

4 April 2007

Dear Fellow Shareholder,

TAKEOVER UPDATE

The Paladin offer for your Summit shares is due to close at 5.00 pm (Perth time) on Monday, 16 April 2007 (unless Paladin extends it).

Paladin is required to advise Summit and the market when it receives acceptances for more than 1% of the shares in Summit, and thereafter every further 1% of Summit shares it acquires. At the close of business today Summit had not received any notification. This indicates that Paladin has received acceptances of less than 1%.

Your board is very appreciative of the support that we have received from all of our shareholders. Responding to Paladin's hostile offer has taken considerable time and money, and we look forward to once again being free to focus 100% of our energy on developing our resource projects at Mount Isa and creating value for all of our shareholders.

Since it launched its hostile offer, Paladin has criticised Summit's management repeatedly and offered opinions on what it, as a hostile bidder, regards as being in your best interests.

The latest criticism is contained in an announcement that Paladin made to the ASX on 2 April 2007. We have no option but to respond again to Paladin's criticism. That is why I am again writing to you.

We have attached a note at Appendix A which explains our position on the statements that Paladin made to the market on 2 April 2007 and I encourage you to read and carefully consider it.

On 30 March 2007 we announced an 8.5Mlbs increase to our JORC compliant resource estimates, comprised of 4.7Mlbs for Andersons and 3.8Mlbs for Watta. These are important and significant steps in progressing our understanding of our uranium deposits at Mount Isa. These deposits can now form part of the development scenario that our upcoming bankable feasibility study ("BFS") will progress.

Importantly, in the short term, Paladin can no longer ignore these new resources in its valuation of Summit (Paladin's valuation methodology is discussed in more depth below). All of our deposits continue to remain open along strike and at depth. There is considerable untested potential upside at all eight uranium deposits being drilled at Mount Isa. Summit's management is confident that further resource increases will result from the ongoing drilling program.

As we draw nearer to the close of the Paladin Offer, we will continue to keep shareholders informed of developments in relation to Summit and in respect of Paladin's Offer. There may be insufficient time to post further material to you, so please monitor our announcements to the ASX, which will be available on our website at www.summitresources.com.au and on

ASX's website (ASX: SMM). Alternatively, please speak to your broker to ensure that you are fully up to date in relation to our advice.

For our New Zealand shareholders we have also attached at Appendix B a note in respect of the New Zealand Foreign Investment Fund rules.

Our toll-free shareholder information line (1800 104 758 within Australia) remains open to answer any questions you may have.

Thank you again for your continued support.

Yours sincerely
Summit Resources Limited

A handwritten signature in black ink, appearing to read 'Alan J Eggers', followed by a period.

Alan J Eggers
Managing Director

APPENDIX A - SUMMIT'S RESPONSE TO PALADIN'S ASSERTIONS

1. ALP Policy Change

Shareholders should be aware of further announcements by the Federal Labor leader Kevin Rudd and the Queensland Premier Peter Beattie in relation to the anticipated change of the Australian Labor Party's "no new uranium mines" policy.

Mr Beattie had previously indicated his support for a change to that policy. Summit released a statement to the market welcoming that decision. Mr Beattie has since been reported as saying that should the policy change give the States the final decision, he would not currently approve a new uranium mine in Queensland.

Summit believes that the key issue remains the need for the national ALP policy on uranium mining to change. The signs are now even stronger that this will occur at the ALP's National Conference at the end of this month. Summit remains confident that once the ALP's national policy is changed, the argument for the development of Queensland's significant uranium resources will be compelling, and we will be able to obtain the necessary approvals at State level to proceed with the development of the Mount Isa Uranium Project. Shareholders should be aware, however, that there remains a risk that the ALP policy will not be changed in the short term.

2. Paladin Valuation Methodology – Resource Multiples

In its Bidder's Statement and subsequent media releases, Paladin has used a simplistic "Resource Multiples" comparison to support its argument that their offer is fair.

This approach involves taking the enterprise value (equity plus debt) of various uranium companies and dividing that number by the company's share of JORC or equivalent uranium resources. Paladin uses this simple comparison to argue that Summit is fully valued.

Your directors disagree with the use of this methodology for the following reasons.

Put simply, the value per pound ascribed by the market is a function of a range of company specific issues. What is the quality of its assets and where are they based? Is the company in production? How much upside for growth in the resource base does the company offer? How good is the management team? Where does (or will) the company's operating cost sit on the industry cost curve? How much corporate appeal does the company have? What sovereign or project specific risks does the company face?

It goes without saying that it is rare for any two companies to face the same range of issues. In the opinion of your directors, it is therefore simplistic and naive to draw value conclusions from a simple comparison of the market value of a company's resource to that of other listed companies in the same industry sector.

Paladin has presented a range of companies against which it values Summit's JORC resources (not its historic resources). Paladin's presentation does not take into account a number of important matters, for example:

- **Other Businesses:** Many of the companies included in Paladin's analysis have other operations or assets. Many of the companies sampled have base metals exploration and some of the companies have only been focussed on uranium for less than 18 months.

Cameco, another frequently cited “peer” is far from a uranium pure-play, with 53% of a multi-billion dollar gold company, large uranium refining operations (for its own ore and others) and an interest in a nuclear power generation company. No attempt is made by Paladin to adjust for these other businesses in their analysis.

- **Development Stage:** Paladin’s analysis fails to differentiate between a company which has just defined a new resource and a company which has successfully been producing uranium oxide for decades (again Cameco is a good example). There is no adjustment for either the risks or the value potential during feasibility, raising finance, construction and commissioning, the history of delivering returns – all of this is ignored.
- **Profitability:** Ultimately, a uranium resource is only valuable if it can be exploited profitably. Many of the key drivers of profitability - capital and operating costs, grade and recovery, saleable product, tax regimes, ability to repatriate funds, proximity to infrastructure and timing of cashflows – are ignored in Paladin’s analysis.
- **Royalties:** Some companies (such as Paladin) agree to pay royalties as part of the consideration in acquiring assets. In other cases (including Paladin’s Malawian assets) companies directly vest part ownership of the asset to the government as part of the tax regime – e.g. the government of Malawi will “free carry” 15% of Paladin’s Kayelekera project. These factors can result in overstating of a company’s true resource position.

If the compounding effect of these variables is considered, then it quickly becomes apparent that the potential error in calculating resource multiples is extremely high.

In summary, Summit refutes Paladin’s valuation methodology and considers that it does not accurately reflect the underlying value of its Mount Isa Uranium Project.

3. Historic Resource v Current JORC Compliant Resource Estimates

In their announcement of 2 April 2007, Paladin have criticised Summit’s latest JORC resource estimates. We have responded to Paladin’s comments below.

In respect of the Andersons resource estimate Paladin states: *“Even though Summit has reduced the critical cut-off grade (by 55%) in this resource estimate the contained uranium has effectively stayed constant and the grade has decreased by 37%”*

In respect of the Watta resource estimate Paladin states: *“Even though Summit has reduced the cut-off grade (by 62%) in this resource estimate, the contained uranium has effectively stayed constant and the grade has decreased by 19%”*

Summit makes the following points in respect of Paladin’s assertions:

Paladin’s comments in relation to cut-off grades are potentially misleading. Due to the nature of Summit’s deposits, relatively large percentage movements in cut-off grade have a much smaller percentage impact on pounds of contained uranium. For example, as shown in Summit’s Andersons’ announcement, reducing the cut-off grade from 1.00lb/t U₃O₈ to 0.50lb/t U₃O₈ (a 50% reduction) results in the contained uranium dropping from 4.7 Mlbs to 4.5 Mlbs (or 4%).

Grade is lower due to the more robust methodologies required under the JORC code: As Paladin would appreciate the historic resource estimates are likely to have used a manual polygonal approach which typically results in higher grades than the more rigorous

methodologies required under the JORC code. Comparing resource estimates undertaken in the 1960s with today's JORC compliant estimates, whilst an interesting exercise, does not provide a meaningful comparison.

4. Comparison of Paladin's Resource Inventory to Summit's

Paladin's Managing Director, John Borshoff states the following in Paladin's announcement of 2 April 2007:

"Summit shareholders should compare Summit's results from the last three years with those of Paladin..... This shows a stark contrast in performance and delivery"

Summit makes the following comments in respect of Mr Borshoff's assertions:

That Paladin has grown its resource base faster than Summit should be of no surprise: Paladin is soon to complete the commissioning of its first mine (Langer Heinrich) and has completed the bankable feasibility study ("BFS") of its second project (Kayelekera). Due to the ALP's "no new uranium mines" policy, Summit has been unable to even commence a BFS on its Mount Isa Uranium Project, which would involve further extensive drilling. Paladin is further up the development curve than Summit solely because of the political impediment to uranium mining which currently exists in Australia, but does not exist in the African countries of Namibia and Malawi. On this basis, whilst comparing the growth of Paladin's resource base to Summit's since 2004 is another interesting exercise, it does not provide any meaningful comparison.

All of Summit's deposits remain open in all directions and significant resource upgrades are expected as drilling is ramped up during the BFS.

5. Exploration Focus

Paladin's Managing Director, John Borshoff makes the following comments in Paladin's announcement of 2 April 2007:

"Paladin's intention would be to focus resource definition and extension activities on the Valhalla and Skäl deposits which not only provide 88% of the currently stated resources but have the best opportunity to provide the bulk of the uranium required to support a development project....."

Summit makes the following points in respect of Mr Borshoff's assertions:

Clearly it is in Paladin's interests to encourage Summit to focus all of its efforts on the Valhalla/Skal JV as it has no interest in rest of Summit's Mount Isa Uranium Project. Summit's Mount Isa Uranium Project (which includes the Valhalla/Skal JV) consists of tenements covering over 18,750km². The Valhalla/Skal JV in which Paladin has a 50% interest represents only 27km² – a very small proportion relative to Summit's wider tenement position in the region. Whilst it is true that the Valhalla and Skäl tenements represent a significant portion of the current resource position, based on our intimate knowledge of all tenements in the Mount Isa Project Uranium Project, there are sufficiently prospective areas outside of the Valhalla/Skal region which warrant further exploration. It is in the best interests of Summit shareholders to progress the resource definition on all of Summit's deposits and not just Valhalla and Skäl.

APPENDIX B - NEW ZEALAND FIF RULES NOT APPLICABLE TO SUMMIT SHARES

FOR NEW ZEALAND SHAREHOLDERS ONLY

We have received a tax-related question from some New Zealand shareholders, which we wish to address directly with you.

Section 11.3(b) of Paladin's Bidder's Statement states that the Paladin Shares offered to you will not be subject to the new New Zealand Foreign Investment Fund (FIF Rules) that come into force on 1 April 2007 as a result of the enactment of the Taxation (*Savings Investment and Miscellaneous Provisions*) Act 2006.

We can confirm that your Summit Shares will also not be subject to the new FIF Rules that apply from 1 April 2007. Therefore, the new FIF Rules should not be a factor in deciding whether you retain your Summit Shares by rejecting Paladin's inadequate and opportunistic offer or exchange them for Paladin Shares by accepting that offer.