



SUMMIT RESOURCES LIMITED

ASX and Media release

Friday, March 2, 2007

Media briefing will be held at 11.30am AEDT. Dial in details below

Summit REJECTS Paladin's opportunistic and inadequate takeover offer

- Offer does not reflect Summit's short, medium and long-term upside
- Board believes more upside in Summit than Paladin
- Offer timed to beat anticipated change of ALP no new mines policy
- Also timed to beat possible court loss over Mount Isa Uranium Joint Venture
- Non-Australian/NZ shareholders being asked to sell for cash
- Capital gains tax liability for Summit shareholders who accept

The Summit Resources board has today recommended that shareholders reject Paladin's opportunistic and inadequate takeover offer.

Summit Managing Director Alan Eggers said the Summit board believes Paladin's all-scrip offer of one Paladin share for 2.04 Summit shares does not reflect the value of Summit's uranium, base metal and iron ore projects and extensive tenement holdings in Queensland.

"Paladin's understanding of the value of Summit has clearly increased through its participation in the Isa Uranium Joint Venture," he said. "We believe Paladin now recognises the inherent value of the Mount Isa Uranium province, which is one of the most prospective uranium provinces in the world today.

"Paladin's offer has been timed to close just two weeks before the Australian Labor Party is anticipated to change its 'no new mines' policy. The potential removal of this impediment has very positive implications for Summit and it would be premature for our shareholders to accept Paladin's offer in this environment."

Mr Eggers said the offer from Paladin was not unexpected and that Summit's directors believe Paladin launched its hostile offer without any prior discussion because it knew that its terms would be regarded as inadequate.

"The fact that the offer is not subject to any minimum level of acceptance is a clear sign of how desperate they are to use their currently highly priced shares to acquire as many Summit shares as possible before Summit appreciates further in value," he said.

"We control and manage very high quality assets and we intend to build a world-class mining, treatment and metal recovery project at Mount Isa," he said.

"It's obvious Paladin recognises this and has timed its opportunistic offer to maximise returns for its own shareholders before we can unlock this value for our shareholders".

"If Paladin wants to take control of Summit it will have to pay a price which adequately reflects the underlying value of Summit.

"This opportunistic and inadequate scrip-only offer does not."

Timed to escape litigation

Mr Eggers also said Paladin's offer was timed to escape a potential loss for Paladin in Summit's legal case against Paladin and Resolute over the Isa Uranium Joint Venture.

"Our legal case is strong and we believe we will win," he said. "While there is no certainty about the litigation's outcome, Paladin's offer seeks to both eliminate the material risk to Paladin that it will lose its share of the Isa Uranium Joint Venture and giving it control of arguably the best uranium province in the world. The assets include one of the largest and most prospective 100 per cent-owned mineral tenement holdings in Australia.

"Paladin will not be permitted to achieve these objectives without paying a fair price to do so."

Financial downside for Summit shareholders

Mr Eggers said that Summit shareholders would face significant value dilution should Paladin succeed. Tax was also a potentially significant issue.

"We think that on the basis of Paladin's current offer, Paladin will not be able to acquire at least 80 per cent of the shares in Summit (which is the threshold at which capital gains tax rollover relief becomes available). If this happens, Summit shareholders will be unable to access capital gains tax rollover relief and those shareholders who accept Paladin's inadequate offer will be left with a potentially hefty CGT liability," he said.

"Accepting shareholders are also unlikely to be able to receive any shares in the demerger of Pacific Mines Limited, which we have previously announced to the market."

Foreign shareholders will not be entitled to receive Paladin shares

Under the terms of Paladin's offer, "foreign shareholders" in Summit will not be entitled to receive Paladin shares. Instead, the shares that they would otherwise receive will be sold by a nominee of Paladin in the market and the cash proceeds will be sent to the accepting shareholder.

"At a time of unprecedented growth in the value of uranium companies such as Summit, Paladin is expecting a very significant proportion of our register to cash out," Mr Eggers said. "I doubt that many of our investors will see this as an attractive option."

Experienced management team focused on value for Summit shareholders

Mr Eggers said Summit's successful and highly motivated management team remained focused bringing the Mount Isa Uranium Project into production as quickly as possible.

"Summit's management team will deliver returns for its shareholders – whereas Paladin's offer will dilute those returns and hand the upside to Paladin shareholders," he said.

"Summit's directors have unanimously recommended that shareholders REJECT this opportunistic and undervalued offer."

A MEDIA BRIEFING WILL BE HELD AT 11.30am AEDT TODAY.

Conference call number: 1800 011 080 or +61 3 9693 4710

Contact
Matthew Horan
Cato Counsel
0403 934 958