in the opinion of your directors, reflect the short, medium and long term upside that Summit offers you.

7

IF YOU ACCEPT THE PALADIN OFFER YOU MIGHT INCUR A SIGNIFICANT CAPITAL GAINS TAX LIABILITY

Capital Gains Tax roll-over relief will not be available to Summit Shareholders who hold their Summit Shares on capital account **if Paladin fails to own 80% of Summit Shares by the end of the Paladin Offer.**

The Paladin Offer does not include a minimum acceptance condition, and your directors consider that Summit Shareholders are unlikely to be able to access the scrip for scrip roll-over relief provisions of the income tax legislation.

Many Summit Shareholders purchased their Summit Shares at prices significantly below the current Summit Share price or Paladin Offer. If you are an Australian resident for tax purposes, and stand to make a gain, then in the absence of scrip for scrip roll-over relief, **you may be required to pay (in cash) tax on your gains.**

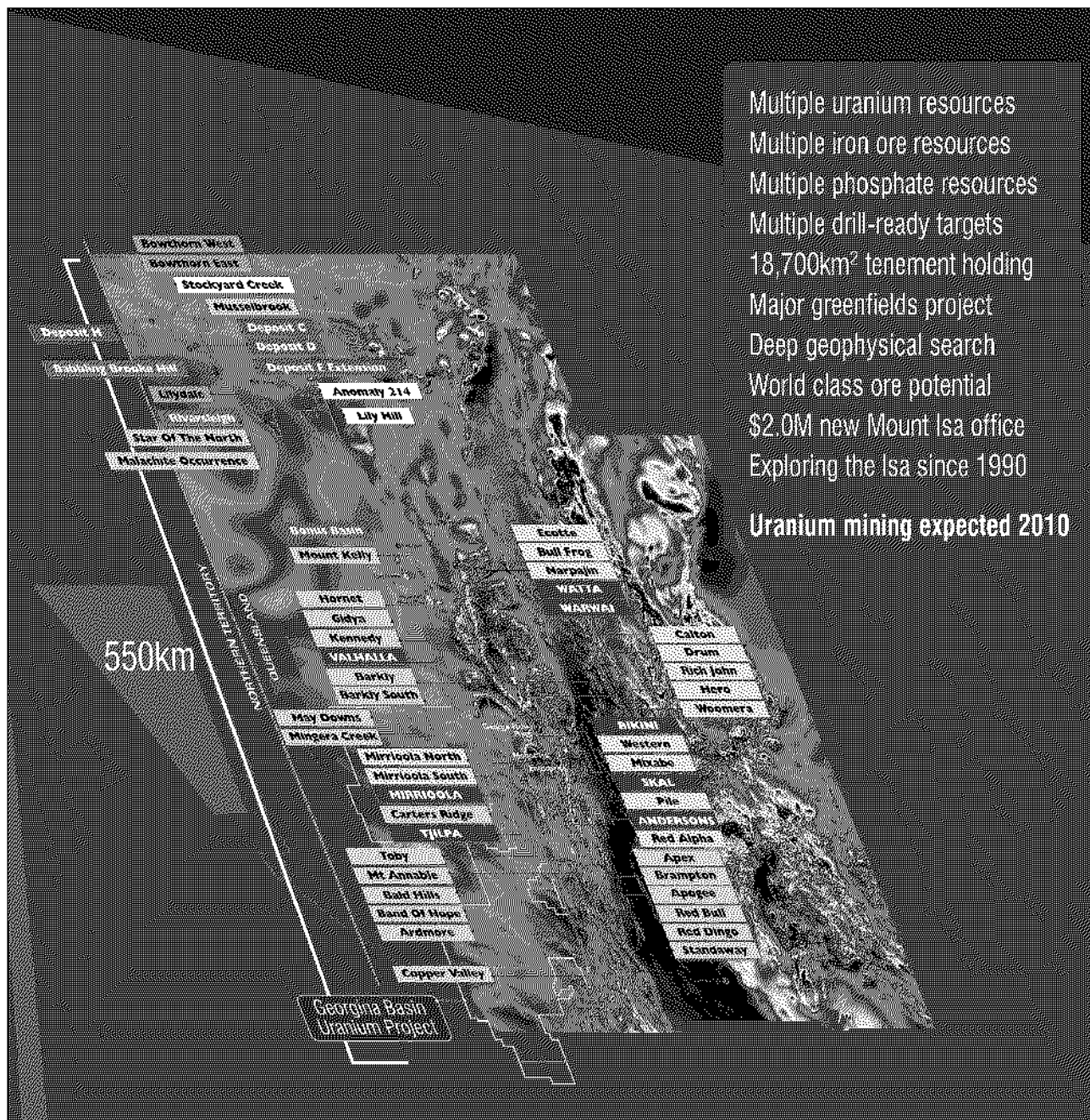


3. ANSWERS TO FREQUENTLY ASKED QUESTIONS

QUESTION	ANSWER
What is the Bidder's Statement?	The Bidder's Statement is a document containing the detailed terms of the Paladin Offer. Paladin lodged its Bidder's Statement with ASX, ASIC and Summit on 27 February 2007. A copy is available on the ASX and NZX websites.
What is being offered for my Summit Shares?	Summit is offering 1 new Paladin Share for every 2.04 Summit Shares you hold.
What is the value of the Paladin Offer?	<p>The value of the Offer consideration is uncertain and changes constantly with movements in the Paladin Share price.</p> <p>Based on the closing sale price of Paladin Shares on ASX on Monday, 19 March 2007 of \$9.10, the implied Offer value is \$4.46 compared to Summit's close of \$4.54 (8c above the Offer). Paladin's Offer represents only a 12% premium to the closing price of Summit Shares on 26 February 2007 (the last trading day prior to the formal announcement of the Paladin Offer).</p> <p>Your directors believe the Offer is inadequate for the reasons outlined in Sections 1 and 2 of this Target's Statement.</p>
What do the directors of Summit intend to do with their Summit Shares?	Each director of Summit intends to REJECT the Paladin Offer in relation to those Summit Shares held by them or which they control.
What choices do I have as a Summit Shareholder?	<p>As a Summit Shareholder, you have the following choices:</p> <ul style="list-style-type: none"> ▪ REJECT the Paladin Offer, in which case you do not need to take any action; ▪ SELL some or all of your Summit Shares on market at any time, which may be at a higher or lower price than the implied value of your Summit Shares under the Offer; and ▪ ACCEPT the Offer, in which case you should follow the instructions on the acceptance form which was sent to you with the Bidder's Statement. If you accept the Offer, you will not be able to withdraw your acceptance. <p>Your directors recommend that you REJECT the Paladin Offer.</p>
What should I do?	To follow your directors' unanimous recommendation to REJECT the Paladin Offer , you should do nothing. Do not respond to any documents sent to you by Paladin.
What are the conditions to the Paladin Offer?	The Paladin Offer is no longer subject to any Defeating Conditions. By notices dated 15 and 19 March 2007, Paladin declared that the Defeating Conditions referred to in its Bidder's Statement have been fulfilled or waived.

QUESTION	ANSWER
Will I be forced to sell my Summit Shares?	<p>You cannot be forced to sell your Summit Shares unless either you have accepted the Paladin Offer or Paladin acquires at least 90% of the voting power in Summit and at least 75% (by number) of the Summit Shares it offered to acquire by the end of the Offer Period. If this occurs, Paladin will be entitled to acquire compulsorily your Summit Shares for the same consideration you would have received under the Paladin Offer, provided some other legal requirements are complied with. Your directors do not think it is likely that Paladin will acquire at least 90% of the voting power in Summit and at least 75% (by number) of the Summit Shares it offered to acquire by the end of the Offer Period. See Section 7.6 of this Target's Statement for more details.</p>
If I accept the Paladin Offer now, can I withdraw my acceptance at a later date?	No.
Why have the directors not obtained an independent expert's report?	<p>There is no obligation on your directors to obtain an independent expert's report and there are many examples of hostile takeover offers where the board of the target company has not seen the need for an independent expert's report.</p> <p>Independent experts typically value resource projects using discounted cashflow methodology ("DCF") based on a selected base case development scenario which incorporates a mine development plan with capital and operating costs, and uses industry consensus commodity prices as the basis for revenue calculations. No base case development scenario has yet been finalised for Summit and your directors believe that it would be premature for an expert to attempt to develop a mine plan and production scenario in order to form a view on the value of Summit.</p> <p>Your directors considered whether an independent expert should be appointed to review Paladin's offer. Your directors resolved that they were in the best position to assess the offer bearing in mind the extensive work that members of the board have undertaken on the Mount Isa Uranium Project over the last 17 years. As noted above, your directors also took account of the fact that due to the stage of Summit's development, an expert would not have access to mine plans, production projections, capital and operating costs and the other data required to develop a financial model on which to base a valuation.</p> <p>DCF based analysis is also notoriously unreliable for assessing milestone events, such as the ALP Policy decision on future uranium mines, and the potential for Summit to control the 50% of the Valhalla/ Skai JV that Paladin currently owns if the Litigation is successful, as your directors believe it will be.</p> <p>Assessing the unrealised potential of Summit requires a thorough appreciation of a range of objective and subjective factors. In Summit's case, your board's rejection of the Paladin offer is primarily based on its conviction that the Mount Isa Uranium Project will prove to be a world class project in one of the most prospective uranium provinces in the world today.</p> <p>Through its work on the Mount Isa Project your board has built up an appreciation of what the project has to offer and it is that appreciation which led your directors to unanimously recommend that you REJECT the Paladin offer.</p>

QUESTION	ANSWER
What happens if the Offer Price is increased?	If Paladin increases its Offer, your directors will consider the increased Paladin Offer and advise you of their position accordingly.
What are the tax consequences of the Paladin Offer?	Accepting the Paladin Offer may have significant tax consequences. See Section 9.4 of this Target's Statement for further details.
I am a Foreign Shareholder, how does the Paladin Offer affect me?	You will not be entitled to receive Paladin Shares. Paladin will arrange for the Paladin Shares to which you would have been entitled to be issued to a nominee, who will sell the Paladin Shares on ASX. See Section 13.7 ("Foreign Shareholders") of the Bidder's Statement for more information.



4. PROFILE OF SUMMIT

4.1 OVERVIEW OF SUMMIT

BACKGROUND

Summit is an ASX and NZX listed corporation focussed on uranium, copper, gold and base metal exploration and mine development projects in the world class Mount Isa metals province in northwest Queensland. The Company also has iron ore and phosphate development interests in the region.

Summit is the largest and most advanced uranium exploration company operating in Australia with over 70 million pounds of uranium oxide resource under its control in eight deposits near Mount Isa in northwest Queensland. Only BHP Billiton and Rio Tinto control larger uranium resources in Australia.

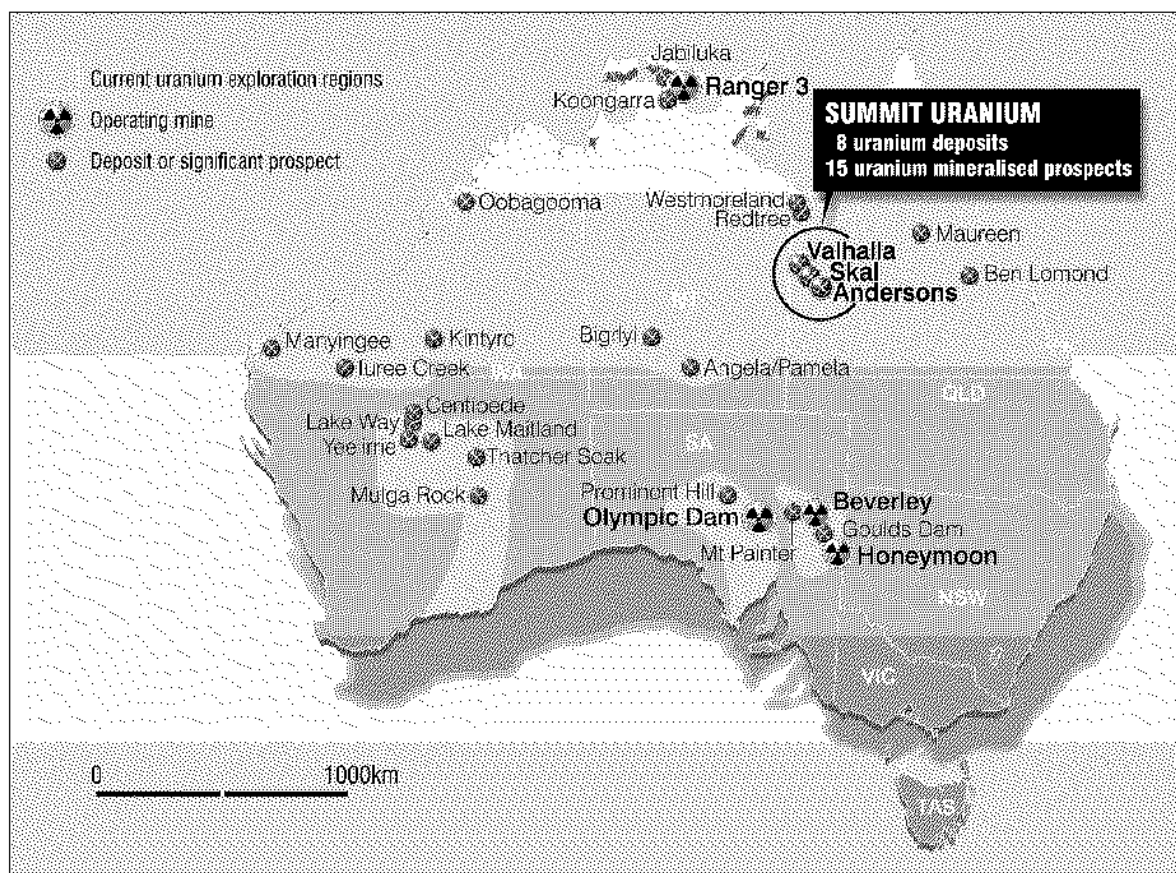


Figure 6: Uranium Production and Exploration in Australia

Summit has been listed on the NZX since July 1987 and the ASX since April 1994. Alan Eggers is the founding director of the Company and has personally directed its search, initially for gold deposits in New Zealand, Australia and Chile, and then, since 1990, uranium, copper, gold and base metal deposits at Mount Isa.

Summit now controls over 18,750km² 100% owned mineral tenement holdings in the Mount Isa Proterozoic Inlier of northwest Queensland, one of the most prospective and productive base metal and uranium provinces in the world (Figure 7).

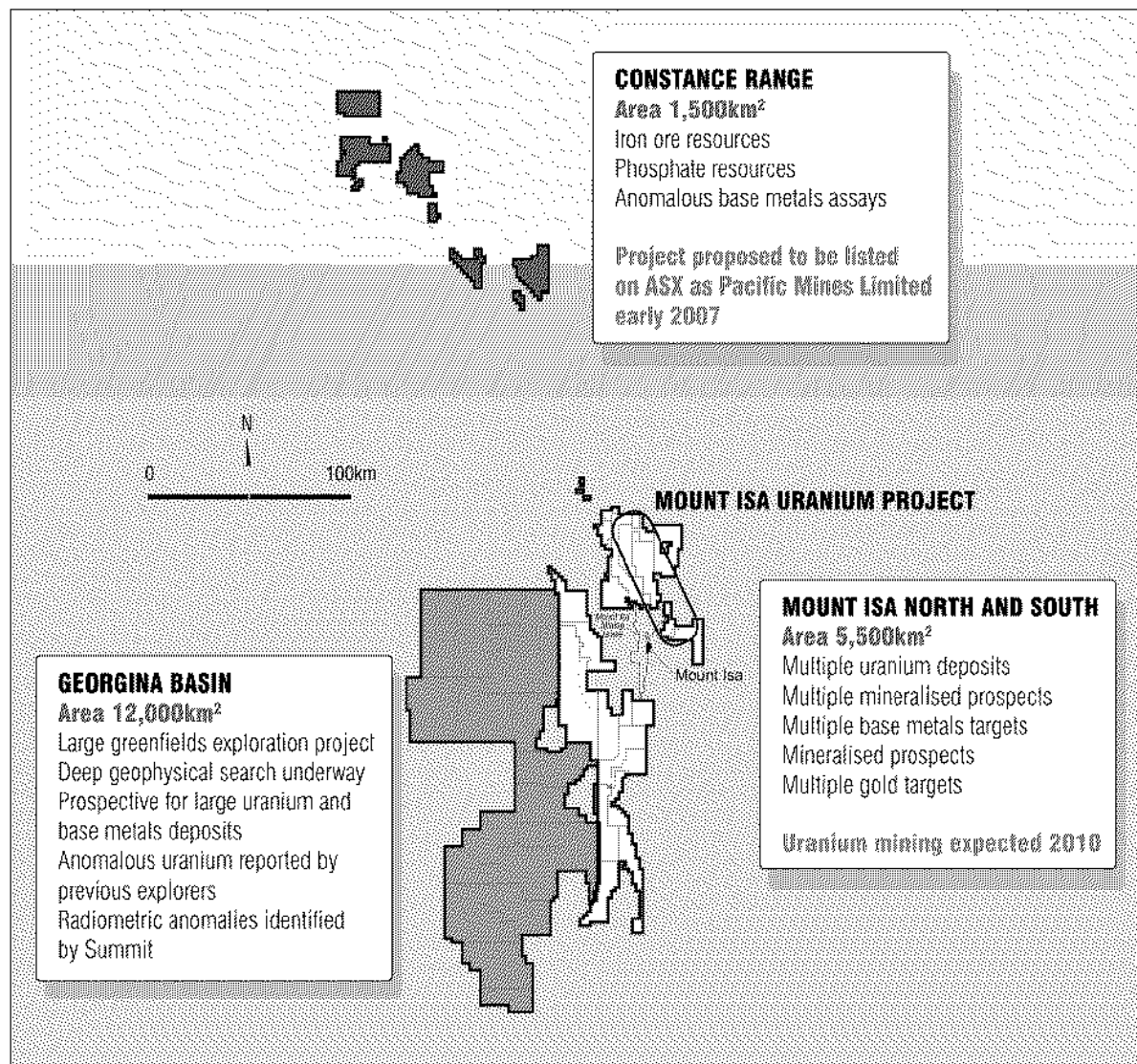


Figure 7: Summit Project Summary

The eight uranium deposits and mineralised prospects currently being drilled and evaluated by Summit are all located from 15 kilometres east to 65 kilometres north of Mount Isa city.

The location of Summit's key uranium deposits is indicated in orange and black in Figure 8 below.

In the early 1990's Summit became focused on exploration for world class Proterozoic iron oxide copper gold ("IOCG") base and precious metal deposits in the Western Succession of the Mount Isa Inlier in northwest Queensland. These deposits are geologically similar in age and setting to the South Australian Olympic Dam (the world's largest uranium mine) and the Queensland Ernest Henry mines that are known to be iron rich deposits that contain valuable minerals including copper, gold and uranium.

In addition, the Company has a number of advanced copper and gold targets as well as iron ore and phosphate resources within its extensive 100% owned 18,750km² tenement holdings in the region. Summit holds permits over ground both to the north and south of three of the largest mines in the area, Xstrata's Mount Isa, Hilton and George Fisher mines.

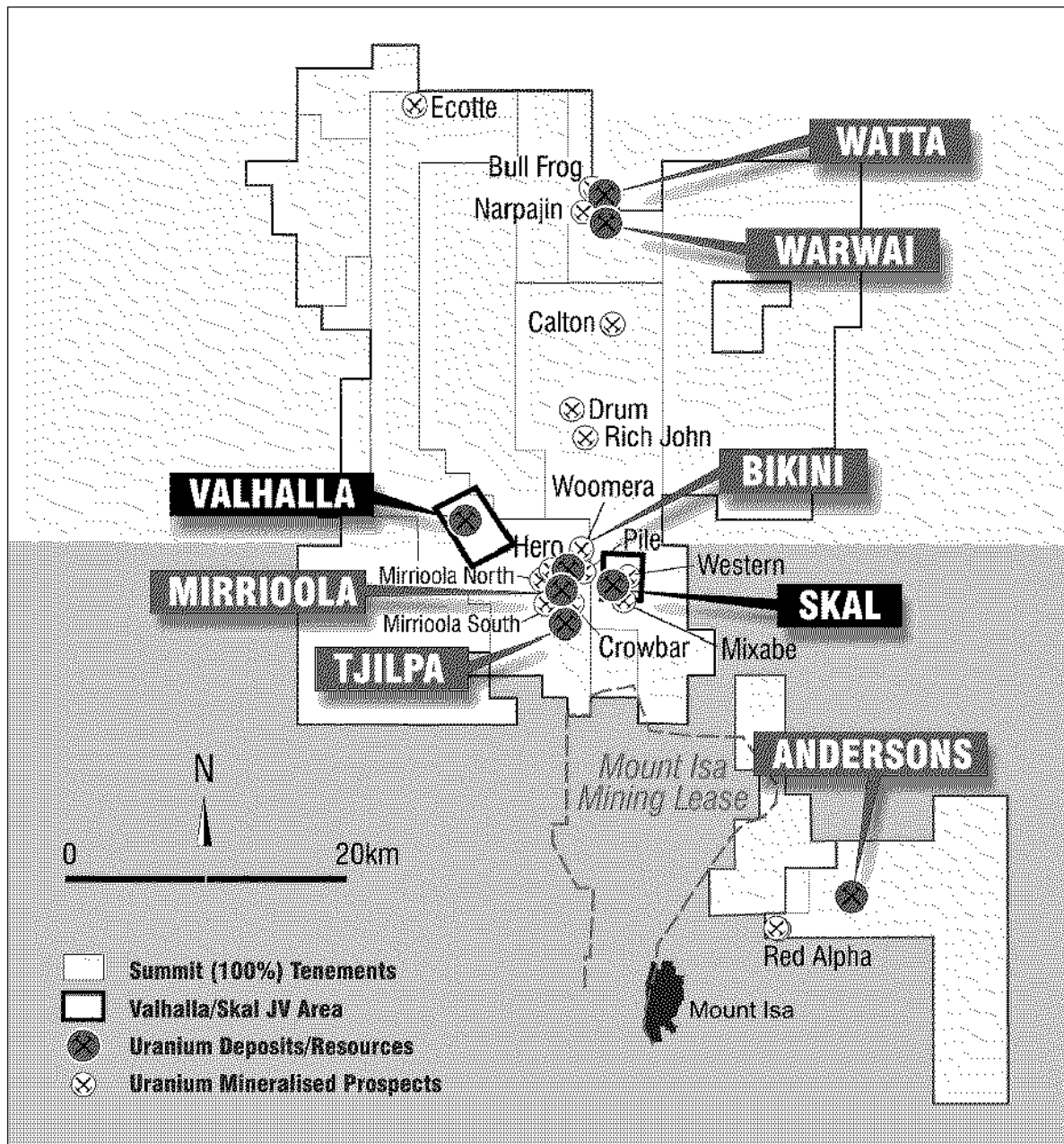


Figure 8: Summit's Mount Isa Uranium Projects and Prospects

IDENTIFIED DEPOSITS AND CURRENT EXPLORATION

Summit has currently identified eight separate uranium vanadium deposits in its Mount Isa Uranium Project with historical resources that are now being redrilled to establish new JORC compliant resource estimates. The total measured, indicated and inferred resources established to date and released, including historic resource estimates, are 41.6Mt at 1.80lb/t (0.08%) uranium oxide for 33,200 tonnes or 73.10 million pounds of contained metal in five of those deposits.

The eight uranium vanadium deposits currently the subject of resource definition drilling program to expand the resource base of the Mount Isa Uranium Project are Valhalla, Andersons, Skal, Bikini, Mirrioola, Tjilpa, Watta and Warwai.

A JORC compliant resource estimate for Valhalla has been released and JORC compliant resource estimates for Andersons, Skal, Mirrioola and Bikini are being modelled and calculated.

A resource estimate for Watta is also being prepared. These resource estimates will be subjected to independent audits by resource consultants Hellman & Schofield prior to release to ASX and NZX.

Further drilling is required at Warwai and Tjilpa to commence modelling and calculation of a resource estimate. As all Summit's Mount Isa uranium deposits remain open, further drilling is required to delineate the full extent and size of the deposits. Drilling will continue during 2007 to further expand and define these resources.

Prefeasibility studies for the Mount Isa Uranium Project are premised on a mining rate of 4Mt per annum and uranium oxide production of 7.6 million pounds (3,500t) per annum.

URANIUM PROSPECTS

The Company has a further fifteen mineralised uranium prospects identified within the Mount Isa Uranium Project area which are yet to be evaluated. The prospects that are the subject of initial exploration, evaluation and future drill testing are Red Alpha, Mixabe, Western, Mirrioola North and South, Pile, Woomera, Hero, Drum, Rich John, Crowbar, Calton, Narparjin, Bull Frog and Ecotte. All are located on 100% owned Summit tenements.

GREENFIELDS URANIUM, BASE METAL, IRON ORE AND PHOSPHATE PROSPECTS

In addition to the uranium deposits and prospects within Summit's Mount Isa Uranium Project, Summit has initiated the extensive greenfields Georgina Basin uranium project to the west of Mount Isa, is moving towards drilling deep seated copper targets to the south of Mount Isa and has iron ore and phosphate exploration interests to the northwest in the Constance Range around the Century zinc mine.

These mineral assets are secured in 100% owned exploration tenement holdings. That portfolio, of over 18,750km², is one of Australia's largest mineral tenement holdings in one of the world's most prolific mining and metal producing districts. A number of world class mines are operating in the area and uranium was successfully mined here by Rio Tinto between 1966 and 1982 at Mary Kathleen just 50kms to the east of Mount Isa.

In December 2006 Summit applied for the Angela Pamela uranium deposit in NT known to contain uranium oxide resources of up 12,400t of U₃O₈. Approximately 40 companies have also applied for the Angela Pamela deposit.

CURRENT HIGHLIGHTS

- *Mount Isa Uranium Project has combined JORC compliant and historic resources of 41.6Mt containing 73.1 million pounds (33,200t) uranium oxide in five deposits*
- *Resource definition and expansion drilling and evaluation continues around the clock on eight uranium deposits at Mount Isa*
- *\$5 million Georgina Basin uranium search underway with data acquisition and the 8,000km² airborne EM survey flown*
- *60 kilometres of IP geophysical surveys over copper targets completed at Isa South. Drilling for deep high grade Mount Isa style breccia copper bodies to commence first half 2007*
- *Pacific Mines Limited draft demerger documentation and prospectus being prepared for IPO listing*
- *Summit submits a competitive application for the Angela Pamela uranium deposits in NT with known 12,400t U₃O₈ resource*

Summit has stepped up its uranium resource definition drilling at Mount Isa in the December 2006 and March 2007 quarters with around 5,000 metres of drilling per month being completed.

4.2 PROJECT SUMMARY

1. MOUNT ISA URANIUM PROJECT (100% SUMMIT)

Uranium exploration and drilling continues on our Mount Isa Uranium Project tenements where the Company controls over 70 million pounds of reported measured, indicated and inferred uranium oxide resources in a number of deposits to the east and north of Mount Isa city. The six 100% owned, and two 50% owned and managed, uranium deposits and targets now being drilled by Summit at Mount Isa are all uranium bearing IOCG style hematite breccias.

All reported drill results (including those referred to below) have been released to ASX and NZX.

ANDERSONS Uranium Deposit

The Andersons uranium deposit is located 15 kilometres east of Mount Isa city on Exploration Permit Minerals, Queensland ("EPM") 14047.

Prior to Summit's ownership of the Andersons uranium deposit, a resource estimate was calculated and released to the Queensland Department of Mines and Energy, which estimated that the deposit contained 1,250,000 tonnes grading 3.68lb/t (0.17%) U_3O_8 for a total of 4,630,000 pounds (2,100 tonnes) of uranium oxide at a cut off grade of 1.10lb/t (0.05%) U_3O_8 .

Summit has now drilled forty four diamond holes and eight percussion holes at Andersons totalling over 9,000m of drilling. The diamond holes reported so far have intersected mineralised sediments and conglomerate with mineralised sections ranging from 2 to 51 metres down hole. Intersections reported include 28 metres at 4.87lb/t (0.22%) U_3O_8 and 5.94lb/t (0.27%) V_2O_5 . Grades as high as 11.88lb/t (0.54%) U_3O_8 and 16.06lb/t (0.73%) V_2O_5 over metre intervals have been encountered in Summit's drill holes at Andersons.

Drill results reported for Andersons include:

ANDERSONS	28m	4.87lb/t (0.22%) U_3O_8	&	5.94lb/t (0.27%) V_2O_5
ANDERSONS	20m	3.90lb/t (0.18%) U_3O_8	&	6.37lb/t (0.29%) V_2O_5
ANDERSONS	40m	4.52lb/t (0.21%) U_3O_8	&	6.91lb/t (0.31%) V_2O_5
ANDERSONS	33m	3.15lb/t (0.14%) U_3O_8	&	7.99lb/t (0.36%) V_2O_5
ANDERSONS	51m	3.83lb/t (0.17%) U_3O_8	&	6.38lb/t (0.29%) V_2O_5
ANDERSONS	18m	4.07lb/t (0.19%) U_3O_8	&	4.55lb/t (0.21%) V_2O_5

Consistent widths and high grades of uranium vanadium mineralisation down to 300 metres depth have been encountered at Andersons in the main mineralised shoot that is mineralised from surface. The deposit remains open in both directions along strike.

Summit's drilling at Andersons has confirmed previous drilling on the deposit and a resource estimate for the deposit is now being modelled, calculated and independently audited. The resource estimate for Andersons will be revised, upgraded and released on receipt of the assays for holes ANDDH1 to ANDDH30.

MIRRIOOLA Uranium Deposit

The Mirrioola uranium prospect is located 33 kilometres north of Mount Isa and 3 kilometres south of Bikini on EPM9221.

A total of 3,400 metres of drilling was completed in eighteen drill holes at Mirrioola in 2006.

Multiple zones of uranium mineralisation were encountered in all 18 drill holes. The intersections include 18 metres at 2.43lb/t (0.11%) U_3O_8 and 1.48lb/t (0.07%) V_2O_5 , 16 metres at 2.63lb/t (0.12%) U_3O_8 and 1.51lb/t (0.07%) V_2O_5 and 14 metres at 2.86lb/t (0.13%) U_3O_8 and 1.61lb/t (0.07%) V_2O_5 . The intersections include 5 metre high grade shoots of up to 6.41lb/t (0.29%) U_3O_8 and 1.68lb/t (0.08%) V_2O_5 . Grades up to 11.18lb/t (0.51%) U_3O_8 and 4.56lb/t (0.21%) V_2O_5 over metre intervals have been encountered in Summit's drill holes at Mirrioola.

Drill results reported for Mirrioola include:

MIRRIOOLA	18m	2.43lb/t (0.11%) U_3O_8	&	1.48lb/t (0.07%) V_2O_5
MIRRIOOLA	5m	5.59lb/t (0.25%) U_3O_8	&	1.68lb/t (0.08%) V_2O_5
MIRRIOOLA	16m	2.35lb/t (0.11%) U_3O_8	&	1.47lb/t (0.07%) V_2O_5
MIRRIOOLA	5m	6.41lb/t (0.29%) U_3O_8	&	1.43lb/t (0.06%) V_2O_5
MIRRIOOLA	16m	2.63lb/t (0.12%) U_3O_8	&	1.51lb/t (0.07%) V_2O_5
MIRRIOOLA	14m	2.86lb/t (0.13%) U_3O_8	&	1.61lb/t (0.07%) V_2O_5

Summit's drilling on the deposit has confirmed drilling by the previous owner of the same ground. A resource estimate for Mirrioola is now being modelled, calculated and independently audited.

BIKINI Uranium Deposit

The Bikini prospect is located 36 kilometres north of Mount Isa, 8 kilometres southeast of the Valhalla deposit and 3 kilometres northwest of the Skall uranium deposit on EPM9221.

A total of 3,620 metres of drilling was completed in twenty one drill holes at Bikini in 2006.

Multiple zones of uranium vanadium mineralisation were reported from Bikini in holes BPDDH1 to 21 including 11 metres at 3.12lb/t (0.14%) U_3O_8 and 1.83lb/t (0.08%) V_2O_5 . Grades up to 10.86lb/t (0.49%) U_3O_8 and 8.19lb/t (0.37%) V_2O_5 over metre intervals were encountered in Summit's drill holes at Bikini.

Drill results reported for Bikini include:

BIKINI	11m	1.53lb/t (0.07%) U_3O_8	&	2.78lb/t (0.11%) V_2O_5
BIKINI	13m	1.12lb/t (0.05%) U_3O_8	&	1.80lb/t (0.08%) V_2O_5
BIKINI	7m	2.01lb/t (0.09%) U_3O_8	&	1.63lb/t (0.07%) V_2O_5
BIKINI	8m	2.08lb/t (0.09%) U_3O_8	&	2.02lb/t (0.09%) V_2O_5
BIKINI	11m	3.12lb/t (0.14%) U_3O_8	&	1.83lb/t (0.08%) V_2O_5
BIKINI	7m	2.04lb/t (0.09%) U_3O_8	&	1.61lb/t (0.07%) V_2O_5

The mineralisation outcrops at Bikini and drilling to date has intersected the uranium vanadium mineralisation to around 200 metres depth along 500 metres of strike.

Summit's drilling on the deposit has confirmed drilling by the previous owner of the same ground. A resource estimate is now being modelled, calculated and independently audited for Bikini.

WATTA Uranium Deposit

Watta is located 27 kilometres north of Bikini and 1 kilometre northwest of Warwai on EPM13066.

An earlier owner of the ground where Watta is located originally costeanned the prospect and drilled 43 percussion and 7 diamond drill holes in the late 1960's. Drilling results include two intersections of 9.14 metres at 1.43lb/t (0.05%) U_3O_8 in WADDH01, 9.14 metres of 2.09 (0.09%) lb/t U_3O_8 in WADDH02 and 7.62 metres of 1.65lb/t (0.07%) U_3O_8 in WADDH05. A subsequent owner acquired the lease in the early 1970's and drilled a further 4 diamond holes and calculated a resource estimate. In 1982 that subsequent owner's joint venture party drilled two holes, undertook further assessment of the deposit and calculated a resource estimate.

Prior to Summit's ownership of the Watta uranium deposit, a resource estimate was calculated and released to the Queensland Department of Mines and Energy, which estimated that the deposit contained 4,234,000 tonnes grading 1.00lb/t (0.05%) U_3O_8 for a total of 4,200,000 pounds (1,900 tonnes) of uranium oxide at a cut off grade of 0.65lb/t (0.03%) U_3O_8 .

Summit has drilled eight diamond holes at Watta totalling 1,116 metres of drilling. 663 metres were drilled in the December quarter.

Further wide low grade uranium intersections were reported in holes WADDH1 to 8 at Watta. These included an 86 metre section of 0.65lb/t (0.03%) U_3O_8 and 0.78lb/t (0.04%) V_2O_5 , that includes 7 metres at 1.26lb/t (0.06%) U_3O_8 and 1.26lb/t (0.06%) V_2O_5 and 26 metres at 1.01lb/t (0.05%) U_3O_8 and 0.77lb/t (0.04%) V_2O_5 in WADDH5, 9 metres of 0.96lb/t (0.05%) U_3O_8 and 2.06lb/t (0.09%) V_2O_5 in WADDH6 and 55 metres at 1.02lb/t (0.05%) U_3O_8 and 0.77lb/t (0.04%) V_2O_5 that includes 15 metres at 1.69lb/t (0.08%) U_3O_8 and 1.09lb/t (0.09%) V_2O_5 and 12 metres at 1.42lb/t (0.06%) U_3O_8 and 0.47lb/t (0.02%) V_2O_5 in WADDH8.

Grades up to 3.28lb/t (0.15%) U_3O_8 and 8.97lb/t (0.41%) V_2O_5 over metre intervals have been encountered in the Watta drill holes.

Drill results reported for Watta include:

WATTA	47m	1.15lb/t (0.05%) U_3O_8	&	2.16lb/t (0.10%) V_2O_5
WATTA	7m	2.32lb/t (0.11%) U_3O_8	&	4.76lb/t (0.22%) V_2O_5
WATTA	8m	1.82lb/t (0.08%) U_3O_8	&	1.33lb/t (0.06%) V_2O_5
WATTA	4m	2.08lb/t (0.10%) U_3O_8	&	3.52lb/t (0.16%) V_2O_5
WATTA	15m	1.69lb/t (0.08%) U_3O_8	&	1.09lb/t (0.05%) V_2O_5
WATTA	12m	1.42lb/t (0.06%) U_3O_8	&	0.47lb/t (0.02%) V_2O_5

Consistent widths and grades of uranium mineralisation down to 150 metres depth have been encountered at Watta confirming previous drilling of the deposit. The mineralised shoot remains open along strike and at depth. A resource estimate is now being modelled, calculated and independently audited for the deposit.

WARWAI Uranium Deposit

Warwai is located 26 kilometres north of Bikini and 1 kilometre southeast of Watta on EPM13066.

An earlier owner of the ground where Warwai is located costeanned the prospect and drilled 7 percussion and 4 diamond drill holes in the late 1960's. A subsequent owner acquired the lease in the early 1970's

and drilled a further 2 diamond holes and calculated a uranium resource estimate. In 1982 the previous owner of the ground undertook further assessment of the deposit and calculated a resource estimate. Intersections include 9.10 metres of 5.29lb/t (0.24%) U_3O_8 in WWDDH01 and 8.23 metres of 3.09lb/t (0.14%) U_3O_8 in WWRCP02.

Prior to Summit's ownership of the Warwai uranium deposit, a resource estimate was calculated and released to the Queensland Department of Mines and Energy, which estimated that the deposit contained 125,000 tonnes grading 2.65lb/t (0.12%) U_3O_8 for a total of 330,600 pounds (150 tonnes) of uranium oxide at a cut off grade of 0.65lb/t (0.03%) U_3O_8 .

Summit drilled five RCP and diamond holes at Warwai totalling 550 metres of drilling in late 2006.

Grades up to 2.43lb/t (0.11%) U_3O_8 and 7.56lb/t (0.34%) V_2O_5 over metre intervals have been encountered in the Warwai drill holes.

Drill results reported for Warwai include:

WARWAI	2m	1.52lb/t (0.07%) U_3O_8	&	7.24lb/t (0.33%) V_2O_5
WARWAI	4m	1.01lb/t (0.05%) U_3O_8	&	1.55lb/t (0.07%) V_2O_5
WARWAI	7m	1.04lb/t (0.05%) U_3O_8	&	1.28lb/t (0.06%) V_2O_5
WARWAI	3m	0.90lb/t (0.04%) U_3O_8	&	5.60lb/t (0.25%) V_2O_5
WARWAI	3m	0.69lb/t (0.03%) U_3O_8	&	0.98lb/t (0.04%) V_2O_5
WARWAI	9m	0.72lb/t (0.03%) U_3O_8	&	2.69lb/t (0.12%) V_2O_5

Further drilling is required to delineate the mineralisation, confirm drilling by the previous owners of the ground where Warwai is located and provide sufficient data to commence modelling and calculation of a resource estimate.

TJILPA Uranium Deposit

The Tjilpa uranium prospect is located 30 kilometres north of Mount Isa and 5 kilometres south of Bikini on EPM9221.

A total of 1,044 metres of drilling was completed in five drill holes at Tjilpa in 2006.

Multiple zones of uranium vanadium mineralisation have been encountered in a wide low grade intersections in the first drill holes reported from Tjilpa. TJDDH1 intersected a 194 metre section grading 0.49lb/t (0.02%) U_3O_8 and 1.07lb/t (0.05%) V_2O_5 includes 5 metres at 1.99lb/t (0.09%) U_3O_8 and 1.73lb/t (0.08%) V_2O_5 and 10 metres at 1.93lb/t (0.09%) U_3O_8 and 1.35lb/t (0.06%) V_2O_5 . Four metres grading 1.37lb/t (0.06%) U_3O_8 and 1.57lb/t (0.07%) V_2O_5 was intersected in TJDDH3.

Grades up to 5.48lb/t (0.25%) U_3O_8 and 1.97lb/t (0.09%) V_2O_5 over metre intervals have been encountered in the Tjilpa drill holes.

Drill results reported for Tjilpa include:

TJILPA	194m	0.49lb/t (0.02%) U_3O_8	&	1.07lb/t (0.05%) V_2O_5
TJILPA	5m	1.99lb/t (0.09%) U_3O_8	&	1.73lb/t (0.08%) V_2O_5
TJILPA	7m	1.68lb/t (0.08%) U_3O_8	&	1.08lb/t (0.05%) V_2O_5
TJILPA	10m	1.93lb/t (0.09%) U_3O_8	&	1.35lb/t (0.06%) V_2O_5
TJILPA	5m	1.63lb/t (0.07%) U_3O_8	&	1.50lb/t (0.07%) V_2O_5
TJILPA	4m	1.37lb/t (0.06%) U_3O_8	&	1.57lb/t (0.07%) V_2O_5

Further drilling is required at Tjilpa to delineate the mineralisation, confirm drilling by the previous owners of the ground where Tjilpa is located and provide sufficient data to commence modelling and calculation of a resource estimate.

URANIUM PROSPECTS

Summit is yet to assess and evaluate the potential of a further fifteen known uranium mineralised prospects within its Mount Isa Uranium Project area north of Mount Isa. Mapping, sampling and initial data reviews have been completed on Red Alpha, Western, Mixabe and Woomera and are planned for Hero, Crowbar, Mirrioola South, Mirrioola North, Pile, Drum, Rich John, Calton, Narpajin, Bull Frog and Ecotte in the coming months. The first Summit drill holes have also been drilled into and reported for Western, Pile and Woomera.

Previous exploration of these fifteen prospects includes rock chip sampling and drilling. Reported results include anomalous rock chip sample assays of 3.12lb/t (0.14%) U_3O_8 at Western, 1.82lb/t (0.08%) U_3O_8 , 936ppmCu, 2,320ppmPb, and 0.91lb/t (0.04%) V_2O_5 at Mixabe, 1.69lb/t (0.08%) U_3O_8 at Hero and 13.40lb/t (0.61%) U_3O_8 at Drum. Drill results include 9 metres at 1.98lb/t (0.09%) U_3O_8 at Red Alpha, 4 metres at 2.24lb/t (0.10%) U_3O_8 at Woomera and 12 metres at 0.20%Cu at Western.

2. VALHALLA/SKAL JV (50% Summit)

The Valhalla and Skal uranium deposits are within the Valhalla/Skal JV area where Summit is manager, operator and holds a 50% interest. Paladin's wholly owned subsidiary, Mt Isa Uranium Pty Ltd, is a 50% contributing participant to the Valhalla/Skal JV.

VALHALLA Uranium Deposit (50% Summit)

The Valhalla uranium deposit is located 40 kilometres northwest of Mount Isa city on EPM9221.

In the September quarter 2006 a revised and independently validated JORC compliant resource estimate was modelled, calculated and reported for the Valhalla uranium deposit.

VALHALLA RESOURCE STATEMENT

JORC Category	Cut-off U_3O_8			Resource	Grade U_3O_8			Metal	
	lb/t	kg/t	% U_3O_8		lb/t	kg/t	% U_3O_8	Tonnes	Mlbs
Indicated	0.5	0.23	0.023	21.3	1.76	0.80	0.080	16,900	37.4
Inferred	0.5	0.23	0.023	12.0	1.65	0.75	0.075	9,000	19.6
Total				33.3	1.70	0.77	0.077	25,900	57.0
Indicated	1.4	0.64	0.064	11.2	2.50	1.13	0.113	12,600	27.8
Inferred	1.4	0.64	0.064	5.1	2.50	1.13	0.113	6,000	12.5
Total				16.3	2.50	1.13	0.113	18,600	40.3

At 0.50lb/t (0.023%) U_3O_8 cut off grade and a combined indicated and inferred resource of 33.3 million tonnes ("Mt") grading 1.70lb/t (0.077%) U_3O_8 the Valhalla resource totals 57.0 million pounds ("Mlb") or 25,900 tonnes of U_3O_8 . This represents a 56% increase on the previously reported 1999 JORC compliant resource of 36.5Mlb at Valhalla.

Using a higher, 1.40lb/t (0.064%) U_3O_8 cut off grade there is a combined indicated and inferred resource of 16.3Mt grading 2.50lb/t (0.113%) U_3O_8 for a total of 40.3Mlb or 18,600 tonnes of U_3O_8 . This higher grade resource contains over 70% of the reported metal resource.

The modelled resource at Valhalla remains open to the north and south along strike, and down plunge. In the September 2006 quarter near surface metallurgical diamond drilling and resource drilling targeted at extending the resource along strike and down plunge commenced.

Seven metallurgical diamond holes into the top of Valhalla (VDDH63 to 69 totalling 964m of drilling) were completed in the December 2006 quarter.

A further 18 diamond holes (VDDH70 to 88 totalling 4,270m of drilling) were completed by February 2007. Core and metallurgical samples have been despatched to laboratories in Perth and Sydney.

The drilling and core sampling is designed to, when the results are reported, model and calculate a revised and updated JORC compliant resource estimate for the deposit. Drilling is also to provide further samples, particularly in the top 100 metres of the mineralised system, for detailed metallurgical testwork.

Metallurgical test work, including the development of a standard test procedure and further flotation studies on Valhalla samples, to establish the metallurgical flow sheet, recoveries and metallurgical compatibility with the Skäl uranium mineralisation and Summit's other uranium deposits in the area is ongoing.

SKAL Uranium Deposit (50% Summit)

The Skäl uranium deposit is located 32 kilometres north of Mount Isa city on EPM14048.

Prior to the Valhalla/Skäl JV's ownership of the Skäl uranium deposit, a resource estimate was calculated and released to the Queensland Department of Mines and Energy, which estimated that the deposit contained 2,710,000 tonnes grading 2.55lb/t (0.12%) U_3O_8 for a total of 6,910,500 pounds (3,315 tonnes) of uranium oxide at a cut off grade of 1.10lb/t (0.05%) U_3O_8 .

A total of 2,990 metres of drilling was completed in eighteen drill holes at Skäl (SKDDH1 to 18) in 2006 and 2007.

Consistent widths and grades of uranium mineralisation have been encountered in drill holes reported from Skäl including 13 metres at 2.21lb/t (0.10%) U_3O_8 and 1.39lb/t (0.06%) V_2O_5 ; 31 metres of 1.96lb/t (0.09%) U_3O_8 and 1.25lb/t (0.06%) V_2O_5 and 7 metres of 2.99lb/t (0.14%) U_3O_8 and 1.10lb/t (0.05%) V_2O_5 .

Grades up to 11.93lb/t (0.54%) U_3O_8 and 3.15lb/t (0.14%) V_2O_5 over metre intervals have been encountered in Summit's drilling at Skäl.

Drill results reported for Skäl include:

SKAL	23m	1.57lb/t (0.07%) U_3O_8	&	1.42lb/t (0.06%) V_2O_5
SKAL	13m	2.21lb/t (0.10%) U_3O_8	&	1.39lb/t (0.06%) V_2O_5
SKAL	75m	1.18lb/t (0.05%) U_3O_8	&	1.19lb/t (0.05%) V_2O_5
SKAL	31m	1.96lb/t (0.09%) U_3O_8	&	1.25lb/t (0.06%) V_2O_5
SKAL	17m	2.69lb/t (0.12%) U_3O_8	&	1.57lb/t (0.07%) V_2O_5
SKAL	8m	4.39lb/t (0.20%) U_3O_8	&	1.83lb/t (0.08%) V_2O_5

Two mineralised shoots have now been defined at Skäl. The uranium mineralisation in both the southern and northern shoots at Skäl is yet to be closed off by drilling either along strike or at depth.

Sufficient holes have now been drilled into the southern shoot to commence modelling and calculation of a new JORC compliant resource estimate. Further drilling on the northern mineralised shoot at Skal is required to model this area of the deposit.

As at Valhalla, the same metallurgical test work to establish the metallurgical flow sheet, recoveries and metallurgical compatibility of the Skal uranium mineralisation with Valhalla and Summit's other uranium deposits in the area is ongoing.

On receipt of the assays for the current holes and proposed holes for Skal North a new resource model for the deposit will be modelled and a JORC compliant resource estimate calculated for release to the market.

3. GEORGINA BASIN URANIUM EXPLORATION

The Georgina Basin greenfields uranium search is underway over Summit's 16 Exploration Permit applications, covering approximately 11,800km² of the basin, to the west of the Mount Isa Inlier in northwest Queensland.

Newland Resources Limited is sole funding the first \$1.0 million of exploration expenditure and then has the right to fund a total of \$5.0 million expenditure for a 50% interest in the project. Summit is manager and operator of the joint venture.

This uranium search for basin hosted calcrete channel, paleochannel, roll front and unconformity style deposits will also include Proterozoic basement uranium targets under the Cambrian sediments, associated with magnetic features similar to Summit's Mount Isa deposits, the Ernest Henry and Olympic Dam complex breccia deposits.

The airborne Tempest EM survey over approximately 8,000km² of the northern portion of the basin and western margin of the Inlier was flown by Fugro Airborne Surveys in February 2007. The data is now being processed by the contractor.

Shuttle radar digital terrain mapping is underway, Landsat colour 12.5m resolution satellite imagery acquired and Modis satellite night time thermal imagery ordered. Computer data processing has commenced. Geophysical consultants are processing all available magnetic, radiometric and gravity data along with BHP's, MIM's and Aberfoyle's previous EM surveys in the area to model the basin and depth to basement of the Cambrian sediments. All available open file mineral exploration reports and water bore logs have been accessed and are being reviewed. FrogTech Consultants have been engaged to compile the tectonic and sedimentary history of the basin area being explored and will utilise the satellite, geophysical, previous mineral exploration and water bore data to refine the geological model.

The area has not previously been subjected to a uranium search. Anomalous uranium mineralisation has been reported by previous explorers in drill holes in the Georgina Basin sediments within Summit's application areas. As well, radiometric channel anomalies, identified in Summit's regional airborne radiometric data, are present along existing and shallow paleochannels in the area.

The satellite, geophysical, geological, exploration and airborne EM survey data will be used to identify anomalies and conductors for drilling. Drilling of targets is anticipated in the first half of 2007.

4. ISA SOUTH BASE METAL EXPLORATION

The Isa South project comprises nine contiguous tenement applications covering over 2,140km² of prospective Proterozoic terrane along the Mount Isa Paroo Fault ("MIPF") from 40 to 160 kilometres south of Mount Isa.

EPMs 14233, 14040, 14620 and 14821 have been granted and the remaining five EPM applications will now be offered for grant in the coming months. Glengarry Resources Ltd has a 10% carried interest to mine development in EPM14233.

EPM14233 covers 13 kilometres of the southern strike extension of the MIPF, which is known to be the structural control on a number of world class deposits to the north including the Mount Isa copper mine and the Mount Isa, Hilton and George Fisher lead zinc mines at Mount Isa.

Three priority base metal targets, located 38 to 50 kilometres south of Mount Isa, have been delineated and the first holes drilled. Drilling intersected weakly mineralised silica dolomite breccias similar to those that surround the high grade sulphide copper deposits being mined at Mount Isa.

An induced polarization ("IP") geophysical survey is now underway along the MIPF in EPM14233. Fifty 2 kilometre lines (total 100 line kilometres) at 250 metre intervals are being surveyed. 60 line kilometres were completed by December 2006.

The IP survey data will be used to target the next round of drill tests searching for high grade (>3.0%Cu) deep-seated copper bodies similar to those being mined by Xstrata to the north at Mount Isa. Drilling of these copper targets will recommence before June 2007.

Summit has identified a number of base metal and gold targets along 150 kilometres of the MIPF structure within the Isa South project area. These targets, including Apex, Red Dingo, Yappo Flats, Kahko Creek, Ardmore Ridge, Bald Hill, Split Creek, Black Crag and Spring Creek prospects, will be explored and drilled in the coming months as personnel and rigs become available and the tenements, to the south of EPM14233, are granted.

5. ISA NORTH BASE METAL EXPLORATION

Summit has defined and commenced drill testing a number of base metal targets in its Isa North tenements.

Further exploration and drill testing of the Barkly geophysical feature, located 5km west of the Valhalla uranium deposit, the Gidya ironstone 14 kilometres to the north of Barkly in EPM9221, and the Barkly South anomaly located 10 kilometres southwest of Valhalla in EPM13033, are being deferred whilst Summit concentrates on drilling and establishing its resource base for a number of uranium vanadium deposits within the Isa North project area.

6. MAY DOWNS URANIUM AND BASE METALS EXPLORATION

The potential for gold mineralisation in the shale sequence along the 12km Golden Fault structure, 35 kilometres west of Mount Isa, was drill tested in 2005. Base metal and uranium targets have now been identified within the project area in EPMs 11897, 11898 and 15212.

EPM15212 at May Downs covers the Big Toby uranium prospects to the west and south of the May Downs fault structure and the eastern margin of the prospective Georgina Basin. The Big Toby uranium prospects were previously drilled by Urangesellschaft mbH in the 1970's. On grant of EPM15212, uranium exploration will recommence on these prospects and the structures associated with the Big Toby alkaline intrusive stocks in the area. The Georgina Basin airborne EM survey has also covered the western part of the May Downs tenements.

In addition, sampling massive hematite shale rocks in the southern portion of the tenements at Carters Ridge have returned anomalous gold (40ppbAu), copper (2,545ppmCu) and zinc (2,848ppmZn). Two 150 metre RCP holes and one 400 metre diamond hole have been drilled in early 2007 to test these geochemical anomalies. The core is currently being logged and the samples prepared for despatch to the laboratories.

7. CONSTANCE RANGE IRON ORE AND PHOSPHATE EXPLORATION

Background

Pacific Mines' Constance Range project covers 1,480km² in seven EPMs.

The tenements, now held by Summit's 100% owned subsidiary Pacific Mines, are centred 50 kilometres southwest to 70 kilometres northwest of Zinifex's Century zinc mine in far northwest Queensland. Two of the tenements (EPMs 15129 and 15162) are subject to a joint venture where Pacific Mines has the right to earn an 85% interest.

The Train Range Ironstone Member in the Proterozoic South Nicholson Basin is prospective for iron ore. Exploration was conducted by BHP in the late 1950's and early 1960's. 368 million tonnes ("Mt") of iron ore at 45%Fe, 9%SiO₂ and <1% phosphorous, of which 40Mt is oxidized iron ore at 57%Fe and 10%SiO₂, was identified in the Train Range Ironstone Member. Additional iron rich deposits are mapped along strike from the drilled deposits and it is considered likely that further deposits of similar grade, quality and tonnage will be located with further exploration and drilling. Pacific Mines' project areas cover the majority of the prospective Train Range Ironstone Member in the South Nicholson Basin now available for exploration and possible development. The Constance Range A Extension, C, D, E Extension and H iron ore deposits and targets, are located within Pacific's EPMs.

Helicopter supported geological reconnaissance and preliminary rock chip sampling was completed in the June 2006 Quarter. Rock chip sample results have identified several areas with greater than 50%Fe (maximum values of 59%Fe), silica between 8% and 17%, and with low Al and P contaminants. Contaminant values for 22 samples with greater than 35%Fe collected by Pacific Mines from eight iron ore deposits and prospects in the area averaged 45%Fe and low 1.44%Al₂O₃, 0.08%TiO₂, 0.48%Mn, 0.08%C, 0.04%CaO, 0.05%P, 0.07%S, 0.10%MgO, 0.04%K₂O and 0.06%Na₂O contaminants and 3.86%LOI.

These results are seen to be very encouraging and a survey of the extent of the iron formations within the Train Range Ironstone Member is planned.

Six phosphate deposits, Highland Plains, Phantom Hills, Mount O'Connor, Babbling Brooke Hill, Mount Jennifer and Riversleigh, have been defined in the Georgina Basin to the south of Constance Range. These deposits are known to host over 200 million tonnes of phosphate mineralisation grading 15%P₂O₅. Pacific Mines' EPMs include the Babbling Brooke Hill (38Mt inferred resource) and Riversleigh (11Mt inferred resource) phosphate deposits hosted within the Cambrian Georgina Basin, which have reported combined phosphate resources of around 50Mt of 17%P₂O₅.

In addition to iron ore and phosphate, extensive parts of the area within the folded middle Proterozoic Lawn Hill Platform terrain are prospective for base metal (copper, lead, zinc and silver) deposits. The world class Century zinc-lead-silver mine, with reported reserves and resources of 135Mt at 12%Zn, 1.5%Pb, 35g/tAg, currently being mined by Zinifex Ltd, is located close to Pacific Mines' project areas and has similar geological and structural settings. Within Pacific Mines' project areas (EPMs 14712, 14713, 14935 and 15186) exploration by others has identified base metal mineralisation in favourable host rocks at the Stockyard Creek, Musselbrook, Malachite, Lilydale, Anomaly 214, Lily Hill and Valmay prospects. In some instances this mineralisation provides immediate targets for detailed exploration, drilling and assessment.

Demerger Proposal

Summit now intends to spin out its Constance Range iron ore, phosphate and base metal assets by separately funding and listing Pacific Mines on ASX and distributing Pacific Mines shares to existing Summit Shareholders. It is intended that, following the approval of Summit Shareholders of the demerger, Pacific Mines will receive \$2 million in funding from Summit in exchange for an issue of shares to Summit, raise approximately \$4 million by way of an IPO prospectus issue to new shareholders, and list on ASX by mid 2007.

Pacific Mines has appointed an independent geological consultant to prepare a report on the Constance Range project for the Board's review, a draft prospectus is being prepared and an ATO taxation ruling on the proposed demerger has now been received.

8. MOUNT KELLY COPPER/GOLD EXPLORATION

The six sub block EPM14694 (20km²) near CopperCo's Mount Kelly copper gold discovery, 95 kilometres northwest of Mount Isa, was granted in October 2005. The target here is copper gold mineralisation in

middle Proterozoic shales along northwest trending fault structures.

Satellite imagery and geophysical survey data has been acquired for the area, a review of all previous exploration is underway and field mapping and geochemical sampling, to delineate drill targets, will be undertaken during the 2007 field season.

ACQUISITIONS AND NEW PROJECTS

Summit continues to concentrate on the Mount Isa metals province in northwest Queensland to discover and develop mineral resources and create shareholder wealth and growth within the Company.

The principal commodities sought are uranium, copper, gold and base metals. Other commodities targeted include iron ore and phosphate rock. The Company continuously monitors key target areas and competitor projects in northwest Queensland and northern Australia that may complement its strategic tenement holdings and exploration program. All opportunities in the area, to advance Summit's interests and add value for its shareholders, are assessed as they present themselves.

In December 2006 Summit submitted an exploration licence application to the Northern Territory government for the Angela and Pamela uranium deposits. The Exploration Licence for minerals application covers two Reservations from Occupation ("ROs") RO1292 and RO1103 located approximately 25 kilometres south of Alice Springs. RO1292 has been previously explored for uranium and the Angela and Pamela uranium deposits have been delineated and are known to contain uranium oxide resources in various categories with varying levels of confidence of up to 12,400t of U_3O_8 . These resources are from near surface to around 800m depth over a strike length of 5.7 kilometres.

The Northern Territory Minister for Mines and Energy released the two ROs from occupation and invited interested parties to submit an Exploration Licence application. Approximately 40 competing applications have been lodged by Australian and international uranium companies.

4.3 KEY RISKS

Before deciding whether to reject or accept the Paladin Offer, you should read this entire Target's Statement carefully.

Your directors have recommended that you **REJECT** the Paladin Offer. If you do not accept the Paladin Offer and the Paladin Offer is unsuccessful, you will continue to hold Summit Shares and remain a Summit Shareholder.

You should be aware of the following key risks that may affect the performance of Summit and the value of Summit Shares. These risks include general risks associated with any form of business or specific risks associated with Summit's business and its involvement in the exploration and mining industry.

GENERAL AND INDUSTRY RISKS

A. Economic Conditions

Adverse changes in economic conditions such as interest rates, exchange rates, inflation, government policy, international economic conditions, employment rates amongst others are outside Summit's control and have the potential to have an adverse impact on Summit and its operations.

B. Stock Market Fluctuations

Investors should be aware that there are risks associated with any investment in a company listed on ASX or NZX. The value of Summit Shares may rise above or below the current Summit Share price depending on the financial and operating performance of Summit and external factors over which the Company and the directors have no control. These external factors include:

- economic conditions in Australia and overseas which may have a negative impact on equity capital markets;
- changing investor sentiment in the local and international stock markets specifically relating to the mining sector or uranium sector stocks;
- changes in domestic or international fiscal, monetary, regulatory and other government policies; and
- developments and general conditions in the markets in which Summit proposes to operate and which may impact on the future value and pricing of Shares in uranium and base metals companies.

C. Commodity Price Movements

Uranium prices have varied significantly over recent years and are currently at, or near, historical highs. This is, to a large extent, attributed to limited supply of uranium. Competitor behaviour or the behaviour of new entrants attracted by current price increases may also influence future uranium prices. Accordingly, it is difficult to predict accurately the future price movements and such movements may adversely impact on Summit's future development and planned future production adversely impacting on the price of Summit Shares.

The current uranium oxide spot price is readily available to the public and is updated weekly on www.uxc.com. However most uranium oxide tends to be sold on long term (20 year) contracts, the terms of which are confidential.

D. Regulatory Risks

While Summit's business activities are highly regulated, it is possible that new specific laws will be introduced in Australia and/or overseas which may have a material adverse effect on Summit's current and future business. For example, laws may be established to address concerns relating to the use of uranium, the production of carbon dioxide, the remediation of mines or tax laws may change.

E. Loss of Key Personnel

Summit may also face risks from the loss of key personnel from time-to-time, as it may be difficult to secure replacements with appropriate experience and expertise.

F. Reserve and Resource Estimations

There is a risk that, while Summit has sufficient quality uranium and base metal reserves, unforeseen geological and geotechnical difficulties may be encountered when mining the ore reserves. This would cause a loss of revenue due to lower production than expected and/or higher operation and maintenance costs and/or on-going unplanned capital expenditure.

G. Environmental Risks

Uranium and base metal exploration and production can be environmentally sensitive and can give rise to substantial costs for environmental rehabilitation, damage control and losses. Further, there are a number of environmental conditions that may be attached to Summit's mining tenements. Failure to meet such conditions could lead to forfeiture of these tenements. In common with other uranium producers, future legislative and regulatory changes may be introduced. Such changes could have an adverse impact on Summit's future profitability.

SUMMIT SPECIFIC RISKS**H. Native Title and Aboriginal Heritage Risk**

Summit's mining titles have been validly granted. However, there can be no guarantee that some of those mining titles will not be challenged or impaired, or that claims for compensation will not be made under the *Native Title Act 1993* (Cth).

I. Summit Specific Environmental and Regulatory Risk

The development of uranium mines in Australia is currently problematic given the dominance of the ALP at a State government level and their adherence to the Federal ALP's "no new uranium mines" policy. The ALP will consider reversing this policy at its National Conference to be held in April 2007.

If the anticipated change in that policy occurs, then Summit expects to be able to develop a uranium mine in accordance with applicable regulations.

M. Project Estimates and Project Costs

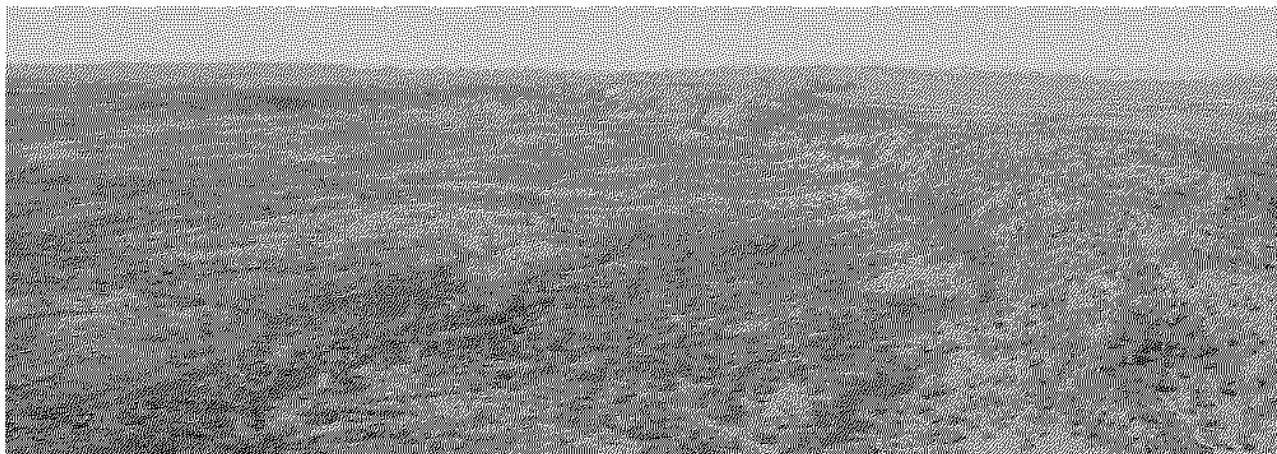
There is a risk that the cost of Summit's current activities, future construction costs or other future project costs exceed current expectations. In particular estimates of future resources, production rates and operating costs are likely to change because they are based on a preliminary feasibility study.

N. Future Funding Requirements

Future exploration and development of Summit's EPMs depends upon Summit's ability to obtain financing through joint ventures, debt financing, equity financing or other means. There is a risk that Summit may not be successful in obtaining the financing required as and when needed. Volatile markets for mineral commodities could make it difficult, or impossible, for Summit to obtain debt or equity financing on favourable terms or at all. Failure to obtain timely additional financing may cause Summit to postpone its development plans, forfeit rights in some or all of its properties or reduce or terminate some or all of its operations.

O. Dilution

Summit may undertake additional offerings of securities in the future in order to finance its ongoing operations. There is a risk that the issue of additional securities may dilute the voting power of existing Summit Shareholders. There is also a risk that an increase in the number of Summit Shares, and the possibility of offers of new Summit Shares, may decrease the price of Summit Shares already on issue.



5 SUMMIT DIRECTORS AND THEIR RECOMMENDATIONS

5.1 SUMMIT DIRECTORS

TITLE & QUALIFICATIONS

Mr John Andrew Gowans Seton
Non-Executive Chairman
LLM (Hons)

PROFILE

Mr John Seton, 44, is an Auckland based solicitor with extensive experience in commercial law, stock exchange listed companies and the mineral resource sector. He is chairman of Zedex Minerals Ltd (appointed October 2003), a director of NZX listed Smartpay Limited (appointed May 2006) and a director and former President of TSX listed Olympus Pacific Minerals Inc (appointed July 1999). He has held directorships in several other companies listed on ASX and NZX, including Kiwi Gold NL, Kiwi International Resources NL, Iddison Group Vietnam Limited and Max Resources NL. Mr Seton was the former chief executive of IT Capital Limited.

Mr Seton is a member of audit, nomination and remuneration committees.

Mr Alan John Eggers
Managing Director
B.Sc, B.Sc (Hons), M.Sc, F.S.E.G.,
MAusIMM, MAIG

Mr Alan Eggers, 55, a founding director of the Company, is a professional geologist with over 30 years of international experience in exploration for base metals, precious metals and industrial minerals, particularly in Australia and New Zealand. This professional experience has included management of mineral exploration initiatives and corporate administration of private and public companies. Mr Eggers has been Managing Director of the Company, since listing on NZX in 1987.

Along with his corporate and compliance responsibilities for the Company, Mr Eggers is also responsible for the technical direction of Summit's exploration activities, commodity selection, project generation and identification along with the day to day management of all exploration programs within the Summit group of companies. Mr Eggers is also the managing director of Wesmin Geological Consultants Pty Ltd and holds several directorships in private companies.

Mr Eggers holds Bachelor of Science (Honours), and Masters degrees in economic geology from Victoria University of Wellington, is a Fellow of the Society of Economic Geologists, a Member of the Australasian Institute of Mining and Metallurgy and a Member of the Australian Institute of Geoscientists.

Mr Eggers is a member of nomination and remuneration committees.

TITLE & QUALIFICATIONS

Mr Lindsay Arthur Colless
Non-Executive Director
CA, FCID

PROFILE

Mr Colless, 62, is a Chartered Accountant with 15 years experience in the profession and a further 29 years experience in commerce, mostly in the mineral and petroleum exploration industry in the capacities of financial controller, company secretary and director. He is a director and/or secretary of a number of public listed companies including Newland Resources Ltd (since April 1997) group and Pancontinental Oil & Gas NL (alternate director since 1991).

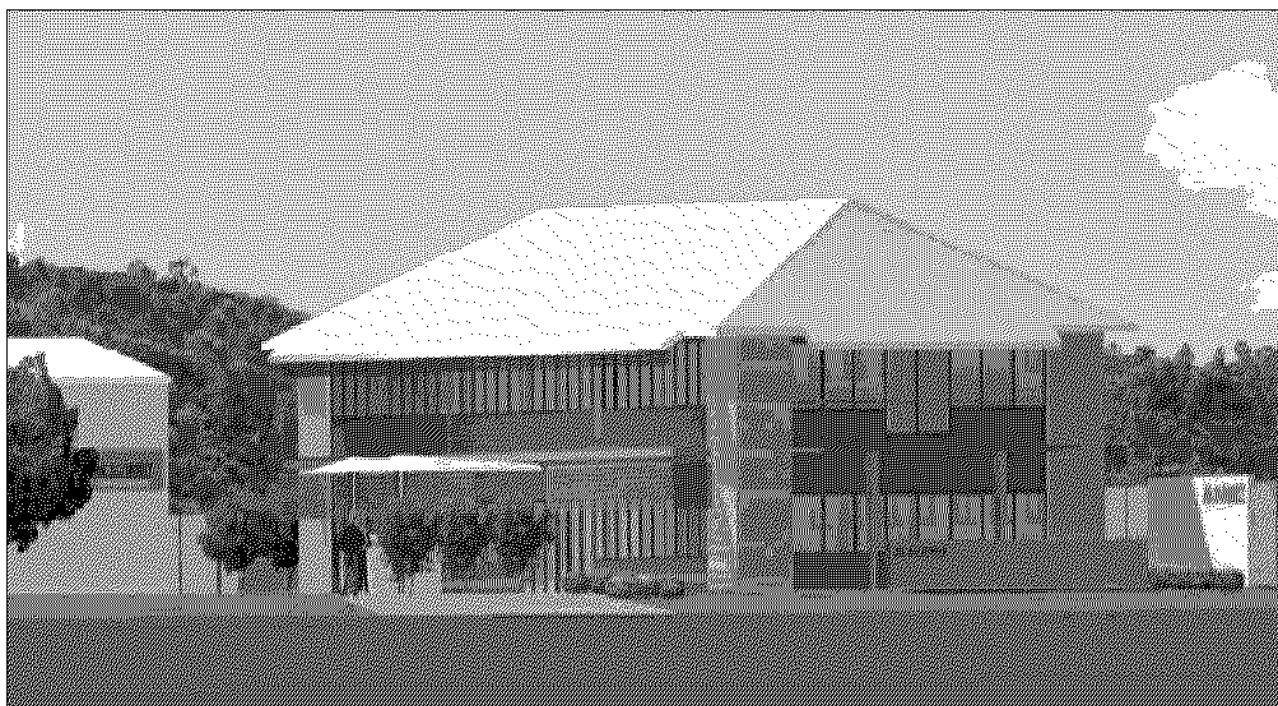
Mr David Wallace Berrie
Executive Director
LLB, BJuris

Mr David Berrie, 44, is a Perth based corporate lawyer with over 20 years experience in the mining industry. Most recently the Manager of BHP Billiton's Legal Department in Western Australia, Mr Berrie previously worked for 17 years for WMC Resources Limited in a variety of legal and commercial roles including extensive exploration, corporate and mine development experience. Mr Berrie is a past President of the Western Australian Chapter of the Australian Corporate Lawyers Association.

5.2 DIRECTORS' RECOMMENDATIONS

Having considered the terms of the Paladin Offer, each of the directors feels justified in recommending that you **REJECT** the Paladin Offer, for the reasons set out in Sections 1 and 2 of this Target's Statement.

To **REJECT** the Paladin Offer, disregard all documents sent to you by Paladin.



Approved Office - Mount Isa

6. DIRECTORS' INTERESTS**6.1 THE DIRECTORS INTEND TO REJECT THE PALADIN OFFER**

Each of the directors intends to reject the Paladin Offer in respect of the Summit Shares held by them or which they control.

6.2 INTERESTS OF THE DIRECTORS IN SUMMIT SHARES

As at the day before the date of this Target's Statement, the directors had the following direct or indirect interests in Summit Shares and Options:

Director	Number of Summit Shares	Number of Options
Mr John Andrew Gowans Seton	8,100,000*	1,750,000
Mr Alan John Eggers	10,668,850	3,000,000
Mr Lindsay A Colless	300,000	1,750,000
Mr David Wallace Berrie	-	1,000,000

**Note that John Seton has a beneficial interest in 40,000 Summit Shares and a non-beneficial interest in 8,060,000 of the 10,668,850 Summit Shares in which Alan Eggers has a beneficial interest.*

6.3 RECENT DEALINGS IN SUMMIT SHARES

None of the directors or their associates has disposed of any Summit Shares in the 4 month period ended on the day immediately before the date of this Target's Statement.

6.4 INTERESTS OF THE DIRECTORS IN PALADIN SHARES

As at the day immediately before the date of this Target's Statement, none of the directors has any direct or indirect interest in Paladin Shares.

6.5 DEALINGS IN PALADIN SHARES

None of the directors or their associates has acquired or disposed of a relevant interest in any Paladin Shares in the 4 month period ended on the day immediately before the date of this Target's Statement.

6.6 SUMMIT'S RELEVANT INTEREST IN PALADIN SHARES

As at the day immediately before the date of this Target's Statement, Summit had no relevant interest in Paladin Shares.

6.7 BENEFITS AND AGREEMENTS

As a result of the Paladin Offer, no person has been or will be given any benefit (other than a benefit which can be given without member approval under the Corporations Act) in connection with the retirement of that person or someone else from a board or managerial office of Summit or a related body corporate of Summit.

There are no agreements made between any director and any other person (including Paladin) in connection with, or conditional upon, the outcome of the Paladin Offer.

None of the directors has entered into any contracts with Paladin.

7. IMPORTANT INFORMATION ABOUT THE PALADIN OFFER

7.1 CONSIDERATION

One new Paladin Share for every 2.04 Summit Shares. You should be aware that Paladin is not listed on NZX.

7.2 EXTENSION OF THE OFFER PERIOD

Paladin may extend the Offer Period at any time before the end of the Offer Period. To extend the Offer Period, Paladin must lodge a notice of variation with ASIC and give a notice to Summit and to each Summit Shareholder to whom an offer was made under the Paladin Offer.

In addition, there will be an automatic extension of the Offer Period if, within the last 7 days of the Offer Period:

- (a) Paladin improves the consideration under the Paladin Offer; or
- (b) Paladin's voting power in Summit increases to more than 50%.

If either of these events occurs, the Offer Period is automatically extended so that it ends 14 days after the relevant event occurs.

7.3 NO ABILITY TO WITHDRAW YOUR ACCEPTANCE

As the Paladin Offer is now unconditional (see Section 7.5 of the Target's Statement), you are not able to withdraw your acceptance of the Paladin Offer.

7.4 EFFECT OF ACCEPTING THE PALADIN OFFER

If you accept the Paladin Offer:

- (a) you will be unable to accept any higher takeover bid that may be made by a third party or any alternative transaction that may be recommended by the Board;
- (b) you will relinquish control of your Summit Shares to Paladin; and
- (c) you will be unable to sell your Summit Shares on ASX or NZX.

7.5 CONDITIONS

The Bidder's Statement provided that the Paladin Offer (and each contract resulting from acceptances of the Paladin Offer) was subject to certain conditions, and that the Offer would lapse unless those conditions were either satisfied or waived by Paladin prior to the end of the Offer Period (or in the case of the no prescribed occurrences condition, at the end of the third Business Day after the end of the Offer Period). These conditions were set out in full in Section 13.8 ("Conditions of this Offer") of the Bidder's Statement.

Summit Shareholders should note that by notices dated 15 and 19 March 2007, Paladin has declared that the conditions in Section 13.8(a) ("Consent to quotation"), Section 13.8(b) ("Lender's consent") and Section 13.8(c) ("No prescribed occurrences") of its Bidder's Statement have each been fulfilled or waived.

Accordingly the Paladin Offer is now unconditional.

Summit Shareholders should note that the Paladin Offer is not, and has never been, subject to a minimum acceptance condition.

7.6 COMPULSORY ACQUISITION

Paladin has stated in Section 7.3(a) ("Corporate matters") of the Bidder's Statement that if it becomes entitled to proceed to compulsory acquisition of Summit Shares in accordance with the Corporations Act, then Paladin intends to do so.

Given that your directors do not intend to accept the Offer and the support expressed by other Summit Shareholders, your directors think it is unlikely that Paladin will acquire the relevant percentage of Summit Shares by the end of the Offer Period to allow its compulsory acquisition of Summit Shares.

The two types of compulsory acquisition permissible under Chapter 6A of the Corporations Act are discussed below.

(a) Follow-on compulsory acquisition

Under Part 6A.1 of the Corporations Act, Paladin will be entitled to compulsorily acquire any Summit Shares on the same terms as the Offer if, during or at the end of the Offer Period, Paladin (together with its associates):

- has a relevant interest in at least 90% (by number) of all the Summit Shares; and
- has acquired at least 75% (by number) of all the Summit Shares that Paladin offered to acquire under the Offer (whether the acquisitions happened under the Offer or otherwise).

If these thresholds are met, Paladin will have up to one month after the end of the Offer Period within which to give compulsory acquisition notices to Summit Shareholders who have not accepted the Offer. Summit Shareholders have statutory rights to challenge the compulsory acquisition, but a successful challenge will require the relevant Summit Shareholder to establish to the satisfaction of a court that the terms of the Offer do not represent a "fair value" for the Summit Shares.

Summit Shareholders should be aware that if they do not accept the Offer and their Summit Shares are compulsorily acquired, those Summit Shareholders will face a delay in receiving the consideration for their Summit Shares compared with Summit Shareholders who have accepted the Offer.

(b) General compulsory acquisition

Under Part 6A.2 of the Corporations Act, Paladin will also be entitled to compulsorily acquire any Summit Shares if Paladin holds full beneficial interests in at least 90% (by number) – i.e. if Paladin becomes a 90% holder of Summit Shares.

If this threshold is met, Paladin will have 6 months after it becomes a 90% holder within which to give compulsory acquisition notices to Summit Shareholders. The compulsory acquisition notices sent to Summit Shareholders must be accompanied by an independent expert's report and an objection form.

The independent expert's report must set out whether the terms of the compulsory acquisition give a "fair value" for the Summit Shares and the independent expert's reasons for forming that opinion.

If Summit Shareholders with at least 10% of the Summit Shares covered by the compulsory acquisition notice object to the acquisition before the end of the objection period (which must be at least one month), Paladin may apply to the court for approval of the acquisition of the Summit Shares covered by the notice.

Summit Shareholders should be aware that if they do not accept the Offer and their Summit Shares are compulsorily acquired, those Summit Shareholders will face a delay in receiving the consideration for their Summit Shares compared with Summit Shareholders who have accepted the Offer.

7.7 PRACTICAL ISSUES ARISING FROM THE PALADIN OFFER

(a) The value of the Offer is not fixed

- The market value of Paladin Shares will change over time. The implied value of the Offer will fluctuate with movements in the market value of Paladin Shares. Summit Shareholders are urged to obtain updated quotes on the price of Paladin Shares. Such quotes can be obtained online at www.asx.com.au
- Over time, the Paladin Share price may fluctuate for a variety of reasons, including movements in the uranium contract price and other commodities; exchange rate movements or other factors which impact the operating or financial performance of Paladin.

(b) Risks in relation to the Offer

- It is possible that if the Paladin Offer lapses, there may be a reduction in the market price for Summit Shares.
- If Paladin acquires more than 50% but less than 90% of Summit, those Shareholders who do not accept the Paladin Offer may become minority Shareholders in Summit.

In such a situation, Summit's stock market liquidity is likely to be reduced and Paladin would have the ability to control the composition of the Summit Board and Summit's strategic direction.

(c) Taxation Issues

- Scrip for scrip roll-over relief will only be available if Paladin and its wholly owned subsidiaries own 80% of the Summit Shares at the end of the Paladin Offer.
- However, your directors are firmly of the view that Paladin and its wholly owned subsidiaries will not own at least 80% of the Summit Shares.
- On this basis, accepting Summit Shareholders will NOT be eligible for scrip for scrip roll-over relief and may be left with significant capital gains tax liabilities.
- Summit Shareholders who have held their Summit Shares for less than 12 months and who dispose of those Shares either by accepting the Paladin Offer or by selling on market will NOT be eligible for any capital gains tax discount that applies in respect of Shares held for at least 12 months – those Summit Shareholders may therefore be taxed on any net capital gain at their top marginal rate of tax.
- Scrip for scrip roll-over relief is not available if you hold your Summit Shares as trading stock or otherwise on revenue account. Therefore, Summit Shareholders who hold their Shares as trading stock or otherwise on revenue account may be left with significant income tax liabilities.
- If the Paladin Offer results in a change of control of Summit, it may result in the loss of the benefit of some or all of Summit's tax losses. Any such adverse tax consequences will adversely affect the value of Paladin Shares obtained under the Offer.
- For further detail of the taxation considerations relating to the Offer, please refer to Section 9.4 of this Target's Statement.

8. YOUR CHOICES

You have three choices as a Summit Shareholder in responding to the Paladin Offer.

Your directors unanimously recommend that you REJECT the Paladin Offer. To REJECT the Paladin Offer, simply ignore all documents sent to you by Paladin.

1. REJECT THE OFFER

If you do not wish to accept the Paladin Offer, simply ignore any documents sent to you by Paladin.

You should be aware that:

- if you choose not to accept the Paladin Offer and Paladin acquires at least 90% of Summit Shares, Paladin may become entitled to compulsorily acquire the balance of the Summit Shares, and it has said that it intends to exercise those rights (see Section 7.6 of this Target's Statement for further details);
- if you choose not to accept the Paladin Offer and Paladin acquires more than 50% but less than 90% of Summit Shares, you will be exposed to the risks associated with being a minority shareholder in Summit (see Section 7.7) of this Target's Statement for further details);
- you will continue to receive benefits as a Summit Shareholder; and
- as a holder of Summit Shares you will continue to be subject to the risks set out in Section 4.3 of this Target's Statement.

2. SELL YOUR SUMMIT SHARES ON MARKET

During the Offer Period, you may sell your Summit Shares on market through ASX or NZX for cash, provided you have not already accepted the Paladin Offer for those Shares.

If you sell your Summit Shares on market, you will receive cash for the sale of your Shares. If you sell your Summit Shares on market, you:

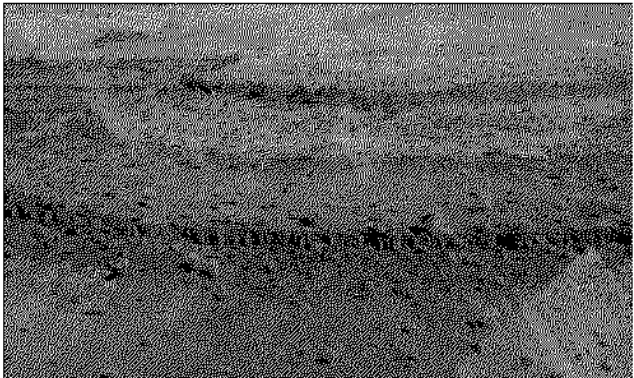
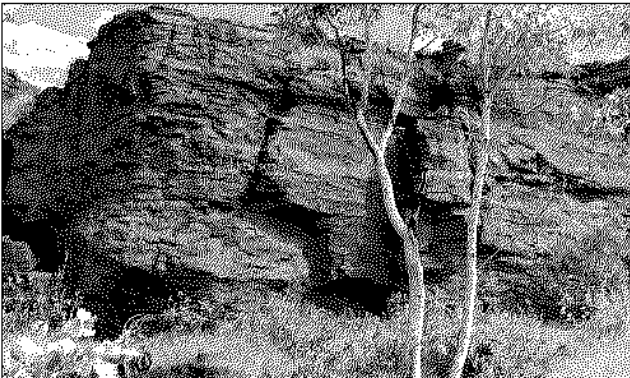
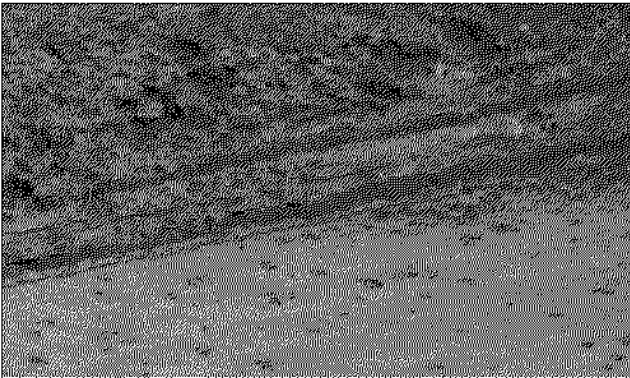
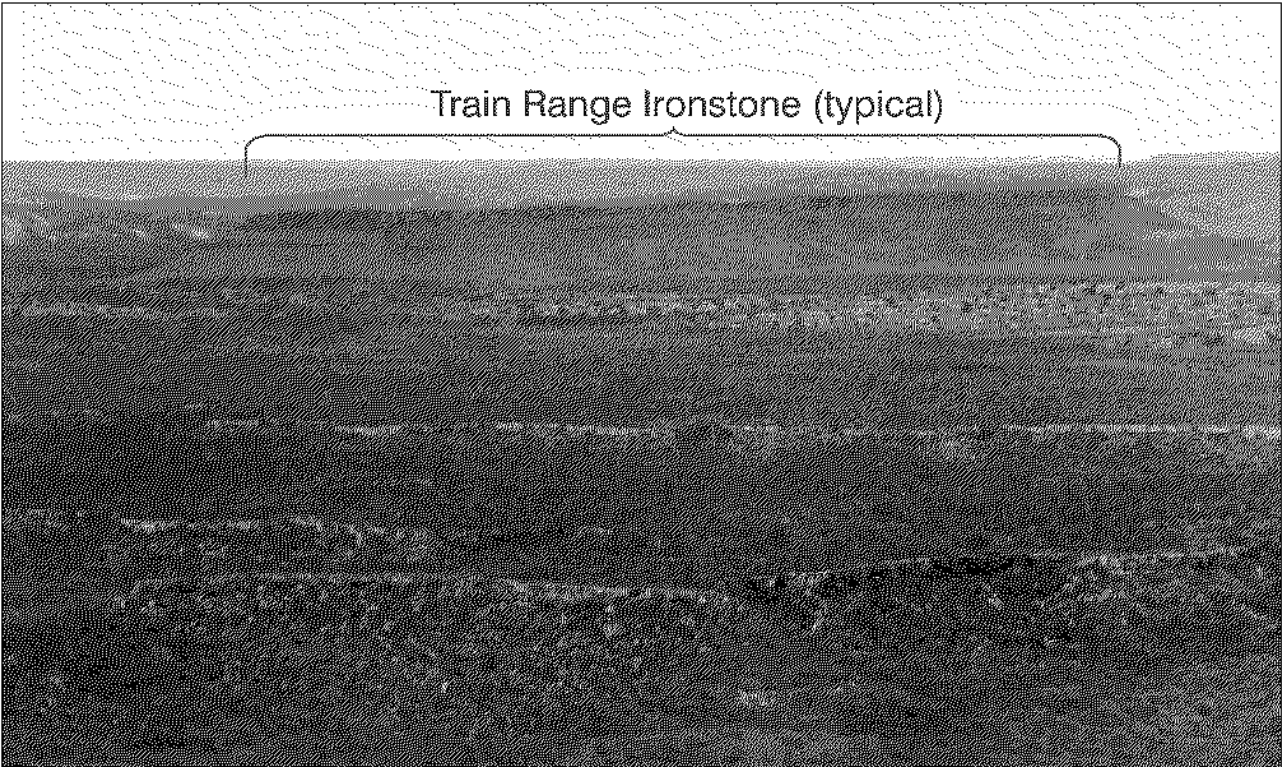
- will lose the ability to accept the Paladin Offer and receive the Offer (and any possible increase in the Offer Price) in relation to those Shares;
- will lose the ability to accept any higher offer for Summit Shares which may or may not eventuate;
- will lose the opportunity to receive future returns from Summit;
- may incur a tax liability as a result of the sale; and
- may incur a brokerage charge.

3. ACCEPT THE PALADIN OFFER

The Summit directors unanimously recommend that you do not accept the Paladin Offer. However, you may choose to accept the Paladin Offer. Paladin has stated that its Offer remains open until 5.00pm on the closing date for the Offer, which is specified in the Bidder's Statement.

It is possible that Paladin will choose to extend the Offer Period in accordance with the Corporations Act (see Section 7.2 of this Target's Statement). Details of the consideration that you will receive if you accept the Paladin Offer is set out in the Bidder's Statement.

If you accept the Offer you will become a holder of Paladin Shares in which case your investment will be subject to the risks associated with holding Paladin Shares as set out in Section 9 ("Risk factors") of the Bidder's Statement and the risks associated with being a holder of Summit Shares as set out in Section 4.3 of this Target's Statement as Paladin will become the holder of your Summit Shares.



Constance Range Iron Ore Project

9. ADDITIONAL INFORMATION

9.1 SUMMIT'S ISSUED SECURITIES

As at the day before the date of this Target's Statement, the issued securities of Summit consist of 197,440,020 Summit Shares and 8,350,000 Options. Summit Shares are listed on ASX and NZX.

9.2 PROPOSED ISSUE OF OPTIONS

Summit has contracted to issue 600,000 employee options to Doug Warden, Chief Financial Officer of Summit. These options have not yet been issued. The ASX Listing Rules prohibit the issue of securities for 3 months after notification that a person is making a takeover, subject to certain exceptions, which do not apply in the current circumstances. These options will be issued when permitted in accordance with the ASX Listing Rules.

9.3 CHANGES IN SUMMIT'S FINANCIAL POSITION

Apart from the costs that are going to be incurred in responding to the Offer, so far as is known to the directors of Summit, there have been no material changes to Summit's financial position since the date of the last balance sheet sent to Shareholders (being the balance sheet as at 31 December 2006) which have not been announced to ASX or NZX.

9.4 TAXATION CONSIDERATIONS

Section 10 ("Australian tax considerations") of the Bidder's Statement sets out advice on Australian tax consequences of accepting the Offer. Section 11 ("New Zealand tax considerations") of the Bidder's Statement sets out advice on New Zealand tax consequences of accepting the Offer.

(a) AUSTRALIAN TAXATION CONSIDERATIONS

Potential tax liabilities where scrip for scrip rollover relief is not available

As Section 10.2(a) ("Summit Shares held on capital account") of the Bidder's Statement notes, scrip for scrip roll-over relief will only be available if Paladin and its wholly owned subsidiaries own 80% of the Summit Shares at the end of the Paladin Offer. Your directors are of the view that:

- Paladin and its wholly owned subsidiaries will not own at least 80% of the Summit Shares;
- On this basis, accepting Summit Shareholders will **NOT** be eligible for scrip for scrip roll-over relief and may be left with significant capital gains tax liabilities; and
- Summit Shareholders who have held their Summit Shares for less than 12 months and who dispose of those Shares either by accepting the Paladin Offer or by selling on market will **NOT** be eligible for any capital gains tax discount that applies in respect of Shares held for at least 12 months – those Summit Shareholders may therefore be taxed on any net capital gain at their top marginal rate of tax.
- As Sections 10.2(b) and (c) ("Summit Shares held on revenue account" and "Summit Shares held as Trading Stock") of the Bidder's Statement note, scrip for scrip roll-over relief is not available if you hold your Summit Shares as trading stock or otherwise on revenue account. Therefore, Summit Shareholders who hold their Shares as trading stock or otherwise on revenue account may be left with significant income tax liabilities.

Loss of the benefit of capital losses and inability to utilise capital losses

Sub-section 10.2(a) ("Summit Shares held on capital account") of the Bidder's Statement states that "A capital loss may be used to offset capital gains derived in the same or subsequent years of income". However, the Bidder's Statement does not mention that there are circumstances in which a capital loss may be lost or in which restrictions apply to the utilisation of a capital loss.

Calculation of capital losses

Section 10.2(a) ("Summit Shares held on capital account") of the Bidder's Statement also states that:

"Where scrip for scrip rollover relief is not claimed or is not available in relation to the disposal of the Summit Shares, you will make either a capital gain or capital loss equal to the difference between the cost base of Your Summit Shares and the market value of the Paladin Share you receive under the Offer."

This is not entirely correct. A capital loss on disposal of Summit Shares will be calculated on the basis of the difference between the market value of the Paladin Shares received and the **reduced cost base** (not the cost base) of the Summit Shares.

Paladin Shares held as trading stock or otherwise on revenue account

Section 10.3(a) ("Subsequent disposal of Paladin Shares held on revenue account") of the Bidder's Statement notes that if a Shareholder accepts the Offer and then holds Paladin Shares on revenue account, the Shareholder "will be required to treat any gain or loss arising on a subsequent disposal of [its] Paladin Shares as assessable or deductible, respectively". This statement does not distinguish between Paladin Shares held as trading stock or otherwise held on revenue account. Nor does the statement explain to Summit Shareholders how the "gain or loss" is calculated.

A disposal of Paladin Shares held as trading stock would not give rise to a "gain". Where Shares are held as trading stock, their purchase price is deductible and the gross sale proceeds are assessable. In addition, the shareholder must account annually for any difference between the opening and closing carrying value of the Shares. Accordingly, the purchase price would comprise the market value of the Shareholder's Summit Shares and any disposal of the Paladin Shares would require the Shareholder to include the gross sale proceeds (not the gain) in their assessable income.

Where Paladin Shares are held on revenue account otherwise than as trading stock, the gain or loss arising on disposal of the Paladin Shares would be calculated based on the difference between the value of the consideration received on disposal of the Paladin Shares and the cost of acquiring the Paladin Shares (being the market value of the Summit Shares exchanged for the Paladin Shares).

Liability of non-Australian resident Shareholders for capital gains tax

Section 10.4 ("Shareholders who are non-Australian resident") of the Bidder's Statement notes that one basis on which non-Australian resident Shareholders who hold their Summit Shares on capital account may be subject to the Australian capital gains tax regime is if:

- *"[the Summit Shareholders and their associates] owned at least 10% of Summit either at the time the [Summit Shareholders] sold [their] Summit Shares or for at least 12 months during the 24 months before [the Summit Shareholders] sold [their] Summit Shares; and*
- *50% or more of the value of Summit is represented by real property in Australia."*

These comments do not accurately reflect the relevant test. The second limb set out above is satisfied where the sum of the market values of Summit's assets that are "taxable Australian real property" (being real property situated in Australia **or** a mining quarrying or prospecting right if the minerals, petroleum or

quarry materials are situated in Australia) exceeds the sum of the market values of its assets that are not "taxable Australian real property".

The determination of market values is applied on a "look-through" basis. This means that if Summit holds an asset that is a membership interest in another entity, such as a share in a company, then the test may look-through that asset to the market value of any underlying "taxable Australian real property" held by the other entity. The process is iterative.

(b) NEW ZEALAND TAXATION CONSIDERATIONS

The New Zealand Income Tax Act 2004 does not offer any "roll-over relief" of the kind described in Section 10 ("Australian Tax Considerations") of the Bidder's Statement. As a consequence, acceptance of the Offer may crystallize an income tax liability for a Shareholder who holds his/her Summit Shares on revenue account. If the possibility of that tax liability had not been taken into account in determining the Shareholder's provisional tax liability for the tax year, an underpayment of provisional tax attracting an interest charge could eventuate. Underpayments of provisional tax attract interest at a rate of 14.24%.

It is also possible that acceptance of the Offer could result in a change in classification of a Summit Shareholder's investment for income tax purposes if a Summit Shareholder decides to on sell the Paladin Shares. This situation would arise where Summit Shares were held on capital account but the circumstances of the acquisition of the Paladin Shares results in the Paladin Shares being held on revenue account (ie: acquired for resale). In such circumstances the original "capital" purpose would not automatically apply to the Paladin Shares acquired upon acceptance of the Offer.

(c) INDEPENDENT ADVICE

Shareholders should not rely on the disclosure of tax considerations in Sections 10 and 11 of the Bidder's Statement or in this Target's Statement as being advice on their own affairs. The tax consequences will vary according to individual circumstances. Shareholders will need to pay for their own independent financial and legal advice about the tax implications (including foreign tax implications) of Paladin's Offer as accepting the Offer may trigger a material capital gains tax or income tax exposure. This will necessitate consideration of any relevant tax treaties.

9.5 SIGNIFICANT ASX ANNOUNCEMENTS IN RELATION TO SUMMIT

A list of significant ASX announcements made in relation to Summit between 30 June 2006 and the date immediately before the date of this Target's Statement is set out in the Appendix to this Target's Statement.

During the Offer Period, you may obtain a copy free of charge of the announcements made by Summit to ASX between the dates referred to above by calling the Summit Shareholder Information Line between 9.00am and 7.00pm (AEST) on 1800 104 758 (toll free within Australia) or +61 2 8268 3691 (for international callers and some Australian mobile phone users).

Copies of major ASX and NZX announcements by Summit may also be obtained from Summit's website at www.summitresources.com.au

9.6 PROFESSIONAL SERVICES

Up to approximately \$4,000,000 of fees for professional services and other transaction costs are currently expected to be incurred by Summit in responding to the Paladin Offer.

9.7 MATERIAL LITIGATION

(a) JOINT VENTURE LITIGATION

Summit Resources (Aust) Pty Ltd has issued proceedings in the Supreme Court of Western Australia seeking a declaration that Resolute and Mt Isa Uranium Pty Ltd are materially defaulting

participants under the Valhalla/Skal JV Agreement and that Summit Resources (Aust) Pty Ltd is entitled to exercise an option to acquire the other 50% joint venture interest.

The non-defaulting participant has an option to acquire the materially defaulting participant's joint venture Interest for 85% of value agreed or failing agreement as determined by two experts.

To be successful, Summit must establish that either or both of Resolute and Mt Isa Uranium Pty Ltd breached the Valhalla/Skal JV Agreement and that the breaches were material. Summit argues that whether a breach is material is judged by its effect on the non-defaulting party.

Resolute was a participant in the Valhalla/Skal JV but assigned its interest to Mt Isa Uranium Pty Ltd, a wholly owned subsidiary of Valhalla Uranium Ltd and in turn a subsidiary of Resolute Mining Limited, which until the takeover of Valhalla by Paladin, held the majority of Shares in Valhalla.

Mt Isa Uranium Pty Ltd is now a subsidiary of Paladin following its takeover of Valhalla Uranium Ltd.

The Valhalla/Skal JV Agreement contains terms dealing with:

- Confidentiality of joint venture information; and
- The assignment of joint venture interests.

Confidential information can be disclosed to a *bona fide* potential purchaser of a joint venture interest. Any assignment of a joint venture interest (other than to a related company) is subject to a pre-emption right in favour of the other joint venture party.

There is no pre-emption right in respect of a sale of shares in a participant or its holding company. However, there is no right to disclose confidential information to a potential purchaser of shares.

The pre-emption and confidentiality rights in the Valhalla/Skal JV Agreement are valuable rights. Together they mean that a party who wants to buy an interest in the Valhalla/Skal JV has to choose (a) to get access to confidential information in due diligence as a bona fide purchaser of the joint venture interest and run the risk of losing the deal because of the pre-emption right; or (b) securing the acquisition of Shares without any pre-emption risk, but not getting confidential information in due diligence.

The transactions undertaken by Resolute were designed not to trigger Summit's pre-emption right. Summit accepts this. However, Resolute and Mt Isa Uranium Pty Ltd have provided confidential information in connection with these transactions when they were not entitled to do so.

Summit alleges that there have been three types of disclosure of confidential information which are material breaches of the Valhalla/Skal JV Agreement:

- Confidential information was provided to an independent expert for inclusion in his report in the Valhalla prospectus;
- A copy of the Valhalla/Skal JV Agreement was provided to Paladin and its advisers, for the purpose of structuring the offer to avoid triggering pre-emption rights; and
- Confidential information was provided to at least one third party who was also contemplating an acquisition of the shares in Valhalla at about the same time as Paladin.

None of the disclosures were by Paladin and were made prior to Paladin's acquisition of Valhalla. Paladin's assertions as to the strength of its case are based on advice it has received from Resolute. None of Paladin's officers were directly involved in the disclosures.

Summit's case involves both questions of law or fact. The disclosure in the Valhalla prospectus and the disclosure to the third party are questions of fact. The disclosure of the Valhalla/Skal JV Agreement is admitted by all parties. Whether or not its terms were covered by the confidentiality obligation is a question of contractual interpretation i.e. a question of law.

The Defendants have raised a number of issues in defence. In particular, they say:

- The disclosure to Valhalla (and its expert) was permitted because this was disclosure to a related party who was then in turn under no confidentiality obligation;
- The information contained in the prospectus was already in the public domain;
- The disclosure in the prospectus was required by law;
- Summit itself has disclosed similar information in ASX releases and in investor presentations;
- The Valhalla/Skal JV Agreement itself is not covered by the confidentiality obligations; and
- Even if the Defendants have breached, the breaches are not material.

The Defendants allege that Summit has released information in breach of its obligations and say that:

- Summit is not entitled to exercise an option to acquire the 50% joint venture interest, even if Resolute and Mt Isa Uranium Pty Ltd are materially defaulting participants; and
- Summit may be a materially defaulting participant.

The information that Summit is alleged to have disclosed has been considered carefully by Summit and all disclosures have been made in accordance with the Valhalla/Skal JV Agreement and for the benefit of the joint venture participants. There is no merit in the counterclaim.

Summit issued the Breach notice in December 2005 within one month of the Valhalla prospectus being lodged with ASIC and commenced its proceedings in September last year. A number of interlocutory matters have been raised by the Defendants and their lawyers. Accordingly, the progress of the Joint Venture Litigation is not as fast as Summit would like. Summit is keen to get this matter to trial as soon as possible. At this stage, Summit believes that the matter is likely to get to trial in June of this year.

If Summit is successful in the Joint Venture Litigation, then Summit will have the right to decide whether or not it exercises an option to acquire the other 50% of the Valhalla/Skal JV. Summit intends to make a decision at that time.

If Summit is unsuccessful, then it will have spent money on legal fees and will be liable for a portion of the Defendants' legal costs.

(b) OTHER LITIGATION

As at the date of this Target's Statement, with the exception of the Joint Venture Litigation, Summit is not aware of any current or proposed litigation or dispute that is material in the context of Summit taken as a whole.

9.8 EFFECT OF THE PALADIN OFFER ON SUMMIT OPTIONS

(a) EMPLOYEE SHARE OPTION PLAN

Summit has issued Options to eligible employees under an employee share option plan adopted by the Board on 27 July 2006 (ESOP).

Summit has granted 850,000 Options under the ESOP to employees with an exercise price of \$2.00 per share and expiring on 9 October 2011.

Under the terms of the ESOP, options granted under the Summit ESOP to employees may be exercised:

- during the period commencing on the day the Bidder's Statement was given to Summit (being 27 February 2007) and ending at the end of the Offer Period; or
- at any time after a Shareholder, or a group of associated Shareholders, becomes entitled to sufficient Summit Shares to give it or them the ability, and that ability is successfully exercised, in a general meeting, to replace all or a majority of the Board.

(b) DIRECTOR INCENTIVE OPTIONS

Summit has also granted 7,000,000 incentive Options to directors and their nominees with an exercise price of \$2.00 per share and expiring on 1 September 2011.

One third of the number of Options granted to each director is exercisable after each of the first, second and third anniversary of the issue date (being 9 November 2006).

The 1,000,000 Options held by David Berrie are exercisable as a result of Paladin's Offer in the same manner as the Options issued to Summit employees referred to in Section 9.8(a) above. Whether or not the Options held by the other directors are exercisable as a result of the Offer is a matter of legal interpretation of the contract between the Option holder and the Company in respect of which those directors have reserved their rights.

(c) CONSULTANT INCENTIVE OPTIONS

Summit has also granted 500,000 incentive Options to consultants with an exercise price of \$2.00 per share and expiring on 1 September 2011.

One third of the number of Options granted to each consultant is exercisable after each of the first, second and third anniversary of the issue date (being 9 November 2006).

The Options granted to the consultants may or may not be exercisable as a result of the Offer on the same basis as the directors (other than David Berrie).

Paladin has stated in Section 5.5 ("Effect of the Offer on Summit Options") of the Bidder's Statement that if Paladin and its associates have a relevant interest in at least 90% of the Summit Shares during or at the end of the Offer Period, Paladin intends to compulsorily acquire all outstanding Summit Shares or cancel any outstanding Options.

9.9 EFFECT OF THE PALADIN OFFER ON PROPOSED ISSUE OF OPTIONS

Summit has agreed to issue 600,000 employee options to Doug Warden, Chief Financial Officer of Summit, with an exercise price of \$3.25 per share and expiring on 1 September 2011.

The ASX Listing Rules prohibit the issue of securities for 3 months after notification that a person is making a takeover, subject to certain exceptions, which do not apply in the current circumstances.

The Board will be required to fulfil Summit's contractual obligations in respect of these options and issue the options when permitted in accordance with the ASX Listing Rules.

9.10 CONSENTS

The following persons have given and have not, before the date of issue of this Target's Statement, withdrawn their consent to:

- (a) be named in this Target's Statement in the form and context in which they are named; and
- (b) where applicable, the inclusion of other statements in this Target's Statement which are based on or referable to statements noted next to their names, or which are based on or referable to other statements made by those persons, in the form and context in which they are included.

Name of Person	Capacity	Statements
Blake Dawson Waldron	Legal adviser to Summit	N/A
Cochrane Lishman	Legal adviser to Summit	N/A
Gresham Advisory Partners Limited	Financial adviser to Summit	N/A
Mr Alan John Eggers	Competent Person within the meaning of the JORC Code	Estimates of Summit's Resources / Reserves
Directors	Directors of Summit	Statements made by, or statements based on statements made by, the Directors.

Each of the persons named above:

- (c) does not make, or purport to make, any statement in this Target's Statement other than those statements referred to above and as consented to by that person; and
- (d) To the maximum extent permitted by law, expressly disclaims and takes no responsibility for any part of this Target's Statement other than as described in this section with the person's consent.

9.11 JORC CODE REPORTING OF SUMMIT'S MINERAL RESOURCES AND ORE RESERVES

All references to Summit's mineral resources and ore reserves have been reported in accordance with the requirements of the JORC Code.

Mr Alan John Eggers has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he has undertaken to qualify as a Competent Person as defined in the JORC Code. Mr Alan John Eggers is a Member of The Australasian Institute of Mining and Metallurgy.

9.12 ASIC MODIFICATIONS

As permitted by ASIC Class Order 1/1543, this Target's Statement contains statements which are made, or based on statements made, in documents lodged with ASIC or on the company announcement platform of ASX. Under the terms of ASIC Class Order 1/1543, the persons who made those statements are not required to consent to, and have not consented to, those statements being included or referred to in this Target's Statement.

If you would like to receive a copy of any of the documents (or parts of the documents) that contain these statements, please contact the Shareholder Information Line between 9.00am and 7.00pm (AEST) on **1800 104 758** (toll free within Australia) or **+61 2 8268 3691** (for international callers and some Australian mobile phone users) and you will be sent copies free of charge.

Copies of major announcements by Summit may also be obtained from the Company's website at www.summitresources.com.au

9.13 NO OTHER MATERIAL INFORMATION

There is no information that is known to any of the directors that holders of Summit Shares and their professional advisers would reasonably require to make an informed assessment whether or not to accept the Offer and reasonably expect to find in this Target's Statement other than:

- (a) information set out in this Target's Statement, and the Bidder's Statement or the Offer; and
- (b) information which has previously been disclosed to the holders of Summit Shares or disclosed to ASX or ASIC under the regular reporting and disclosure obligations to which Summit is subject as a disclosing entity for Corporations Act purposes.



10. GLOSSARY

10.1 DEFINITIONS

The following definitions apply in interpreting this Target's Statement, except where the contrary intention appears or the context makes it clear that a definition is not intended to apply:

\$ or A\$ means Australian dollars

ALP means the Australian Labor Party

Announcement Date means the date the Offer was announced, being 27 February 2007

ASIC means the Australian Securities and Investments Commission

ASX means ASX Limited ABN 98 008 624 691

ASX Listing Rules means the Listing Rules of the ASX

Bidder's Statement means the bidder's statement dated 27 February 2007 of Paladin, which contains the Offer, the first supplementary bidder's statement of Paladin dated 15 March 2007 and the second supplementary bidder's statement of Paladin dated 19 March 2007

Board means the board of directors of Summit

Corporations Act means the *Corporations Act 2001* (Cth)

Defeating Condition means a defeating condition of the Paladin Offer as set out in Section 13 ("The terms and conditions of the Offer") of Paladin's Bidder's Statement

Defendant means either or both of Resolute Limited ACN 009 069 014 and Mt Isa Uranium Pty Ltd ACN 064 536 483, being defendants to the Joint Venture Litigation

EPM means Exploration Permit Minerals, Queensland

Foreign Shareholder means a Summit Shareholder whose address as shown in the register of members of Summit is in a jurisdiction other than Australia or its extended territories or New Zealand, unless Paladin otherwise determines after being satisfied that it is not unlawful, not unduly onerous and not unduly impracticable to make the Offer to a Summit Shareholder in the relevant jurisdiction and to issue Paladin Shares to such a Summit Shareholder on acceptance of the Offer, and that it is not unlawful for such a Summit Shareholder to accept the Offer in such circumstances in the relevant jurisdiction

IP means induced polarisation

Isa North means Summit's EPMs to the north of Mount Isa

Isa South means Summit's EPMs to the south of Mount Isa

Joint Venture Litigation or **Litigation** means the proceedings commenced by Summit Resources (Aust) Pty Ltd, a wholly owned related body corporate of Summit, in the Supreme Court of Western Australia against Resolute and Mt Isa Uranium Pty Ltd in relation to the Valhalla/Skal JV Agreement

JORC Code means 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves"

MIPF means Mount Isa Paroo Fault

Mt means million tonnes

Mount Isa Uranium Project means the six 100% Summit owned and two 50% Summit owned and managed uranium deposits and targets at Mount Isa, described in Section 4.2 of this Target's Statement

NZX means the New Zealand Stock Exchange

Offer Period means the period within which the Paladin Offer is capable of acceptance, as defined in the Bidder's Statement

Offer Price means the offer of 1 Paladin Share for every 2.04 Summit Shares under the Paladin Offer

Options means unlisted options to acquire Summit Shares

Pacific Mines means Pacific Mines Limited ABN 54 101 437 085, a wholly owned subsidiary of Summit

Paladin means Paladin Resources Ltd ABN 47 061 681 098

Paladin Offer or **Offer** means the takeover offer by Paladin to acquire all of the Summit Shares on the terms and conditions set out in the Bidder's Statement

Paladin Shares means fully paid ordinary Shares in Paladin for Summit constituted by the Offer

Resolute means Resolute Limited ACN 009 064 014 the former owner of a 50% interest in the Valhalla/Skal Joint Venture

RO means Reservations from Occupation

Summit or **Company** means Summit Resources Limited ABN 86 009 474 775

Summit Shares or **Shares** means fully paid ordinary Shares in Summit

Summit Shareholder or **Shareholder** means a holder of Summit Shares registered in Summit's register of members

TSX means the Toronto Stock Exchange

Target's Statement means this target's statement

Valhalla/Skal JV means the 50:50 joint venture between Summit and Paladin in respect of the Valhalla and Skal uranium deposits at Mount Isa, the terms of which are governed by the Valhalla/Skal JV Agreement

Valhalla/Skal JV Agreement means the agreement by that name between Summit Resources (Aust) Pty Ltd, a wholly owned related body corporate of Summit, and Resolute

10.2 INTERPRETATION

- (a) Words and phrases which are defined by the Corporations Act have the same meaning in this Target's Statement and, if a special meaning is given for the purposes of Chapter 6 or 6A or a provision of Chapter 6 or 6A of the Corporations Act, have that special meaning.
- (b) Headings are for convenience only, and do not affect interpretation.
- (c) A reference to time is a reference to Western Standard Time.
- (d) A singular word includes the plural, and vice versa.

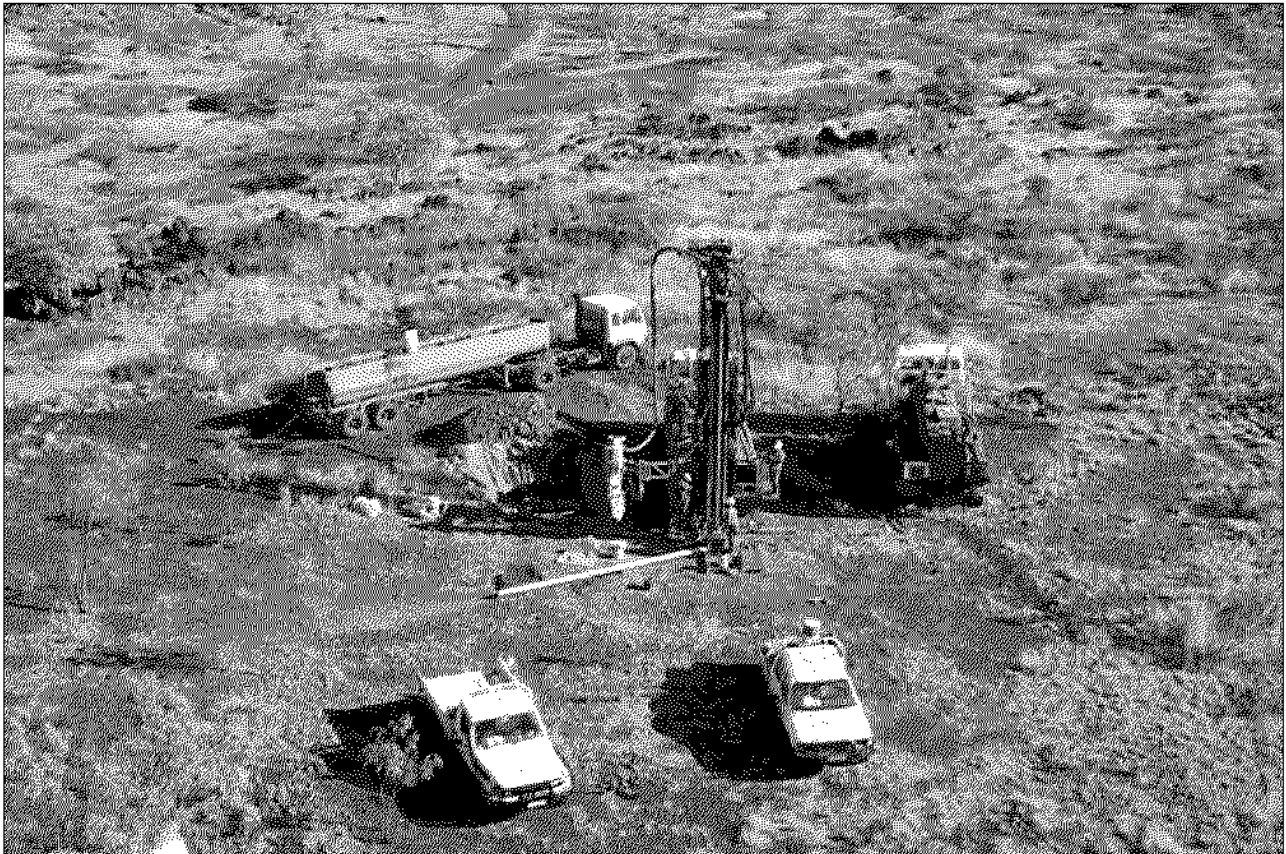
- (e) A word which suggests one gender includes the other genders.
- (f) Unless otherwise stated, references in this Target's Statement to Parts, sections, paragraphs and sub-paragraphs are to Parts, sections, paragraphs and sub-paragraphs of this Target's Statement.
- (g) A reference to any legislation is to that legislation as amended, re-enacted or replaced, and includes any subordinate legislation issued under it.
- (h) Unless otherwise stated, a reference to dollars, \$ or A\$ is to the lawful currency in Australia.
- (i) Where a word is defined, its other grammatical forms have a corresponding meaning.
- (j) Appendices to this Target's Statement form part of it.

DATED 20 March 2007

SIGNED for and on behalf of Summit Resources Limited by Alan J Eggers, a director of Summit who is authorised to so sign pursuant to a resolution passed at a meeting of the directors of Summit.



Alan J Eggers
Managing Director



APPENDIX

SIGNIFICANT SUMMIT ASX ANNOUNCEMENTS SINCE 30 JUNE 2006

Date	Title of Announcement
19/03/2007	New Unconditional Second Supplementary Bidders Statement
19/03/2007	Appointment of Chief Financial Officer
16/03/2007	Paladin completes dispatch of Bidder's Statements
15/03/2007	First Supplementary Bidder's Statement
15/03/2007	Notice that defeating conditions to takeover bid fulfilled
14/03/2007	Financial report half year ended 31 December 2006
13/03/2007	Letter to shareholders re Paladin's takeover offer
12/03/2007	High grade Andersons drill results
07/03/2007	Change of address – registered office and place of business
07/03/2007	PDN ann: Denies bid motivated by litigation concerns
07/03/2007	Letter to shareholders: Paladin's takeover offer Freehills' letter
05/03/2007	Ceasing to be a substantial holder
02/03/2007	Media Release: Summit rejects Paladin takeover offer
02/03/2007	Summit board rejects Paladin takeover offer
27/02/2007	Form 603: PDN notice of initial substantial holder
27/02/2007	Paladin Bidder's statement – off-market bid
27/02/2007	Advice to shareholders in response to hostile Paladin takeover offer
27/02/2007	PDN ann: Announces takeover offer
08/02/2007	Ceasing to be a substantial holder
30/01/2007	Second Quarter Activities & Cashflow Reports
21/12/2006	PDN: NI 43-101 Report – Valhalla and Bigrlyi Projects
16/11/2006	Results of AGM
13/11/2006	Change of Director's Interest Notice x 3
09/11/2006	Change of Director's Interest Notice
06/11/2006	Results of General Meeting of Shareholders
30/10/2006	First Quarter Activities & Cashflow Report
23/10/2006	Initial Director's Interest Notice
19/10/2006	Board Appointment
16/10/2006	Upside – shareholder and investor newsletter
16/10/2006	Annual Report 2006
16/10/2006	Notice of Annual General Meeting

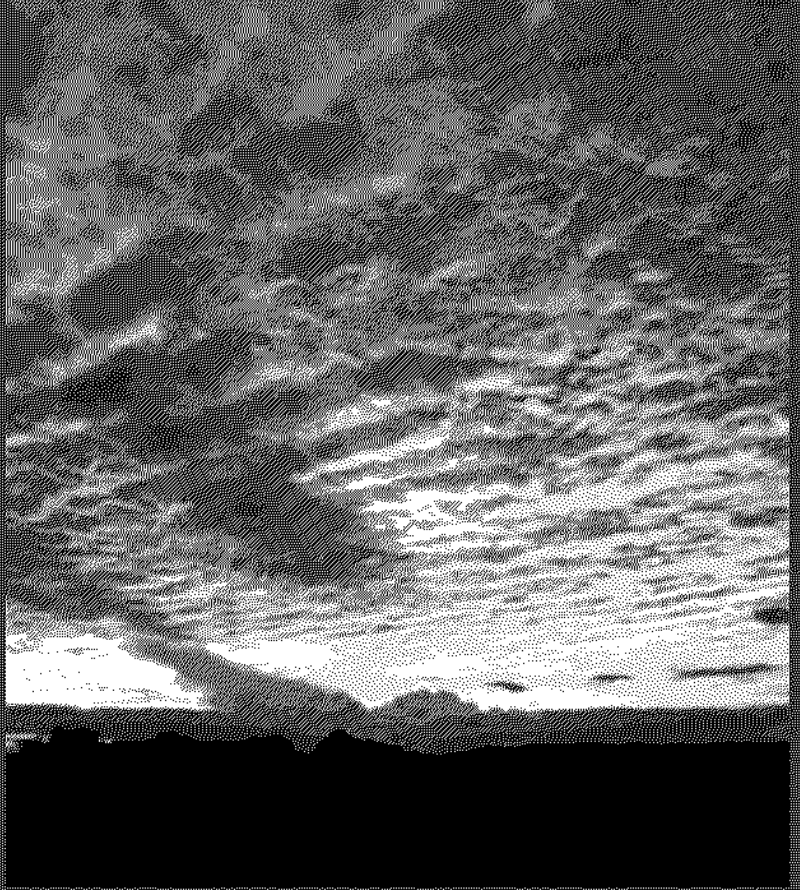
Date	Title of Announcement
10/10/2006	Appendix 3B
06/10/2006	Notice of General Meeting
29/09/2006	Full Year Accounts
26/09/2006	PDN's ann: Valhalla Uranium Ltd – Isa Uranium Joint Venture
26/09/2006	RSG: Isa Uranium Joint Venture
25/09/2006	Letter to Shareholders: Supreme Court Action
14/09/2006	Appoint New Executive Director
08/09/2006	Change in substantial holding
01/09/2006	ZSP: September Quarterly Rebalance of S&P/ASX Indices
31/08/2006	Court Proceedings – Paladin Offer for Valhalla
30/08/2006	VUL ann: Deed of Acknowledgement with Summit Resources
30/08/2006	RSG ann: Deed of Acknowledgement with Summit Resources
28/08/2006	Issue of Shares/Notice under Section 708
28/08/2006	Appendix 3B
24/08/2006	JORC compliant resource estimate - Valhalla Uranium Deposit
23/08/2006	Appendix 3B
22/08/2006	PDN: Condition regarding Valhalla JORC Compliant Resource
22/08/2006	VUL ann: Uranium Increase in Resource
22/08/2006	JORC Compliant Resource Estimate Valhalla Uranium Deposit
18/08/2006	Placement
04/08/2006	VUL ann: Isa Uranium JV Agreement with Summit Update
04/08/2006	NRL: Georgina Basin Uranium Project
04/08/2006	Georgina Basin Uranium Project
31/07/2006	Fourth Quarter Activities & Cashflow Reports
28/07/2006	VUL: Isa Uranium JV Agreement with Summit Res Aust P/L
28/07/2006	Paladin Bid for Valhalla – Summit Announcement Today
28/07/2006	Summit seeks orders in Supreme Court of Western Australia
17/07/2006	Change of Director's Interest Notice
12/07/2006	Change of Director's Interest Notice
11/07/2006	Mount Isa Project/Response to bid for Valhalla by Paladin

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THIS IS AN IMPORTANT DOCUMENT AND REQUIRES YOUR IMMEDIATE ATTENTION.

If you are in doubt as to how to deal with it, please consult your financial or other professional adviser.

If you have any queries, please contact the Summit Shareholder Information Line on **1800 104 758** (toll free within Australia) or **+61 2 8268 3961** (international callers)

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