

16 April 2007

Dear Fellow Shareholder,

Recommendation to Accept Higher Paladin Offer

The Summit board has resolved to unanimously recommend that all Summit shareholders accept Paladin's increased offer.

I am writing to you to explain why we have come to this difficult decision and to express my sincere appreciation to so many of Summit's loyal shareholders who have backed Summit for many years and whose support during this takeover has been rock solid.

On 11 April, we announced that we had reached agreement with the French company Areva to establish a strategic alliance. Less than 24 hours later, on 12 April 2007, Paladin announced a significant increase in the terms of its takeover offer for all of your Summit shares.

On the day Paladin's higher offer was announced, the offer represented a premium in excess of 50% to the price at which Summit shares were trading at the close of trading on the day prior to the announcement of the initial offer.

The Summit board has spent the last four days giving careful consideration to Paladin's increased offer. After much deliberation, your directors have unanimously resolved to recommend that all Summit shareholders should now accept Paladin's increased offer of 1 new Paladin share for every 1.67 Summit shares held.

In rejecting Paladin's original offer, and when considering this higher offer, your directors took into account a diverse range of factors. Those factors included a detailed analysis of the potential future risks and rewards for Summit shareholders of staying independent compared to the benefits of being part of a much bigger company with existing production and growth prospects. Your directors also took into account the fact that Summit shareholders would have the ability to retain exposure to the Mount Isa Uranium Project through ownership of Paladin shares.

Your directors weighed up the impact of all of these factors and also considered the shorter term risk that there might not be a change to ALP national policy on uranium mining. Despite the fact that the ALP's National Conference is less than two weeks away the outcome remains uncertain. That uncertainty, and the current stance of Queensland Premier Beattie (who recently indicated that even if the ALP national policy changes, he will continue to oppose uranium mining in Queensland), imposed

an additional layer of risk for Summit shareholders that increased the appeal of Paladin's offer.

Your directors previously concluded that the benefits of the Areva transaction outweighed the benefits of accepting Paladin's first offer. That is why we entered into the Areva transaction and continued to recommend that you reject Paladin's first offer.

Whilst Paladin has so far received few acceptances, there has been considerable turnover of Summit shares in the market since Paladin's offer was announced at the end of February. Your Board believes that a significant percentage of the Summit share register (in the order of 20%) is now held by short term hedge funds that would have accepted Paladin's higher offer regardless of the Board's recommendation. This is in part reflected by the fact that in the two trading days after Paladin announced its increased offer the market price of Summit was once again closely pegged to the revised offer.

In light of all these circumstances, the Board now believes that the benefits of accepting Paladin's higher offer when combined with the risks of rejecting it support our recommendation that you accept Paladin's higher offer.

This has not been an easy decision for your directors to make.

We have been totally committed to developing our projects, creating wealth and delivering value for all our shareholders.

As the founding director of the Company I have been overwhelmed by the support shown by our shareholders for Summit's staff, management team and Board since Paladin first announced its unsolicited offer. Many of those shareholders have been loyal supporters and believers in Summit and its vision for many years. To those of you in particular I extend a sincere thank you.

At a personal level, the decision to recommend the Paladin offer was obviously very difficult for me after more than 20 years building this company.

I am very proud of our considerable achievements and consider myself extremely fortunate to have had the opportunity to grow and develop Summit over the years.

That opportunity, which is now reflected in Paladin's increased offer, is due to two key factors. Firstly, the unique ground position and asset base that we were able to create, from the ground up, at a time when no-one else believed in or recognised the prospectivity of that ground. Secondly, the tireless effort, over many years, of Summit's talented and experienced employees enabled us to take our project forward to the point where we were able to define a world class project and unlock tremendous value for our shareholders.

I remain convinced that the Mount Isa Project will prove to be world class and that it will produce not one, but several, world class metal deposits. I look forward to the day when the first drum of yellowcake leaves the plant and my only regret is that I will not be part of the management team that finally delivers our dream.

Despite it being a difficult decision for me personally, the interests of Summit shareholders have, at all times, taken precedence over everything else. Along with the rest of my Board, I now believe that the interests of all Summit shareholders are best served by accepting Paladin's revised offer.

Summit notes that Paladin has announced that it will accelerate processing of acceptances it receives. The Paladin offer for your Summit shares is due to close on 27 April 2007.

All of the directors of Summit will now be accepting the offer and you are now encouraged to accept the Paladin offer without delay.

Thank you again for your continued support.

Yours sincerely
Summit Resources Limited

A handwritten signature in black ink, appearing to read 'Alan J Eggers', with a long horizontal flourish extending to the right.

Alan J Eggers
Managing Director