



# TARGET'S STATEMENT

issued by

**Summit Resources Limited**  
**ACN 009 474 775**

in relation to the off-market takeover bid by

**Paladin Energy Limited**  
**ACN 061 681 098**

to acquire all of your shares in Summit Resources Limited for 1 Paladin Energy share for every 1 Summit share you hold.

The Independent Directors of Summit Resources Limited unanimously recommend that you

## ACCEPT

the Offer from Paladin Energy Limited ACN 061 681 098 in the absence of a Superior Proposal and the Independent Expert continuing to conclude in its Independent Expert's Report that the Offer is either fair and reasonable, or not fair but reasonable.

Legal adviser:

**BELLANHOUSE**

**THIS IS AN IMPORTANT DOCUMENT**

If you do not understand it or are in doubt as to how to act, you should consult your lawyer, accountant, stockbroker or financial adviser immediately.

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## LETTER FROM THE INDEPENDENT DIRECTORS

Dear Summit shareholder

On 1 August 2018, Summit Resources Limited (ACN 009 474 775) (**Summit**) announced that it had entered into the Bid Implementation Agreement with Paladin Energy Limited (ACN 061 681 098) (**Paladin**) pursuant to which Paladin agreed to make an off-market takeover offer for all of the Summit Shares in which it does not have a Relevant Interest (**Offer**).

Under the Offer, Paladin is offering to acquire all of your Summit Shares on the basis of 1 Paladin Share for each Summit Share you own.

This Target's Statement is the formal response of the Independent Directors of Summit to the Offer, and sets out the reasons for our recommendation that you **ACCEPT** the Offer, in the absence of a Superior Proposal and the Independent Expert continuing to conclude in its Independent Expert's Report that the Offer is either fair and reasonable, or not fair but reasonable.

The reasons for the Independent Directors' recommendation include:

- The Offer implies a premium relative to the Summit Share price, being:
  - a 66.67% premium based on the closing prices of Summit and Paladin's Shares immediately prior to the Announcement Date; and
  - a 39.86% premium based on the closing prices of Summit and Paladin's Shares based on the 30-day volume average weighted price of Summit and Paladin's Shares.
- BDO Corporate Finance (WA) Pty Ltd, the Independent Expert, has concluded that the Offer is fair and reasonable to Summit shareholders, in the absence of an alternate offer.
- No Superior Proposal has emerged.
- Conditional shareholder intention statements in support of the Offer have been received from Summit shareholders controlling an aggregate of 14.82% of Summit Shares.
- The Offer provides Summit shareholders with a shareholding in a company that has exposure to a broader range of uranium projects and with a stock which has greater liquidity.
- Under the Offer you will not incur brokerage fees.

In order to consider the Offer in detail and comply with the requirements under the Corporations Act, the Independent Directors engaged BDO Corporate Finance (WA) Pty Ltd to prepare an Independent Expert's Report. The Independent Expert has concluded that the Offer is fair and reasonable to Summit shareholders, in the absence of an alternate offer. Please refer to Annexure A to review the Independent Expert's Report in full.

**The Offer opened for acceptance on 12 September 2018 and is currently scheduled to close at 5pm (WST) on 19 October 2018, unless otherwise varied. Shareholders can ACCEPT the Offer by following the instructions in the Bidder's Statement and on the Acceptance Form.**

The Independent Directors recommend that you read this Target's Statement in its entirety and in conjunction with the Bidder's Statement you have received from Paladin.

If you have any questions in relation to your position as a Shareholder I encourage you to seek either financial or legal advice without delay.

Yours faithfully



**Malcolm Randall**  
Non-Executive Chairman



**David Berrie**  
Non-Executive Director

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# IMPORTANT INFORMATION

## Important Information

This is an important document. If you do not understand it or are in doubt as to how to act, you should consult your lawyer, accountant, stockbroker or financial adviser immediately.

## Shareholder Information

If Shareholders have any queries in relation to the Offer, they may call the Company on +61 (08) 9381 4366 on weekdays between 9.00am and 5.00pm (Perth time) or visit Summit's website at [www.summitresources.com.au](http://www.summitresources.com.au). Shareholders may call Paladin on +61 (08) 9381 4366 if they have any queries in relation to the Offer.

## Nature of this document

This document is a Target's Statement issued by Summit Resources Limited (ACN 009 474 775) (Summit) under Part 6.5 Division 3 of the Corporations Act in response to the off-market takeover bid made by Paladin Energy Ltd (ACN 061 681 098) (Paladin) for all the Summit Shares.

A copy of this Target's Statement was lodged with ASIC and given to ASX on 11 September 2018. Neither ASIC or ASX nor any of their respective officers take any responsibility for the content of this Target's Statement.

## No account of personal circumstances

The recommendations of the Independent Directors contained in this Target's Statement do not take into account the individual investment objectives, financial situation or particular needs of each Shareholder. You may wish to seek independent professional advice before making a decision as to whether to accept or not accept the Offer.

## Defined terms

This Target's Statement uses a number of capitalised terms that are defined in Section 11, which also contains some of the rules of interpretation that apply to this Target's Statement.

## Forward-looking statements

This Target's Statement contains various forward-looking statements. Statements other than statements of historical fact may be forward-looking statements. Shareholders should note that such statements are subject to inherent risks and uncertainties in that they may be affected by a variety of known and unknown risks, variables and other factors, many of which are beyond the control of Summit. Actual results, values, performance or achievements may differ materially from results, values, performance or achievements expressed or implied in any forward-looking statement. These forward looking statements are based on present economic and business conditions, and on a number of assumptions regarding future events and actions that, as at the date of this Target's Statement, are considered reasonable.

None of Summit, its officers, 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 (express or implied) as to the accuracy or likelihood of fulfilment of any forward-looking statement, or any results, values, performances or achievements expressed or implied in any forward-looking statement, except to the extent required by law. Shareholders should not place undue reliance on any such

statement. The forward-looking statements in this Target's Statement on behalf of Summit only reflect views held as at the date of this Target's Statement.

## Notice to foreign shareholders

The distribution of this Target's Statement may, in some countries, be restricted by law or regulation. Persons who come into possession of this Target's Statement should inform themselves of and observe those restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws. This Target's Statement has been prepared in accordance with Australian law and the information contained in this Target's Statement may not be the same as that which would have been disclosed if this Target's Statement had been prepared in accordance with laws and regulations outside of Australia.

## Disclaimer as to information

Except where disclosed otherwise, the information on Paladin has been obtained from the Bidder's Statement and other publicly available information. Summit and its Independent Directors are unable to verify the accuracy or completeness of the information on Paladin. Subject to the Corporations Act, neither Summit, nor its officers make any representation or warranty, express or implied, regarding such information and disclaim any responsibility in respect of that information. Similarly, this Target's Statement contains references to the Bidder's Statement. Neither Summit nor any Independent Director takes any responsibility for the contents of the Bidder's Statement or any part of the Bidder's Statement. Parts and sections of the Bidder's Statement referred to in this Target's Statement do not form part of this Target's Statement.

## Resources

The statements in this Target's Statement about Summit's exploration results and resource estimates have been extracted without material amendment from reports and statements previously filed by Summit with ASX. This information was prepared and first disclosed under the JORC Code 2004. It has not been updated since to comply with the JORC Code 2012 on the basis that the information has not materially changed since it was last reported.

The information in this Target's Statement that relates to Exploration Results and Mineral Resource estimates is based on information compiled by David Princep BSc, FAusIMM(CP). Mr Princep is an employee of RPM Advisory Services Pty Ltd (a RPMGlobal Holdings Limited company) and is a member of the Australasian Institute of Mining and Metallurgy. Mr Princep has provided his prior written consent as to the form and context in which the Exploration Results, Mineral Resource estimates and the supporting information are presented in this Target's Statement.

## Maps and diagrams

Any diagrams, charts, maps, graphs and tables appearing in this Target's Statement are illustrative only and may not be drawn to scale. Unless stated otherwise, all data contained in diagrams, charts, maps, graphs and tables is based on information available at the date of this Target's Statement.

## Privacy statement

Summit has collected your information from the Share Register for the purpose of providing you with this Target's

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Statement. The type of information that Summit has collected about you includes your name, contact details and information on your shareholding in Summit. The Corporations Act requires the name and address of Shareholders to be held in a public register. Summit has also provided or will provide personal information about its Shareholders to Paladin in accordance with the Corporations Act and the ASX Settlement Operating Rules.

## KEY POINTS

Paladin is offering one Paladin Share for each Summit Share you hold. As at the Latest Practicable Date, Paladin and its Associates have a Voting Power in Summit of 82.08%.

Your choices are to:

1. Accept the Offer and sell all of your Summit Shares off-market to Paladin at the Offer Price.
2. Sell your Summit Shares on-or off-market to a third party (unless you have previously accepted the Offer and not validly withdrawn your acceptance).
3. Reject the Offer and do nothing.

The Offer is off-market. If you do accept the Offer or otherwise sell your Summit Shares, you will not be able to participate in any Superior Proposal or other offer that may emerge, subject to you being entitled to withdraw your acceptance in accordance with the Corporations Act. The Offer will expire on 5:00pm (WST) on 19 October 2018 (unless extended or withdrawn by Paladin beforehand).

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## IMPORTANT DATES

Event	Date
Bidder's Statement and Target's Statement lodged with ASIC and ASX	11 September 2018
Offer Period commenced	12 September 2018
Close of the Offer Period (unless extended or withdrawn)	19 October 2018 (5pm WST)

**Note:**

Please refer to Section 8 for further information regarding extension, variation and/or withdrawal of the Offer.

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## REASONS WHY YOU SHOULD ACCEPT THE OFFER

Summary of Reason	Further Information
The Offer provides a premium for your Summit Shares.	Section 2.1
The Independent Expert has concluded that the Offer is fair and reasonable to Summit shareholders, in the absence of an alternate offer.	Section 2.2
No Superior Proposal has emerged.	Section 2.3
Conditional shareholder intention statements in support of the Offer have been received from Summit shareholders controlling an aggregate of 14.82% of Summit Shares.	Section 2.4
The Offer provides Summit shareholders with a shareholding in a company that has exposure to a broader range of uranium projects and with a stock which has greater liquidity.	Section 2.5
Under the Offer you will not incur brokerage fees.	Section 2.6

## FREQUENTLY ASKED QUESTIONS

This Section is not intended to address all issues relevant to you. This Section should be read together with all other parts of this Target's Statement.

Question	Answer	Further Information
<b>Takeover Documents</b>		
<b>What is the Bidder's Statement?</b>	The Bidder's Statement is the document from Paladin containing the Offer. A copy of the Bidder's Statement is provided to you with this Target's Statement.	-
<b>What is the Target's Statement?</b>	This document is the Target's Statement. The Target's Statement contains Summit's formal response to the Offer and includes the recommendations of the Independent Directors in relation to the Offer.  The Independent Directors encourage you to review the information in this Target's Statement and the Bidder's Statement carefully before making a decision as to whether to accept the Offer.	-
<b>The Offer</b>		
<b>Who is making the Offer?</b>	Paladin Energy Limited (ACN 061 681 098) ( <b>Paladin</b> ), an Australian-based uranium company with two fully built mines in Africa and a portfolio of development assets in Australia and North America.  Paladin is Summit's largest shareholder with an existing relevant interest in 82.08% of the Summit Shares.	Section 6 Bidder's Statement - section 3.1

Question	Answer	Further Information
<p><b>What is the Offer for my Summit Shares?</b></p>	<p>Paladin has made an off-market takeover offer to acquire all of your Summit Shares in exchange for issuing you with one new Paladin Share for every one Summit Share you hold.</p> <p>If you are a Summit shareholder:</p> <ul style="list-style-type: none"> <li>• whose address in Summit's register of members is outside of Australia and its external territories or New Zealand, unless otherwise determined by Paladin; or</li> <li>• who will receive less than a Marketable Parcel of Paladin Shares under the Offer,</li> </ul> <p>the Paladin Shares to which you would be entitled to be issued as a result of accepting the Offer will be sold on your behalf and the net proceeds remitted to you in cash.</p>	<p>Section 8 Bidder's Statement - section 1(b) and 8 of annexure A</p>
<p><b>What are the conditions of the Offer?</b></p>	<p>The Offer is conditional upon the satisfaction or waiver of each of the Conditions, comprising:</p> <ul style="list-style-type: none"> <li>• a minimum acceptance condition that Paladin and its Associates have a Relevant Interest in more than 90% of Summit Shares and at least 75% of the Summit Shares that Paladin offered to acquire under the Offer;</li> <li>• no Material Adverse Change in relation to Summit during the Offer Period;</li> <li>• no Prescribed Occurrences occur during the Offer Period; and</li> <li>• no material litigation is commenced or threatened against Summit before the end of the Offer Period.</li> </ul> <p>If the Conditions are not satisfied before the Offer closes, or waived within the prescribed period, then the Offer will lapse and all acceptances of the Offer will be void. If this occurs, you will continue to hold your Summit Shares and be free to deal with them as if the Offer had not been made.</p>	<p>Sections 8.4 and 8.5 Bidder's Statement - section 9 of annexure A</p>
<p><b>Can Paladin vary the Offer?</b></p>	<p>Yes, Paladin can vary the Offer by waiving any of the Conditions or extending the Offer Period.</p> <p>Paladin has indicated that its Offer is final and will not be increased (in the absence of a competing proposal). This means that Paladin cannot vary the Offer by increasing the consideration unless a competing proposal for Summit is announced.</p>	<p>Section 8.6 Bidder's Statement - paragraph 11 of Part D of section 2</p>

Question	Answer	Further Information
<b>Your choices</b>		
<b>What choices do I have as a Shareholder?</b>	As a Shareholder you can: <ul style="list-style-type: none"> <li>• <b>ACCEPT</b> the Offer and sell all of your Summit Shares off-market to Paladin and receive 1 Paladin Share as consideration for each Summit Share;</li> <li>• sell your Summit Shares on-market or off-market to a third party (unless you have previously accepted the Offer and not validly withdrawn your acceptance); or</li> <li>• reject the Offer by doing nothing.</li> </ul>	Section 4 Bidder's Statement - item 2 in Part A of section 2
<b>What is the Independent Expert's conclusion?</b>	The Independent Expert has valued: <ul style="list-style-type: none"> <li>• the Summit Shares on a control basis at between \$0.144 and \$0.179 per Summit Share, with a preferred value of \$0.161; and</li> <li>• the Paladin Shares at between \$0.190 and \$0.201 per Paladin Share, with a preferred value of \$0.196,</li> </ul> and has concluded that the Offer is fair and reasonable to Summit shareholders, in the absence of an alternate offer. The Independent Expert's Report is in Annexure A.	Annexure A
<b>What are the Independent Directors recommending?</b>	The Independent Directors unanimously recommend that you <b>ACCEPT</b> the Offer, in the absence of a Superior Proposal and the Independent Expert continuing to conclude in its Independent Expert's Report that the Offer is either fair and reasonable, or not fair but reasonable, for the reasons set out in this Target's Statement.	Sections 1 and 2
<b>Have any existing Summit shareholders committed to accept the Offer?</b>	Conditional shareholder intention statements in support of the Offer have been received from Summit shareholders controlling an aggregate of 14.82% of Summit Shares.	Section 2.4
<b>Acceptance of the Offer</b>		
<b>How do I accept the Offer?</b>	To accept the Offer, you should carefully follow the instructions in section 4 of annexure A of the Bidder's Statement and the Acceptance Form.  Please note that you can only accept the Offer in relation to <u>all</u> of your Summit Shares.	Section 4(a) Bidder's Statement - section 4 of annexure A
<b>If I accept the Offer now, can</b>	You may only withdraw your acceptance in the following limited circumstances: if the Offer is still	Section 8.8

Question	Answer	Further Information
I withdraw my acceptance?	subject to any of the Conditions and Paladin varies the Offer in a way that extends by more than 1 month the time it has to provide consideration under the Offer.	
Can I be forced to sell my Summit shares?	You <b>cannot</b> be forced to sell your Summit Shares unless Paladin proceeds to compulsory acquisition. If Paladin proceeds to compulsory acquisition you will receive the same consideration as if you had accepted the Offer.	Section 8.13 Bidder's Statement - section 7
When does the Offer close?	The Offer is presently scheduled to close at 5:00pm (WST) on 19 October 2018. The Offer Period can be extended in certain circumstances in accordance with the Corporations Act.	Sections 8.3 and 8.6
When will I receive the consideration if I accept the Offer?	<p>If you accept the Offer, you will have to wait for the Offer to become unconditional before Paladin will provide you with the Offer Price.</p> <p>You will receive your Offer consideration within 21 days after the later of the date that you accept the Offer and the Offer becoming or being declared unconditional.</p>	Section 4(a) Bidder's Statement - section 7 of annexure A
<b>Additional information</b>		
Are there any risks associated with the Offer?	<p>Yes. Summit shareholders who accept the Offer will be exposed to a number of risks, including the following:</p> <ul style="list-style-type: none"> <li>• if you accept the Offer you will no longer be able to trade your Summit Shares on the ASX or otherwise deal with them; and</li> <li>• you will not be able to participate in any Superior Proposal made by a third party; and</li> <li>• there are risks relating to holding Paladin Shares.</li> </ul>	Section 3 Bidder's Statement - section 9
Will there be any costs associated with accepting the Offer?	<p>Subject to the following, no brokerage or stamp duty will be payable as a result of your acceptance of the Offer.</p> <p>However, if you hold your Summit Shares through CHESS or through a bank, custodian or other nominee, you should ask your Controlling Participant (normally your stockbroker) or nominee whether it will charge any transaction fees or service charges in connection with acceptance of the Offer.</p> <p>Also, if you are an Ineligible Foreign Shareholder or Unmarketable Parcel Shareholder, brokerage will be payable in respect of the Paladin Shares sold by the Sale Nominee and these costs will be deducted from the proceeds of sale that will be provided to you.</p>	Section 2.6 Bidder's Statement - section 1.6

Question	Answer	Further Information
<p><b>What are the tax implications of accepting the Offer?</b></p>	<p>A general outline of the tax implications for certain Australian resident Shareholders of accepting the Offer is in section 8 of the Bidder's Statement.</p> <p>You should not rely on this outline as advice on your own affairs. This does not deal with the position of particular Shareholders. You should seek your own personal, independent financial and taxation advice before making a decision as to whether to accept or not accept the Offer for your Summit Shares.</p>	<p>Bidder's Statement - section 8</p>
<p><b>What if I am an overseas Summit shareholder or hold a small parcel? How does the Offer affect me?</b></p>	<p>Ineligible Foreign Shareholders and Unmarketable Parcel Shareholders that accept the Offer will not receive Paladin Shares. Rather, the Paladin Shares that Ineligible Foreign Shareholders and Unmarketable Parcel Shareholders would have been entitled to receive will be issued to, and sold by, a nominee (the appointment of which may require approval by ASIC) who will sell the Paladin Shares by no more than 15 Business Days after the expiry of the Offer Period and will distribute to you your proportion of the proceeds of sale, net of expenses.</p> <p>Generally, if your address on the register of Summit shareholders is in a jurisdiction other than Australia and its external territories or New Zealand, you will be considered an Ineligible Foreign Shareholder, unless Paladin determines otherwise.</p>	<p>Section 8.11 Bidder's Statement - sections 10.13 and 10.14</p>
<p><b>How do I get updates on the Summit and Paladin Share prices?</b></p>	<p>It is very likely that the market trading price for Summit Shares and Paladin Shares will vary during the Offer Period.</p> <p>You can check the market price for all ASX listed securities by visiting <a href="http://www.asx.com.au">www.asx.com.au</a>. The ticker code for Summit Shares is "SMM". The ticker code for Paladin Shares is "PDN".</p>	<p>-</p>
<p><b>Further enquiries</b></p>	<p>For further information in relation to the Offer:</p> <ul style="list-style-type: none"> <li>• call Summit or Paladin on +61 (08) 9381 4366;</li> <li>• see the Bidder's Statement for the full terms and conditions of the Offer; and</li> <li>• consult your broker, financial adviser, accountant, lawyer, taxation specialist and/or any other professional adviser.</li> </ul>	<p>-</p>

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# 1. Recommendations of the Independent Directors

## 1.1 Summary of the Offer

The consideration being offered by Paladin under the Offer is 1 Paladin Shares for each Summit Share you hold.

The Offer is a scrip offer and is conditional upon the satisfaction or waiver of each of the Conditions (refer to Section 8.4 for details).

## 1.2 Directors of Summit

As at the date of this Target's Statement, the directors of Summit are:

- (a) Mr Craig Barnes - Executive Director;
- (b) Mr Malcolm Randall- Non-Executive Chairman; and
- (c) Mr David Berrie- Non-Executive Director.

Summit established an Independent Board Committee comprising Messrs Randall and Berrie to consider matters in relation to the Offer. Mr Barnes is not a member of the Independent Board Committee due to his relationship with Paladin (Mr Barnes is the Chief Financial Officer of Paladin).

Given his relationship with Paladin, Mr Barnes does not consider it is appropriate for him to make any recommendation in relation to the Offer and has not participated in the consideration given by the Independent Directors to the Offer.

As at the date of this Target's Statement, the directors of Summit do not hold a Relevant Interest in any Summit Shares.

## 1.3 Independent Directors' recommendation

After taking into account each of the matters in this Target's Statement (including the Independent Expert's Report) and in the Bidder's Statement, each of the Independent Directors recommend that you **ACCEPT** the Offer, in the absence of a Superior Proposal and the Independent Expert continuing to conclude in its Independent Expert's Report that the Offer is either fair and reasonable, or not fair but reasonable.

In making this recommendation, each Independent Director has considered the merits of the Offer and weighed up the factors for and against acceptance. A summary of the reasons for the Independent Directors' recommendation is provided in Section 2.

When making your decision, you should:

- (a) read the whole of this Target's Statement (including the Independent Expert's Report) and the Bidder's Statement in their entirety;
- (b) carefully consider the terms and conditions of the Offer, as set out in annexures A and B of the Bidder's Statement and summarised in Section 8 below, and be aware that the Offer is conditional upon the Conditions being satisfied or waived;

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- (c) carefully consider the choices available to you as a Summit shareholder, including the risks in accepting the Offer as set out in Section 3;
  - (d) have regard to your individual risk profile, portfolio strategy, tax position and financial circumstances; and
  - (e) obtain personal advice from your broker, financial adviser, accountant, lawyer, taxation specialist and/or any other professional adviser in regard to the Offer and the effect of accepting the Offer.

The Independent Directors' recommendation is given as at the date of this Target's Statement. The Independent Directors reserve the right to change their recommendation should new circumstances arise such as, for example, a change in the opinion of the Offer by the Independent Expert to not fair and not reasonable in any subsequent version of the Independent Expert's Report which may be published.

#### **1.4 Intentions of the Directors in relation to the Offer**

The Directors do not hold or control Summit Shares.

#### **1.5 Further developments**

Should there be any developments during the Offer Period (for example, the emergence of a Superior Proposal from another bidder or a change in the opinion of the Offer by the Independent Expert to not fair and not reasonable in any subsequent version of the Independent Expert's Report which may be published) which would alter the Independent Directors' recommendations in relation to the Offer, you will be notified through an ASX announcement and/or a supplementary target's statement.

## 2. Why you should accept the Offer, in the absence of a Superior Proposal

The Independent Directors have considered the advantages and disadvantages of the Offer and unanimously recommend that you **ACCEPT** the Offer made to you, in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude in its Independent Expert's Report that the Offer is either fair and reasonable, or not fair but reasonable.

The reasons for this recommendation are summarised below. Further information in relation to these reasons is outlined in Sections 2.1 to 2.6.

The Independent Directors acknowledge that there are risks associated with accepting the Offer. See Section 3 and section 9 of the Bidder's Statement in respect of these risks.

- The Offer provides a premium for your Summit Shares
- The Independent Expert has concluded that the Offer is fair and reasonable to Summit shareholders, in the absence of an alternate offer.
- No Superior Proposal has emerged
- Conditional shareholder intention statements in support of the Offer have been received from Summit shareholders controlling an aggregate of 14.82% of Summit Shares
- The Offer provides Summit shareholders with a shareholding in a company that has exposure to a broader range of uranium projects and with a stock which has greater liquidity
- Under the Offer you will not incur brokerage fees

### 2.1 The Offer provides a premium for your Summit Shares

Summit shareholders who accept the Offer will receive 1 Paladin Share per Summit Share held, which represents a:

- (a) 66.67% premium based on the closing prices of Summit Shares and Paladin Shares on 31 July 2018, being the last trading day prior to announcement of the Offer;
- (b) 68.33% premium based on the 5-day VWAP of Summit Shares and Paladin Shares to 31 July 2018;
- (c) 52.71% premium based on the 20-day VWAP of Summit Shares and Paladin Shares to 31 July 2018; and
- (d) 39.86% premium based on the 30-day VWAP of Summit Shares and Paladin Shares to 31 July 2018.

## 2.2 The Independent Expert has concluded that the Offer is fair and reasonable

Summit engaged BDO Corporate Finance (WA) Pty Ltd to prepare the Independent Expert's Report stating whether, in its opinion, the Offer is fair and reasonable to Summit shareholders (other than Paladin) and giving reasons for forming that opinion.

The Independent Expert has concluded that the Offer is fair and reasonable to Summit shareholders, in the absence of an alternate offer.

In section 2.3 of the Independent Expert's Report, the Independent Expert states the following opinion:

*"We have considered the terms of the Offer as outlined in the body of this report and have concluded that, in the absence of an alternate offer, the Offer is fair and reasonable to Shareholders."*

As stated in the Independent Expert's Report, the Independent Expert came to the following conclusions in respect of the Offer:

- (a) The value of a Summit Share on a control basis is in the range of \$0.144 and \$0.179, with a preferred value of \$0.161, as compared to the Offer consideration of one Paladin Share, having a value in the range of \$0.190 and \$0.201, with a preferred value of \$0.196, and therefore the Offer is fair, in the absence of any other relevant information and an alternative offer (sections 2.4 and 12 of the Independent Expert's Report).
- (b) As the Offer is considered fair to Summit shareholders, it is therefore also reasonable to Summit shareholders, in accordance with ASIC Regulatory Guide 111 *Content of Expert's Reports*.

A copy of the Independent Expert's Report accompanies this Target's Statement in Annexure A. The Independent Directors recommend that you read the report carefully before making a decision with respect to the Offer.

## 2.3 No Superior Proposal has emerged

As at the date of this Target's Statement, there is no other offer for your Summit Shares.

The Independent Directors consider the prospect of a Superior Proposal emerging is remote, given that:

- (a) more than 1 month has elapsed since the Offer was publicly announced and the Independent Directors have received no notice of any Competing Transaction and are not otherwise aware of any circumstances that could result in a Superior Proposal emerging; and
- (b) as at the Latest Practicable Date, Paladin and its Associates have Voting Power in Summit of 82.08%.

## 2.4 Conditional shareholder intention statements in support of the Offer have been received from Summit shareholders controlling an aggregate of 14.82% of Summit Shares

The following beneficial shareholders have separately provided Summit with a written statement confirming their respective intentions to instruct their respective custodians to accept the Offer after 21 days of the Offer Period opening, subject to no Superior

Proposal emerging and the Independent Expert not concluding that the Offer is not fair and not reasonable:

- (a) Orano Cycle (with a beneficial shareholding of 22,109,045 Summit Shares, comprising 10.14% of Summit's issued share capital, held through BNP Paribas Nominees Pty Ltd as custodian); and
- (b) Revelation Special Situations Fund Ltd (with a beneficial shareholding of 10,189,249 Summit Shares, comprising 4.67% of Summit's issued share capital, held through Citicorp Nominees Pty Limited as custodian).

In the case of Orano Cycle, its statement of intention is also subject to there being no Paladin Material Adverse Change, as that term is defined in the Bid Implementation Agreement.

Each of the Summit shareholders named above have consented to the disclosure of their intention.

The commitment by the above Summit shareholders supports the view of the Independent Directors as to the merits of the Offer. These commitments also improve the prospects of the Offer being consummated in a timely manner.

## 2.5 The Offer provides Summit shareholders with a shareholding in a company that has exposure to a broader range of uranium projects and with a stock which has greater liquidity

The Independent Directors believe that if the Offer is successful, your Paladin Shares will be significantly more appealing to the investment community, which is likely to deliver the following key benefits compared with remaining a Summit shareholder:

- (a) significantly improved access to debt and equity capital markets;
- (b) greater coverage from financial analysts and significantly greater trading liquidity; and
- (c) greater interest from institutional investors.

As noted above, Summit shareholders can expect significantly improved trading liquidity post completion. A comparison of the liquidity of Summit Shares and Paladin Shares over selected time periods on the ASX prior to announcement of the Offer is summarised in the following table.

Period	Start date	End date	Summit Shares traded		Paladin Shares traded	
			Number	%	Number	%
1 month	30 June 2018	31 July 2018	36,170	0.02%	239,947,207	14.01%
3 months	30 April 2018	31 July 2018	126,638	0.06%	749,147,497	43.74%
6 months	31 January 2018	31 July 2018	253,262	0.12%	831,693,923	48.56%
12 months	31 July 2017	31 July 2018	1,517,384	0.70%	831,693,923	48.56%

**Note:** Paladin Shares were subject to a trading halt and subsequent suspension from official quotation on ASX from 13 June 2017 to 15 February 2018 (inclusive). Paladin Shares were reinstated to official quotation on ASX from the commencement of trading on 16 February 2018 following the effectuation of a deed of company arrangement and restructure. The liquidity of Paladin Shares as outlined above is therefore affected by this suspension.

If the Offer is not successful, Summit will likely be required to undertake a capital raising, which may be at a discount to current market prices. Summit will need to raise funds to repay amounts drawn down under the Loan Facility Agreement summarised in Section 9.2, and the accrued interest. There can be no certainty that appropriate capital or funding, if and when needed, will be available on terms favourable to Summit or at all. If Summit is unable to obtain additional financing as needed, it may have a material adverse effect on its activities including resulting in its tenements being subject to forfeiture, and could affect Summit's ability to continue as a going concern.

## **2.6 Under the Offer you will not incur brokerage fees**

By accepting the Offer you will receive (subject to the Conditions being satisfied or waived) the Offer Price of 1 Paladin Share for every Summit Share you hold. You will not incur any brokerage fees, which may be incurred if you choose to sell your Summit Shares on the ASX or purchase Paladin Shares.

However, if you hold your Summit Shares through CHESS or through a bank, custodian or other nominee, you should ask your Controlling Participant (normally your stockbroker) or nominee whether it will charge any transaction fees or service charges in connection with acceptance of the Offer.

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### **3. Risks relating to the Offer**

Although the Independent Directors unanimously recommend that you **ACCEPT** the Offer, in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude in its Independent Expert's Report that the Offer is either fair and reasonable, or not fair but reasonable, there may be a number of disadvantages in doing so. A summary of some of those disadvantages is set out below.

This summary is not exhaustive and you should have regard to your own personal investment objectives and financial circumstances, and should consult your professional advisers, before deciding whether or not to accept the Offer.

#### **3.1 Possibility of a Superior Proposal emerging**

A third party may emerge with a Superior Proposal. If you accept the Offer, other than in limited circumstances provided in the Corporations Act (as summarised in Section 8.8), you will not be able to accept any Superior Proposal for your Summit Shares and you will not be able to obtain any potential benefit associated with that Superior Proposal (if any). However, the Independent Directors have received no notice of any Competing Transaction and are not otherwise aware of any circumstances that could result in a Superior Proposal emerging.

#### **3.2 Possibility of higher Summit Share price**

It may be possible to sell your Summit Shares for more valuable consideration than that offered under the Offer. The Independent Directors make no forecast of whether this will occur or whether it will occur in the foreseeable future. The closing price of Summit Shares on ASX at the Latest Practicable Date was \$0.180, while the closing price of Paladin Shares on ASX at the Latest Practicable Date was \$0.175. The Independent Directors caution further that there is limited liquidity in Summit Shares.

#### **3.3 Conditions of the Offer**

As described in Section 8.4, the Offer is subject to a limited number of Conditions.

If you accept the Offer while it remains subject to Conditions, then subject to any statutory withdrawal rights that may be available to you (see Section 8.8) you will no longer be able to trade your Summit Shares on the ASX or off-market or withdraw your acceptance of the Offer.

You should be aware that the market price of Summit Shares may exceed the implied price under the Offer during the Offer Period.

If you accept the Offer and any of the Conditions remain unsatisfied at the end of the Offer Period and are not otherwise waived by Paladin, there is no obligation on Paladin to issue Paladin Shares to you as consideration for your Summit Shares. In those circumstances, any acceptances of the Offer will be void and you would then be free to deal with your Summit Shares.

#### **3.4 The tax consequences or implications of accepting the Offer may not suit your financial position or circumstances**

The taxation consequences of disposing of your Summit Shares pursuant to the Offer depend on a number of factors and will vary depending on your particular circumstances. A general outline of certain Australian tax considerations of such a disposal is set out in section 8 of the Bidder's Statement.

You should carefully read and consider the taxation consequences of disposing of your Summit Shares pursuant to the Offer. The outline provided in the Bidder's Statement is of a general nature only and you should seek your own specific professional tax advice as to the taxation implications applicable to your circumstances.

Foreign Shareholders are encouraged to seek their own advice in relation to any financial or taxation consequences in their home jurisdictions that may arise as a consequence of accepting the Offer.

### 3.5 Risks associated with holding Paladin Shares

Section 9 of the Bidder's Statement sets out the risks that Summit shareholders may face when investing in Paladin Shares. You should read that section of the Bidder's Statement carefully and in full.

By way of summary, these risks include:

- (a) possibility of future Paladin Share price depreciation;
- (b) the fact that the Mineral Resources and Ore Reserves of the Merged Group are estimates only;
- (c) risks relating to the capacity of the Merged Group to meet its future funding obligations;
- (d) risks relating to Paladin recommencing operations at its Langer Heinrich and Kayelekara projects;
- (e) risks relating to Aboriginal title and consultation issues, in particular with respect to Paladin's Michelin Project;
- (f) the risks associated with operations in a foreign jurisdiction, as Paladin has operations in Namibia and Malawi; and
- (g) general risks affecting the industry generally, such as:
  - (i) the inherent uncertainty, public perception and debate regarding uranium mining in Queensland and other jurisdictions in which Paladin has interests;
  - (ii) competition faced by nuclear energy with other sources of energy and potential growth in the nuclear power industry beyond its current level;
  - (iii) the inherent uncertainty and risk relating to the exploration, development, commissioning, mining and processing of assets of the Merged Group;
  - (iv) risks relating to compliance with environmental laws in the jurisdictions in which Paladin operates;
  - (v) risks relating to security of tenure;
  - (vi) climate change risk, including increased costs associated with increased regulatory obligations and higher costs of energy utilised in operations;

- (vii) being able to recruit appropriately skilled and qualified individuals; and
- (viii) potential changes to general economic and business conditions, including commodity prices.

You should contact your professional adviser if you require further information regarding these risks in order to make a decision as to whether to accept the Offer made to you.

### **3.6 Ineligible Foreign Shareholders and Unmarketable Parcel Shareholders**

Ineligible Foreign Shareholders and Unmarketable Parcel Shareholders will not be issued with Paladin Shares. Instead, those Paladin Shares will be sold on their behalf by a nominee and the proceeds of sale (net of expenses) remitted to the Ineligible Foreign Shareholders and Unmarketable Parcel Shareholders. Those Ineligible Foreign Shareholders and Unmarketable Parcel Shareholders will therefore no longer be exposed to any potential upside relating to the assets of Summit or the Merged Group. Refer to Section 8.11 for details regarding the treatment of Ineligible Foreign Shareholders and Unmarketable Parcel Shareholders.

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## 4. Your choices as a Summit shareholder

During the Offer Period you have the following choices:

(a) **ACCEPT the Offer**

The Independent Directors recommend that you **ACCEPT** the Offer, in the absence of a Superior Proposal and the Independent Expert continuing to conclude in its Independent Expert's Report that the Offer is either fair and reasonable, or not fair but reasonable.

If you wish to accept the Offer for all of your Summit Shares, you should follow the instructions in section 4 of annexure A to the Bidder's Statement and the Acceptance Form.

If you accept the Offer, you will be entitled to receive one Paladin Share for every one Summit Share that you hold and transfer to Paladin.

You will only receive the Offer consideration if each of the Conditions to the Offer are either satisfied or waived within the prescribed periods.

The consequences of accepting the Offer and the limited circumstances in which acceptances of the Offer may be withdrawn are discussed in Section 8.

Shareholders who accept the Offer may be liable for income tax, including by reference to a capital gain made on the sale, but will not incur a brokerage charge. However, if you hold your Summit Shares through CHESS or through a bank, custodian or other nominee, you should ask your Controlling Participant (normally your stockbroker) or nominee whether it will charge any transaction fees or service charges in connection with acceptance of the Offer.

If you accept the Offer, you are unable to accept any Superior Proposal if one emerges or otherwise sell your Summit Shares as set out in Section (b) below.

(b) **Sell your Summit Shares on ASX or off-market**

During the Offer Period, you may sell all or some of your Summit Shares on-market or off-market, provided you have not already accepted the Offer for those Summit Shares. If you sell any of your Summit Shares, you may receive the agreed consideration for your Summit Shares sooner than if you accept the Offer.

If you sell any or all of your Summit Shares, you:

- (i) will lose the ability to accept the Offer in respect of those Summit Shares;
- (ii) may be liable for capital gains tax or income tax on the sale of those Summit Shares;
- (iii) may incur a brokerage fee; and
- (iv) will lose the opportunity to receive any future returns from Summit in respect of those Summit Shares, if the Offer is not successfully completed.

If you are considering selling your Summit Shares on or off-market, you should contact your broker for information on how to do so and your tax adviser to determine your tax implications from such a sale.

Please note that you cannot sell your Summit Shares on- or off-market if you have accepted the Offer and have not validly withdrawn your acceptance.

**(c) Reject the Offer and retain your Summit Shares**

If you wish to retain your Summit Shares, you need take no action in relation to the Offer.

You should note that:

- (i) if Paladin acquires 90% (by number) of Summit Shares and a Relevant Interest in at least 75% (by number) of the Summit Shares that Paladin has offered to acquire under the Offer and the compulsory acquisition provisions of the Corporations Act are satisfied, Paladin will be entitled to compulsorily acquire the Summit Shares that it does not already own;
- (ii) as at the Latest Practicable Date, Paladin and its Associates have Voting Power in Summit of 82.08% and Summit has received separate statements from beneficial Summit shareholders with an aggregate Voting Power in Summit of 14.82% indicating their conditional intention to accept the Offer (refer to Section 2.4 for details of these statements of intention); and
- (iii) if your Summit Shares are acquired through the compulsory acquisition process, you will be issued consideration later than Summit shareholders that accept the Offer.

## 5. Profile of Summit

### 5.1 Overview of Summit and its principal activities

The Summit Group controls or has an interest in approximately 1,440km<sup>2</sup> of tenements in three major project areas centred on the city of Mount Isa in northwest Queensland through its 50% interest in the Isa Uranium Joint Venture and 100% interest in the Mount Isa North Uranium Project. The following map identifies the location of the tenements and uranium prospects in which Summit holds an interest.

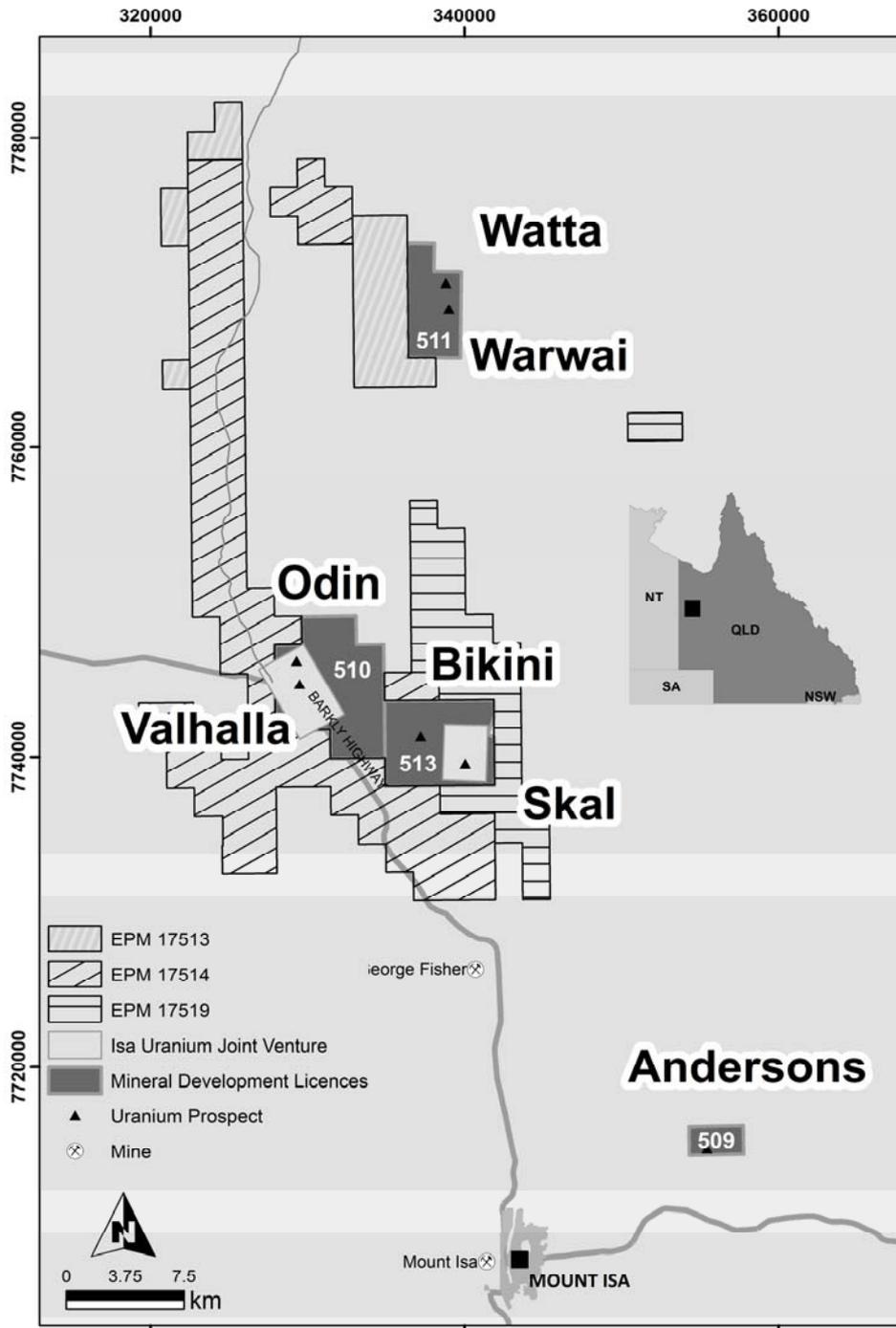


Figure 1: Location map of Summit tenements and uranium prospects, Isa North Project

The Summit Group has some minor involvement in base and precious metals exploration through its Isa North Mineral Rights Agreement and Isa West Joint Venture with Aeon Metals Limited.

Details regarding these interests are summarised below.

(a) **Isa Uranium Joint Venture (50% Summit)**

(i) **Overview**

The Isa Uranium Joint Venture (**IUJV**) is comprised of the following participating interests:

(A) Summit Resources (Aust) Pty Ltd (**SRA**): 50%; and

(B) Valhalla Uranium Pty Ltd (**VUL**): 50%.

SRA is a wholly owned subsidiary of Summit. VUL is a wholly owned subsidiary of Paladin.

SRA is the operator of the IUJV.

The IUJV covers ground containing the Valhalla, Odin and Skal uranium deposits, centred 40km north of Mount Isa in Queensland (refer to Figure 1).

Ground subject to the IUJV covers 17km<sup>2</sup> at Valhalla and 10km<sup>2</sup> at Skal. These two areas lie within a much larger holding of tenements covering approximately 547km<sup>2</sup> held 100% by SRA.

(ii) **Valhalla Uranium Deposit**

Valhalla is the largest declared uranium deposit in the Mount Isa region and is the core asset managed by Summit.

Valhalla is located 40km north of Mount Isa and 1km east of the Barkly Highway. The Valhalla mineralisation is defined by 40m x 40m spaced drilling over a total north-south distance of 2km, in excess of 600m vertical depth and up to 100m in width. Mineralisation is open at depth under the main zone. Valhalla is classified as a metasomatic, albitite-hosted uranium deposit. Dominant mineralogy includes albite, hematite, chlorite, magnetite and quartz with zirconium and rutile. Uranium mineralisation is hosted by a 30m to 80m thick package of albitised basalts and interbedded metasiltstones of Eastern Creek Volcanics of the Lower Proterozoic Haslingden Subgroup. Uranium mineralisation occurs along a N10°W-striking foliated zone that plunges to the south at approximately 40°. The deposit geometry is lenticular and sub-vertical with a bulge up to 90m wide at depths of approximately 400m. Previous deep drilling identified down-plunge, high-grade extensions of mineralisation in four holes at depths of 500-700m. There is a smaller and lower grade mineralised zone, Valhalla South, located 700m south of the main body, with dimensions of 400m long, 30m thick and 150m deep.

Data collection has continued over time in areas of environmental baseline work, mineralogical studies and metallurgical test work.

(iii) **Odin Uranium Deposit**

At Odin, mineralisation plunging 20-30° to the south has been drilled over widths of 20-30m with grades in the range of 300-6,000ppm eU<sub>3</sub>O<sub>8</sub> about 400m north of Valhalla. Higher-grade intervals occur within brecciated and albitised sandstones near contacts with basalt. Down-dip drilling to the east identified thick (40-70m) mineralised zones that flatten from -70° E to -40° E; grades in this area range from 200-700ppm eU<sub>3</sub>O<sub>8</sub>.

(iv) **Skal Uranium Deposit**

The Skal deposit contains a number of mineralised lenses which have been tested by a total of 319 drill holes and are concentrated in four zones within an area of approximately 2km<sup>2</sup>. The mineralisation that comprises the Skal deposits vary in strike from 035° to 045° and dip steeply from -85° E to -75° W. Individual lenses can be up to 50m thick and have a combined strike length of over 1,300m. Grades ranged from 100 - 7,100ppm U<sub>3</sub>O<sub>8</sub>. High grade intervals are associated with quartz veins within brecciated and albitised siltstones and basalts. The deposit area is structurally complex, and mineralisation is truncated and offset by faults.

(b) **Mount Isa North Uranium Project (100% Summit)**

(i) **Overview**

The Mount Isa North uranium project is located 15km to 65km north and east of Mount Isa, and comprises three contiguous EPM's and four MDL's covering approximately 547km<sup>2</sup> held 100% by SRA. The project includes the Bikini, Mirrioola, Watta/Warwai and Andersons uranium deposits and smaller uranium prospects.

(ii) **Bikini Uranium Deposit**

The Bikini uranium deposit is located 30km north of Mount Isa and 8km southeast of Valhalla. Smaller uranium prospects within 1km of Bikini including Mirrioola and Woomera. Uranium mineralisation at Bikini is exposed along a 1km northeast strike length of low ridges and shallow costeans. Mineralisation occurs as 3-15m thick en-echelon lenses of N40°E-striking, 75°SE-dipping zones in strongly foliated albitite, basalt and sandstone. Bikini has been defined by drilling over a length of 1km, to depths of 200-300m and up to 100m in total width. Drill hole spacing is nominally 40m x 40m. The northeast and southwest ends of Bikini are truncated by north-west striking faults. Previous drilling focused on shallow targets at the southwest and northeast ends of Bikini, and returned narrow moderate grade intercepts in multiple sub-parallel zones.

(iii) **Andersons Uranium Deposit**

At Andersons mineralisation plunging 65° to the east has been drilled over widths of 15-20m and extends over 290m down plunge. Grades range from 100 - 4,000ppm U<sub>3</sub>O<sub>8</sub>. High grade mineralisation is stratiform along east-west trending sandstone packages. North-south trending basalt dykes crosscut the stratigraphy and host minor mineralisation.

(iv) **Mirrioola Uranium Deposit**

A total of 54 holes have now been drilled at Mirrioola. Summit drilled 26 Diamond Drill holes (DD) and the remaining 28 drillholes consist of a mixture of diamond and percussion holes drilled in the 1970's by Queensland Mines Limited (QML). Mineralisation strikes 035°, dips steeply (-80°) to the east and consists of a number of individual zones with a combined thickness of up to 19m and a strike length of over 210m. Grades ranged from 100 - 4,000ppm U<sub>3</sub>O<sub>8</sub>. High grade intervals occur within brecciated and albitised siltstones.

(v) **Watta/Warwai Uranium Deposits**

The Watta deposit contains one coherent mineralised zone up to 30m wide, striking north-south with a near vertical dip. It has been intersected in drilling to 150m in depth along a strike length of 870m. Mineralisation is structurally controlled, hosted within foliated quartzites and sandstones/siltstones.

Mineralisation at Warwai, located 1.5km south east of Watta, strikes north-south with a -80°E dip. Up to eight, thin and discontinuous mineralised zones were modelled. Zones range from 1m - 9.5m in width, clustered in an area approximately 40m wide. Lenses have been intersected in drilling to 70m depth and along a strike length of approximately 175m.

(c) **Isa West Base Metals Joint Venture**

In December 2007, Summit entered into a farm-in and joint venture agreement with Aston Metals Limited (Aston) in respect of the Mount Kelly Copper Gold Project, Constance Range Base Metal Project, May Downs Base Metal/Gold Project, and Isa South Base Metal Project. Aston subsequently went into receivership and the north Queensland assets were purchased by Aeon Metals Limited (AQR). AQR has earned its interest and transfer documents for its 80% interest have been completed.

As part of the consideration for this joint venture, Summit is entitled to 20 million 'incentive' shares upon a decision to mine on any of the tenements acquired from Summit.

(d) **Isa North Base Metals Rights Agreement**

On 27 October 2008, Summit entered into a mineral rights agreement with Aston to enable Aston to explore for, and potentially recover, base metals on certain areas within Summit's Isa North tenements and have earned an 80% interest in base metals rights within these certain areas. These rights have now been transferred to AQR which does not gain any rights to uranium but will inform Summit should it become aware of any uranium mineralisation in the course of its activities.

Summit has a 20% free carried interest in any non-uranium metals through to a decision to mine.

## 5.2 Summit Group's interests in Mineral Resources

Uranium Mineral Resources under Summit management in the Mount Isa region total 142.1Mlb U<sub>3</sub>O<sub>8</sub>, of which 84.3Mlb U<sub>3</sub>O<sub>8</sub> are attributable to Summit, as detailed below:

Deposit		Measured Resources			Indicated Resources			Inferred Resources			Summit Attribution
Cut-off ppm U		Mt	Grade ppm	t U <sub>3</sub> O <sub>8</sub>	Mt	Grade ppm	t U <sub>3</sub> O <sub>8</sub>	Mt	Grade ppm	t U <sub>3</sub> O <sub>8</sub>	
Valhalla	230	16.0	820	13,116	18.6	840	15,662	9.1	640	5,824	50%
Skal	250	-	-	-	14.3	640	9,177	1.4	520	708	50%
Odin	250	-	-	-	8.2	555	4,534	5.8	590	3,430	50%
Bikini	250	-	-	-	5.8	495	2,868	6.7	490	3,324	100%
Anderson	250	-	-	-	1.4	1,450	2,079	0.1	1,640	204	100%
Watta	250	-	-	-	-	-	-	5.6	400	2,260	100%
Warwai	250	-	-	-	-	-	-	0.4	360	134	100%
Mirrioola	250	-	-	-	-	-	-	2.0	560	1,132	100%
<b>Total</b>		<b>16.0</b>	<b>820</b>	<b>13,116</b>	<b>48.3</b>	<b>710</b>	<b>34,320</b>	<b>31.1</b>	<b>550</b>	<b>17,016</b>	<b>-</b>
<b>Total Resources Attributable to Summit</b>		<b>8.0</b>	<b>820</b>	<b>6,558</b> <b>(14.5Mlb)</b>	<b>27.8</b>	<b>710</b>	<b>19,634</b> <b>(43.3Mlb)</b>	<b>23.0</b>	<b>520</b>	<b>12,035</b> <b>(26.5Mlb)</b>	<b>-</b>

(Figures in the above table may not add due to rounding)

Valhalla, Odin and Skal are the most significant deposits and account for 82% of the Mineral Resources managed by Summit. Valhalla is the largest deposit and contains 54% of the resources managed by Summit.

The majority of the Mineral Resources reported are based on drill holes that have been radiometrically logged down hole and gyroscopically surveyed to obtain an accurate hole orientation using company-owned equipment. The resource dataset is a combination of chemical assays and calibrated down hole gamma logging. Gamma derived grades have been validated against both XRF and chemical assay grades.

### 5.3 Tenement schedule

All Tenements in which the Summit Group hold an interest are located in North-West Queensland.

Tenement	Summit Group interest
EPM 11898	20%
EPM 13412	20%
EPM 13413	20%
EPM 13682	20%

EPM 14040	20%
EPM 14233	18%
EPM 14694	20%
EPM 14712	20%
EPM 14713	20%
EPM 14821	20%
EPM 14935	20%
EPM 15156	20%
EPM 15186	20%
EPM17513	100%
EPM17514	100%
EPM17519	100%
MDL 509	100%
MDL 510	100%
MDL 511	100%
MDL 513	100%

#### 5.4 Strategy of Summit

The Company is continuing to operate on minimum operational expenditure, at a level intended to maintain the tenements in good standing, as a consequence of the weakness in the uranium spot price.

The Company stands ready to recommence its metallurgical test work programme should uranium prices show signs of recovery.

Due to the ongoing depressed uranium price the Company continues to conserve cash as much as is practicable whilst maintaining all of its tenements in good standing.

#### 5.5 Directors

The names and details of the Directors are as follows:

- (a) Mr Craig Barnes - Executive Director;
- (b) Mr Malcolm Randall - Non-Executive Chairman; and
- (c) Mr David Berrie - Non-Executive Director.

Biographical details of each of the Directors are set out below.

(a) **Craig Barnes** - B.Com (Hons), CA

Mr Barnes has over 20 years' of experience in senior finance and financial management within the mining industry and previously the financial services industry. Mr Barnes is currently the Chief Financial Officer of Paladin, having been appointed to that role in May 2014. Prior to that, he held the position of Chief Financial Officer of DRDGOLD Ltd and its affiliated subsidiaries for 7 years. Mr Barnes brings a broad range of finance skills, experience in international mining projects and well-credentialed experience in the mining sector.

Mr Barnes is a member of the Chartered Accountants of Australia and New Zealand.

(b) **David Berrie** - LLB, B.Juris

Mr Berrie has over 30 years' experience in the resources sector. Prior to joining Summit, Mr Berrie spent over 18 years with WMC Resources Limited, and subsequently BHP Billiton Limited following its takeover of WMC in 2005. During this time Mr Berrie had corporate, legal and commercial roles within their exploration, mining and project development groups. Mr Berrie holds Bachelor of Laws and Bachelor of Jurisprudence degrees from the University of Western Australia.

Mr Berrie is presently the non-executive chairman of Magmatic Resources Ltd and the managing director of Hylea Metals Limited.

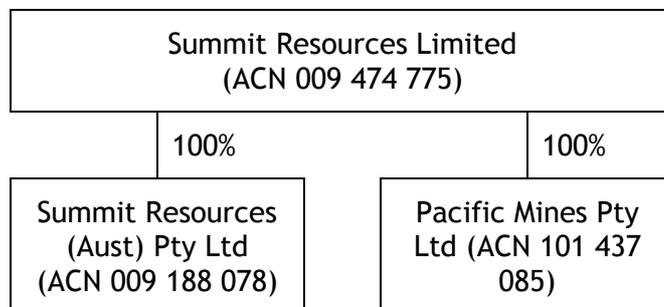
(c) **Malcolm Randall** - B.Applied Chem, FAICD

Mr Randall has extensive experience in corporate, management and marketing in the resource sector, including more than 25 years with the Rio Tinto group of companies. His experience has covered a diverse range of mineral activities including iron ore, base metals, uranium, mineral sands and coal.

Mr Randall is presently a director of Thundelarra Exploration Ltd, Magnetite Mines and Argosy Minerals Limited, and chairman of Kalium Lakes.

## 5.6 Corporate Structure

An overview of the corporate structure of Summit is set out below:



## 5.7 Issued capital

As at the date of this Target's Statement, Summit's issued capital comprises 217,981,769 Shares. There are no Options or other convertible securities on issue.

## 5.8 Recent trading in Summit Shares

Summit Shares are quoted on the ASX. Set out below is a table showing relevant trading prices of Summit Shares on ASX.

Comparative trading period price of Summit Shares	Price of Summit Shares (A\$)
Highest trading price in the 4 months prior to the Latest Practicable Date	\$0.220
Lowest trading price in the 4 months prior to Latest Practicable Date	\$0.110
Closing trading price on 31 July 2018, being the last trading day prior to the Announcement Date	\$0.120
Last available closing price of Summit Shares traded on ASX as at the Latest Practicable Date	\$0.180

## 5.9 Substantial holders

Based on substantial shareholder notices lodged with the ASX, registry data and information provided to Summit, the following persons (and their Associates) have Voting Power in Summit of more than 5% as at the Latest Practicable Date:

Shareholder	Shares	%
Paladin	178,911,682	82.08
Orano Cycle (held through BNP Paribas Nominees Pty Ltd as custodian)	22,109,045	10.14%

Note: Orano Cycle has provided Summit with a conditional intention statement in support of the Offer. An additional beneficial Summit shareholder, Revelation Special Situations Fund Ltd (with a beneficial shareholding of 10,189,249 Summit Shares, comprising 4.67% of Summit's issued share capital, held through Citicorp Nominees Pty Limited as custodian) has also provided Summit with a conditional intention statement in support of the Offer. Refer to Section 2.4 for details, including the conditions of these statements.

## 5.10 Summit's dividend history

No dividends have been declared or paid by Summit. The Summit Directors do not anticipate declaring or paying a dividend in the 2018 financial year.

## 5.11 Key statistics

Summit's basic earnings/(loss) per share (EPS) and share price for the last five years is as follows:

	2013	2014	2015	2016	2017
EPS	\$(0.003)	\$(0.002)	\$(0.001)	\$(0.006)	\$(0.001)
Share Price	\$1.27	\$0.23	\$0.18	\$0.10	\$0.20

## 5.12 Summary of historical financial information

The summary historical financial information below has been extracted from Summit's audited financial statements for the years ended 30 June 2017 and 30 June 2016 and does not take into account the effect of the Offer.

Copies of Summit's annual reports from which the financial information was extracted can be found on the Company's website at [www.summitresources.com.au](http://www.summitresources.com.au). These reports also contain details of Summit's accounting policies. Shareholders without internet access can obtain copies of these reports by contacting the Company Secretary of Summit on +61 8 9381 4366.

Statement of Financial Position	2017 (\$)	2016 (\$)
Total Assets	48,060,000	48,346,000
Total Liabilities	58,000	50,000
Total Equity	48,002,000	48,296,000

Income Statement	2017 (\$)	2016 (\$)
Rental interest income	62,000	64,000
Income tax benefit	-	-
Expenses	(356,000)	(1,335,000)
Profit/(Loss) for the year from continuing operations	(294,000)	(1,271,000)

Statement of Cash Flows	2017 (\$)	2016 (\$)
Net Cash Flows from Operating Activities	(197,000)	(130,000)
Net Cash Flows from Investing Activities	(393,000)	(351,000)
Net Cash Flows from Financing Activities	709,000	(17,000)

Statement of Cash Flows	2017 (\$)	2016 (\$)
Net Increase / (Decrease) in Cash and Cash Equivalents	119,000	(498,000)
Beginning Cash and Cash Equivalents	772,000	1,270,000
Ending Cash and Cash Equivalents	891,000	772,000

### 5.13 No material change in financial position

Summit's last published financial statements are for the half year ended 31 December 2017, as set out in its Interim Financial Report lodged with ASX on 8 March 2018. Summit lodged its latest audited annual financial statements for the full year ended 30 June 2017 with ASX on 28 September 2017. Except as disclosed in this Target's Statement (including, without limitation, the Loan Facility Agreement summarised in Section 9.2) and in any announcement made by Summit to ASX since 8 March 2018, the Independent Directors are not aware of any material change to the financial position of Summit since 31 December 2017.

### 5.14 Publicly available information

Summit is a disclosing entity under the Corporations Act. It is subject to regular reporting and disclosure obligations under both the Corporations Act and the Listing Rules of ASX. Copies of announcements lodged with ASX can be obtained from the ASX's website at [www.asx.com.au](http://www.asx.com.au) under the code "SMM" or from Summit's website at [www.summitresources.com.au](http://www.summitresources.com.au).

Copies of documents lodged with ASIC in relation to Summit may be obtained from, or inspected at, an ASIC office. Shareholders may obtain a copy of Summit's annual report, constitution and any document lodged by Summit with ASX free of charge by contacting the Company Secretary or from the ASX website at [www.asx.com.au](http://www.asx.com.au).

A list of announcements made by Summit to ASX between 28 September 2017 (the date of release of Summit's annual report for the financial year ended 30 June 2017) and the date of this Target's Statement is in Annexure B. This information may be relevant to your assessment of the Offer.

Further announcements about developments on the Offer will continue to be made publicly available on Summit's website at [www.summitresources.com.au](http://www.summitresources.com.au) after the date of this Target's Statement.

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## **6. Profile of Paladin**

### **6.1 Disclaimer**

The following information about Paladin has been prepared by Summit using publicly available information, including information in the Bidder's Statement, and has not been independently verified. Accordingly, Summit does not, subject to the Corporations Act, make any representation or warranty, express or implied as to the accuracy or completeness of this information.

The information on Paladin in this Target's Statement should not be considered comprehensive.

### **6.2 Overview of Paladin and its principal activities**

Paladin is an Australian-based uranium company with two fully built mines in Africa and a portfolio of development assets in Australia and North America.

Paladin is Summit's largest shareholder with an existing relevant interest in 82.08% of the Summit Shares.

### **6.3 Directors**

The names and details of the Directors Paladin are as follows:

- (a) Rick Wayne Crabb - Non-executive Chairman;
- (b) David Noel Riekie - Non-executive Director;
- (c) Daniel Harris - Non-executive Director; and
- (d) John Hodder - Non-executive Director.

Biographical details of each of the Paladin Directors and the Paladin CEO (Scott Sullivan) are summarised in section 3.3 of the Bidder's Statement.

Scott Sullivan is the Chief Executive Officer of Paladin.

### **6.4 Capital structure of Paladin**

Section 3.13 of the Bidder's Statement sets out detailed information relating to the capital structure of Paladin, including its substantial shareholders.

### **6.5 Paladin financial information**

Paladin released its:

- (a) full year financial accounts for the financial period ended 30 June 2018 on 28 August 2018; and
- (b) half year financial accounts for the half year ended 31 December 2017 on 27 February 2018.

Electronic copies of these reports can be obtained from Paladin's website [paladinenergy.com.au](http://paladinenergy.com.au).

Sections 3.14.1, 3.14.2 and 3.14.3 of the Bidder's Statement include consolidated financial statements of Paladin's financial position and profit and loss and other comprehensive income, extracted from the audited financial statements of Paladin for the year ended 30 June 2018, being the last audited financial statements prior to the date of this Target's Statement.

Section 3.14 of the Bidder's Statement also refers to Paladin's 2018 Annual Report, which provides detailed commentary on Paladin's historical financial results. See Section 3.14 of the Bidder's Statement for information on how to obtain a copy of Paladin's 2018 Annual Report.

## **6.6 Publicly available information**

Paladin is a disclosing entity under the Corporations Act. It is subject to regular reporting and disclosure obligations under both the Corporations Act and the Listing Rules of ASX. Copies of announcements lodged with ASX can be obtained from the ASX's website at [www.asx.com.au](http://www.asx.com.au) under the code "PDN" or from Paladin's website at [www.paladinenergy.com.au](http://www.paladinenergy.com.au).

Copies of documents lodged with ASIC in relation to Paladin may be obtained from, or inspected at, an ASIC office. Shareholders may obtain a copy of Paladin's annual report, constitution and any document lodged by Paladin with ASX free of charge by contacting the Company Secretary or from the ASX website at [www.asx.com.au](http://www.asx.com.au).

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## **7. Profile of the Merged Group**

### **7.1 Introduction**

Paladin has prepared a profile of the Merged Group which appears at section 6 of the Bidder's Statement. The Independent Directors have reviewed the Merged Group profile and recommend that you read and carefully consider the information in section 6 of the Bidder's Statement.

### **7.2 Board of Merged Group**

It is not proposed for there to be any changes made to the Board of Paladin on completion of the Offer. Details of the existing Paladin Board are in Section 6.3 of this Target's Statement and biographical details of each of those directors and the Paladin CEO are set out in section 3.3 of the Bidder's Statement.

### **7.3 Capital structure of Merged Group**

A description of the capital structure of the Merged Group, and the assumptions on which that description is based is in section 6.7 of the Bidder's Statement.

### **7.4 Corporate structure of Merged Group**

If the Offer is completed, Summit will become a wholly owned subsidiary of Paladin.

### **7.5 Pro forma financial information for the Merged Group**

Section 6.11 of the Bidder's Statement sets out a Merged Group pro-forma unaudited consolidated statement of financial position as at 30 June 2018, together with:

- (a) a description of the pro forma adjustments made; and
- (b) the assumptions underlying the preparation of that financial statement.

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## 8. Key features of the Offer

### 8.1 Overview

This Section 8 contains a summary of the terms and conditions of the Offer.

The full terms and conditions of the Offer in annexure A of the Bidder's Statement.

### 8.2 Off-market takeover bid

On 1 August 2018, Summit announced that it had entered into a Bid Implementation Agreement with Paladin pursuant to which the parties agreed to implement the Offer.

The Offer is an off-market takeover bid by Paladin, to acquire all Summit Shares that exist or will exist any time during the Offer Period (**Offer**).

The consideration being offered by Paladin is 1 Paladin Share for every Summit Share held.

The Offer is conditional upon the satisfaction or waiver of each of the Conditions. The Conditions are described in Section 8.4 below.

A summary of the Bid Implementation Agreement is contained in Section 9.1 of this Target's Statement and in section 10.7 of the Bidder's Statement. The Bid Implementation Agreement was annexed in full to Summit's announcement of 1 August 2018.

The conduct of the Offer is otherwise governed by the terms and conditions set out in the Bidder's Statement.

### 8.3 Offer Period

Unless the Offer is extended or withdrawn, it is open for acceptance from 12 September 2018 until 5:00pm (WST) on 19 October 2018. The circumstances in which Paladin may vary or withdraw its Offer are set out in Sections 8.6 and 8.7 respectively.

### 8.4 Conditions of the Offer

The Offer is subject to a number of conditions, which are set out in full in section 9 of annexure A of the Bidder's Statement.

By way of overview, the conditions to the Offer are:

- (a) **(minimum acceptance condition):** at the end of the Offer Period, Paladin and its Associates have a Relevant Interest in:
  - (i) more than 90% (by number) of all of the Summit Shares; and
  - (ii) at least 75% (by number) of the Summit Shares that Paladin offered to acquire under the Offer;
- (b) **(no Summit Material Adverse Change):** there not occurring a Summit Material Adverse Change during the Offer Period;

- (c) **(no Prescribed Occurrences)**: there not occurring a Prescribed Occurrence during the Offer Period; and
- (d) **(no material litigation)** before the end of the Offer Period, no member of the Summit Group has, without the written consent of Paladin threatened or commenced against it any material claims or proceeding in any court or tribunal.

As at the date of this Target's Statement, the Independent Directors are not aware of any act, omission, event or fact that would result in any of the Conditions being triggered.

Paladin may, but is not obliged to, waive any Condition.

See Section 8.7 for an explanation of the circumstances in which Paladin may withdraw an unaccepted Offer.

## **8.5 Consequences if the Conditions are not satisfied or waived**

If any of the Conditions are not satisfied or waived before the Offer closes, the Offer will lapse. This means that:

- (a) if you have accepted the Offer, your acceptance is void and you will continue to be a Summit shareholder, free to deal with your Summit Shares; or
- (b) if you have not accepted the Offer, you will continue to be a Summit shareholder, free to deal with your Summit Shares.

## **8.6 Variation of the Offer**

Paladin may vary its Offer in accordance with the Corporations Act by:

- (a) increasing the Offer Price;
- (b) waiving a Condition; or
- (c) extending the Offer Period.

Paladin has indicated that its Offer is final and will not be increased (in the absence of a competing proposal). This means that Paladin cannot vary the Offer by increasing the consideration unless a competing proposal for Summit is announced.

Any variation to the Offer must be announced on ASX. Paladin has advised the Independent Directors that it has no present intention to vary its Offer, but reserves its right to do so.

## **8.7 Withdrawal of Offer**

Paladin may be able to withdraw the Offer if it obtains the written consent of ASIC, subject to the conditions (if any) specified in such consent.

## **8.8 Limited rights to withdraw your acceptance**

You have only limited rights to withdraw your acceptance of the Offer. You may withdraw your acceptance of the Offer only if the Offer is still subject to a Condition and Paladin varies the Offer in a way that postpones, for more than 1 month, the time when you would receive your payment of the Offer Price.

If you have accepted the Offer and any of the Conditions have not been satisfied or waived by the end of the Offer Period (which may be extended), the Offer will lapse and you will be free to deal with your Summit Shares.

### **8.9 When you will receive the Offer consideration if you accept the Offer**

The Offer consideration paid in the form of Paladin Shares for acceptances of the Offer will be received by 21 days after the later of:

- (a) the date you accept the Offer; and
- (b) the date the Offer becomes or is declared unconditional.

### **8.10 Effect of an improvement in consideration on Summit shareholders who have already accepted the Offer**

Paladin has indicated that its Offer is final and will not be increased (in the absence of a competing proposal). This means that Paladin cannot vary the Offer by increasing the consideration unless a competing proposal for Summit is announced.

If Paladin improves the Offer Price, all Summit shareholders, whether or not they have accepted the Offer before that improvement in the Offer Price, will be entitled to the benefit of that improved Offer Price (assuming the Offer is or becomes unconditional). If you have already received payment in respect of the Offer, you will be paid the difference between the amount you have already received and the higher Offer Price.

### **8.11 Ineligible Foreign Shareholders**

Unless Paladin is satisfied in its sole discretion that the laws of an Ineligible Foreign Shareholder's country of residence (as shown in Summit's register of members) permit the issue of Paladin Shares to the Ineligible Foreign Shareholder (either unconditionally or after compliance with conditions which Paladin regards in its sole discretion but acting reasonably as acceptable and not unduly onerous and not unduly impracticable), issue the Paladin Shares to which an Ineligible Foreign Shareholder would otherwise become entitled under the Offer, to a nominee appointed by Paladin (**Sale Nominee**).

Paladin will procure that, as soon as reasonably practicable and in any event not more than 15 Business Days after the expiry of the Offer Period, the Sale Nominee:

- (a) sells on a financial market on which Paladin is listed all of the Paladin Shares issued to the Sale Nominee pursuant to the preceding paragraph in such manner, or such financial market, at such price and on such other terms as the Sale Nominee determines in good faith; and
- (b) remits to (after deducting any applicable brokerage, duty and other selling costs, taxes and charges) each Ineligible Foreign Shareholder, the proportion of the net proceeds of sale to which each Ineligible Foreign Shareholder is entitled (calculated on an averaged basis so that all Ineligible Foreign Shareholders receive the same value per Summit Share, subject to rounding).

See section 10.13 of the Bidder's Statement for further information.

### **8.12 Unmarketable Parcel Shareholders**

Paladin Shares will not be issued as part of the Offer consideration to Unmarketable Parcel Shareholders who accept the Offer. Instead, the Paladin Shares which would otherwise have been issued to Unmarketable Parcel Shareholders will be issued to the

Sale Nominee who will sell those Paladin Shares and pay the net proceeds of such sale to Unmarketable Parcel Shareholders.

Unmarketable Parcel Shareholders are those Summit Shareholders who, if they accept the Offer, would be issued Paladin Shares that would not constitute a Marketable Parcel within the meaning of the ASX Operating Rules Procedures.

See section 10.14 of the Bidder's Statement for further information.

## 8.13 Compulsory acquisition

### (a) Overview

Paladin's intentions with respect to compulsory acquisition are set out in section 7.4.2 of the Bidder's Statement.

As at the Latest Practicable Date, Paladin is Summit's largest shareholder with an existing relevant interest in 82.08% of the Summit Shares. In addition, conditional shareholder intention statements in support of the Offer have been received from Summit shareholders controlling an aggregate of 14.82% of Summit Shares (refer to Section 2.4 for details).

In addition, it is a condition of the Offer that Paladin and its Associates acquire a Relevant Interest in more than 90% of Summit Shares and at least 75% of the Summit Shares that Paladin offered to acquire under the Offer.

Accordingly, if the Offer is successful, it is most likely that Paladin will satisfy the threshold to proceed to compulsory acquisition.

### (b) Compulsory acquisition following the Offer

Paladin has stated in section 7.4.2 of the Bidder's Statement that it intends to proceed with compulsory acquisition of any Summit Shares not acquired under the Offer if it is entitled to do so in accordance with the Corporations Act. Paladin will be entitled, under section 661A of the Corporations Act, to compulsorily acquire any Summit Shares in respect of which it has not received an acceptance of the Offer on the same terms as the Offer if, during or at the end of the Offer Period:

- (i) Paladin and its Associates have a Relevant Interest in at least 90% (by number) of Summit Shares; and
- (ii) Paladin and its Associates have acquired at least 75% (by number) of the Summit Shares that Paladin has offered to acquire under the Offer.

If this threshold is met, Paladin will have one month after the end of the Offer Period within which to give compulsory acquisition notices to Summit shareholders that have not accepted the Offer.

If compulsory acquisition occurs under section 661A of the Corporations Act, Summit shareholders that have their Summit Shares compulsorily acquired will be issued their consideration later than Summit shareholders that accept the Offer.

Summit shareholders have statutory rights to challenge any compulsory acquisition. However, a successful challenge will require the relevant Summit

shareholder to establish to the satisfaction of a court that the terms of the Offer does not represent fair value for the Summit Shares.

(c) General compulsory acquisition

Under Part 6A.2 of the Corporations Act, Paladin will be entitled to compulsorily acquire any outstanding Summit Shares if Paladin (either alone or with a related body corporate) holds full beneficial interests in at least 90% of Summit Shares.

If this threshold is met, Paladin will have six months after Paladin 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 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.

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## 9. Additional information

### 9.1 Bid Implementation Agreement

On 1 August 2018, Summit announced that it had entered into the Bid Implementation Agreement with Paladin, which sets out the terms and conditions upon which the parties proposed to implement the Offer.

A full copy of the Bid Implementation Agreement was released by Summit to ASX on 1 August 2018 and can be viewed on the ASX website at [www.asx.com.au](http://www.asx.com.au) (ASX code: SMM).

### 9.2 Loan Facility Agreement

On 1 August 2018, Summit announced that it had entered into a loan facility agreement with Paladin (**Loan Facility Agreement**) pursuant to which Paladin agreed to provide Summit with a \$500,000 unsecured loan facility (**Loan Facility**) to assist Summit to fund its working capital requirements, including but not limited to its costs incurred in connection with the Offer.

The Loan Facility is available for draw from 1 August 2018 until the earlier of:

- (a) the Bid Implementation Agreement being terminated for any reason;
- (b) the end of the Offer Period; and
- (c) 31 January 2019,

(Availability End Date).

As at the date of this Target's Statement, \$190,792.42 has been drawn-down under the Loan Facility.

The Loan Facility and any interest accrued must be repaid on or before the date that is three months after the Availability End Date (**Repayment Date**). If an insolvency event occurs in respect of Summit, the Loan Facility and accrued interest is immediately due and payable to Paladin at Paladin's option.

Interest is payable at a fixed amount of 10% covering the period from the date the Loan Facility is advanced to the Repayment Date. The interest is to be capitalised until all outstanding monies under the Loan Facility Agreement are repaid to Paladin.

Representations and warranties considered customary for agreements of this nature have been provided by Summit.

### **9.3 Effect of the Offer on Summit's material contracts**

Summit does not have any employees. Key management personnel services are provided to Summit under a Management and Technical Services Agreement (**MTSA**) dated 24 September 2007 between Summit and Paladin. There is no impact on services provided under the MTSA due to the Offer.

Please refer to Section 9.6(c) for further information on the effect of the Offer on the Board.

To the best of the Independent Directors' knowledge and other than as set out elsewhere in this Target's Statement, none of the other Material Contracts to which Summit is a party contain change in control provisions which may be triggered as a result of, or as a result of acceptances of, the Offer and which may have a material adverse effect on the assets and liabilities, financial position and performance, profits and losses and prospects of Summit.

### **9.4 Interests and dealings in Summit securities**

The Directors do not have any Relevant Interests in Summit securities as at the date of this Target's Statement.

No Director has acquired or disposed of a Relevant Interest in any Summit securities in the 4 month period immediately prior to the date of this Target's Statement.

### **9.5 Interests and dealings in Paladin securities**

Mr Malcolm Randall- Non-Executive Chairman of Summit, has a relevant interest in an aggregate of 10,000 Paladin Shares, held as follows:

- (a) 6,000 Paladin Shares held by Renique Holdings Pty Ltd (ACN 009 084 575) as trustee for the Randall Super Fund; and
- (b) 4,000 Paladin Shares held by Mrs Carol Randall.

Except as disclosed above in respect of Mr Randall, the Directors do not have any Relevant Interests in Paladin securities as at the date of this Target's Statement.

No Director has acquired or disposed of a Relevant Interest in any Paladin securities in the 4 month period immediately prior to the date of this Target's Statement.

Neither Summit nor any Associate of Summit has acquired or disposed of a Relevant Interest in any Paladin securities in the 4 month period immediately prior to the date of this Target's Statement.

## 9.6 Benefits and agreements

### (a) Directorships

As at the date of this Target's Statement, no Director of Summit is a director of Paladin.

As disclosed in Section 1.2, Mr Craig Barnes is an Executive Director of Summit and Chief Financial Officer of Paladin.

### (b) Agreements connected with or conditional on the Offer

There are no agreements or arrangements made between an Independent Director and any other person in connection with or conditional upon the outcome of the Offer.

### (c) Benefits in connection with retirement from office

As a result of the Offer, no benefit (other than a benefit permitted under section 200E, 200F or 200G of the Corporations Act) has been or will be given to a person:

- (i) in connection with the retirement of a person from a board or managerial office in Summit or a Related Body Corporate of Summit; or
- (ii) who holds, or has held a board or managerial office in Summit or a Related Body Corporate of Summit or a spouse, relative or associate of such a person, in connection with the transfer or the whole or any part of the undertaking or property of Summit.

As set out in clause 2.4 of the Bid Implementation Agreement, if the Offer becomes unconditional, Summit must take all actions necessary to ensure that all except for those individuals nominated by Paladin (if any) resign from the Summit Board, provided a proper Board is constituted at all times and that Paladin procures that its appointees to the Summit Board do not participate in decisions of Summit in relation to the Offer until after the Offer Period, and that quorum remains in place.

### (d) Benefits from and agreements with Paladin or its Related Bodies Corporate

As outlined elsewhere in this Target's Statement, Mr Barnes is the Chief Financial Officer of Paladin, and an executive director of Summit.

Neither of the Independent Directors have agreed to receive, or are entitled to receive, any benefit from Paladin or its Related Bodies Corporate which is conditional on, or is related to, the Offer.

Neither of the Independent Directors have any interest in any contract entered into by Paladin or any of its Related Bodies Corporate as at the date of this Target's Statement.

## 9.7 Material litigation

As at the date of this Target's Statement, Summit is not involved in any material litigation.

## 9.8 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) the inclusion of other statements in this Target's Statement which are based on or referable to statements made in the reports or 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 appear:

Name of Person	Capacity	Reports or Statements
Mr David Berrie Mr Malcolm Randall	Independent Directors	Statements made by, or statements based on the statements made by, the Independent Directors
Mr Craig Barnes	Director	Statements made by, or statements based on the statements made by, Mr Craig Barnes, with such statements expressly excluding those attributed to the Independent Directors in this Target's Statement
Bellanhouse	Legal advisor to Summit	N/A
BDO Corporate Finance (WA) Pty Ltd	Independent Expert	Independent Expert's Report
Agricola Mining Consultants Pty Ltd	Independent technical assessor	Independent Technical Assessment and Valuation included with the Independent Expert's Report
Computershare Investor Services Pty Limited	Summit's share registry	N/A

Each of the persons named above:

- (a) 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
- (b) 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.

As permitted by ASIC Class Order 13/521, this Target's Statement contains statements that are made, or based on statements made, in documents lodged with ASIC or ASX (in compliance with the Listing Rules), including the Bidder's Statement. Pursuant to this Class Order, the consent of persons to whom such statements are attributed to is not required for the inclusion of those statements in the Target's Statement.

Any Shareholder who would like to receive a copy of any of the documents (or parts of the documents) that contain the statements which have been included pursuant to ASIC Class Order 13/521 may obtain a copy free by writing to Summit's Company Secretary.

Copies of all announcements by Summit may also be obtained from its website at [www.summitresources.com.au](http://www.summitresources.com.au) or from ASX's website [www.asx.com.au](http://www.asx.com.au) under the code "SMM".

Additionally, as permitted by ASIC Corporations (Consents to Statements) Instrument 2016/72, this Target's Statement may include or be accompanied by statements:

- (a) fairly representing what purports to be a statement by an official person; or
- (b) that are a correct and fair copy of, or extract from, a public official document or a published book, journal or comparable publication.

Pursuant to that Class Order, the consent of persons to whom such statements are attributed is not required for inclusion of those statements in this Target's Statement.

## **9.9 No other material information**

There is no other information that Summit shareholders or their professional advisers would reasonably require to make an informed assessment on whether to accept the Offer, being information which:

- (a) is reasonable for Shareholders and their professional advisers to expect to find in this Target's Statement; and
- (b) is known to any of the Directors.

In deciding what information should be included in this Target's Statement, the Directors have had regard to, amongst other things, the matters which Summit shareholders (or their professional advisers) may reasonably be expected to know, including information contained in documents previously sent to Summit shareholders and information available from public sources such as the ASX, ASIC or Summit's website at [www.summitresources.com.au](http://www.summitresources.com.au).

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## 10. Authorisation

Mr Malcolm Randall, the Non-Executive Chairman of Summit, is authorised to sign this Target's Statement pursuant to a resolution passed by the Independent Directors.



**Mr Malcolm Randall**  
**Non-Executive Chairman**  
Dated: 11 September 2018

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## 11. Glossary of terms

### 11.1 Glossary

In this Target's Statement, unless a contrary intention appears, the following expressions have the following meanings:

**Announcement Date** means 1 August 2018, the date on which the execution of the Bid Implementation Agreement was announced.

**ASIC** means the Australian Securities and Investments Commission.

**Associate** has the meaning given in section 12 of the Corporations Act.

**ASX** means ASX Limited (ACN 008 624 691) or the financial market operated by it, as the context requires.

**ASX Settlement** means ASX Settlement Pty Limited (ACN 008 504 532).

**ASX Settlement Operating Rules** means the settlement rules of ASX Settlement.

**Bid Implementation Agreement** means the bid implementation agreement entered into by Summit and Paladin dated 31 July 2018.

**Bidder's Statement** means the bidder's statement of Paladin dated 11 September 2018.

**Board** means the board of directors of Summit or Paladin, as applicable.

**Business Day** means a day on which banks are open for general banking business in Perth (not being a Saturday, Sunday or public holiday in that place).

**CHESS Holding** means a holding of Shares on the CHESS sub-register of Summit.

**CHESS** means the Clearing House Electronic Sub-register System operated by ASX Settlement, which provides for electronic share transfer in Australia.

**Competing Transaction** means any expression of interest, proposal, offer or transaction notified to the Independent Directors which, if completed substantially in accordance with its terms, would mean a person (other than Paladin or its Related Bodies Corporate) would:

- (a) directly or indirectly, acquire an interest or relevant interest in or become the holder of:
  - (i) 10% or more of all Summit Shares; or
  - (ii) all or a substantial part of the business conducted by the Summit Group;
- (b) acquire control of Summit, within the meaning of section 50AA of the Corporations Act; or
- (c) otherwise directly or indirectly acquire or merge with Summit or acquire an economic interest in the whole or a substantial part of Summit or the Summit Group or their businesses (including by takeover offer, scheme of arrangement, capital reduction, sale of assets, strategic alliance, joint venture, partnership or reverse takeover bid).

**Conditions** means the conditions to the Offer as described in section 9 of annexure A to the Bidder's Statement.

**Control** has the meaning given under section 50AA of the Corporations Act and **Controlled** has a corresponding meaning.

**Controlling Participant** means the broker who is designated as the controlling participant for Shares in a CHESS Holding in accordance with the ASX Settlement Operating Rules.

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

**Director** means a director of Summit or Paladin, as applicable.

**Independent Directors** means the directors of Summit who are independent in relation to this transaction, Mr David Berrie and Mr Malcolm Randall.

**Independent Expert** means BDO Corporate Finance (WA) Pty Ltd (ACN 124 031 045).

**Independent Expert's Report** means the report of the Independent Expert set out in Annexure A.

**Ineligible Foreign Shareholder** means a Summit shareholder:

- (a) who is a citizen or resident of a jurisdiction other than residents of Australia and its external territories or New Zealand; or
- (b) whose address shown in the Register is a place outside Australia and its external territories or New Zealand,

unless Paladin determines that:

- (a) it is lawful and not unduly onerous or unduly impracticable to issue that Summit shareholder with Paladin Shares on completion of the Offer; and
- (b) it is lawful for that Summit Shareholder to participate in the Offer by the law of the relevant place outside Australia and its external territories or New Zealand.

**JORC Code 2004** means the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves, 2004 edition.

**JORC Code 2012** means the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves, 2012 edition.

**Latest Practicable Date** means 5:00pm (WST) on 10 September 2018, being the latest practicable date prior to the lodgement of this Target's Statement with ASIC.

**Listing Rules** means the listing rules of the ASX.

**Marketable Parcel** has the meaning given to it in the ASX Operating Rules Procedures which, among other things, includes a parcel of shares, the value of which is not less than A\$500.

**Material Adverse Change** means any act, omission, event, change, matter or circumstance occurring, or being discovered or becoming public (either individually or aggregated with other acts, omissions, events, changes, matters or circumstances) which:

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- For personal use only
- (a) has, will or is reasonably likely to have a material adverse effect on the assets, liabilities, financial position, performance, profitability or prospects of the Summit Group taken as a whole (whether individually or when aggregated with one or more other events, matters or things); or
  - (b) any event, matter or thing, as described in paragraph (a), which occurred before 31 July 2018 but was not apparent from public filings of Summit before then, becomes public,

where the financial impact of such event, change, condition, matter or thing on the Summit Group exceeds \$100,000, but does not include:

- (a) anything which has arisen solely as a result of actions taken by any member of the Summit Group in the ordinary course of its business;
- (b) those events or circumstances required to be done or procured by Summit pursuant to the Bid Implementation Agreement;
- (c) those events or circumstances relating to changes in the global uranium industry or security markets generally or a change in the market price of uranium which impacts on Summit and its competitors in a similar manner; or
- (d) an event, circumstance, matter or information that is known to Paladin or its representatives on or prior to 31 July 2018 or otherwise disclosed in public filings by Summit with ASIC or provided to ASX on or prior to 31 July 2018.

**Offer** means the offer dated 11 September 2018 made by Paladin to acquire all of the Shares on the terms set out in annexures A and B of the Bidder's Statement.

**Offer Period** means the period commencing on 12 September 2018 and ending on 19 October 2018 (unless extended or withdrawn) during which the Offer will remain open for acceptance.

**Offer Price** means the offer of one Paladin Share for every one Summit Share held.

**Paladin** means Paladin Energy Ltd (ACN 061 681 098).

**Paladin Share** means a fully paid ordinary share in the capital of Paladin.

**Prescribed Occurrences** means any of the following events:

- (a) **(Conversion):** Summit or any of its subsidiaries converts all or any of its shares into a larger or smaller number of shares.
- (b) **(Reduction of share capital):** Summit or any of its subsidiaries resolves to reduce its share capital in any way or reclassifies, combines, splits, redeems or repurchases directly or indirectly any of its shares.
- (c) **(Buy-back):** Summit or any of its subsidiaries:
  - (i) enters into a buy-back agreement; or
  - (ii) resolves to approve the terms of a buy-back agreement under the Corporations Act.
- (d) **(Issuing or granting shares or options):** Summit or any of its subsidiaries:
  - (i) issues shares;

- (ii) grants an option over its shares; or
- (iii) agrees to make such an issue or grant such an option,

without the prior written consent of Paladin, such consent not to be unreasonably withheld, other than the issue of any Summit Shares or options whose issue or grant was fairly disclosed to Paladin prior to 31 July 2018.

- (e) **(Securities or other instruments):** Summit or any of its subsidiaries issues or agrees to issue securities or other instruments convertible into Summit Shares, shares in a subsidiary of Summit or debt securities as fairly disclosed to Paladin before 31 July 2018.
- (f) **(Constitution):** Summit or any of its subsidiaries adopts a new constitution or modifies or repeals its constitution or a provision of it.
- (g) **(Disposals):** Summit or any of its subsidiaries disposes, or agrees to dispose of the whole or a substantial part of the Summit Group's business or property.
- (h) **(Financial Indebtedness):** Summit or any of its subsidiaries incurs any financial indebtedness or issues any debt securities, other than in the ordinary course of business.
- (i) **(Acquisitions, disposals or tenders):** other than in the ordinary course of business and consistent with past practice, Summit or any of its subsidiaries disposes of, acquires or agrees to dispose of or acquire, or creates or agrees to create an equity interest in respect of any assets (including, without limitation, under any offtake, joint venture or similar deed), properties or businesses, or incurs, agrees to incur or enters into a commitment or a series of commitments involving capital expenditure by the Summit Group, whether in one or more transactions, where the amounts or value involved in such transaction or transactions, commitments or series of commitments exceeds \$100,000 in aggregate.
- (j) **(Encumbrances):** other than in the ordinary course of business and consistent with past practice Summit or any of its Subsidiaries creates, or agrees to create, any Encumbrance over any part of its business or property.
- (k) **(Employment arrangements):** other than in the ordinary course of business and consistent with past practice Summit or any of its subsidiaries:
  - (i) increases the remuneration of, or otherwise varies the employment arrangements with, any of its directors or employees;
  - (ii) accelerates the rights of any of its directors or employees to compensation or benefits or any kind (including under any Summit executive or employee share plans); or
  - (iii) pays any of its directors or employees a termination or retention payment (otherwise than in accordance with an existing contract in place at 31 July 2018).
- (l) **(Commitments and settlements):** other than in the ordinary course of business and consistent with past practice Summit or any of its subsidiaries without the prior written approval of Paladin (not to be unreasonably withheld) and for the avoidance of doubt, excluding any expense incurred in connection with the Offer):

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- (i) enters into any contract or commitment involving revenue or expenditure of more than \$50,000 over the term of the contract or commitment;
  - (ii) terminates or amends in a material manner any contract material to the conduct of the Summit Group's business or which involves revenue or expenditure of more than \$50,000 over the term of the contract;
  - (iii) waives any material third party default; or
  - (iv) accepting as a settlement or compromise of a material matter (relating to an amount in excess of \$50,000 less than the full compensation due to Summit or a subsidiary of Summit.
- (m) **(Insolvency):** Summit or any of its subsidiaries becomes insolvent.
- (n) **(Unusual contracts):** any member of the Summit Group enters into any unusual or abnormal contract or commitment which is outside the ordinary course of business and which could reasonably be expected to:
- (i) change the nature of the business conducted by the Summit Group; or
  - (ii) have a material adverse impact on the business conducted by the Summit Group.
- (o) **(Agreements):** any member of the Summit Group agrees or announces an intention to take any of the actions referred to in the preceding paragraphs of this definition.

A Prescribed Occurrence will not include any matter:

- (a) required or permitted to be done or procured by Summit under the Bid Implementation Agreement or which is otherwise contemplated by the Bid Implementation Agreement;
- (b) required to be done as a result of the Offer;
- (c) required to be done by the Summit Board in order to comply with the fiduciary or statutory duties of its directors;
- (d) directly resulting from any actions taken (or omitted to be taken) following a written request from Paladin or with Paladin's prior written consent; or
- (e) approved in writing by Paladin.

**Related Body Corporate** has the meaning given in section 50 of the Corporations Act.

**Related Entity** means in relation to a party, any entity that is related to that party within the meaning of section 50 of the Corporations Act or which is an economic entity (as defined in any approved Australian accounting standard) that is Controlled by that party.

**Relevant Interest** has the meaning given in sections 608 and 609 of the Corporations Act.

**Section** means a section of this Target's Statement.

**Share Register** means the register of shareholders of Summit maintained by or on behalf of Summit in accordance with the Corporations Act.

**Shareholder** means a person registered as a member of Summit.

**Summit Group** means Summit and its Related Entities.

**Summit or Company** means Summit Resources Limited (ACN 009 474 775).

**Summit Share** means a fully paid ordinary share in the capital of Summit.

**Superior Proposal** means a Competing Transaction which, is in the determination of the Independent Directors acting reasonably and in good faith and in order to satisfy what the Independent Directors consider to be their fiduciary and statutory duties:

- (a) reasonably capable of being completed taking into account all aspects of the Competing Transaction; and
- (b) more favourable to Summit shareholders than the Offer, taking into account all terms and conditions of the Competing Transaction.

**Target's Statement** means this Target's Statement, being the statement of Summit under Part 6.5 Division 3 of the Corporations Act.

**Third Party** means a person other than Paladin and its Associates.

**Unmarketable Parcel** means a parcel of Paladin Shares that does not constitute a Marketable Parcel.

**Unmarketable Parcel Shareholder** means a Summit Shareholder to whom, if they accept the Offer, Paladin Shares would be issued which would not constitute a Marketable Parcel.

**Voting Power** has the meaning given in section 610 of the Corporations Act.

**VWAP** means volume weighted average price of Summit Shares or Paladin Shares (as applicable).

**WST** means Western Standard Time.

## 11.2 Interpretation

Various defined terms are used in this Target's Statement. Unless the contrary intention appears, the context requires otherwise, or words are defined in Section 11.1, words and phrases in this Target's Statement have the same meaning and interpretation as in the Corporations Act.

In this Target's Statement, headings are for convenience only and do not affect interpretation and unless the context indicates a contrary intention:

- (a) the expression "person" includes an individual, the estate of an individual, a corporation, an authority, an association or a joint venture (whether incorporated or unincorporated), a partnership and a trust;
- (b) a reference to any party includes that party's executors, administrators, successors and permitted assigns, including any person taking by way of

novation and, in the case of a trustee, includes any substituted or additional trustee;

- (c) a reference to any document (including this Target's Statement) is to that document as varied, novated, ratified or replaced from time to time;
- (d) a reference to any statute or to any statutory provision includes any statutory modification or re-enactment of it or any statutory provision substituted for it, and all ordinances, by-laws, regulations, rules and statutory instruments (however described) issued under it;
- (e) words importing the singular include the plural (and vice versa), and words indicating a gender include every other gender;
- (f) references to sections, schedules, exhibits or annexures are references to sections, schedules, exhibits and annexures to or of this Target's Statement, and a reference to this Target's Statement includes any schedule, exhibit or annexure to this Target's Statement;
- (g) where a word or phrase is given a defined meaning, any other part of speech or grammatical form of that word or phrase has a corresponding meaning;
- (h) the word "includes" in any form is not a word of limitation;
- (i) a reference to "\$" or "dollar" is to Australian currency; and
- (j) if any day appointed or specified by this Target's Statement for the payment of any money or doing of any thing falls on a day which is not a Business Day, the day so appointed or specified shall be deemed to be the next Business Day.

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**ANNEXURE A - INDEPENDENT EXPERT'S REPORT**

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# SUMMIT RESOURCES LIMITED Independent Expert's Report

11 September 2018



## Financial Services Guide

11 September 2018

BDO Corporate Finance (WA) Pty Ltd ABN 27 124 031 045 ('we' or 'us' or 'ours' as appropriate) has been engaged by Summit Resources Limited ('Summit' or 'the Company') to provide an independent expert's report on the off-market takeover bid received from Paladin Energy Limited for all of the Summit shares it does not already own. You will be provided with a copy of our report as a retail client because you are a shareholder of Summit.

### Financial Services Guide

In the above circumstances we are required to issue to you, as a retail client, a Financial Services Guide ('FSG'). This FSG is designed to help retail clients make a decision as to their use of the general financial product advice and to ensure that we comply with our obligations as financial services licensees.

This FSG includes information about:

- ◆ Who we are and how we can be contacted;
- ◆ The services we are authorised to provide under our Australian Financial Services Licence, Licence No. 316158;
- ◆ Remuneration that we and/or our staff and any associates receive in connection with the general financial product advice;
- ◆ Any relevant associations or relationships we have; and
- ◆ Our internal and external complaints handling procedures and how you may access them.

### Information about us

BDO Corporate Finance (WA) Pty Ltd is a member firm of the BDO network in Australia, a national association of separate entities (each of which has appointed BDO (Australia) Limited ACN 050 110 275 to represent it in BDO International). The financial product advice in our report is provided by BDO Corporate Finance (WA) Pty Ltd and not by BDO or its related entities. BDO and its related entities provide services primarily in the areas of audit, tax, consulting and financial advisory services.

We do not have any formal associations or relationships with any entities that are issuers of financial products. However, you should note that we and BDO (and its related entities) might from time to time provide professional services to financial product issuers in the ordinary course of business.

### Financial services we are licensed to provide

We hold an Australian Financial Services Licence that authorises us to provide general financial product advice for securities to retail and wholesale clients.

When we provide the authorised financial services we are engaged to provide expert reports in connection with the financial product of another person. Our reports indicate who has engaged us and the nature of the report we have been engaged to provide. When we provide the authorised services we are not acting for you.

### General Financial Product Advice

We only provide general financial product advice, not personal financial product advice. Our report does not take into account your personal objectives, financial situation or needs. You should consider the appropriateness of this general advice having regard to your own objectives, financial situation and needs before you act on the advice.

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## **Fees, commissions and other benefits that we may receive**

We charge fees for providing reports, including this report. These fees are negotiated and agreed with the person who engages us to provide the report. Fees are agreed on an hourly basis or as a fixed amount depending on the terms of the agreement. The fee payable to BDO Corporate Finance (WA) Pty Ltd for this engagement is approximately \$30,000.

Except for the fees referred to above, neither BDO, nor any of its directors, employees or related entities, receive any pecuniary benefit or other benefit, directly or indirectly, for or in connection with the provision of the report.

## **Remuneration or other benefits received by our employees**

All our employees receive a salary. Our employees are eligible for bonuses based on overall productivity but not directly in connection with any engagement for the provision of a report. We have received a fee from Summit for our professional services in providing this report. That fee is not linked in any way with our opinion as expressed in this report.

## **Referrals**

We do not pay commissions or provide any other benefits to any person for referring customers to us in connection with the reports that we are licensed to provide.

## **Complaints resolution**

### *Internal complaints resolution process*

As the holder of an Australian Financial Services Licence, we are required to have a system for handling complaints from persons to whom we provide financial product advice. All complaints must be in writing addressed to The Complaints Officer, BDO Corporate Finance (WA) Pty Ltd, PO Box 700 West Perth WA 6872.

When we receive a written complaint we will record the complaint, acknowledge receipt of the complaint within 15 days and investigate the issues raised. As soon as practical, and not more than **45 days** after receiving the written complaint, we will advise the complainant in writing of our determination.

## **Referral to External Dispute Resolution Scheme**

A complainant not satisfied with the outcome of the above process, or our determination, has the right to refer the matter to the Financial Ombudsman Service ('FOS'). FOS is an independent organisation that has been established to provide free advice and assistance to consumers to help in resolving complaints relating to the financial service industry. FOS will be able to advise you as to whether or not they can be of assistance in this matter. Our FOS Membership Number is 12561. Further details about FOS are available at the FOS website [www.fos.org.au](http://www.fos.org.au) or by contacting them directly via the details set out below.

Financial Ombudsman Service  
GPO Box 3  
Melbourne VIC 3001  
Free call: 1800 367 287  
Facsimile: (03) 9613 6399  
Email: [info@fos.org.au](mailto:info@fos.org.au)

## **Contact details**

You may contact us using the details set out on page 1 of the accompanying report.

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Appendix 1 - Glossary and copyright notice

Appendix 2 - Valuation Methodologies

Appendix 3 - Independent Valuation Report prepared by Agricola

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38 Station Street  
Subiaco, WA 6008  
PO Box 700 West Perth WA 6872  
Australia

11 September 2018

The Directors  
Summit Resources Limited  
502 Hay Street  
Subiaco WA 6008

Dear Directors

## INDEPENDENT EXPERT'S REPORT

### 1. Introduction

On 1 August 2018, Summit Resources Limited ('**Summit**') announced that it had entered into a Bid Implementation Agreement ('**BIA**') with Paladin Energy Limited ('**Paladin**') under which it is proposed that Paladin, which already owns 82.08% of Summit, will acquire all the issued shares of Summit that it does not presently hold, on a scrip for scrip basis by way of a recommended off-market conditional takeover offer. The BIA was released to the Australian Securities Exchange ('**ASX**') at the same time as the announcement, which detailed that under the Offer, Summit shareholders will receive one new Paladin share for every one Summit share held.

The announcement also stated that Summit shareholders representing an additional 14.82% of Summit shares have also indicated to Summit that they will accept the offer, subject to a number of conditions.

On or about 11 September 2018, the Company announced that the takeover bid was formalised with Summit receiving the Bidder's Statement which confirmed the scrip for scrip takeover offer for one Paladin share in exchange for every one Summit share held ('**the Offer**').

All dollar amounts are in Australian dollars ('**A\$**' or '**AUD**') unless otherwise indicated.

### 2. Summary and Opinion

#### 2.1 Requirement for the report

The directors of Summit have requested that BDO Corporate Finance (WA) Pty Ltd ('**BDO**') prepare an independent expert's report ('**our Report**') to express an opinion as to whether or not the Offer is fair and reasonable to the non-associated shareholders of Summit ('**Shareholders**').

Our Report is prepared pursuant to section 640 of the Corporations Act 2001 Cth ('**Corporations Act**' or '**the Act**') and is to be included in the Target's Statement to be prepared by Summit in order to assist the Shareholders in their decision whether to accept the Offer. An independent expert's report is required because Paladin has an interest in 82.08% of the Summit shares on issue as at the date of this report.

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## 2.2 Approach

Our Report has been prepared having regard to Australian Securities and Investments Commission ('ASIC') Regulatory Guide 111 'Content of Expert's Reports' ('RG 111') and Regulatory Guide 112 'Independence of Experts' ('RG 112').

In arriving at our opinion, we have assessed the terms of the Offer as outlined in the body of this report. We have considered:

- how the value of one Summit share prior to the Offer on a control basis compares to the value of the Offer consideration, being one Paladin share;
- the likelihood of an alternative offer being made to Summit;
- other factors which we consider to be relevant to the Shareholders in their assessment of the Offer; and
- the position of Shareholders should the Offer not proceed.

## 2.3 Opinion

We have considered the terms of the Offer as outlined in the body of this report and have concluded that, in the absence of an alternate offer, the Offer is fair and reasonable to Shareholders.

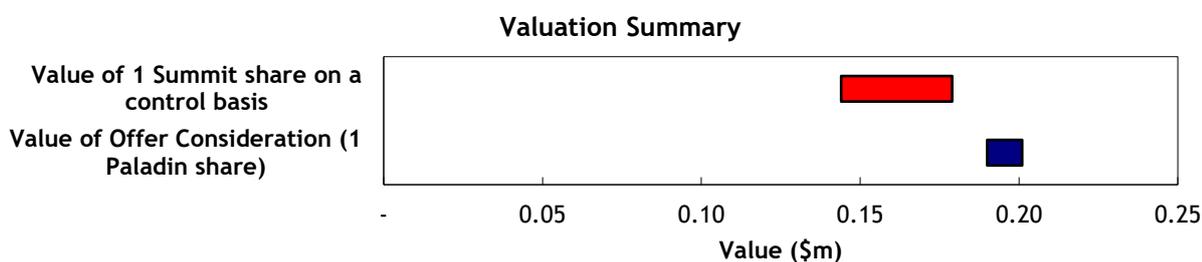
## 2.4 Fairness

In section 12 we determined how the value of one Summit share on a control basis compares to the value of the Offer Consideration, being one Paladin share, as detailed below.

	Ref	Low \$	Preferred \$	High \$
Value of one Summit share (control basis)	10.3	0.144	0.161	0.179
Value of the Offer consideration	11.3	0.190	0.196	0.201

Source: BDO analysis

The above valuation ranges are graphically presented below:



Source: BDO analysis

The above pricing indicates that, in the absence of any other relevant information, and an alternate offer, the Offer is fair for Shareholders.

## 2.5 Reasonableness

We have considered the analysis in section 13 of this report, in terms of both:

- advantages and disadvantages of accepting and rejecting the Offer; and
- other considerations, including the position of Shareholders if the Offer is not successful and the consequences of not accepting the Offer.

In our opinion, the position of Shareholders if the Offer is accepted is more advantageous than the position if the Offer is not accepted. Accordingly, in the absence of any other relevant information and/or an alternate proposal we believe that the Offer is reasonable for Shareholders.

The respective advantages and disadvantages considered are summarised below:

ADVANTAGES AND DISADVANTAGES			
Section	Advantages	Section	Disadvantages
13.1.1.	The Offer is fair	13.2.1.	Dilution of exposure to Summit's assets
13.1.2.	The Offer is at a premium to the Company's most recent quoted price and recent VWAP	13.2.2.	Significant uncertainty regarding Paladin recommencing operations
13.1.3.	Shareholders of Summit will own shares in a company with a suite of developed assets and greater potential to generate a return for Shareholders		
13.1.4.	Adds geographical diversification		
13.1.5.	Creation of a combined group with a stronger financial position		
13.1.6.	Enhanced share trading liquidity		

Other key matters we have considered include:

Section	Description
13.1.1.	Consequences of not accepting the Offer
13.1.2.	Potential decline in share price

### 3. Scope of the Report

#### 3.1 Purpose of the Report

Paladin has prepared a Bidder's Statement in accordance with section 636 of the Act. Under section 633 Item 10 of the Act, Summit is required to prepare a Target's Statement in response to the Bidder's Statement.

Section 640 of the Act requires the Target Statement to include an independent expert's report to shareholders if:

- the bidder's voting power in the target is 30% or more; or
- the bidder and the target have a common director or directors.

As at the date of our report, Paladin holds 82.08% of the issued capital in Summit. Therefore, an independent expert's report is required for inclusion in the Target's Statement. The directors of Summit have engaged BDO to satisfy this requirement.

#### 3.2 Regulatory guidance

Neither the Listing Rules nor the Corporations Act defines the meaning of 'fair and reasonable'. In determining whether the Offer is fair and reasonable, we have had regard to the views expressed by ASIC in RG 111. This regulatory guide provides guidance as to what matters an independent expert should consider to assist security holders to make informed decisions about transactions.

This regulatory guide suggests that where the transaction is a control transaction, the expert should focus on the substance of the control transaction rather than the legal mechanism used to effect it. RG 111 suggests that where a transaction is a control transaction, it should be analysed on a basis consistent with a takeover bid.

In our opinion, the Offer is a control transaction as defined by RG 111 and we have therefore assessed the Offer as a control transaction to consider whether, in our opinion, it is fair and reasonable to Shareholders.

#### 3.3 Adopted basis of evaluation

RG 111 states that a transaction is fair if the value of the offer price or consideration is equal to or greater than the value of the securities subject of the offer. This comparison should be made assuming a knowledgeable and willing, but not anxious, buyer and a knowledgeable and willing, but not anxious, seller acting at arm's length. When considering the value of the securities subject of the offer in a control transaction it is inappropriate for the expert to apply a discount on the basis that the shares being acquired represent a minority or portfolio interest and so the expert should consider this value inclusive of a control premium. Further to this, RG 111 states that a transaction is reasonable if it is fair. It might also be reasonable if despite being 'not fair' the expert believes that there are sufficient reasons for security holders to accept the offer in the absence of any higher bid.

Having regard to the above, BDO has completed this comparison in two parts:

- a comparison between the value of one Summit share prior to the Offer on a control basis and the value of the Offer consideration, being one Paladin share (fairness - see section 12 'Is the Offer fair?'); and

- an investigation into other significant factors to which Shareholders might give consideration, prior to accepting the Offer, after reference to the value derived above (reasonableness - see section 13 'Is the Offer Reasonable?').

This assignment is a Valuation Engagement as defined by Accounting Professional & Ethical Standards Board professional standard APES 225 'Valuation Services' ('APES 225').

A Valuation Engagement is defined by APES 225 as follows:

*'an Engagement or Assignment to perform a Valuation and provide a Valuation Report where the Valuer is free to employ the Valuation Approaches, Valuation Methods, and Valuation Procedures that a reasonable and informed third party would perform taking into consideration all the specific facts and circumstances of the Engagement or Assignment available to the Valuer at that time.'*

This Valuation Engagement has been undertaken in accordance with the requirements set out in APES 225.

#### 4. Outline of the Offer

On 1 August 2018, the Company announced that it had entered into a BIA with Paladin, Summit's largest shareholder, pursuant to which Paladin made an off-market conditional scrip takeover bid for all of the shares in Summit that it does not already hold. The consideration offered by Paladin is one Paladin share for every one Summit share ('Offer Consideration').

Paladin has also agreed to provide Summit with a \$500,000 unsecured loan facility to assist Summit to fund its short-term working capital needs during the Offer period. The facility will be available for draw-down from the date of the announcement, being 1 August 2018, until the earlier of:

- the BIA being terminated for any reason;
- the end of the Offer period; and
- 31 January 2019.

On or about 11 September 2018, the Company announced that the takeover bid was formalised with Summit receiving the Bidder's Statement which confirmed the scrip takeover offer for all the issued shares in Summit it did not already own. The Bidder's Statement confirmed the consideration offered by Paladin to be one Paladin share for every one Summit share.

Paladin holds approximately 82.08% of the issued ordinary share capital of Summit as at the date of this report. Paladin's Chief Financial Officer ('CFO'), Mr Craig Barnes, has served as an executive director of Summit since early 2018. As Mr Craig Barnes is a director of Summit and the CFO of Paladin, an independent Summit board committee comprising Mr Mal Randall and Mr David Berrie has been formed to consider, negotiate and recommend the Offer to Summit shareholders.

The Offer, and any contract resulting from the acceptance of the Offer, are subject to the following conditions:

- a minimum acceptance condition, whereby at the end of the Offer period, Paladin and its associates have a relevant interest in more than 90% (by number) of all the Summit shares, and at least 75% (by number) of the Summit shares that Paladin offered to acquire under the Offer;
- there are no Summit material adverse changes during the Offer period as defined in the BIA;

- none of the events referred to in regards to the prescribed occurrences occur during the period as defined in Schedule 3 of the BIA; and
- before the end of the Offer period, no member of Summit has, without the written consent of Paladin, threatened or commenced against it any material claims or proceeding in any court or tribunal.

The above conditions are conditions subsequent and do not prevent a contract resulting from acceptance of the Offer from coming into effect but any breach or non-fulfilment of them entitles Paladin to rescind any contracts resulting from acceptance of the Offer.

The announcement of the Offer also stated that Summit Shareholders representing an additional 14.82% of Summit shares have also indicated to Summit that they will accept the Offer subject to a number of conditions. The following beneficial shareholders separately provided Summit with a written statement confirming their respective intentions to accept the Offer, subject to no superior proposal emerging and the Independent Expert not concluding that the Offer is not fair and not reasonable:

- Orano Cycle (with a beneficial shareholding of 22,109,045 shares, comprising 10.14% of Summit's issued share capital, held through BNP Paribas Nominees Pty Ltd as custodian); and
- Revelation Special Situations Fund Ltd (with a beneficial shareholding of 10,189,249 shares, comprising 4.67% of Summit's share capital, held through Citicorp Nominees Pty Ltd as custodian).

In the case of Orano Cycle, its statement of intention is also subject to there being no material adverse change related to Paladin.

Further information regarding the conditions can be found in Annexure 1 of the Bidder's Statement dated 11 September 2018.

## 5. Profile of Summit

### 5.1 History

Summit is an ASX-listed uranium exploration company, and has its head office located in Subiaco, Western Australia ('WA'). Through its wholly owned subsidiaries Summit Resources (Aust) Pty Ltd ('SRA') and Pacific Mines Pty Ltd ('PML'), the Company controls or has an interest in approximately 1,440 square kilometres ('km<sup>2</sup>) of tenements located in the Mount Isa region of northwest Queensland. Summit's ultimate parent is Paladin, which holds 82.08% of the issued capital of Summit as at the date of our report.

The directors and senior management of Summit are:

- Mr Malcolm Randall, Non-Executive Chairman;
- Mr Craig Barnes, Executive Director;
- Mr David W Berrie, Non-Executive Director;
- Ms Andrea Betti, Joint Company Secretary;
- Mr Ranko Matic, Joint Company Secretary.

A summary of the Company's projects is set out below.

### Isa Uranium Joint Venture

The Isa Uranium Joint Venture covers area that contains the Valhalla, Odin and Skal uranium deposits, located approximately 40km north of Mount Isa, Queensland. Participants in the Isa Uranium Joint Venture are SRA and Valhalla Uranium Pty Ltd, a subsidiary of Paladin, with each holding a 50% interest. SRA manages the joint arrangement.

Ground subject to the Isa Uranium Joint Venture covers approximately 17.24km<sup>2</sup> at Valhalla and 10km<sup>2</sup> at Skal.

Valhalla is located 40km north of Mount Isa, and is the largest uranium deposit in the Mount Isa region. Valhalla is the core asset managed by Summit. Over time, data collection has continued in the areas of mineralogical studies, environmental baseline work and metallurgical test work. Other activities such as air quality monitoring, meteorological data collection, stream flow monitoring and groundwater bore monitoring are progressing, albeit with lower priority.

Work completed during the half year ended 31 December 2017 was limited to exploration planning for programmes to be undertaken over the next twelve months in order to meet statutory commitments. In addition, routine environmental surveys were also conducted to ensure adequate rehabilitation of historic drill sites.

### Mount Isa North Uranium Project

The Mount Isa North Uranium Project ('**Mount Isa Project**') is located approximately 15km to 65km north and east of Mount Isa, and is owned and managed by the Company's wholly owned subsidiary, SRA. The Mount Isa Project includes the Bikini, Anderson, Watta/Warwai, and Mirrioola uranium deposits, as well as smaller uranium prospects.

In October 2017, drilling was conducted at the Round Hill and Elbow prospects located approximately 10km north of Valhalla in order to meet tenement expenditure commitments.

Due to the sustained weakness in the uranium spot price, the Company operates the project on minimum operational expenditure at a level required in order to maintain the tenements in good standing.

### Other projects

The Isa South, May Downs, Mount Kelly and Constance Range tenements are subject to a farm-in and joint venture arrangement with Aeon Metals Limited ('**Aeon**'), formerly Aston Metals Limited. Under the terms of the agreement, Aeon has earned an 80% interest in the tenements through expenditure of \$8.0 million as of 30 November 2010. SRA retains the right to explore for and develop uranium deposits on these tenements.

SRA has also entered into a mining rights agreement with Aeon to explore for, and potentially recover, base metals on certain areas within SRA's Isa North uranium project tenements.

## 5.2 Historical Statement of Financial Position

Historical Statement of Financial Position	Reviewed as at 31-Dec-17 A\$'000	Audited as at 30-Jun-17 A\$'000	Audited as at 30-Jun-16 A\$'000
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	251	891	772
Other current assets	145	145	855
Prepayments	40	-	-
Other receivables	70	32	33
Assets classified as held for sale	995	215	-
<b>TOTAL CURRENT ASSETS</b>	<b>1,501</b>	<b>1,283</b>	<b>1,660</b>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	34	1,109	1,574
Exploration and evaluation expenditure	46,509	45,668	45,112
<b>TOTAL NON-CURRENT ASSETS</b>	<b>46,543</b>	<b>46,777</b>	<b>46,686</b>
<b>TOTAL ASSETS</b>	<b>48,044</b>	<b>48,060</b>	<b>48,346</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	156	58	50
Unearned revenue	13	-	-
<b>TOTAL CURRENT LIABILITIES</b>	<b>169</b>	<b>58</b>	<b>50</b>
<b>TOTAL LIABILITIES</b>	<b>169</b>	<b>58</b>	<b>50</b>
<b>NET ASSETS</b>	<b>47,875</b>	<b>48,002</b>	<b>48,296</b>
<b>EQUITY</b>			
Contributed equity	99,381	99,381	99,381
Accumulated losses	(51,506)	(51,379)	(51,085)
<b>TOTAL EQUITY</b>	<b>47,875</b>	<b>48,002</b>	<b>48,296</b>

Source: Summit's audited financial statements for the years ended 30 June 2017 and 30 June 2016, and reviewed financial statements for the half year ended 31 December 2017

We note that for the half year ended 31 December 2017, Summit's auditor issued an emphasis of matter paragraph in the review report. The auditor outlined the existence of a material uncertainty that may cast significant doubt over Summit's ability to continue as a going concern. This was due to the Company incurring a net loss after tax of \$127,000 for the half year ended 31 December 2017 and the Company requiring additional funding to meet its annual minimum tenement expenditure commitments.

We note the following in relation to Summit's historical statement of financial position:

- Other current assets are term deposits with a duration greater than three months.
- Assets classified as held for sale of \$0.2 million at 30 June 2017 related to the Company's property located at 9 Clarke St, Mount Isa. Over the period ended 30 June 2017, the Company made a decision to sell the property and on 17 June 2017 a contract was signed. The sale was completed and monies were received on 2 August 2017. An impairment expense of \$65,000 was recognised to measure the property at its recoverable amount.
  - Assets classified as held for sale at \$1.0 million at 31 December 2017 relate to the Company's office building located at 17 Traders Way, Mount Isa. The Company had engaged a property consultant to facilitate a proposed sale and leaseback of its office building.

- Property, plant and equipment decreased from \$1.1 million at 30 June 2017 to \$34,000 at 31 December 2017. This was a result of the Company reclassifying its office building located at 17 Traders Way, Mount Isa to assets classified as held for sale.

### 5.3 Historical Statement of Profit or Loss and Other Comprehensive Income

Historical Statement of Profit or Loss and Other Comprehensive Income	Reviewed for the half-year ended 31-Dec-17 A\$'000	Audited for the year ended 30-Jun-17 A\$'000	Audited for the year ended 30-Jun-16 A\$'000
Other income	29	62	64
<b>Expenses</b>			
Employee related expenses	(21)	(31)	(35)
Directors' fees	(54)	(108)	(108)
Audit fees	(21)	(22)	(26)
ASX fees	-	(33)	(34)
Impairment expense	-	(65)	(1,096)
Evaluation and exploration expenditure	-	(30)	-
Share registry expenses	(29)	-	-
Other administration expenses	(31)	(67)	(36)
<b>Net loss before income tax</b>	<b>(127)</b>	<b>(294)</b>	<b>(1,271)</b>
Income tax expense	-	-	-
<b>Total comprehensive loss for the period</b>	<b>(127)</b>	<b>(294)</b>	<b>(1,271)</b>

Source: Summit's audited financial statements for the years ended 30 June 2017 and 30 June 2016, and reviewed financial statements for the half year ended 31 December 2017

We note the following in relation to Summit's historical statement of profit or loss and other comprehensive income:

- Other income for the half year ended 31 December 2017 of \$29,000 comprised interest income of \$6,000, rental income of \$6,000 and profit on sale of motor vehicle of \$17,000.
- Impairment expense of \$1.1 million for the year ended 30 June 2016 related to the impairment of Summit's office building located at 17 Traders Way, Mount Isa. The building's recoverable amount was determined using fair value less costs of disposal on the basis of an independent valuation.
  - Impairment expense of \$65,000 for the year ended 30 June 2017 related to the sale of the Company's property at 9 Clarke St, Mount Isa. The impairment expense was recognised to measure the property at its recoverable amount.

### 5.4 Capital Structure

The share structure of Summit as at 30 August 2018 is outlined below:

	Number
Total ordinary shares on issue	217,981,769
Top 20 shareholders	214,776,525
Top 20 shareholders - % of shares on issue	98.53%

Source: Summit share registry

The range of shares held in Summit as at 30 August 2018 is as follows:

Range of Shares Held	Number of Ordinary Shareholders	Number of Ordinary Shares	Percentage of Issued Shares (%)
1 - 1,000	269	118,498	0.05%
1,001 - 5,000	222	557,223	0.26%
5,001 - 10,000	99	787,431	0.36%
10,001 - 100,000	83	2,464,519	1.13%
100,001 - and over	11	214,054,098	98.20%
<b>TOTAL</b>	<b>684</b>	<b>217,981,769</b>	<b>100.00%</b>

Source: Summit share registry

The ordinary shares held by the most significant shareholders as at 30 August 2018 are detailed below:

Name	Number of Ordinary Shares	Percentage of Issued Shares (%)
Paladin Energy Limited	178,911,682	82.08%
BNP Paribas Nominees Pty Ltd	22,107,225	10.14%
Citicorp Nominees Pty Ltd	10,504,641	4.82%
JP Morgan Nominees Australia Limited	1,061,306	0.49%
Subtotal	212,584,854	97.52%
Others	5,396,915	2.48%
<b>Total ordinary shares on Issue</b>	<b>217,981,769</b>	<b>100.00%</b>

Source: Summit share registry

## 6. Profile of Paladin

### 6.1 History

Paladin was incorporated in September 1993, and is an Australian-based uranium producer listed on the ASX, as well as the Munich, Berlin, Stuttgart and Frankfurt Stock Exchanges in Europe, and the Namibian Stock Exchange in Africa. Paladin's flagship project is the Langer Heinrich Mine located in Namibia.

The directors of Paladin are:

- Mr Rick Crabb, Non-Executive Chairman;
- Mr Scott Sullivan, Chief Executive Officer;
- Mr David Riekie, Non-Executive Director;
- Mr Daniel Harris, Non-Executive Director;
- Mr John Hodder, Non-Executive Director;
- Mr Ranko Matic, Joint Company Secretary; and
- Ms Andrea Betti, Joint Company Secretary.

Paladin has an 82.08% majority shareholding in Summit, which it acquired in 2007. Paladin also has a number of material controlled entities incorporated in Australia, Malawi, Netherlands, Mauritius, Namibia and Canada.

On 3 July 2017, Paladin announced that the board of directors had appointed administrators to the company and its related entities Paladin Energy Limited, Paladin Finance Pty Ltd and Paladin Energy

Minerals NL. The decision by Paladin to appoint administrators was largely due to Paladin's offtake partner, Électricité de France S.A ('EdF') demanding full repayment of a United States dollar ('US\$' or 'USD') 277 million amount due to it under a long term uranium supply agreement.

As a result of the above, a proposal was received from a group of Paladin's bondholders to implement a capital restructure of Paladin pursuant to the terms of a deed of company arrangement ('DOCA'). Implementation of the DOCA required the satisfaction of a number of conditions, including that the Supreme Court makes an order approving the transfer of 98% of Paladin's shares from existing shareholders to certain creditors under Section 444GA of the Corporations Act 2001 (Cth).

On 7 December 2017, a letter was received from EdF objecting to the DOCA proposal. EdF claimed the proposed DOCA was unfairly prejudicial to it and foreshadowed that it may seek to have the DOCA terminated if creditors resolve that the DOCA be executed.

On 22 December 2017, Paladin announced that EdF had sold its claims against Paladin, including its claims against certain Canadian subsidiaries that own 60.1% of the Michelin Project, to Deutsche Bank AG. As such, EdF was no longer a creditor of Paladin and its subsidiaries, and therefore withdrew its opposition to the DOCA.

On 1 February 2018, Paladin effectuated the DOCA to extinguish debts incurred prior to entering into voluntary administration on 3 July 2017. In accordance with the DOCA, 98% of Paladin's shares were transferred to creditors comprising; convertible bond holders, EdF (the pre-DOCA debts), investors in a new US\$115 million senior secured notes and the underwriters. As a result of this transaction, the pre-DOCA debts were extinguished by way of transfer of shares, resulting in a gain of US\$497.6 million being recorded in the income statement.

During May 2018, Paladin extinguished the final security claims against its Canadian subsidiaries through the establishment of the Michelin Joint Venture Agreement under which a 50% interest in the Michelin Project was transferred for no consideration. This resulted in a loss of US\$13.9 million recorded in the income statement.

A summary of Paladin's projects is set out below.

#### Langer Heinrich Mine (Namibia)

Paladin owns 75% of the Langer Heinrich Mine ('Langer Heinrich') in Namibia through its Namibian subsidiary, Langer Heinrich Uranium Pty Ltd. The remaining 25% is held by CNNC Overseas Uranium Holding Limited ('CNNC'), a wholly owned subsidiary of China National Nuclear Corp. The 25% joint-venture equity stake in Langer Heinrich was sold to CNNC following execution of an agreement on 18 January 2014.

Langer Heinrich is located in the Namib Desert in Namibia, 80km east of the major seaport of Walvis Bay and about 40km south-east of the large-scale, hard-rock Rössing uranium mine operated by the Rio Tinto Group.

On 26 April 2018, Paladin announced that due to continued deterioration of macro factors including the low uranium spot price, foreign exchange rates and prices processing reagents, it had commenced preparatory steps towards formalising a care and maintenance decision for Langer Heinrich. Subsequently, on 25 May 2018 Paladin announced confirmation that Langer Heinrich would be placed into care and maintenance, following receipt of consent of the relevant stakeholders.

Langer Heinrich is currently on track with the cleaning of all tanks, and is expected to commence care and maintenance in September 2018. The mine is expected to remain on care and maintenance until the uranium spot price makes it economical to restart on a sustainable basis.

#### Kayelekera Mine (Malawi)

The Kayelekera Mine ('**Kayelekera**') is wholly owned by Paladin (Africa) Limited, an 85% subsidiary of Paladin. Kayelekera is a fully built mine that was commissioned in 2008, and is located in northern Malawi, approximately 600km north of the country's capital city, Lilongwe. Kayelekera is currently on care and maintenance.

In July 2009, Paladin issued 15% of the equity in Paladin (Africa) Limited to the Government of Malawi under the terms of the Development Agreement signed between Paladin (Africa) Limited and the Government in February 2007.

Kayelekera has had no production since May 2014 and no sales revenue since December 2014. Currently, the key focus at Kayelekera is to ensure the safety of care and maintenance personnel and security of project assets, maintaining idled plant and equipment, maintaining legal and social obligations including community relations, and other related activities.

#### Michelin Project (Canada)

Paladin, through its wholly-owned subsidiary Aurora Energy Limited, holds rights to 91,500 hectares within the Central Mineral Belt of Labrador, Canada, approximately 140km north of Happy Valley-Goose Bay, known as the Michelin Project ('**Michelin Project**').

As mentioned above, on 22 December 2017, Paladin announced that EdF had sold its claims against Paladin, including its claims against certain Canadian subsidiaries that own 60.1% of the Michelin Project, to Deutsche Bank AG. Deutsche Bank AG subsequently sold down parts of its interest in the Michelin security to a number of parties. Subsequently, on 28 May 2018, Paladin announced that subject to a number of conditions, all existing claims which the claimants had against the Canadian subsidiaries and the Michelin Project would be irrevocably extinguished, released and discharged. In consideration for the release of these claims, the claimants would receive a 50% participating interest in the Michelin Project.

On 31 August 2018, Paladin announced the finalisation of the abovementioned Michelin Joint Venture Agreement. As such, all existing claims which the EdF claimants had against Paladin's Canadian subsidiaries that own 60.1% of the Michelin Project, had been irrevocably extinguished, released and discharged.

#### Other projects

In addition to Langer Heinrich, Kayelekera and the Michelin Project, Paladin also holds rights to a number of additional projects.

Through its 82.08% shareholding in Summit, Paladin has exposure to the Isa Uranium Joint Venture and the Mount Isa Project located in Queensland. As a result of its 82.08% shareholding in Summit and through its wholly-owned subsidiary Valhalla Uranium Pty Ltd, Paladin's effective participating interest in the Isa Uranium Joint Venture is 91.04%.

In addition, Paladin owns 100% of the Valhalla North Project which is located immediately to the north of the Mount Isa Project.

In Western Australia, Paladin holds mining and exploration licences at the sandstone hosted uranium deposit, Manyingee, and the Carley Bore uranium deposit. Manyingee is located in the north-west of Western Australia, 1,100km north of Perth. The property comprises three mining leases covering 1,307 hectares. Carley Bore comprises three contiguous exploration licences, and is located approximately 100km south of Manyingee.

## 6.2 Historical Statement of Financial Position

Historical Statement of Financial Position	Audited as at 30-Jun-18 US\$'000	Audited as at 30-Jun-17 US\$'000	Audited as at 30-Jun-16 US\$'000
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	39,166	10,492	58,608
Restricted cash	11,072	1,010	597
Trade and other receivables	8,121	13,744	12,150
Prepayments	1,511	2,350	1,651
Inventories	10,717	27,456	35,962
Assets held for sale	-	165	-
<b>TOTAL CURRENT ASSETS</b>	<b>70,587</b>	<b>55,217</b>	<b>108,968</b>
<b>NON-CURRENT ASSETS</b>			
Trade and other receivables	374	384	1,184
Available-for-sale financial assets	-	-	947
Property, plant and equipment	223,986	244,297	256,754
Mine development	28,142	36,396	39,781
Exploration and evaluation expenditure	76,439	92,025	336,074
Intangible assets	10,093	10,625	11,102
Deferred tax assets	-	-	36,305
<b>TOTAL NON-CURRENT ASSETS</b>	<b>339,034</b>	<b>383,727</b>	<b>682,147</b>
<b>TOTAL ASSETS</b>	<b>409,621</b>	<b>438,944</b>	<b>791,115</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	12,971	18,241	31,546
Interest bearing loans and borrowings	-	398,199	204,726
Other interest bearing loans - CNNC	-	-	10,424
Provisions	5,249	2,382	2,167
Unearned revenue	-	278,182	-
<b>TOTAL CURRENT LIABILITIES</b>	<b>18,220</b>	<b>697,004</b>	<b>248,863</b>
<b>NON-CURRENT LIABILITIES</b>			
Interest bearing loans and borrowings	103,883	-	127,830
Other interest bearing loans - CNNC	93,330	89,388	86,275
Provisions	87,427	88,351	79,296
Unearned revenue	-	-	200,000
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>284,640</b>	<b>177,739</b>	<b>493,401</b>
<b>TOTAL LIABILITIES</b>	<b>302,860</b>	<b>874,743</b>	<b>742,264</b>
<b>NET ASSETS</b>	<b>106,761</b>	<b>(435,799)</b>	<b>48,851</b>
<b>EQUITY</b>			
Contributed equity	2,301,286	2,101,085	2,101,085
Reserves	(62,769)	32,436	49,949
Accumulated losses	(2,002,644)	(2,464,780)	(2,023,683)
Non-controlling interests	(129,112)	(104,540)	(78,500)
<b>TOTAL EQUITY</b>	<b>106,761</b>	<b>(435,799)</b>	<b>48,851</b>

Source: Paladin's audited financial statements for the years ended 30 June 2018, 30 June 2017 and 30 June 2016

We note that for the year ended 30 June 2018, Paladin's auditor noted a material uncertainty that may cast significant doubt on Paladin's ability to continue as a going concern. This was due to Paladin incurring a loss after tax of US\$140.3 million, excluding a one-off gain on the debt restructure, and a net cash outflow from operations of US\$44.8 million during the year ended 30 June 2018. The note related to the going concern stated that during the next twelve months, there are no repayment obligations in respect of interest bearing loans and borrowings and Paladin has a number of options available to it to obtain sufficient funding to repay the notes by their maturity in 2023. These options include a combination of generating sufficient surplus operating cash flows, the sale of assets, raising new equity or refinance of the notes.

We note the following in relation to Paladin's historical statement of financial position:

- Cash and cash equivalents increased from US\$10.5 million at 30 June 2017 to US\$39.2 million at 30 June 2018. This increase was largely due to US\$40.0 million proceeds received from secured revolving credit facility, US\$36.9 million proceeds from senior secured notes, US\$72.6 million receipts from customers, and US\$0.9 million related to other inflow amounts. The increase was partially offset by US\$112.1 million payments to suppliers and employees, US\$5.9 million related to interest paid, US\$2.3 million related to capitalised exploration expenditure, and US\$1.4 million in payments for property, plant and equipment.
- Restricted cash comprises amounts restricted for use in respect of environmental and supplier guarantees provided by Langer Heinrich and the environmental performance bond at Kayelekera.
- Exploration and evaluation expenditure as at 30 June 2018 included recognition of a disposal of a 50% interest in the Michelin Project. This was due to EdF claimants accepting a proposal whereby all existing claims which EdF had against the Michelin Project will be released and in consideration for the release of these claims, the EdF claimants will receive a 50% participating interest in the Michelin Project.
- Non-current interest bearing loans and borrowings of US\$103.9 million at 30 June 2018 relate to senior secured notes issued on 25 January 2018 as part of the effectuation of the DOCA. The notes have a face value of US\$115.0 million and are a payment in kind toggle note payable at 9%/10%.
- Current unearned revenue of US\$278.2 million at 30 June 2017 related to the long term supply contract between Paladin and EdF entered in to in 2012. The long term supply contract was an obligation of Paladin and it was intended to be fulfilled through the acquisition of uranium from Paladin's operating assets and joint ventures at the time of delivery.
  - On 13 October 2017, Paladin announced that EdF had given notice terminating the long term supply contract on the basis that Paladin had failed to repay the outstanding amount. In accordance with the DOCA, 98% of Paladin shares were transferred to creditors and other investors and 2% were retained by shareholders. The carrying value of EdF creditor balance was recognised as a component of the gain on extinguishment of debt in the statement of profit or loss and other comprehensive income.

### 6.3 Historical Statement of Profit or Loss and Other Comprehensive Income

Historical Statement of Profit or Loss and Other Comprehensive Income	Audited for the year ended 30-Jun-18 US\$'000	Audited for the year ended 30-Jun-17 US\$'000	Audited for the year ended 30-Jun-16 US\$'000
Revenue	72,917	96,048	185,442
Cost of sales	(88,558)	(92,765)	(152,483)
Inventory write-down	(28,119)	(38,046)	(19,193)
<b>Gross loss</b>	<b>(43,760)</b>	<b>(34,763)</b>	<b>13,766</b>
Other income	486,247	2,437	9,171
Exploration and evaluation expenses	-	(729)	(917)
Administration, marketing and non-production costs	(25,567)	(13,525)	(16,266)
Impairment of exploration assets	(2,300)	(243,831)	-
Write-down of ore stockpiles	-	-	(168,906)
Other expenses	(21,822)	(16,491)	(16,575)
<b>Loss before interest and tax</b>	<b>392,798</b>	<b>(306,902)</b>	<b>(179,727)</b>
Finance costs	(49,385)	(141,158)	(48,071)
<b>Net loss before income tax from continuing operations</b>	<b>343,413</b>	<b>(448,060)</b>	<b>(227,798)</b>
Income tax benefit/(expense)	-	(37,372)	83,397
<b>Net loss after tax from continuing operations</b>	<b>343,413</b>	<b>(485,432)</b>	<b>(144,401)</b>
Profit after tax from discontinued operations	-	1,250	-
Other comprehensive income/(loss) for the period, net of tax	(1,721)	(1,271)	(11,478)
<b>Total comprehensive loss for the period</b>	<b>341,692</b>	<b>(485,453)</b>	<b>(155,879)</b>

Source: Paladin's audited financial statements for the years ended 30 June 2018, 30 June 2017 and 30 June 2016

We note the following in relation to Paladin's historical statement of profit or loss and other comprehensive income:

- Cost of sales comprise cost of production (C1 costs), depreciation and amortisation, production distribution costs, royalties, other and inventory movement.
- Other income of US\$486.2 million for the year ended 30 June 2018 largely related to the net gain on extinguishment of debt of US\$483.7 million.
  - Gain on extinguishment of debt comprised US\$290.3 million related to the carrying value of EdF creditor and US\$392.7 million related to the carrying value of convertible bonds, partially offset by US\$185.5 million fair value of Paladin shares transferred to creditors and a US\$13.9 million related to the loss of 50% interest in the Michelin Project to EdF claimants.
- Impairment of exploration assets of US\$243.8 million for the year ended 30 June 2017 arose following a valuation of Paladin's capitalised exploration expenditure during the year as determined by an independent expert.

## 7. Economic analysis

### 7.1 Global

Conditions in the global economy remain positive, albeit a number of factors are underscoring downside risks to global growth. These risks relate to the possibilities of escalating and sustained trade actions and tightening global financial conditions.

Growth in China has slowed a little since last year, partly reflecting efforts by the Chinese authorities to grow sustainably by addressing risks in the financial system and pollution. However, growth in the country's manufacturing sector rose more than expected in August, breaking the trend of two months of declines. This unexpected increase signals some level of resilience as China's economy prepares for an escalation of the trade war with the United States ('US'). In March 2018, the Chinese Government released a gross domestic product ('GDP') growth target of approximately 6.5 percent for 2018, down from its published GDP growth rate of 6.9% in 2017, suggesting some tolerance for a gradual slowing of growth.

Core inflation is nearing the inflation target in a number of advanced economies, including the US where it has increased over 2018. Despite this, core inflation is little changed and below the inflation target in other advanced economies such as Japan. As conditions have improved in the global economy, a number of central banks have withdrawn some monetary stimulus and further steps in this direction are to be expected.

According to the International Monetary Fund, global growth is forecast to reach 3.9% in 2018 and 2019, in line with the forecast of the April 2018 World Economic Outlook.

### 7.2 Australia

#### Domestic growth

The Australian economy grew by 2.4 per cent over 2017, and the Reserve Bank of Australia ('RBA') is expecting faster growth in the next couple of years, with forecasts suggesting that average growth in 2018 and 2019 will be above 3%. Non-mining business investment grew by 10% over the year to the March 2018 quarter, led by non-residential construction. However, the outlook for mining investment remains little changed, with the trough in mining investment expected to occur in late 2018 or early 2019. Over the long-term however, mining investment is expected to reach sustainable, higher levels of production.

Household consumption growth was relatively low in the March 2018 quarter; however, consumption is still expected to grow at a solid pace in the June 2018 quarter. Household income has been growing slowly, and debt levels remain high.

Australia's terms of trade have increased over the past number of years, due to rises in a number of commodity prices. Although expected to decline over time, the terms of trade are likely to remain at a relatively high level.

#### Unemployment

Unemployment remains low, and is expected to gradually decline further to 5% by the end of 2020. This decrease is expected to be associated with a modest increase in wage and inflationary pressures. However, there are uncertainties around estimates of spare capacity in the labour market, how quickly this may decline and the consequences for inflation.

### Inflation

Inflation remains low and stable. Over the past year, the Consumer Price Index increased by 2.1%, and in underlying terms, was close to 2.0%. The RBA expects domestic inflation to increase gradually to 2.25% by mid-2020, although inflation in the September 2018 quarter is expected to be lower due to declines in some administered prices.

### Currency movements

The Australian dollar remains within the range that it has been over the past two years on a trade-weighted basis. More recently, the Australian dollar has continued to fall on the back of soft domestic data, weakness in emerging markets and renewed trade worries. An appreciating exchange rate would be expected to result in a slower pick-up in economic activity and inflation.

Source: [www.rba.gov.au](http://www.rba.gov.au) *Statement by Philip Lowe, Governor: Monetary Policy Decision 7 August 2018, Statement on Monetary Policy - August 2018*

## 8. Industry analysis

Globally, economic uranium deposits are relatively scarce, which means mining is concentrated in a few select countries. The most common method of uranium extraction is open pit mining due to the volume intensive nature of extraction. This is attributable to uranium ore mostly occurring at relatively low concentrations. The state of the world's uranium market is almost wholly dependent on the global fortunes of the nuclear power generation industry. The Fukushima nuclear disaster in March 2011 resulted in a developmental pause and nuclear retreat in some countries, and cast an ominous shadow over the industry whilst rekindling disruptive opinions over the use of uranium as an energy source.

### Prices

Unlike most other commodities, the uranium price does not trade on an open, liquid market. As such, buyers and sellers negotiate contracts privately so prices are published by independent market consultants. The historical uranium spot price discussed below is based on the U<sub>3</sub>O<sub>8</sub> physical spot price obtained from Bloomberg.

Prior to the Fukushima nuclear power plant crisis in March 2011, uranium spot prices were beginning to gain momentum. This recovery followed a steady decline from project delays caused by the global financial crisis and issues with over supply from production in Kazakhstan. The uranium price peaked at US\$73.0/lb on 28 January 2011, before plunging approximately 49% to close at US\$49/lb on 16 March 2011 as a result of the Fukushima catastrophe. Over 2012 and 2013, the spot price continued to decline, reaching US\$28.13/lb on 16 May 2014.

Uranium spot prices averaged US\$36.87/lb throughout 2015 but continued the longer term downtrend in 2016. The heightened volatility in prices over this period was still said to be attributable to on-going environmental concerns and government restrictions resulting from the Fukushima nuclear disaster in 2011.

In early 2017, Kazakhstan, the world's largest producer of uranium, announced that it would cut production by 5.2 million pounds in 2017. This decision was made due to poor market conditions, largely due to a global oversupply of yellowcake or urania. This is said to have been a contributing factor to the recovery of uranium prices over the first half of 2017, reaching US\$26.75/lb on 10 February 2017.

More recently, the steadily increasing uranium price has reflected improvements in demand, as nuclear utilities lock in new long-term contracts for the rare metal. Furthermore, major producers such as Kazatomprom and Cameco have made deliberate cuts to production which may work to support upwards pressure on pricing.

According to Consensus Economics, the uranium price is expected to increase over the next few years, reaching a long-term nominal average of US\$43.25 over the next five years. Few market observers expect much change in the uranium market over the near term, but retain a positive two to three-year view due to factors such as cutbacks in supply and investment, and expected demand from China and other countries as new reactors come online.

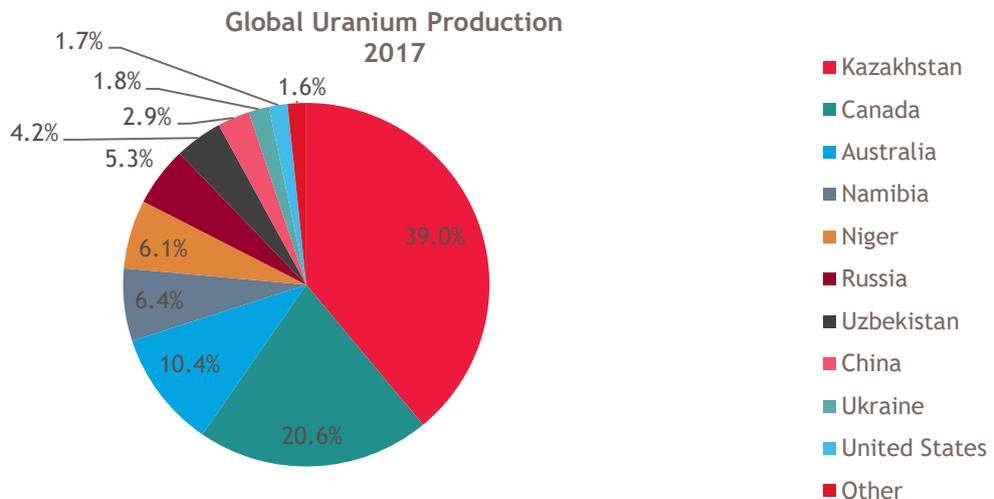
Uranium Spot and Forecast Pricing



Source: Bloomberg and July 2018 Consensus Economics

### Uranium Production

According to Bloomberg, Australia accounted for approximately 10.4% of global uranium production in 2017. Kazakhstan, the leading producer of uranium globally, accounted for approximately 39.0% of global production in 2017.



Source: Bloomberg

## Global Outlook

The uranium industry is beginning to show signs of life following a significant slowdown following the Fukushima disaster in 2011 as the globe moves towards a safer nuclear solution.

According to Bloomberg Intelligence, uranium demand growth is likely to be driven by the mid- to long-term energy ambitions of most countries, especially China, to use uranium to fuel nuclear power plants and lower carbon emissions. This is in addition to a forecast rise in the global gas price over the next five years, making nuclear power an attractive global energy source. According to IBIS World, the Department of Industry, Innovation and Science forecasts that growth in nuclear power will cause world uranium demand to reach almost 97,000 tonnes by 2021-2022, an increase from an estimated 85,900 tonnes in 2017-18.

Recent cuts to uranium supply may also ease further pressure on the oversupplied industry from stockpiles, as producers such as Kazatomprom and Cameco Corp. ('Cameco') await the stronger demand that is anticipated due to the factors mentioned above. On 25 July 2018, Cameco announced that it had made a decision to extend the suspension of production at its uranium mine as a result of the weak uranium market. The decision came amidst growing uncertainty in the uranium market as US President Donald Trump investigates whether the metal tariff should be extended to uranium imports.

It is estimated that over 60 additional power stations will commence operations by 2020, with large projects currently underway in China, Russia, India, South Korea and the United States. Overall, this growth reflects a number of contentious issues such as energy security, concerns over greenhouse gas emissions, the relative cost of power from different sources and the increasing demand for electricity in developing countries.

Further, in early July 2018, Japan approved an energy plan which stipulates that nuclear energy should account for 20% to 22% of Japan's power generation by fiscal year 2030.

Based on the above, it is clear that nuclear continues to represent an important aspect of technological and industrial development, with the metal also playing an important part in limiting the growth of carbon emissions.

## 9. Valuation approach adopted

There are a number of methodologies which can be used to value a business or the shares in a company. The principal methodologies which can be used are as follows:

- Capitalisation of future maintainable earnings ('FME')
- Discounted cash flow ('DCF')
- Quoted market price basis ('QMP')
- Net asset value ('NAV')
- Market based assessment

A summary of each of these methodologies is outlined in Appendix 2.

Different methodologies are appropriate in valuing particular companies, based on the individual circumstances of that company and available information.

## 9.1 Valuation of a Summit share prior to announcement of the Offer

In our assessment of the value of a Summit share prior to announcement of the Offer, we have chosen to employ the following methodologies:

- NAV as our primary methodology, which estimates the market value of a company by separately valuing each asset and liability of the company. The value of each asset may be determined using different methods and the component parts are then aggregated using the NAV methodology; and
- QMP as our secondary approach as this represents the value that a Shareholder could receive for a share if sold on the market prior to the announcement of the Offer.

### 9.1.1. NAV

We have employed the NAV methodology in assessing the fair market value of Summit by aggregating the assessed realisable value of its identifiable assets and liabilities by having consideration for the following, the:

- value of Summit's 50% interest in the Isa Uranium Joint Venture, which covers area that contains the Valhalla, Odin and Skal uranium deposits (having reliance on the valuation carried out by an independent technical expert);
- value of Summit's 100% interest in the Mount Isa Project, which includes the Bikini, Anderson, Watta/Warwai and Mirrioola uranium deposits (having reliance on the valuation carried out by an independent technical expert);
- value of Summit's other exploration areas, including Isa North, Isa South, May Downs, Mount Kelly and Constance Range (having reliance on the valuation carried out by an independent technical expert); and
- value of other assets and liabilities of Summit (applying the cost approach under the NAV methodology where cost represents market value).

### 9.1.2. QMP

We have chosen the QMP methodology as a cross check. The QMP basis is a relevant methodology to consider because Summit's shares are listed on the ASX. This means that there is a regulated and observable market where Summit's shares can be traded. However, in order for the QMP methodology to be considered appropriate, the Company's shares should be liquid and the market should be fully informed on the Company's activities.

### 9.1.3. Rationale for methodologies adopted

We have chosen the NAV and QMP methodologies for the following reasons:

- Summit is an exploration and development company, with its core value being in the exploration assets that it holds. We have commissioned an independent valuation of Summit's exploration assets from Agricola Mining Consultants Pty Ltd ('Agricola') and have considered this in the context of Summit's other assets and liabilities on a NAV basis;
- we consider the QMP methodology to be relevant because Summit's shares are listed on the ASX. This means that there is a regulated and observable market where Summit's shares can be traded. However, in order for the QMP methodology to be considered appropriate for the purposes of a

valuation, the Company's shares should be liquid and the market should be fully informed on the Company's activities;

- pursuant to RG111, we do not consider that we would have reasonable grounds to rely on forecast cash flows for Summit and therefore we do not consider the application of the DCF methodology to be appropriate; and
- the FME methodology is most commonly applicable to profitable businesses with steady growth histories and forecasts. We do not consider the FME methodology to be appropriate given that Summit does not have a track record of profits. As such, we do not have a reasonable basis to assess future maintainable earnings of the Company. The FME methodology is also not considered appropriate for valuing finite life assets such as mining assets.

### Independent specialist valuation

In valuing Summit, we have relied on the Independent Valuation Report prepared by Agricola in accordance with the Australasian Code for Public Reporting of Technical Assessments and Valuations of Mineral Assets (2015 Edition) ('Valmin Code') and the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (2012 Edition) ('JORC Code') ('Independent Technical Report').

We are satisfied with the valuation methodologies adopted by Agricola which we consider to be in accordance with industry practices and compliant with the requirements of the Valmin Code and the JORC Code. The specific valuation methodologies adopted by Agricola are referred to in the respective sections of our report and in further detail in the Independent Technical Report contained in Appendix 3.

### 9.2 Valuation of the Offer Consideration

Under the terms of the Offer, the consideration is one Paladin share for every one Summit share.

When assessing non-cash consideration in control transactions, RG 111.31 suggests that a comparison should be made between the value of the securities being offered (allowing for a minority discount) and the value of the target entity's securities, assuming 100% of the securities are available for sale. This comparison reflects the fact that:

- (a) the acquirer is obtaining or increasing control of the target; and
- (b) the security holders in the target will be receiving scrip constituting minority interests in the combined entity.

RG 111.32 suggests that if we use the quoted market price of securities to value the offered consideration, then we must consider and comment on:

- (a) the depth of the market for those securities;
- (b) the volatility of the market price; and
- (c) whether or not the market value is likely to represent the value if the takeover bid is successful.

Under RG 111.34 it is noted that if, in a scrip bid, the target is likely to become a controlled entity of the bidder, the bidder's securities can also be valued using a notionally combined entity. However, it should still be noted that the accepting holders are likely to hold minority interests in that combined entity.

We note that the Offer is subject to a minimum acceptance condition whereby at the end of the Offer period, Paladin and its associates have a relevant interest in more than 90% (by number) of all the Summit

shares, and at least 75% (by number) of the Summit shares that Paladin offered to acquire under the Offer. Further, Summit Shareholders representing 14.82% of Summit's share capital have indicated to Summit that they will accept the Offer subject to no superior proposal emerging and the Independent Expert not concluding that the Offer is not fair and not reasonable. However, as we do not have access to the underlying books and records of Paladin, in particular information in relation to exploration expenditure and intangible assets, our valuation of the Offer Consideration has not been based on a notionally combined entity.

We note that following the Offer, Summit shareholders will comprise approximately 2.23% of the share capital of Paladin, which is not likely to have a material effect on the Paladin share price. Further, where the target forms a small proportion of the acquirer, the QMP can be considered most representative of the value to be received by the target's shareholder.

In our assessment of the Offer Consideration, we have chosen to employ the following methodology

- QMP following the announcement of the Offer, as our primary approach as this represents the value that a Shareholder who accepts the Offer can receive for a Paladin share if sold on the market; and
- NAV of Paladin on a minority interest basis, as our secondary approach.

### **9.2.1. Rationale for methodologies adopted**

We have chosen these methodologies for the following reasons:

- we consider the QMP methodology to be relevant given that Paladin's shares have their primary listing on the ASX. Therefore, there is a regulated and observable market where Paladin's shares can be traded. However, in order for the QMP methodology to be considered appropriate, Paladin's shares should be liquid and the market should be fully informed as to its activities. RG 111.32 suggests that if we use the quoted market price of securities to value the offered consideration, then we must consider and comment on the following:
  - a. the depth of the market for those securities;
  - b. the volatility of the market price; and
  - c. whether or not the market value is likely to represent the value if the takeover bid is successful.

We have considered these factors in section 11 of our Report;

- we have adopted the NAV methodology as our secondary approach however we have only been able to rely on the financial information disclosed on the ASX as our basis for this valuation as we do not have access to the underlying books and records of Paladin, in particular information in relation to exploration expenditure and intangible assets, which would allow us to have an independent specialist provide a valuation; and
- the FME approach is most commonly applicable to profitable businesses with relatively growth histories and forecasts. However, we have been unable to use this approach with regard to the valuation of Paladin given that the financial information that is available to us indicates that Paladin has been operating at a loss historically. This implies that we do not currently have a reasonable basis to assess future maintainable earnings of Paladin at this point in time.

## 10. Valuation of Summit prior to announcement of the Offer

### 10.1 Net Asset Valuation of Summit

The value of Summit's assets on a going concern basis are summarised in the table below:

	Note	As at 31-Dec-17 A\$'000	Low Value A\$'000	Preferred Value A\$'000	High Value A\$'000
<b>CURRENT ASSETS</b>					
Cash and cash equivalents	a)	251	377	377	377
Other current assets	b)	145	-	-	-
Prepayments		40	40	40	40
Other receivables		70	70	70	70
Assets classified as held for sale	c)	995	-	-	-
<b>TOTAL CURRENT ASSETS</b>		<b>1,501</b>	<b>487</b>	<b>487</b>	<b>487</b>
<b>NON-CURRENT ASSETS</b>					
Property, plant and equipment	d)	34	970	970	970
Exploration and evaluation expenditure	e)	46,509	30,020	33,910	37,800
<b>TOTAL NON-CURRENT ASSETS</b>		<b>46,543</b>	<b>30,990</b>	<b>34,880</b>	<b>38,770</b>
<b>TOTAL ASSETS</b>		<b>48,044</b>	<b>31,477</b>	<b>35,367</b>	<b>39,257</b>
<b>CURRENT LIABILITIES</b>					
Trade and other payables		156	156	156	156
Unearned revenue		13	13	13	13
<b>TOTAL CURRENT LIABILITIES</b>		<b>169</b>	<b>169</b>	<b>169</b>	<b>169</b>
<b>TOTAL LIABILITIES</b>		<b>169</b>	<b>169</b>	<b>169</b>	<b>169</b>
<b>NET ASSETS</b>		<b>47,875</b>	<b>31,308</b>	<b>35,198</b>	<b>39,088</b>
Shares on issue (000s)			217,982	217,982	217,982
<b>Value per share (3 d.p.)</b>			<b>0.144</b>	<b>0.161</b>	<b>0.179</b>

Source: Summit's reviewed financial statements for the half-year ended 31 December 2017 and BDO analysis

The table above indicates that the value of a Summit share prior to announcement of the Offer, using the NAV methodology, is between \$0.144 and \$0.179, with a preferred value of \$0.161. Under the Offer, Summit shareholders will receive one Paladin share for every one Summit share held. The value derived under the NAV methodology is reflective of a controlling interest.

We have been advised that there has not been a significant change in the net assets of Summit since 31 December 2017 and the above assets and liabilities represent their fair market values, other than those with adjustments detailed below. Furthermore, nothing has come to our attention as a result of our procedures that would indicate the need for any additional adjustments.

#### Note a) Cash and cash equivalents

We have adjusted the cash and cash equivalents of Summit at 31 December 2017, to account for movements during the quarters ended 31 March 2018 and 30 June 2018. The adjusted cash and cash equivalents is summarised in the table below.

Adjusted cash and cash equivalents	A\$'000
<b>Cash and cash equivalents at 31-Dec-17 (including term deposits)</b>	<b>396</b>
Less: Exploration and evaluation expenditure	(44)
Less: Staff costs (including directors fees)	(54)
Less: Administration and corporate costs	(8)
Add: Interest received	6
Add: Proceeds from the disposal of property, plant and equipment	59
Less: Exploration spent by Summit Resources Australia (Pty) Ltd on behalf of joint venture partner	(28)
Add: Funds received from joint venture partner	26
Add: Other	24
<b>Adjusted cash and cash equivalents at 30 June 2018</b>	<b>377</b>

Source: Summit's quarterly reports for the period ended 31 March 2018 and 30 June 2018

We note the exploration expenditure of \$44,000 is reflected in the valuation of Summit's mineral assets performed by Agricola.

We have adjusted property, plant and equipment to account for the sale of property, plant and equipment as discussed in Note d).

#### Note b) Other current assets

Other current assets relate to term deposits greater than three months. We have considered this in our adjustment of cash and cash equivalents, and as such, have reduced the value of other current assets to nil.

#### Note c) Assets classified as held for sale

Assets classified as held for sale relate to the Company's office building located at 17 Traders Way, Mount Isa. Management have advised no bids were received for the auction of its office building. As such, we have reclassified this amount to property, plant and equipment for completeness.

#### Note d) Property, plant and equipment

We have adjusted property, plant and equipment upwards in order to reflect the reclassification of the Company's office building from assets held for sale. Further, we have also adjusted property, plant and equipment downwards by \$59,000 as the Company received proceeds from the disposal of property, plant and equipment over the quarter ended 30 June 2018.

Adjusted property, plant and equipment	A\$'000
<b>Property, plant and equipment at 31 December 2017</b>	<b>34</b>
Add: Reclassification of assets held for sale	995
Less: PP&E sold over quarter the ended 30 June 2018	(59)
<b>Adjusted property, plant and equipment</b>	<b>970</b>

Source: BDO analysis

#### Note e) Exploration and evaluation expenditure

We instructed Agricola to provide an independent market valuation of the mineral assets held by Summit. Agricola considered a number of different valuation methods when valuing the exploration assets of Summit. We consider these methods to be appropriate given the stage of development for Summit's exploration assets. Further information on the methodologies and assumptions used by Agricola can be found in their report, contained in Appendix 3.

The range of values for Summit's exploration assets as assessed by Agricola are set out below:

Exploration and evaluation assets	Low value A\$'000	Preferred value A\$'000	High value A\$'000
Value of Summit's 50% interest in the Valhalla, Skal and Odin deposits	19,510	21,680	23,850
Value of Summit's 100% interest in the Mount Isa North Uranium Project	8,430	9,370	10,310
Value of Summit's interests in other exploration areas	2,080	2,860	3,640
<b>Total exploration and evaluation assets</b>	<b>30,020</b>	<b>33,910</b>	<b>37,800</b>

Source: Agricola's Independent Technical Report

The table above indicates a range of values between \$30.0 million and \$37.8 million, with a preferred value of \$33.9 million.

## 10.2 Quoted Market Prices for Summit Securities

To provide a comparison to the valuation of Summit in section 10.1, we have also assessed the quoted market price for a Summit share.

The quoted market value of a company's shares is reflective of a minority interest. A minority interest is an interest in a company that is not significant enough for the holder to have an individual influence in the operations and value of that company.

RG 111.11 suggests that when considering the value of a company's shares for the purposes of a control transaction, the expert should consider a premium for control. An acquirer could be expected to pay a premium for control due to the advantages they will receive should they obtain 100% control of another company. These advantages include the following:

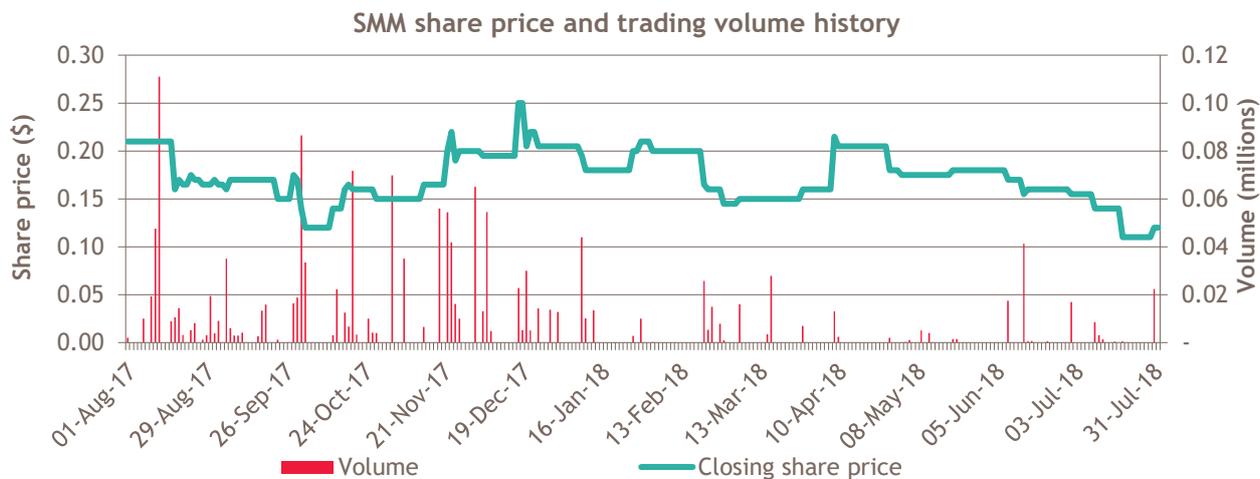
- control over decision making and strategic direction;
- access to underlying cash flows;
- control over dividend policies; and
- access to potential tax losses.

Therefore, our calculation of the quoted market price of a Summit share including a premium for control has been prepared in two parts. The first part is to calculate the quoted market price on a minority interest basis. The second part is to add a premium for control to the minority interest value to arrive at a quoted market price value that includes a premium for control.

### Minority interest value

Our analysis of the quoted market price of a Summit share is based on the pricing prior to the announcement of the Offer. This is because the value of a Summit share after the announcement may include the effects of any change in value as a result of the Offer. However, we have considered the value of a Summit share following the announcement when we have considered reasonableness in Section 13.

Information on the Offer was announced to the market on 1 August 2018. Therefore, the following chart provides a summary of the share price movement over the 12 months to 31 July 2018 which was the last trading day prior to the announcement.



Source: Bloomberg

The daily price of Summit shares from 31 July 2017 to 31 July 2018 has ranged from a low of \$0.110 on 27 July 2018 to a high of \$0.250 on 18 December 2017. As depicted by the graph above, the Summit share price has exhibited a relatively volatile trend over the assessed period, with the greatest level of trading activity occurring over the second half of calendar year 2017. The highest single date of trading occurred on 10 August 2017, where 110,985 shares were traded.

During this period a number of announcements were made to the market. The key announcements are set out below:

Date	Announcement	Closing Share Price Following Announcement		Closing Share Price Three Days After Announcement	
		\$ (movement)	% (movement)	\$ (movement)	% (movement)
25/07/2018	Quarterly Activities Report and Appendix 5B	0.110	▶ 0.0%	0.120	▲ 9.1%
27/04/2018	Quarterly Activities Report and Appendix 5B	0.180	▶ 0.0%	0.175	▼ 2.8%
31/01/2018	Quarterly Report and Appendix 5B for Period Ending 31 Dec 17	0.210	▶ 0.0%	0.200	▼ 4.8%
27/10/2017	Quarterly Activities Report and Appendix 5B	0.150	▶ 0.0%	0.150	▶ 0.0%

Source: Bloomberg, BDO analysis

On 25 July 2018, the Company released its Quarterly Activities Report for the quarter ended 30 June 2018. On the date of the release, the share price remained unchanged. However, over the subsequent three trading days the share price increased by 9.1% to close at \$0.120.

On 27 April 2018, the Company released its Quarterly Activities Report for the quarter ended 31 March 2018. On the date of the release, the share price remained unchanged. However, over the subsequent three trading days the share price decreased by 2.8% to close at \$0.175.

On 31 January 2018, the Company released its Quarterly Activities Report for the quarter ended 31 December 2017. The report detailed work completed by Summit in the quarter was focussed on RC drilling

at the Round Hill and Elbow prospects and a high resolution airborne radiometric and magnetic survey at the Sybella prospect. On the date of the release, the share price remained unchanged however declined by 4.8% over the three subsequent trading days to close at \$0.20.

On 27 October 2017, the Company released its Quarterly Activities Report for the quarter ended 30 September 2017. The report detailed work completed by Summit in the quarter was focussed on finalising planning for the exploration programme to be commenced in October 2018 in order to meet tenement expenditure commitments. On the date of the release and over the three subsequent trading days, the share price remained unchanged.

To provide further analysis of the market prices for a Summit share, we have also considered the weighted average market price for 10, 30, 60 and 90 day periods to 31 July 2018.

Share Price per unit	31-Jul-18	10 Days	30 Days	60 Days	90 Days
Closing price	\$0.120				
Volume weighted average price (VWAP)		\$0.120	\$0.138	\$0.151	\$0.159

Source: Bloomberg, BDO analysis

The above weighted average prices are prior to the date of the announcement of the Offer to avoid the influence of any increase in price of Summit shares that has occurred since the Offer was announced.

An analysis of the volume of trading in Summit shares for the twelve months to 31 July 2018 is set out below:

Trading days	Share price low	Share price high	Cumulative volume traded	As a % of Issued capital
1 Day	\$0.120	\$0.120	-	0.00%
10 Days	\$0.110	\$0.120	22,933	0.01%
30 Days	\$0.110	\$0.160	53,626	0.02%
60 Days	\$0.110	\$0.180	120,341	0.06%
90 Days	\$0.110	\$0.215	143,991	0.07%
180 Days	\$0.110	\$0.255	642,421	0.29%
1 Year	\$0.110	\$0.255	1,517,384	0.70%

Source: Bloomberg, BDO analysis

This table indicates that Summit's shares display a low level of liquidity, with 0.70% of the Company's current issued capital being traded in a twelve-month period. RG 111.69 states that for the quoted market price methodology to be an appropriate methodology there needs to be a 'liquid and active' market in the shares and allowing for the fact that the quoted price may not reflect their value should 100% of the securities not be available for sale.

We have also conducted an analysis of the volume of trading in Summit for the twelve months to 31 July 2018 excluding the 178,911,682 Summit shares held by Paladin, which makes up 82.08% of Summit's issued share capital. We consider this to provide trading analysis of 'free float' shares outstanding. Our analysis is set out below:

Trading days	Share price low	Share price high	Cumulative volume traded	As a % of Issued capital
1 Day	\$0.120	\$0.120	-	0.00%
10 Days	\$0.110	\$0.120	22,933	0.06%
30 Days	\$0.110	\$0.160	53,626	0.14%
60 Days	\$0.110	\$0.180	120,341	0.31%
90 Days	\$0.110	\$0.215	143,991	0.37%
180 Days	\$0.110	\$0.255	642,421	1.64%
1 Year	\$0.110	\$0.255	1,517,384	3.88%

Source: Bloomberg, BDO analysis

This table indicates that Summit's shares display a low level of liquidity, with 3.88% of the Company's current free float issued capital being traded over a twelve-month period.

We consider the following characteristics to be representative of a liquid and active market:

- regular trading in a company's securities;
- approximately 1% of a company's securities are traded on a weekly basis;
- the spread of a company's shares must not be so great that a single minority trade can significantly affect the market capitalisation of a company; and
- there are no significant but unexplained movements in share price.

A company's shares should meet all of the above criteria to be considered 'liquid and active', however, failure of a company's securities to exhibit all of the above characteristics does not necessarily mean that the value of its shares cannot be considered relevant.

In the case of Summit, we do not consider there to be a liquid and active market for the Company's shares as less than 1% of Summit's shares were traded in the twelve months leading up to the announcement, and approximately 4% on a free float basis. In addition, we note a number of days over the assessed period have no trading activity. There was also a number of unexplained price movements or fluctuations in trading volume during the period, which further support our assessment that there is an absence of a liquid and active market for Summit's shares. In particular, the company's shares exhibited unusual trading on 10 August 2017, on which 110,985 shares were traded. We consider this unexplained trade activity, as no announcements were made by the Company in the ten trading days prior.

Our assessment is that a range of values for Summit shares based on market pricing, after disregarding post announcement pricing, is between \$0.120 and \$0.159.

### Control Premium

We have reviewed the control premiums on completed transactions, paid by acquirers of both energy companies (including oil and gas companies) and all companies listed on the ASX. In assessing the appropriate sample of transactions from which to determine an appropriate control premium, we have excluded transactions where the acquirer obtained a controlling interest (20% and above) at a discount (i.e. less than a 0% premium). We have summarised our findings below:

### Energy companies

Year	Number of Transactions	Average Deal Value (AU\$m)	Average Control Premium (%)
2018	1	634.38	6.26
2017	3	53.33	99.28
2016	3	115.35	59.85
2015	9	68.70	23.37
2014	8	371.15	63.39
2013	10	43.52	32.61
2012	7	444.69	33.98
2011	11	924.53	43.10
2010	7	982.67	50.66
2009	12	774.15	66.98
2008	5	282.07	40.30

Source: Bloomberg

We have also reviewed the control premiums paid by acquirers of all ASX listed companies, as set out in the table below:

### All ASX listed companies

Year	Number of Transactions	Average Deal Value (AU\$m)	Average Control Premium (%)
2018	19	1840.40	52.35
2017	27	1048.03	44.00
2016	42	718.51	49.58
2015	33	850.04	33.23
2014	45	518.59	40.00
2013	41	128.21	50.99
2012	52	472.10	51.68
2011	67	719.92	44.74
2010	54	575.28	44.05
2009	61	521.10	54.61
2008	51	837.20	33.22

Source: Bloomberg, BDO analysis

The mean and median of the entire data sets, respectively, comprising control transactions for ASX listed energy companies and all ASX listed companies, from 2008 onwards, are set out below:

Entire Data Set Metrics	ASX Listed Energy Companies		All ASX Listed Companies	
	Average Deal Value (AU\$m)	Average Control Premium (%)	Average Deal Value (AU\$m)	Average Control Premium (%)
Mean	479.75	47.35	668.14	45.41
Median	69.49	41.34	95.04	35.92

Source: Bloomberg, BDO analysis

The table above indicates that the long-term average of announced control premiums paid by acquirers of ASX listed energy companies and all ASX listed companies is approximately 47% and 45%, respectively. In assessing the sample of transactions however, we noted transactions that appear to be extreme outliers.

These included six ASX energy transactions and 47 all ASX listed transactions in which the announced premium was in excess of 100%.

In a sample where there are extreme outliers, the median often represents a superior measure of central tendency compared to the mean. The median announced control premium over the review period was approximately 41% for ASX listed energy transactions and 36% for all ASX listed transactions.

In arriving at an appropriate control premium to apply we note that observed control premiums can vary due to the:

- nature and magnitude of non-operating assets;
- nature and magnitude of discretionary expenses;
- perceived quality of existing management;
- nature and magnitude of business opportunities not currently being exploited;
- ability to integrate the acquiree into the acquirer's business;
- level of pre-announcement speculation of the transaction;
- level of liquidity in the trade of the acquiree's securities.

In determining the appropriate control premium for Summit, we have taken the following into consideration:

- as noted above, 0.70% of the Company's current issued capital was traded in a twelve-month period. This indicates that there is an absence of a liquid and active market for the Company's shares, and presents the risk that an investor may not be able to sell a Summit share on the market when required;
- in the Company's half year report for the period ended 31 December 2017, Summit's auditor issued an emphasis of matter paragraph in the review report. The auditor outlined the existence of a material uncertainty that may cast significant doubt over Summit's ability to continue as a going concern. This was due to the Company incurring a net loss after tax of \$127,000 for the half year ended 31 December 2017 and the Company requiring additional funding to meet its annual minimum tenement expenditure commitments; and
- as a mineral exploration company, Summit does not currently have any revenue generating operations.

Based on our analysis, we consider an appropriate control premium for Summit to be between 20% and 30%.

### Quoted market price including control premium

Applying a control premium to Summit's quoted market share price results in the following quoted market price value including a premium for control:

	Low	Midpoint	High
	\$	\$	\$
Quoted market price value	0.120	0.140	0.159
Control premium	20%	25%	30%
<b>Quoted market price valuation including a premium for control (3 d.p.)</b>	<b>0.144</b>	<b>0.175</b>	<b>0.207</b>

Source: BDO analysis

Therefore, our valuation of a Summit share based on the quoted market price method and including a premium for control is between \$0.144 and \$0.207 with a midpoint value of \$0.175.

### 10.3 Assessment of Summit value prior to announcement of the Offer

The results of the valuations performed are summarised in the table below:

	Low \$	Preferred \$	High \$
Net asset value (section 10.1)	0.144	0.161	0.179
ASX market prices (section 10.2)	0.144	0.175	0.207

Source: BDO analysis

The value range derived from our secondary valuation approach supports the value range derived from our primary valuation approach. We note that the preferred and high values obtained under the QMP methodology are higher than the values obtained from the NAV methodology. The difference in values under the QMP and NAV methodologies may be explained by the following:

- it is not uncommon for exploration companies to trade at a premium to their intrinsic value. This is because investors in mining exploration companies typically anticipate some potential upside of ‘blue sky’ prospects for the company, which are factored into the share price in advance of any such value being realised;
- our NAV valuation includes an independent valuation of Summit’s mineral assets performed by Agricola. Agricola have relied on a combination of valuation methodologies, which reflect the market value of Summit’s 50% interest in the Valhalla, Skal and Odin deposits, 100% interest in the Mount Isa North Uranium Project and other exploration areas. Depending on the assumptions used, investors may yield a higher value than that derived from the market based assessment performed by Agricola; and
- under RG111.69 (d), the QMP methodology is considered appropriate when a liquid and active market exists for the company’s securities. From our analysis in section 10.2, we note that only 0.70% of the Company’s current issued capital was traded in a twelve-month period, and only 3.88% of the Company’s current free float issued capital was traded over a twelve-month period. This represents a low level of liquidity and therefore, in the absence of an informed market, the quoted market price of Summit may not accurately reflect the market value of the Company’s shares.

For the reasons stated above, we consider the NAV methodology to be the most appropriate method to value Summit prior to the Offer. In particular, our NAV methodology includes valuations of mineral assets that Summit has an interest in as provided by Agricola, an independent technical specialist.

Based on the results above we consider the value of one Summit share to be between \$0.144 and \$0.179, with a preferred value of \$0.161.

## 11. Valuation of Offer Consideration

### 11.1 Quoted Market Price for a Paladin Share

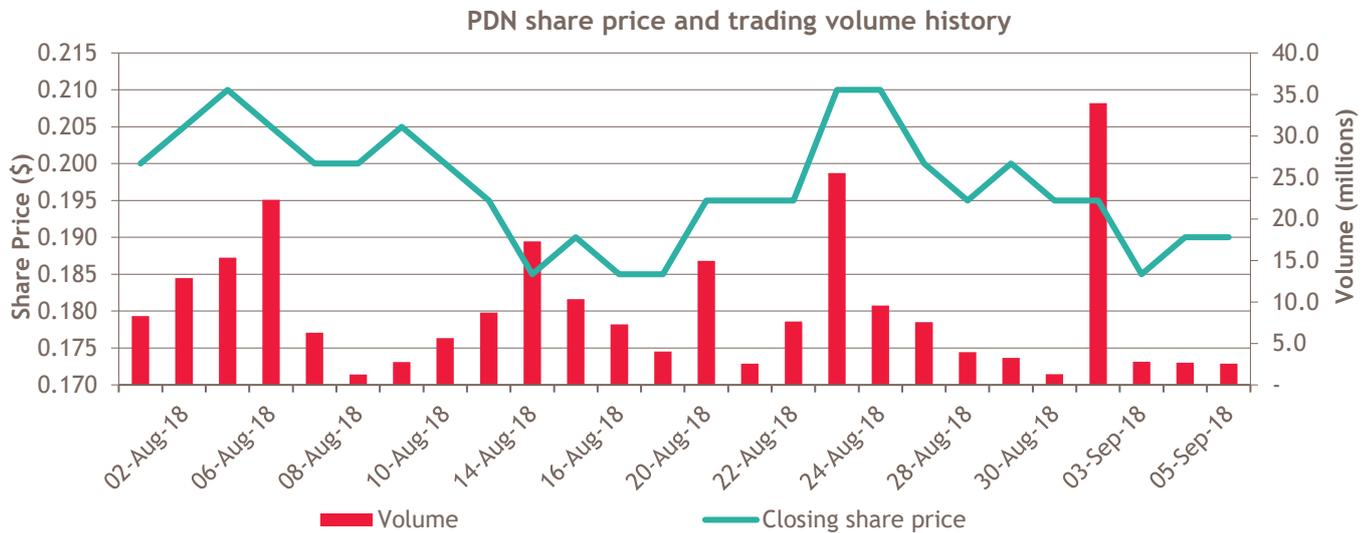
As our primary methodology for valuing the Offer Consideration, we have assessed the quoted market price for a Paladin share. As noted in section 9.2, we consider that a Paladin share represents the value of the Offer Consideration to Shareholders. If Shareholders accept the Offer, it is likely they will become

minority shareholders in Paladin. Therefore, the Paladin shares issued to Summit shareholders under the Offer will represent a minority interest in Paladin.

The quoted market price of a company's shares is reflective of a minority interest. A minority interest is an interest in a company that is not significant enough for the holder to have an individual influence in the operations and value of that company.

### Minority interest value

Information on the Offer was announced to the market on 1 August 2018. We have therefore assessed the quoted market price for a Paladin share following the announcement of the Offer, as the value of a Paladin share following the announcement is likely to include the effects of any change in value as a result of the Offer. Therefore, the following chart provides a summary of the share price movement over the 26 trading days from 1 August 2018 to 5 September 2018. We note information on the Offer was released to the market at 8:12am, and as such, we have included 1 August 2018 in our assessment.



Source: Bloomberg and BDO analysis

Since the Offer was announced on 1 August 2018, Paladin's share price has exhibited a volatile trend, reaching \$0.210 on 3 August 2018, before decreasing to close at \$0.185 on 14 August 2018. On 5 September 2018, Paladin's share price closed at \$0.190. The trading volume of Paladin shares, which includes shares traded on both the ASX and the Chi-X Australia Exchange, reached its greatest level on 31 August 2018 where a total of 33,967,840 shares were traded across both exchanges.

During the period, a number of announcements were made to the market. The key announcements are set out below:

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Date	Announcement	Closing Share Price Following Announcement		Closing Share Price Three Days After Announcement	
		\$ (movement)		\$ (movement)	
31/08/2018	Finalisation of New Michelin Joint Venture Agreement	0.195	▶ 0.0%	0.190	▼ 2.6%
28/08/2018	Annual Report 2018	0.195	▼ 2.5%	0.195	▶ 0.0%
03/08/2018	Noteholder Consent Nedbank Lien and Interest Capitalisation	0.210	▲ 2.4%	0.200	▼ 4.8%

Source: Bloomberg and BDO analysis

On 31 August 2018, Paladin announced the finalisation of the Michelin Joint Venture Agreement. As such, all existing claims which the EdF claimants had against Paladin's Canadian subsidiaries that own 60.1% of the Michelin Project, had been irrevocably extinguished, released and discharged. On the date of the announcement, Paladin's shares remained unchanged. Over the subsequent three trading days, Paladin's share price decreased by 2.6% to close at \$0.190.

On 28 August 2018, Paladin released its annual report for the year ended 30 June 2018. The annual report detailed Paladin's post-administration results following the restructure of Paladin by DOCA, effectuated February 2018. On the date of the release, Paladin's share price decreased by 2.5% to close at \$0.195, and remained unchanged over the following three trading days.

On 3 August 2018, Paladin provided an update regarding the US\$115 million new 2023 secured notes issued on 25 January 2018 and the announcement dated 16 July 2018 regarding the launch of a consent solicitation procedure seeking noteholder consent to each of:

- the creation of a lien over a US\$10 million account of Paladin Finance Pty Ltd, in favour of Nedbank Limited, to secure indebtedness of up to US\$10 million in relation to the environmental performance bonding obligations for the Kayelekera Mine; and
- the Security Trustee's consent to Paladin granting a waiver or indulgence in connection with the payment of interest to Paladin under the mentioned revolving credit facility. If the consent is granted, the interest under the facility will capitalise during the period Langer Heinrich is on care and maintenance, that is until such time as Langer Heinrich recommences its processing operations.

The announcement further detailed that the meeting of noteholders had been postponed to 21 August 2018. On the date of the announcement, the share price increased by 2.4% to close at \$0.210. Over the subsequent three trading days, the share price decreased by 4.8% to close at \$0.200.

To provide further analysis of the market prices for Paladin over the post-announcement period, we have also considered the VWAP of a Paladin share for the 10, 20 and 26 trading day periods to 5 September 2018.

Share Price per unit	05-Sep-18	10 Days	20 Days	26 Days
Closing price	\$0.190			
Volume weighted average price (VWAP)		\$0.201	\$0.196	\$0.198

Source: Bloomberg, BDO analysis

An analysis of the volume of trading in Paladin shares for the 26 trading days to 5 September 2018 is set out below:

Trading days	Share price low	Share price high	Cumulative volume traded	As a % of Issued capital
1 Day	\$0.185	\$0.195	2,568,623	0.15%
10 Days	\$0.185	\$0.215	93,131,210	5.44%
20 Days	\$0.180	\$0.215	174,310,472	10.18%
26 Days	\$0.180	\$0.215	240,660,425	14.05%

Source: Bloomberg, BDO analysis

This table indicates that Paladin's shares display a high level of liquidity, with 14.05% of Paladin's current issued capital being traded over a 26 trading day period following the announcement of the Offer. RG 111.69 states that for the quoted market price methodology to be an appropriate methodology there needs to be a 'liquid and active' market in the shares and allowing for the fact that the quoted market price may not reflect their value should 100% of the securities not be available for sale. We consider the following characteristics to be representative of a liquid and active market:

- regular trading in a company's securities;
- approximately 1% of a company's securities are traded on a weekly basis;
- the spread of a company's shares must not be so great that a single minority trade can significantly affect the market capitalisation of a company; and
- there are no significant but unexplained movements in share price.

A company's shares should meet all of the above criteria to be considered 'liquid and active', however, failure of a company's securities to exhibit all of the above characteristics does not necessarily mean that the value of its shares cannot be considered relevant.

In the case of Paladin, we consider there to be a liquid and active market for its shares as a result of 14.05% of Paladin's current issued capital being traded over a 26 trading day period following announcement of the Offer. Further, greater than 2% of Paladin's shares were traded on a weekly basis over the assessed period, and we do not consider there to have been any significant but unexplained movements in the share price.

Our assessment is that a range of values for Paladin's shares based on post-announcement market pricing is between \$0.190 and \$0.201.

### Conclusion on Quoted Market Price for Paladin

Having considered the trading activity of a Paladin share during the post-announcement period, our assessment is that a range of values for a Paladin share, based on market pricing, is between \$0.190 and \$0.201, with a midpoint value of \$0.196. The results of our QMP analysis are summarised in the table below.

	Low A\$	Preferred A\$	High A\$
Quoted market price value	0.190	0.196	0.201

Source: BDO analysis

As we are assessing the value of Paladin on a minority basis, there is no requirement to apply a premium for control.

## 11.2 Net Asset Value of a Paladin Share

The net asset value of a Paladin share on a going concern basis is reflected in our valuation below:

	30-Jun-18	Low value	Preferred value	High value
	US\$'000	US\$'000	US\$'000	US\$'000
<b>CURRENT ASSETS</b>				
Cash and cash equivalents	39,166	39,166	39,166	39,166
Restricted cash	11,072	11,072	11,072	11,072
Trade and other receivables	8,121	8,121	8,121	8,121
Prepayments	1,511	1,511	1,511	1,511
Inventories	10,717	10,717	10,717	10,717
<b>TOTAL CURRENT ASSETS</b>	<b>70,587</b>	<b>70,587</b>	<b>70,587</b>	<b>70,587</b>
<b>NON-CURRENT ASSETS</b>				
Trade and other receivables	374	374	374	374
Property, plant and equipment	223,986	223,986	223,986	223,986
Mine development	28,142	28,142	28,142	28,142
Exploration and evaluation expenditure	76,439	76,439	76,439	76,439
Intangible assets	10,093	10,093	10,093	10,093
<b>TOTAL NON-CURRENT ASSETS</b>	<b>339,034</b>	<b>339,034</b>	<b>339,034</b>	<b>339,034</b>
<b>TOTAL ASSETS</b>	<b>409,621</b>	<b>409,621</b>	<b>409,621</b>	<b>409,621</b>
<b>CURRENT LIABILITIES</b>				
Trade and other payables	12,971	12,971	12,971	12,971
Provisions	5,249	5,249	5,249	5,249
<b>TOTAL CURRENT LIABILITIES</b>	<b>18,220</b>	<b>18,220</b>	<b>18,220</b>	<b>18,220</b>
<b>NON-CURRENT LIABILITIES</b>				
Interest bearing loans and borrowings	103,883	103,883	103,883	103,883
Other interest bearing loans - CNNC	93,330	93,330	93,330	93,330
Provisions	87,427	87,427	87,427	87,427
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>284,640</b>	<b>284,640</b>	<b>284,640</b>	<b>284,640</b>
<b>TOTAL LIABILITIES</b>	<b>302,860</b>	<b>302,860</b>	<b>302,860</b>	<b>302,860</b>
<b>NET ASSETS (controlling interest basis)</b>	<b>106,761</b>	<b>106,761</b>	<b>106,761</b>	<b>106,761</b>
Discount for minority interest (%)		25.9%	23.1%	20.0%
<b>NET ASSETS (minority interest basis)</b>		<b>79,110</b>	<b>82,099</b>	<b>85,409</b>
Shares on issue ('000s)		1,712,844	1,712,844	1,712,844
<b>Value per share (US\$)</b>		<b>0.046</b>	<b>0.048</b>	<b>0.050</b>
USD/AUD at 30 June 2018		0.741	0.741	0.741
<b>Value per share (A\$) 3 d.p.</b>		<b>0.062</b>	<b>0.065</b>	<b>0.067</b>

Source: Paladin's audited financial statements for the year ended 30 June 2018, Bloomberg, BDO analysis

We note that we have only been able to rely on the financial information disclosed on the ASX as our basis for this valuation as we do not have access to the underlying books and records of Paladin, in particular

information in relation to exploration expenditure and intangible assets, which would allow us to have an independent specialist provide a valuation.

### Discount for minority interest

We note that the value derived under the NAV methodology is reflective of a controlling interest, as it assumes control over 100% of the entity's assets. We have therefore adjusted the net asset valuation by applying a minority discount, as Summit Shareholders will receive shares representing a minority interest in Paladin.

The minority discount is based on the inverse of the control premium. We have utilised the same data as when we assessed the control premium in section 10.2. However, in arriving at an appropriate control premium to apply, in order to derive a minority discount, we have considered factors specific to Paladin. In particular, we note that for the year ended 30 June 2018, Paladin's auditor noted a material uncertainty that may cast significant doubt on Paladin's ability to continue as a going concern. This was due to Paladin incurring a loss after tax of US\$140.3 million, excluding a one-off gain on the debt restructure, and a net cash outflow from operations of US\$44.8 million during the year ended 30 June 2018.

In addition to the above, we have also considered the level of liquidity of Paladin. As set out in section 11.1, over the 26 trading days from 1 August 2018 to 5 September 2018, approximately 14.05% of Paladin's current issued capital had been traded. This indicates that there is a high level of liquidity for Paladin's shares.

Based on the above analysis, we consider an appropriate premium for control for Paladin to be in the range of 25% to 35%, with a midpoint of 30%. This therefore implies a minority discount in the range of 20.0% to 25.9% with a midpoint of 23.1%.

### Assessment of Net Asset Value of Paladin

We have assessed the value of a share in Paladin to be between \$0.062 and \$0.067 with a preferred value of \$0.065.

### 11.3 Assessment of value of Offer Consideration

The results of the valuations performed are summarised in the table below:

	Ref	Low \$	Preferred \$	High \$
Value of one Paladin share (QMP methodology)	11.1	0.190	0.196	0.201
Value of one Paladin share (NAV methodology)	11.2	0.062	0.065	0.067

Source: BDO analysis

As we do not have access to the underlying books and records of Paladin, in particular information in relation to exploration expenditure and intangible assets that it holds which would allow us to have an independent specialist provide a valuation, we do not consider the NAV methodology to represent a reliable valuation of a Paladin share. Our analysis of the quoted market price of a Paladin share, indicates

that 14.05% of Paladin’s current issued capital has been traded over a 26 trading day period up until 5 September 2018. As such, we consider there to be a liquid and active market for Paladin shares and as a result, we consider the QMP methodology can be relied on in determining the value of a Paladin share.

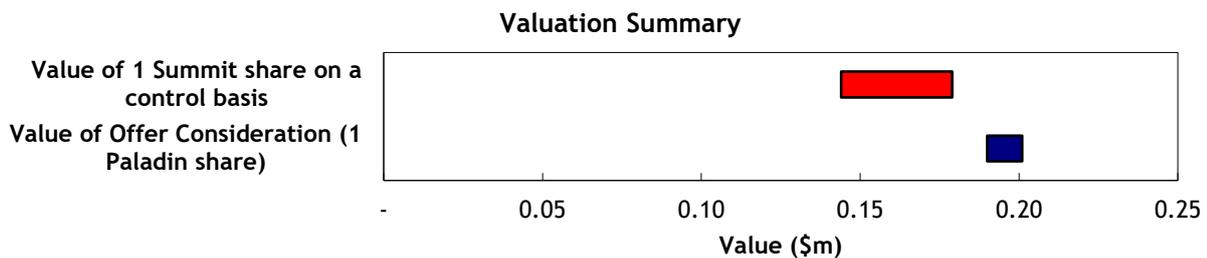
## 12. Is the Offer fair?

We have determined how the value of one Summit share on a control basis compares to the value of the Offer Consideration, being one Paladin share, as detailed below:

	Ref	Low \$	Preferred \$	High \$
Value of one Summit share (NAV methodology)	10.1	0.144	0.161	0.179
Value of one Paladin share (QMP methodology)	11.1	0.190	0.196	0.201

Source: BDO analysis

The above valuation ranges are graphically presented below:



Source: BDO analysis

We note from the table above that the value of the Offer consideration is greater than the value of a share in Summit. Therefore, we consider that the Offer is fair.

## 13. Is the Offer reasonable?

### 13.1 Advantages of accepting the Offer

If the Offer is accepted, in our opinion, the potential advantages to Shareholders include the following:

#### 13.1.1. The Offer is fair

Our analysis in section 12 of the Report concludes that the Offer is fair to Shareholders. Under RG 111, a transaction is reasonable if it is fair.

#### 13.1.2. The Offer is at a premium to the Company's most recent quoted price and recent VWAP

As detailed in section 10.2, the closing price of a Summit share on the last trading day prior to the announcement of the Offer was \$0.120 and the VWAP for the 30 days prior to the announcement of the Offer was \$0.127. Comparatively, the closing price of a Paladin share on the last trading day prior to the announcement of the Offer was \$0.200 and the VWAP for the 30 days prior to the announcement of the Offer was \$0.198.

Based on the closing prices for the day prior to announcement of the Offer, the Offer Consideration represents a premium of approximately 67%. Based on the 30 day VWAP, the Offer Consideration represents a premium of approximately 56%.

We consider this to represent a significant advantage to Summit shareholders, as they will be receiving a control premium implicit in the Offer Consideration, despite the fact that Paladin already holds 82.08% of the current issued share capital of Summit.

#### 13.1.3. Shareholders of Summit will own shares in a company with a suite of developed assets and greater potential to generate a return for Shareholders

If the Offer is accepted, Shareholders will hold shares in a company with a number of developed assets, including Kayelekera and Langer Heinrich. This is in addition to a number of pre-development projects which are currently at exploration and/or scoping stage.

Following a full review of the mining schedule and economic viability of mining at Langer Heinrich, a decision was made by Paladin in May 2018 to place Langer Heinrich under care and maintenance primarily due to the sustained weak uranium price environment. As Langer Heinrich has an approximate 20-year mine life, unwinding its current care and maintenance status would require low levels of working capital.

Given Langer Heinrich's low cash cost of production and low working capital requirements required to unwind its current care and maintenance position, the mine is likely to return back to production over six to twelve months if the uranium price recovers. Although the recommencement of operations at Langer Heinrich is uncertain at this stage, preserving the value of the mine through care and maintenance preparation and continued development optimisation initiatives remains a key strategic opportunity in the overall growth plan of Paladin.

Possible recommencement of operations at Langer Heinrich as well as Kayelekera in the future may bring potential returns to Shareholders holding shares in Paladin.

### 13.1.4. Adds geographical diversification

If the Offer is accepted, Shareholders will receive shares in Paladin, which has listings on the ASX, as well as the Munich, Berlin, Stuttgart and Frankfurt Stock Exchanges in Europe, and the Namibian Stock Exchange in Africa.

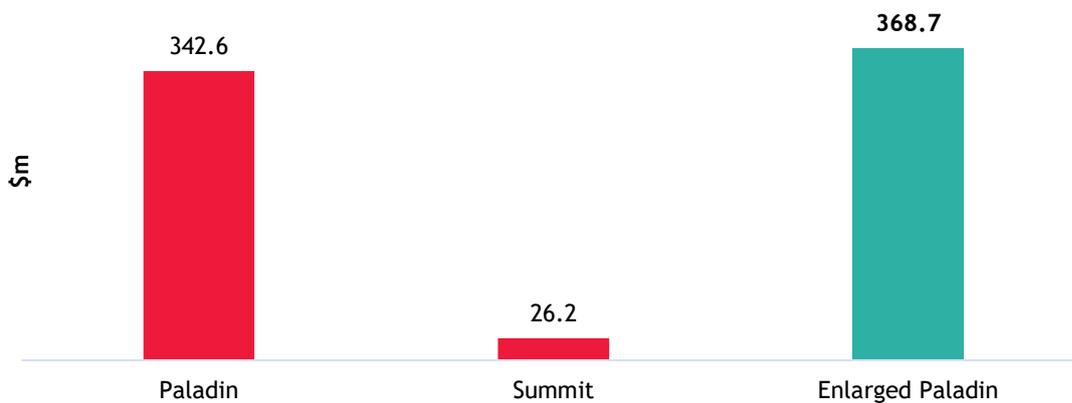
Paladin has geographically diverse operations, with Langer Heinrich located in Namibia, Kayelekera located in Malawi, Michelin Project in Canada, and other projects located in Australia. The geographical diversity offered by Paladin's asset portfolio reduces the risk associated with having projects concentrated in one country, albeit other risks such as sovereign and political risk are introduced.

As such, Shareholders will be exposed to a uranium and base metal exploration and development company with projects spread across a number of countries, and exposure to international exchanges.

### 13.1.5. Creation of a combined group with a stronger financial position

Following acceptance of the Offer, Shareholders will become shareholders in Paladin which will have a stronger financial position, be larger in size and have an increased market capitalisation compared to Summit. Based on the closing prices of Paladin and Summit on the date prior to announcement of the Offer, the implied market capitalisation of the enlarged Paladin is set out below.

Market Capitalisation at 31 July 2018



Source: Bloomberg, BDO analysis

The graph above shows an implied market capitalisation of the enlarged Paladin of \$368.7 million at 31 July 2018.

Based on Paladin's statement of financial position at 30 June 2018, Paladin's net assets totalled US\$106.8 million. Further, Paladin's financial position strengthened significantly following the execution of the DOCA in February 2018, with unrestricted cash and cash equivalents increasing by 273%, from US\$10.5 million at 30 June 2017 to US\$39.2 million at 30 June 2018. As at 31 December 2017, Summit had net assets of A\$47.9 million.

Further to the above, and given the existence of a significant shareholder, the ability for Summit to raise debt on a standalone basis will likely be limited. This ability to raise debt is likely to be strengthened following the Offer.

### 13.1.6. Enhanced share trading liquidity

The increase in size of Paladin following the Offer compared to Summit on a standalone basis may lead to an enhanced share market profile and may provide current Summit shareholders with increased liquidity and greater depth of trading than that currently available.

We have assessed the share trading liquidity over the 90 days prior to announcement of the Offer for both Summit and Paladin, as set out below.

<u>Summit (free-float)</u>	Share price	Share price	Cumulative volume	As a % of
Trading days	low	high	traded	Issued capital
1 Day	\$0.120	\$0.120	-	0.00%
10 Days	\$0.110	\$0.120	22,933	0.06%
30 Days	\$0.110	\$0.160	53,626	0.14%
60 Days	\$0.110	\$0.180	120,341	0.31%
90 Days	\$0.110	\$0.215	143,991	0.37%

Source: Bloomberg, BDO analysis

<u>Paladin</u>	Share price	Share price	Cumulative volume	As a % of
Trading days	low	high	traded	Issued capital
1 Day	\$0.200	\$0.208	10,572,184	0.62%
10 Days	\$0.170	\$0.218	227,304,751	13.27%
30 Days	\$0.155	\$0.218	333,023,668	19.44%
60 Days	\$0.105	\$0.218	858,397,968	50.12%
90 Days	\$0.105	\$0.218	910,297,962	53.15%

Source: Bloomberg, BDO analysis

As set out above, on a free-float basis, 0.37% of Summit's current issued capital was traded over a 90-day period prior to announcement of the Offer. This is compared to 53.15% of Paladin's current share capital being traded over the same period. This presents a potential advantage to Shareholders if the Offer is accepted.

### 13.2 Disadvantages of accepting the Offer

If the Offer is rejected, in our opinion, the potential disadvantages to Shareholders include those listed below:

#### 13.2.1. Dilution of exposure to Summit's assets

Prior to the Offer, Summit shareholders hold approximately 17.92% of the Company's current issued share capital, with the remaining 82.08% held by Paladin. Following the Offer, Shareholders will hold 2.23% of the enlarged Paladin. As a result of this, acceptance of the Offer will result in a dilution of the existing Summit shareholders' interest in the assets of Summit.

#### 13.2.2. Significant uncertainty regarding Paladin recommencing operations

In May 2018, Paladin received the consent of relevant stakeholders to place its 75%-owned Langer Heinrich Mine into care and maintenance, and Langer Heinrich ceased presenting ore to the plant. Following the run-down phase of up to three months where various stages of the plant will be progressively suspended and cleaned, operations will have been completely suspended and Langer Heinrich will remain on care and maintenance.

In addition to Langer Heinrich, Kayelekera has also had no production since May 2014 and no sales revenue since December 2014, with the current key focus being to ensure the safety of care and maintenance of personnel and security of project assets.

As a result of the above, there exists a significant level of uncertainty as to when Paladin will recommence operations, as this decision is heavily dependent on the uranium market outlook.

### **13.3 Other considerations**

#### **13.3.1. Consequences of not accepting the Offer**

As at the date of our Report, Paladin has a relevant interest of 82.08% in Paladin. In addition, two Summit Shareholders representing an additional 14.82% of Summit's current issued share capital have also indicated that they will accept the Offer subject to a number of conditions.

The following beneficial shareholders separately provided Summit with a written statement confirming their respective intentions to accept the Offer, subject to no superior proposal emerging and the Independent Expert not concluding that the Offer is not fair and not reasonable:

- Orano Cycle (with a beneficial shareholding of 22,109,045 shares, comprising 10.14% of Summit's issued share capital, held through BNP Paribas Nominees Pty Ltd as custodian); and
- Revelation Special Situations Fund Ltd (with a beneficial shareholding of 10,189,249 shares, comprising 4.67% of Summit's share capital, held through Citicorp Nominees Pty Ltd as custodian).

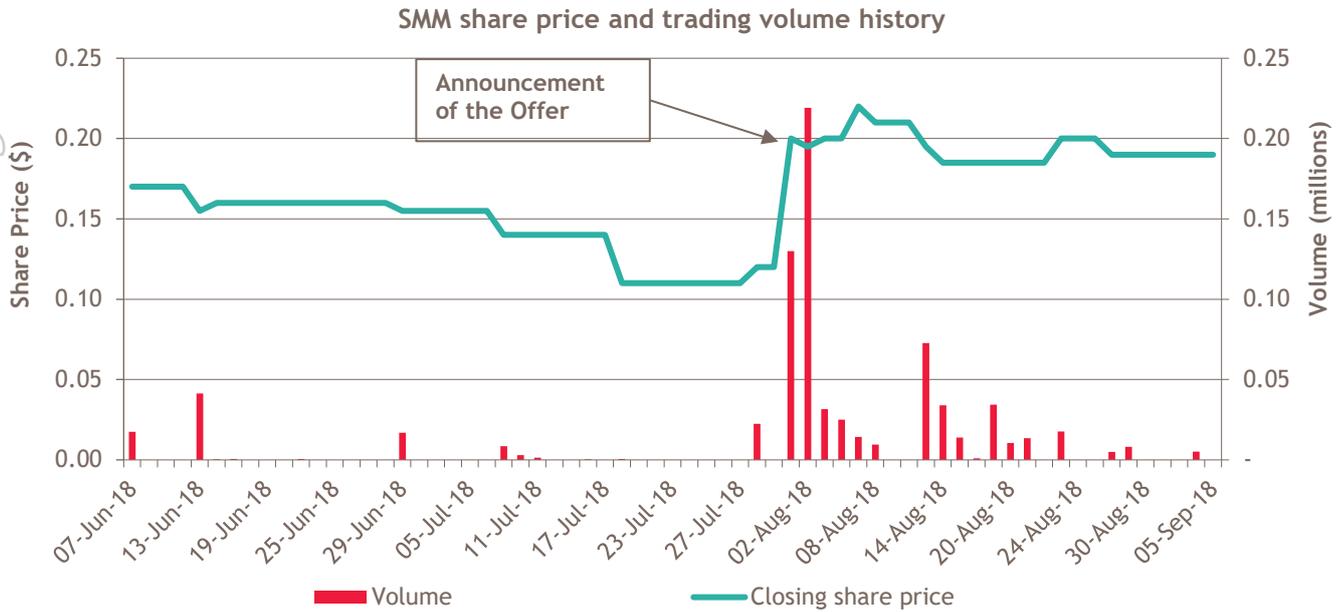
In the case of Orano Cycle, its statement of intention is also subject to there being no material adverse change related to Paladin.

As a result of the above, there is a high likelihood that Paladin's interest in Summit will have increased to 90% or greater at or prior to the close of the Offer period. As such, Summit shareholders who choose not to accept the Offer will face the risk of being compulsorily acquired and receiving consideration for their Summit shares at a later date than that under the Offer. Furthermore, those Shareholders that are not acquired via a compulsory acquisition may face heightened uncertainty regarding the timing and consideration received for their Summit shares through an alternative liquidity event.

In addition to the above, Paladin already holds in excess of 75% of Summit. This means that Paladin is able to pass ordinary resolutions as well as special resolutions such as but not limited to altering the Company's articles, reduction of share capital and re-registration of Summit as a private company.

#### **13.3.2. Potential decline in share price**

We have analysed movements in Summit's share price since the Offer was announced. A graph of Summit's share price since the announcement is set out below.



Source: Bloomberg

On the last full trading day prior to the announcement being 31 July 2018, Summit’s share price closed at \$0.120. On the date of the announcement, Summit’s share price closed at \$0.200, an increase of 67%. On 4 September 2018, Summit’s share price closed at \$0.190. The greatest level of trading occurred on 2 August 2018, where 219,161 Summit shares were traded. Compared to pre-announcement levels, Summit’s share price has trended at higher, sustained levels.

Given the above analysis it is possible that if the Offer is not accepted then Summit’s share price may decline.

### 13.3.3. Tax implications

Shareholders are directed to Section 8 of the Bidder’s Statement for a more detailed explanation of the tax implications of the Offer for Shareholders. We emphasise that the tax circumstances of each shareholder can differ significantly and individual shareholders are advised to obtain their own specific advice.

## 14. Conclusion

We have considered the terms of the Offer as outlined in the body of this report and have concluded that the Offer is fair and reasonable to the Shareholders of Summit.

## 15. Sources of information

This report has been based on the following information:

- draft Target’s Statement on or about the date of this Report;
- draft Bidder’s Statement on or about the date of this Report;
- audited financial statements of Summit and Paladin for the year ended 30 June 2017;
- audited financial statements of Paladin for the year ended 30 June 2018;

- reviewed financial statements of Summit for the half year ended 31 December 2017;
- unaudited management accounts of Summit for the period ended 30 April 2018;
- Summit's quarterly reports for the quarters ended 31 March 2018 and 30 June 2018;
- Bid Implementation Agreement between Paladin and Summit dated 31 July 2018;
- Independent Technical Report of Summit's mineral assets prepared by Agricola dated 10 September 2018;
- share registry information for Summit;
- Bloomberg;
- S&P Capital IQ;
- Consensus Economics;
- IBIS World;
- ASX announcements from Summit and Paladin; and
- discussions with directors and management of Summit.

## 16. Independence

BDO Corporate Finance (WA) Pty Ltd is entitled to receive a fee of \$30,000 (excluding GST and reimbursement of out of pocket expenses). The fee is not contingent on the conclusion, content or future use of this Report. Except for this fee, BDO Corporate Finance (WA) Pty Ltd has not received and will not receive any pecuniary or other benefit whether direct or indirect in connection with the preparation of this report.

BDO Corporate Finance (WA) Pty Ltd has been indemnified by Summit in respect of any claim arising from BDO Corporate Finance (WA) Pty Ltd's reliance on information provided by Summit, including the non-provision of material information, in relation to the preparation of this report.

Prior to accepting this engagement BDO Corporate Finance (WA) Pty Ltd has considered its independence with respect to Summit and Paladin and any of their respective associates with reference to ASIC Regulatory Guide 112 'Independence of Experts'. In BDO Corporate Finance (WA) Pty Ltd's opinion it is independent of Summit and Paladin and their respective associates.

Neither the two signatories to this report nor BDO Corporate Finance (WA) Pty Ltd, have had within the past two years any professional relationship with Summit, or their associates, other than in connection with the preparation of this report.

A draft of this report was provided to Summit and its advisors for confirmation of the factual accuracy of its contents. No significant changes were made to this report as a result of this review.

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BDO (Australia) Ltd, an Australian company limited by guarantee, is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of Independent Member Firms. BDO in Australia, is a national association of separate entities (each of which has appointed BDO (Australia) Limited ACN 050 110 275 to represent it in BDO International).

## 17. Qualifications

BDO Corporate Finance (WA) Pty Ltd has extensive experience in the provision of corporate finance advice, particularly in respect of takeovers, mergers and acquisitions.

BDO Corporate Finance (WA) Pty Ltd holds an Australian Financial Services Licence issued by the Australian Securities and Investment Commission for giving expert reports pursuant to the Listing rules of the ASX and the Corporations Act.

The persons specifically involved in preparing and reviewing this report were Adam Myers and Sherif Andrawes of BDO Corporate Finance (WA) Pty Ltd. They have significant experience in the preparation of independent expert reports, valuations and mergers and acquisitions advice across a wide range of industries in Australia and were supported by other BDO staff.

Adam Myers is a member of the Australian Institute of Chartered Accountants. Adam's career spans 20 years in the Audit and Assurance and Corporate Finance areas. Adam is a CA BV Specialist and has considerable experience in the preparation of independent expert reports and valuations in general for companies in a wide number of industry sectors.

Sherif Andrawes is a Fellow of the Institute of Chartered Accountants in England & Wales and a Fellow of Chartered Accountants Australia & New Zealand. He has over 30 years' experience working in the audit and corporate finance fields with BDO and its predecessor firms in London and Perth. He has been responsible for over 300 public company independent expert's reports under the Corporations Act or ASX Listing Rules and is a CA BV Specialist. These experts' reports cover a wide range of industries in Australia with a focus on companies in the natural resources sector. Sherif Andrawes is the Chairman of BDO in Western Australia, Corporate Finance Practice Group Leader of BDO in Western Australia and the Global Natural Resources Leader for BDO.

## 18. Disclaimers and consents

This report has been prepared at the request of Summit for inclusion in the Target's Statement which will be sent to all Summit Shareholders. Summit engaged BDO Corporate Finance (WA) Pty Ltd to prepare an independent expert's report to consider the off-market takeover bid received from Paladin for all of the Summit shares it does not already own.

BDO Corporate Finance (WA) Pty Ltd hereby consents to this report accompanying the above Target's Statement. Apart from such use, neither the whole nor any part of this report, nor any reference thereto may be included in or with, or attached to any document, circular resolution, statement or letter without the prior written consent of BDO Corporate Finance (WA) Pty Ltd.

BDO Corporate Finance (WA) Pty Ltd takes no responsibility for the contents of the Target's Statement other than this report.

We have no reason to believe that any of the information or explanations supplied to us are false or that material information has been withheld. It is not the role of BDO Corporate Finance (WA) Pty Ltd acting as an independent expert to perform any due diligence procedures on behalf of the Company. The Directors of the Company are responsible for conducting appropriate due diligence in relation to Paladin. BDO Corporate Finance (WA) Pty Ltd provides no warranty as to the adequacy, effectiveness or completeness of the due diligence process.

The opinion of BDO Corporate Finance (WA) Pty Ltd is based on the market, economic and other conditions prevailing at the date of this report. Such conditions can change significantly over short periods of time.

With respect to taxation implications it is recommended that individual Shareholders obtain their own taxation advice, in respect of the Offer, tailored to their own particular circumstances. Furthermore, the

advice provided in this report does not constitute legal or taxation advice to the Shareholders of Summit, or any other party.

BDO Corporate Finance (WA) Pty Ltd has also considered and relied upon independent valuations for mineral assets held by Summit.

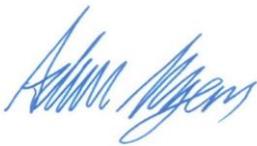
The valuer engaged for the mineral asset valuation, Agricola, possess the appropriate qualifications and experience in the industry to make such assessments. The approaches adopted and assumptions made in arriving at their valuation is appropriate for this report. We have received consent from the valuer for the use of their valuation report in the preparation of this report and to append a copy of their report to this report.

The statements and opinions included in this report are given in good faith and in the belief that they are not false, misleading or incomplete.

The terms of this engagement are such that BDO Corporate Finance (WA) Pty Ltd is required to provide a supplementary report if we become aware of a significant change affecting the information in this report arising between the date of this report and prior to the date of the meeting or during the offer period.

Yours faithfully

**BDO CORPORATE FINANCE (WA) PTY LTD**



**Adam Myers**  
Director



**Sherif Andrawes**  
Director

## Appendix 1 - Glossary of Terms

Reference	Definition
A\$ or AUD	Australian dollars
The Act	The Corporations Act 2001 Cth
Aeon	Aeon Metals Limited
Agricola	Agricola Mining Consultants Pty Ltd
APES 225	Accounting Professional & Ethical Standards Board professional standard APES 225 'Valuation Services'
ASIC	Australian Securities and Investments Commission
ASX	Australian Securities Exchange
BDO	BDO Corporate Finance (WA) Pty Ltd
BIA	Bid Implementation Agreement
Cameco	Cameco Corp.
CFO	Chief Financial Officer
CNNC	CNNC Overseas Uranium Holding Limited
The Company	Summit Resources Limited
Corporations Act	The Corporations Act 2001 Cth
DCF	Discounted Future Cash Flows
DNRM	Department of Natural Resources and Mines
DOCA	Deed of Company Arrangement
EBIT	Earnings before interest and tax
EBITDA	Earnings before interest, tax, depreciation and amortisation
EdF	Électricité de France S.A
FME	Future Maintainable Earnings

Reference	Definition
FOS	Financial Ombudsman Service
GDP	Gross domestic product
Independent Technical Report	The Independent Valuation Report prepared by Agricola in accordance with the Valmin Code and the JORC Code dated 10 September 2018
JORC Code	The Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (2012 Edition)
Kayelekera	Paladin's Kayelekera Mine, which is wholly-owned by Paladin's 85% subsidiary Paladin (Africa) Limited
Km <sup>2</sup>	Square kilometres
Langer Heinrich	Paladin's 75%-owned Langer Heinrich Mine located in Namibia
lb	Pound
Michelin Project	Michelin Project located in the Central Mineral Belt of Labrador, Canada
Mount Isa Project	The Mount Isa North Uranium Project, owned and managed by the Company's wholly owned subsidiary, SRA
NAV	Net Asset Value
Offer	The proposed offer for all the issued shares of Summit that Paladin does not presently hold, on a scrip for scrip basis for one Paladin share in exchange for every one Summit share held
Offer Consideration	One Paladin share for every one Summit share under the Offer
Paladin	Paladin Energy Limited
PML	Pacific Mines Pty Ltd
QMP	Quoted market price
RBA	Reserve Bank of Australia
Regulations	Corporations Act Regulations 2001 (Cth)
Our Report	This Independent Expert's Report prepared by BDO
RG 111	Content of expert reports (March 2011)
RG 112	Independence of experts (March 2011)

Reference	Definition
Section 640	Section 640 of the Corporations Act
Shareholders	Shareholders of Summit not associated with Paladin
SRA	Summit Resources (Aust) Pty Ltd
Summit	Summit Resources Limited
Sum-of-Parts	A combination of different methodologies used together to determine an overall value where separate assets and liabilities are valued using different methodologies
US	United States
US\$ or USD	United States dollars
Valmin Code	Australasian Code for Public Reporting of Technical Assessments and Valuations of Mineral Assets (2015 Edition)
Valuation Engagement	An Engagement or Assignment to perform a Valuation and provide a Valuation Report where the Valuer is free to employ the Valuation Approaches, Valuation Methods, and Valuation Procedures that a reasonable and informed third party would perform taking into consideration all the specific facts and circumstances of the Engagement or Assignment available to the Valuer at that time.
VWAP	Volume Weighted Average Price
WA	Western Australia
WACC	Weighted Average Cost of Capital

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For permission requests, write to BDO Corporate Finance (WA) Pty Ltd, at the address below:

The Directors  
 BDO Corporate Finance (WA) Pty Ltd  
 38 Station Street  
 SUBIACO, WA 6008  
 Australia

## Appendix 2 - Valuation Methodologies

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Methodologies commonly used for valuing assets and businesses are as follows:

### 1 *Net asset value ('NAV')*

Asset based methods estimate the market value of an entity's securities based on the realisable value of its identifiable net assets. Asset based methods include:

- Orderly realisation of assets method
- Liquidation of assets method
- Net assets on a going concern method

The orderly realisation of assets method estimates fair market value by determining the amount that would be distributed to entity holders, after payment of all liabilities including realisation costs and taxation charges that arise, assuming the entity is wound up in an orderly manner.

The liquidation method is similar to the orderly realisation of assets method except the liquidation method assumes the assets are sold in a shorter time frame. Since wind up or liquidation of the entity may not be contemplated, these methods in their strictest form may not be appropriate. The net assets on a going concern method estimates the market values of the net assets of an entity but does not take into account any realisation costs.

Net assets on a going concern basis are usually appropriate where the majority of assets consist of cash, passive investments or projects with a limited life. All assets and liabilities of the entity are valued at market value under this alternative and this combined market value forms the basis for the entity's valuation.

Often the FME and DCF methodologies are used in valuing assets forming part of the overall Net assets on a going concern basis. This is particularly so for exploration and mining companies where investments are in finite life producing assets or prospective exploration areas.

These asset based methods ignore the possibility that the entity's value could exceed the realisable value of its assets as they do not recognise the value of intangible assets such as management, intellectual property and goodwill. Asset based methods are appropriate when an entity is not making an adequate return on its assets, a significant proportion of the entity's assets are liquid or for asset holding companies.

### 2 *Quoted Market Price Basis ('QMP')*

A valuation approach that can be used in conjunction with (or as a replacement for) other valuation methods is the quoted market price of listed securities. Where there is a ready market for securities such as the ASX, through which shares are traded, recent prices at which shares are bought and sold can be taken as the market value per share. Such market value includes all factors and influences that impact upon the ASX. The use of ASX pricing is more relevant where a security displays regular high volume trading, creating a liquid and active market in that security.

### 3 *Capitalisation of future maintainable earnings ('FME')*

This method places a value on the business by estimating the likely FME, capitalised at an appropriate rate which reflects business outlook, business risk, investor expectations, future growth prospects and other entity specific factors. This approach relies on the availability and analysis of comparable market data.

The FME approach is the most commonly applied valuation technique and is particularly applicable to profitable businesses with relatively steady growth histories and forecasts, regular capital expenditure requirements and non-finite lives.

The FME used in the valuation can be based on net profit after tax or alternatives to this such as earnings before interest and tax ('EBIT') or earnings before interest, tax, depreciation and amortisation ('EBITDA'). The capitalisation rate or 'earnings multiple' is adjusted to reflect which base is being used for FME.

### 4 *Discounted future cash flows ('DCF')*

The DCF methodology is based on the generally accepted theory that the value of an asset or business depends on its future net cash flows, discounted to their present value at an appropriate discount rate (often called the weighted average cost of capital). This discount rate represents an opportunity cost of capital reflecting the expected rate of return which investors can obtain from investments having equivalent risks.

Considerable judgement is required to estimate the future cash flows which must be able to be reliably estimated for a sufficiently long period to make this valuation methodology appropriate.

A terminal value for the asset or business is calculated at the end of the future cash flow period and this is also discounted to its present value using the appropriate discount rate.

DCF valuations are particularly applicable to businesses with limited lives, experiencing growth, that are in a start-up phase, or experience irregular cash flows.

### 5 *Market Based Assessment*

The market based approach seeks to arrive at a value for a business by reference to comparable transactions involving the sale of similar businesses. This is based on the premise that companies with similar characteristics, such as operating in similar industries, command similar values. In performing this analysis it is important to acknowledge the differences between the comparable companies being analysed

## Appendix 3 - Independent Technical Report prepared by Agricola

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**AGRICOLA MINING CONSULTANTS PTY LTD**

**INDEPENDENT VALUATION of the MINERAL ASSETS  
held by  
SUMMIT RESOURCES LTD in QUEENSLAND**

**10 September 2018**



*Georgius Agricola: De Re Metallica, 1556*

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ABN: 84 274 218 871

10 September 2018

The Directors

BDO Corporate Finance (WA) Pty Ltd

38 Station Street

Subiaco, WA, 6008

Dear Sirs,

**Re: INDEPENDENT VALUATION of the MINERAL ASSETS held by  
SUMMIT RESOURCES LTD in QUEENSLAND**

BDO Corporate Finance (WA) Pty Ltd has been engaged by the Directors of Summit Resources Limited (“Summit” or the “Company”) to prepare an Independent Expert’s Report (“IER”) in relation to the proposed offer by Paladin to acquire all of the shares in Summit.

Agricola Mining Consultants Pty Ltd (“Agricola”) was commissioned by the Directors of BDO Corporate Finance (WA) Pty Ltd (“BDO”) (the “Expert” or the “Client”) to provide a Mineral Asset Valuation Report (the “Report”) on Summit’s mineral assets. This report serves to comment on the geological setting and exploration results on the properties and presents a technical and market valuation for the assets based on the information in this Report.

Agricola is independent of, and is perceived to be independent of, interested parties and has a clear written agreement with the Expert concerning the purpose and scope of the Specialist’s work.

The present status of the tenements is based on information made available by the Company and independently verified by Agricola. The Report has been prepared on the assumption that the tenements are lawfully accessible for evaluation.

**Scope of the Valuation Report**

A valuation report expresses an opinion as to monetary value of a mineral asset but specifically excludes commentary on the value of any related corporate Securities. Agricola prepared this Report utilizing information relating to

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exploration methods and expectations provided to it by various sources. Where possible, Agricola has verified this information from independent sources. This Report has been prepared for the purpose of providing information to the Client.

This mineral asset valuation endeavours to ascertain the unencumbered price which a willing but not anxious vendor could reasonably expect to obtain and a hypothetical willing but not too anxious purchaser could reasonably expect to have to pay for the property if the vendor and the purchaser had got together and agreed on a price in friendly negotiation.

This is commonly known as the *Spencer Test* after the Australian High Court decision upon which these principles are based and to which the Courts have used in their determinations of market value of a property. In attributing the price that would be paid to the hypothetical vendor by the hypothetical purchaser it is assumed that the property will be put to its "highest and best use".

Applying the *Spencer Test* may not be confined to a technical valuation exercise but may involve a consideration of market factors. In a highly speculative market during 'boom' conditions or a depressed market during 'bust' conditions the hypothetical purchaser may expect to pay a premium or receive a discount commensurate with the current market for mineral properties.

The findings of the Valuation Report include an assessment of the technical value (i.e. the value implied by a consideration of the technical attributes of the asset) and a market value (which considers the influences of external market forces and risk). A range of values (high, low and preferred) has been determined and stated in the Report to reflect any uncertainties in the data and the interaction of the various assumptions made.

The main requirements of the Valuation Report are:

- Prepared in accordance with the 'Australasian Code for Public Reporting of Technical Assessments and Valuations of Mineral Assets' ('VALMIN Code 2015') and Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves ('JORC CODE 2012')
- Contain all the information that investors and their professional advisors would reasonably require and expect to find to make an informed decision on the subject of the report
- Experience and qualifications of key personnel to be set out
- Details of valuation methodologies
- Reasoning for the selection of the valuation approach adopted
- Details of the valuation calculations
- Conclusion on value as a range with a preferred value

The report should include the following

- A competent person's statement, that demonstrates your claims against the requirements of a practitioner under section 2.2 of the VALMIN Code 2015;
- The basis of the consideration and approximate fee for the report to comply with section 6.3 of the VALMIN Code 2015; and
- Compliance with section 7.2 of the VALMIN Code 2015, relating to Status of Tenure

## **The Mineral Assets**

The Company's uranium exploration and project development activities in Queensland are located 30 to 80 km north of Mount Isa in northwest Queensland.

The Isa Uranium Joint Venture hosts a number of uranium prospects including the Valhalla, Odin and Skäl deposits. The Company holds 50% equity in the project.

The Isa North Uranium Project hosts a number of uranium prospects including the Bikini, Mirrioola, Watta/Warawai and Andersons deposits. These deposits and multiple small prospects in the Mount Isa region are the principal focus of the Company's operations and are located 15km east and 65km north of Mount Isa.

The Company holds 20% equity in the Western Isa Joint Venture focussed on base and precious metals exploration through its Isa North Mineral Rights Agreement and Isa West Joint Venture with Aeon Metals Limited. The Joint Venture covers approximately 893km<sup>2</sup>.

## **DECLARATIONS**

### **Relevant codes and guidelines**

This Report has been prepared as a technical assessment and valuation in accordance with the *Australasian Code for Public Reporting of Technical Assessment and Valuation of Mineral Assets* (the "VALMIN Code", 2015 Edition), which is binding upon Members of the Australasian Institute of Mining and Metallurgy ("AusIMM") and the Australian Institute of Geoscientists ("AIG"), as well as the rules and guidelines issued by the Australian Securities and Investments Commission ("ASIC") and the ASX Limited ("ASX") Regulatory Guides that pertain to Content of Experts Reports (RG 111, March 2011) and Independence of Experts (RG 112, March 2011).

The report has been prepared in compliance with the Corporations Act and ASIC Regulatory Guide 112 with respect to Agricola's independence as experts. Agricola regards RG112.31 to be in compliance whereby there are no business or professional relationships or interests that would affect the expert's ability to present an unbiased opinion within this report.

Where exploration results and mineral resources have been referred to in this report, the information was prepared and first disclosed under the *Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves* ("JORC Code" 2012), prepared by the Joint Ore Reserves Committee of the AusIMM, the AIG and the Minerals Council of Australia.

### *Rounding to Significant Figures*

Estimates are not precise calculations, being dependent on the interpretation of limited information on the location, shape and continuity of the mineral occurrence and on the available sampling results. Reporting of figures should reflect the relative uncertainty of the estimate by rounding off to appropriately significant figures and to emphasize the imprecise nature of a Mineral Asset Valuation. *(Adapted from JORC Code 2012, Clause 25)*

### *Status of Tenure*

The present status of the tenements is based on information made available by the Company and independently verified by Agricola. The Report has been prepared

on the assumption that the tenements are lawfully accessible for evaluation (refer to Tenement Schedule section of the report).

A determination of the Status of Tenure is necessary and must be based on a sufficiently recent inquiry to ensure that the information is accurate for the purposes of the Report. Tenure that is Material must be or recently have been verified independently of the Commissioning Entity. *(Adapted from VALMIN Code 2015, Clause 7.2)*

### **Sources of Information**

The statements and opinion contained in this report are given in good faith and this review is based on information provided by the title holders, along with technical reports by consultants, previous tenements holders and other relevant published and unpublished data for the area. Agricola has endeavoured, by making all reasonable enquiries, to confirm the authenticity, accuracy and completeness of the technical data upon which this report is based. A final draft of this report was provided to the Company, along with a written request to identify any material errors or omissions in the technical information prior to lodgement.

In compiling this report, Agricola did not carry out a site visit to the Project areas. Based on its professional knowledge, experience and the availability of extensive databases and technical reports made available by various Government Agencies and the early stage of exploration, Agricola considers that sufficient current information was available to allow an informed appraisal to be made without such a visit.

This Report contains statements attributable to third persons. These statements are made in, or based on, statements made in previous geological reports that are publicly available from either a government department or the ASX. The statements are included in accordance with ASIC Corporations (Consents to Statements) Instrument 2016/72.

The independent valuation report has been compiled based on information available up to and including the date of this report. The information has been evaluated through analysis, enquiry and review for the purposes of forming an opinion as to value. However, Agricola does not warrant that its enquiries have identified or verified all of the matters that an audit, extensive examination or "due diligence" investigation might disclose.

### **Qualifications and Experience**

The person responsible for the preparation of this report is:

Malcolm Castle, B.Sc.(Hons), GCertAppFin (Sec Inst), MAusIMM

Malcolm Castle has over 50 years' experience in exploration geology and property evaluation, working for major companies for 20 years as an exploration geologist. He established a consulting company over 30 years ago and specializes in exploration management, technical audit, due diligence and property valuation at all stages of development. He has wide experience in a number of commodities including uranium, gold, base metals, iron ore and mineral sands. He has been responsible for project discovery through to feasibility study in Australia, Fiji, Southern Africa and Indonesia and technical audits in many countries. He has completed

numerous Independent Geologist's Reports and Mineral Asset Valuations over the last decade as part of his consulting business.

Mr Castle completed studies in Applied Geology with the University of New South Wales in 1965 and has been awarded a B.Sc.(Hons) degree. He has completed postgraduate studies with the Securities Institute of Australia in 2001 and has been awarded a Graduate Certificate in Applied Finance and Investment in 2004.

Mr Castle is the Principal Consultant for Agricola Mining Consultants Pty Ltd, an independent geological consultancy established 30 years ago. He is a Member of the Australasian Institute of Mining and Metallurgy ("MAusIMM").

- Mr Castle is appropriately qualified geologist and is a member of a relevant recognized professional association;
- He has the necessary technical and securities qualifications, expertise, competence and experience appropriate to the subject matter of the report; and
- He has at least five years of suitable and recent experience in the particular technical or commercial field in which he is to report.

*Declaration – VALMIN Code:* The information in this report that relates to Technical Assessment and Valuation of Mineral Assets reflects information compiled and conclusions derived by Malcolm Castle, who is a Member of The Australasian Institute of Mining and Metallurgy. Malcolm Castle is not a permanent employee of the Company. Malcolm Castle has sufficient experience relevant to the Technical Assessment and Valuation of the Mineral Assets under consideration and to the activity, which he is undertaking to qualify as a Practitioner as defined in the 2015 edition of the 'Australasian Code for the Public Reporting of Technical Assessments and Valuations of Mineral Assets'. Malcolm Castle consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

*Competent Persons Statement – JORC Code:* The information in this report that relates to Exploration Results and Mineral Resources of the Company is based on, and fairly represents, information and supporting documentation reviewed by Malcolm Castle, who is a Member of the Australasian Institute of Mining and Metallurgy. Mr Castle has sufficient experience, which is relevant to the style of mineralization and type of deposit under consideration and to the activity, which they are undertaking to qualify as an Expert and Competent Person as defined under the VALMIN Code and in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Castle consents to the inclusion in this report of the matters based on the information and supporting documentation in the form and context in which they appear.

Agricola or Malcolm Castle is not aware of any new information or data, other than that disclosed in this Report, that materially affects the assessments included in this Report and that all material assumptions and parameters underpinning Exploration Results and Mineral Resource Estimates continue to apply and have not materially changed.

## **Independence**

- For personal use only
- Agricola has no material present or contingent interest in or association with the Company and its subsidiaries or the assets under review.
  - Agricola has had no material association during the previous two years with the owners/promoters of the mineral assets, the company acquiring the assets or any of the assets to be acquired and has no material interest in the projects;
  - There are no business relationships between Agricola and the Company. Agricola or its employees and associates are not, nor intend to be a director, officer or other direct employee of the Company. The relationship with the Company is solely one of professional association between client and independent consultant;
  - Agricola does not hold and has no interest in the securities of the company under review;
  - Agricola has no relevant pecuniary interest, association or employment relationship with the Company and its subsidiaries;
  - Agricola has no interest in the material tenements, the subject of the Report;
  - Agricola is not a substantial creditor of an interested party, or has a financial interest in the outcome of the proposal. The review work and this report are prepared in return for professional fees of \$10,000 plus GST based upon agreed commercial rates and the payment of these fees is in no way contingent on the results of this Report.

#### **Consent**

Agricola Mining Consultants Pty Ltd consents to the inclusion of the Independent Valuation Report in the Independent Expert's Report to be lodged with the Australian Securities and Investments Commission.

Agricola provides its consent on the understanding that the assessment expressed in the individual sections of this report will be considered with, and not independently of, the information set out in full in this report. Agricola consents to the use and reliance upon this specialist valuation report on the Mineral Assets in preparation of the IER. Agricola has no reason to doubt the authenticity or substance of the information provided.

Agricola Mining Consultants Pty Ltd has not withdrawn this consent prior to the lodgement of the Target's Statement with ASIC.

#### **Valuation Opinion**

- ***Based on an assessment of the factors involved, the estimate of the market value for the Company's equity in the Mt Isa Area Projects, is in the range of:***

**A\$30.0 million to A\$37.8 million with a preferred value of A\$33.9 million.**

- ***This valuation is effective on 10 September 2018.***

*Summary of the Valuation Elements:*

SUMMIT RESOURCES LTD	Summary Market Value, A\$M			
	Equity	Low	High	Preferred
<b>Mineral Resources</b>				
Valhalla, Skal, Odin	50%	19.51	23.85	21.68
Bikini, Anderson, Watta, Mirioola, Warawai	100%	8.43	10.31	9.37
<b>TOTAL</b>		<b>27.95</b>	<b>34.16</b>	<b>31.05</b>
<b>Exploration Areas</b>				
ISA NORTH URANIUM PROJECT	20%	1.52	2.64	2.08
ISA SOUTH BASE METAL PROJECT	20%	0.47	0.82	0.64
MAY DOWNS BASE METAL/GOLD PROJECT	20%	0.01	0.02	0.02
MOUNT KELLY COPPER GOLD PROJECT	20%	0.00	0.01	0.00
CONSTANCE RANGE BASE METAL PROJECT	20%	0.07	0.16	0.12
<b>TOTAL</b>		<b>2.08</b>	<b>3.64</b>	<b>2.86</b>
<b>GRAND TOTAL</b>		<b>30.03</b>	<b>37.80</b>	<b>33.92</b>
<b>MARKET Values based on Equity held by the Company</b>				

This mineral asset valuation endeavours to ascertain the unencumbered price which a willing but not anxious vendor could reasonably expect to obtain and a hypothetical willing but not too anxious purchaser could reasonably expect to have to pay for the property if the vendor and the purchaser had got together and agreed on a price in friendly negotiation (the *Spencer Test*).

Agricola's opinion should be considered as a whole as the various elements of its analysis are often interdependent. Agricola cautions against examination of individual elements of its analysis as this may create a misleading impression of the overall opinion.

Yours faithfully



**Malcolm Castle**

B.Sc.(Hons) MAusIMM, GCertAppFin (Sec Inst)

Agricola Mining Consultants Pty Ltd

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## TENEMENT SCHEDULE – 9 August 2018

Project / Tenement Number	Registered Holder	Tenement Name	Grant	Expiry	Area (km2)
<b>ISA URANIUM JOINT VENTURE</b>					
<b>Summit Resources (Aust) Pty Ltd (Manager) 50%, Valhalla Uranium Pty Ltd 50%</b>					
<b>Granted Tenements</b>					
<b>Resource</b>					
<b>Areas:</b>					
EPM 17514 (pt)	SRA	Valhalla	06-Jan-10	05-Jan-20	17.24
MDL 510 (pt)	SRA	Valhalla	01-Sep-14	31-Aug-19	17.24
MDL513(pt)	SRA	Skal	01-Sep-14	31-Aug-19	10.00
<b>Area</b>					<b>44.48</b>
The Isa Uranium Joint Venture applies to the defined Valhalla and Skal Joint Venture blocks only, and not to the surrounding ground that is also within MDLs 510 and 513 and EPM 17514. Valhalla Uranium Limited is a wholly owned subsidiary of Paladin					
<b>ISA NORTH URANIUM PROJECT</b>					
<b>Summit Resources (Aust) Pty Ltd 100%</b>					
<b>Granted Tenements</b>					
<b>Resource</b>					
<b>Areas:</b>					
MDL 509	SRA	Andersons	01-Sep-14	31-Aug-19	6.41
MDL 510	SRA	Valhalla	01-Sep-14	31-Aug-19	34.07
MDL 511	SRA	Watta	01-Sep-14	31-Aug-19	21.94
MDL 513	SRA	Skal	01-Sep-14	31-Aug-19	28.28
<b>Area</b>					<b>90.70</b>
Areas for the Isa Uranium Joint Venture (Valhalla and Skal) are deducted from Isa North Uranium Project above					
<b>Exploration Areas</b>					
EPM 17513	SRA	Calton	06-Jan-10	05-Jan-20	61.08
EPM 17514	SRA	Valhalla	06-Jan-10	05-Jan-20	242.93
EPM 17519	SRA	Skal	06-Jan-10	05-Jan-20	93.08
<b>Area</b>					<b>397.09</b>
<b>WESTERN ISA JOINT VENTURE</b>					
<b>AEON METALS LIMITED (Manager) has Farmed in to earn 80%</b>					
<b>ISA SOUTH BASE METAL PROJECT</b>					
<b>Aeon Metals Limited 80% (Manager), Summit Resources (Aust) Pty Ltd 20%</b>					
<b>Granted Tenements</b>					
EPM 14040	SRA / AML	Kahko	20-Apr-05	19-Apr-18*	19
EPM 14233	SRA / CTM / AML	Mt Guide East	20-Apr-05	19-Apr-21	55.00
EPM 14821	SRA / AML	Waverley	08-Jan-07	07-Jan-18*	64
EPM 15156	SRA / AML	Rufus South	22-Mar-07	21-Mar-22	122.00
EPM 13412	SRA / AML	Yappo	16-Dec-11	15-Dec-21	64.00
EPM 13413	SRA / AML	Rufus	16-Dec-11	15-Dec-21	29.00
EPM 13682	SRA / AML	Wonomo	16-Dec-11	15-Dec-21	138.00
<b>Area</b>					<b>491.00</b>

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<b>MAY DOWNS BASE METAL/GOLD PROJECT</b>						
<b>Aeon Metals Limited 80% (Manager), Summit Resources (Aust) Pty Ltd 20%</b>						
<b>Granted Tenements</b>						
EPM 11898	SRA / AML	May Downs South	07-Jul-04	06-Jul-18*	52.00	
<b>Area</b>						<b>52.00</b>
<b>MOUNT KELLY COPPER GOLD PROJECT</b>						
<b>Aeon Metals Limited 80% (Manager), Summit Resources (Aust) Pty Ltd 20%</b>						
<b>Granted Tenements</b>						
EPM 14694	SRA / AML	Mt Kelly South	19-Oct-05	18-Oct-18*	13.00	
<b>Area</b>						<b>13.00</b>
<b>CONSTANCE RANGE BASE METAL PROJECT</b>						
<b>Aeon Metals Limited 80% (Manager), Pacific Mines Pty Ltd 20%</b>						
<b>Granted Tenements</b>						
EPM 14712	PML / AML	Constance Range	21-Aug-06	20-Aug-19	74.00	
EPM 14713	PML / AML	Stockyard Creek	21-Aug-06	20-Aug-19	61.00	
EPM 14935	PML / AML	Riversleigh	21-Aug-06	20-Aug-18*	64.00	
EPM 15186	SRA / AML	Gregory	23-Mar-07	22-Mar-22	138.00	
<b>Area</b>						<b>337.00</b>
<b>Holder Codes</b>						
PEM	Paladin Energy Minerals NL					
CTM	Centaurus Metals Ltd					
SRA	Summit Resources (Aust) Pty Ltd					
PML	Pacific Mines Pty Ltd					
AML	Aeon Metals Limited					

\* Subject to renewal

**Tenement Status**

The status of the tenements has been independently verified by Agricola, based on a recent inquiry of on-line databases for Queensland operated by Business Queensland (<https://www.business.qld.gov.au/industries/mining-energy-water/resources/online-services/searches>) pursuant to section 7.2 of the Valmin Code, 2015. The tenements are believed to be in good standing based on this inquiry. All tenement reporting obligations such as annual reports, expenditure commitments, rents and renewals have been lodged and are progressing in accordance with the relevant Mining Act.

## SUMMIT PROJECT REVIEW - QUEENSLAND

The Company's uranium exploration and project development activities in Queensland are located 30 to 80 km north of Mount Isa in northwest Queensland. The Company also have base metal interests in this area. Mount Isa is a modern mining city located 900 km west of Townsville with a population of 25,000 and is serviced by daily air, rail and road transport. The Company, through its wholly owned subsidiaries Summit Resources (Aust) Pty Ltd (SRA) and Pacific Mines Pty Ltd (PML), controls or has an interest of tenements in three major project areas.

The Isa Uranium Joint Venture hosts a number of uranium prospects including the Valhalla, Odin and Skal deposits. The Company holds 50% equity in the project.

The Isa North Uranium Project covers hosts a number of uranium prospects including the Bikini, Mirrioola, Watta/Warawai and Andersons deposits. These deposits and multiple small prospects in the Mount Isa region are the principal focus of the Company's operations and are located 15km east and 65km north of Mount Isa.

Mineral Development Licences (MDLs) were granted in September 2014 with an expiry of August 2019. The MDLs cover all 8 of the Company's currently identified mineral resources. Recent work by the Company was continuation of the ongoing environmental monitoring and planning for exploration activities in order to meet tenement commitments.

The Company holds 20% equity in the Western Isa Joint Venture focussed on base and precious metals exploration through its Isa North Mineral Rights Agreement and Isa West Joint Venture with Aeon Metals Limited. The Joint Venture covers approximately 893km<sup>2</sup>.

### *Regional Geology*

The Mount Isa Inlier is a 400 km-long north-south elongated Proterozoic belt of strongly deformed and metamorphosed rocks in northwest Queensland. The Inlier contains a diverse range of metal deposits, including lead-zinc-silver (Mount Isa type), copper, gold and uranium. Two major Proterozoic tectonostratigraphic cycles are recognised in the Mount Isa Inlier:

- An earlier cycle represented by basement rocks metamorphosed and deformed during the Barramundi Orogeny (1900–1870 Ma)
- A later cycle, represented by cover sequences 1 to 3 (rift events) which was terminated by the Isan Orogeny (1.57 Ga).

Cover sequence 1 comprises mainly felsic volcanics, cover sequence 2 includes shallow water sediments and mostly fine-grained clastic sediments and carbonates dominate bimodal volcanic and cover sequence 3. Large granitic batholiths were emplaced. Abundant mafic dykes of mostly gabbroic compositions range from 1900 Ma to 1100 Ma.

Extensional deformation during the second cycle was terminated by the compressional Isan Orogeny, which consisted of two main phases: D1 early thrusting and folding during north-south compression with localised basin inversion, and D2 upright folding, reverse faulting and dextral wrenching during

east-west compression. Subsequent strike-slip faulting divided the region into several tectonostratigraphic belts:

- The Western Succession includes the Lawn Hill platform (carbonate rocks), Leichhardt River Fault Trough (mafic volcanic rocks and clastic sediments), and the Myally Shelf (clastic sediments and carbonate rocks)
- The Kalkadoon–Leichhardt Belt consists largely of granitic rocks and includes the main Kalkadoon–Leichhardt Block and the smaller Ewen Block.
- The Eastern Succession is subdivided into the Mary Kathleen zone, the Quamby–Malbon zone and the Cloncurry–Selwyn zone.

Two basin inversion events are recorded in the Western Fold Belt, which contains the bulk of the region's uranium deposits: D1 north-south compression and inversion of east-west rift faults produced east-west axial planar foliations, and D2 east-west compression produced north-trending, shallowly plunging folds and foliations. The latter event is related to the bulk of uranium mineralisation in the Mount Isa North area. During inversion, zones of anomalous strain and with local dilation occurred near normal faults and granitic plutons. An example of this is the northeast margin of the Sybella pluton along the Mount Isa and Hero fault zones.

Mafic volcanic rocks of the Haslingden Group that were deposited in an intercontinental rift setting dominate the Leichhardt River Fault Trough. The Haslingden Group consists of sandstone and quartzite of the Mount Guide Quartzite unconformably overlain by basalts and interbedded clastic sediments of the Eastern Creek Volcanics. A 6 km thick volcanic sequence was regionally metamorphosed to greenschist facies (calcite, chlorite and epidote). These rocks are strongly faulted and foliated, and bedding dips steeply west to near vertical. A total of 107 uranium occurrences have been recorded, including the Valhalla, Bikini and Skal deposits. Most of these occur in the Eastern Creek Volcanics and a few uranium prospects are located in the Leander Quartzite.

The Haslingden Group rocks were intruded by the Sybella Granite at 1670 Ma, resulting in extensive contact metamorphism of the Eastern Creek Volcanics. The Mount Isa Group unconformably overlies the Haslingden Group, and consists of carbonaceous and dolomitic siltstones, mudstones and shales. The 1655 Ma Urquhart Shale of the upper Mount Isa Group hosts the world class Mount Isa Cu and Pb-Zn-Ag deposits. The Mount Isa region was deformed during the Isan Orogeny from 1620 Ma to 1520 Ma, with at least three major deformation events. The D2 event was the most widespread with east-west compression producing north-south striking upright folds and north-south cleavage. A later D3 deformation produced northwest folds and ductile shears, and reactivation and dilation of older structures.

The Eastern Creek Volcanics are exposed over an area of 150 km north-south by 40 km east-west. They have a maximum thickness of 7 km. The sequence is divided into three members: Lower Cromwell Basalt, Lena Quartzite and Upper Pickwick Basalt. Basalt flows have a massive, fine to medium grained texture that fines upward into amygdaloidal zones and are locally capped by 2–4 m thick flow top breccias. Cenozoic alluvial deposits cover 40–60% of the region. The Valhalla deposit is covered by 2–30 m of laterite and saprolite, whereas Bikini and Skal crop out as low ridges and hills.

The Mount Isa North geology comprises dominantly north-south trending Eastern Creek Volcanics bounded by the northerly striking Mount Isa fault to the west and the Western fault to the east (see Figure 35) The north-south Hero fault is a major splay off the Mount Isa Fault. Strike lengths on these regional faults are 120 km for the Mount Isa fault, 40 km for the Hero fault and 50 km for the Western fault. Uranium occurrences mostly occur within 1–2 km of the major regional faults in sheared Eastern Creek Volcanics. Clastic rocks are rarely mineralised with uranium, except where interbedded with thick volcanic units. Competency contrasts between the sedimentary and volcanic rocks resulted in differential strain that created dilation zones for mineralising oxidized uraniferous fluids. The north-south Hero fault is a major splay off the Mount Isa Fault. Strike lengths on these regional faults are 120 km for the Mount Isa fault, 40 km for the Hero fault and 50 km for the Western fault. Uranium occurrences mostly occur within 1–2 km of the major regional faults in sheared Eastern Creek Volcanics. Clastic rocks are rarely mineralised with uranium, except where interbedded with thick volcanic units. Competency contrasts between the sedimentary and volcanic rocks resulted in differential strain that created dilation zones for mineralising oxidized uraniferous fluids.

Albitite-type uranium deposits and districts are located in Proterozoic rocks, particularly Orosirian rocks. The Mount Isa North district is located within a large expanse of Proterozoic rocks extending 2,000 km in a northwest-southeast direction from Darwin in the north to Mount Isa in the south. This terrane is exceptionally well endowed with base metal deposits as well as unconformity uranium deposits of the Alligator Rivers and Westmoreland Districts. The reasons for this extraordinary endowment are not fully understood, but probably include an unusually complex and protracted geological evolution involving numerous extension/inversion and compression events, repeated re-activation of major structures together with elevated heat flow.

#### *Local Geology and Mineralisation: Uranium Deposits*

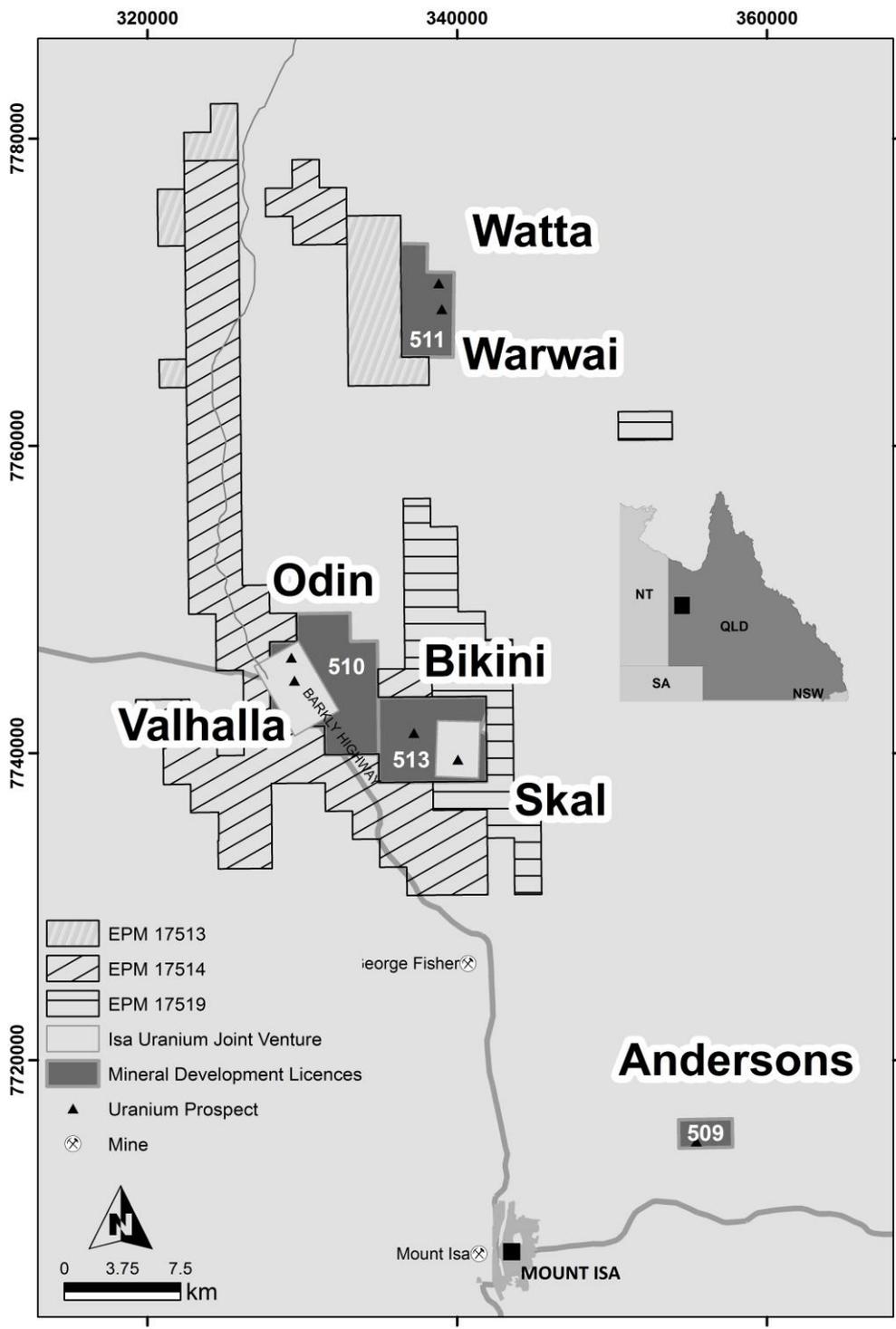
The Mount Isa uranium deposits are classified as albitite-type (metasomatite). These uranium deposits are analogous to the Lagoa Real deposit in Brazil (which is one of the largest examples of this deposit type) and are also comparable to the Michelin, Rainbow and Jacques Lake deposits in Canada. The deposits are located in areas of high strain located in the vicinity of major regional faults.

A cluster of similar deposits occur to the north of the famous Mount Isa, Hilton and George Fisher Cu, Pb, Zn, Ag mines. The deposits are emplaced into metamorphosed basalts and interbedded clastic sediments of the Eastern Creek Volcanics during the D2 deformation. The source of the uranium is likely to be from U-enriched granitoids of Sybella batholith (e.g. Kitty Plains microgranite).

The **Valhalla Group** includes the Valhalla, Skal and Odin Deposits.

The **Bikini Group** includes the Bikini, Mirrioola, Watta, Warwai and Andersons Deposits.

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Summit Resources Ltd Isa North Tenements and Mineral Resources

**ISA URANIUM JOINT VENTURE**

**Interest: Summit Resources (Aust) Pty Ltd - 50%; Valhalla Uranium Pty Ltd 50% Operator: Summit Resources (Aust) Pty Ltd**

The Isa Uranium Joint Venture (IUJV) covers ground containing the Valhalla, Odin and Skal uranium deposits, centred 40km north of Mount Isa in Queensland. Participants in the IUJV are Summit Resources (Aust) Pty Ltd (SRA) and Valhalla Uranium Pty Ltd (VUL), each holding a 50% interest, with Summit managing the joint arrangement. VUL is a subsidiary of Paladin Energy Ltd (Paladin) and SRA is a subsidiary of Summit. Mt Isa Uranium Pty (MIU) Ltd assigned their interest in Isa Uranium JV to VUL on 8 June 2017. Ground subject to the IUJV covers 17km<sup>2</sup> at Valhalla and 10km<sup>2</sup> at Skal. These two areas lie within a much larger holding of tenements (100% Summit).

### *Valhalla Deposit*

The Valhalla deposit is located 40 km north of Mount Isa. Uranium is hosted by interbedded and albitised metabasalts and siltstones of the Proterozoic Eastern Creek Volcanics (Figure 35) west-striking, sub-vertical, albitised shear zone that has been drilled over a length of 1.5 km west-striking, sub-vertical, albitised shear zone that has been drilled over a length of 1.5 km.

Bedding strikes N30°W and dips 60-80°SW. Uranium is associated with a transgressive body of albitite that strikes at 20° to bedding. The intersection of bedding and the albitite has created a 40°S plunge to mineralisation. The main mineralised zone is up to 90 m wide, 1 km long and 650 m deep. In cross section, the deposit geometry is lenticular and nearly vertical with a 45°S plunge caused by the intersection of bedding with the shear zone.

There is a smaller mineralised zone, known as Valhalla South, located approximately 700 m south of the main body, with dimensions of 400 m long, 30 m thick and 150 m deep.

### *Odin Deposit*

The Odin deposit is located 1 km north of Valhalla. Odin was a blind discovery and is covered by 5–10 m of colluvium and saprolite. Drilling targeted a magnetic lineament and magnetic high postulated to be the northern extension of Valhalla.

Mineralisation has a strike length of 600 m and thickness of 10–40 m and is open down-dip to the east and down-plunge to the south. Bedding strikes N30°W but is rotated by a northeast-striking fault at the north end of Odin.

Odin is bound by the north-striking, near-vertical Valhalla fault which bends and flattens in a north-easterly direction. The Valhalla fault is sub-vertical and extends southward along the west edge of the Valhalla deposit. Odin has two mineralised geometries:

- Main, northern, zone striking N10-40°E and dipping 50-60°E
- Smaller southern zone striking north-south and dipping 65-85°E.

The footwall of the north zone is defined by strongly deformed chlorite schist that is tightly folded over widths of 1–3 m. Uranium mineralisation at Odin occurs in moderately foliated and albitised basalt with locally abundant magnetite. Mineralogy is similar to Valhalla, but with higher muscovite and carbonate contents.

### *Skal Deposit*

The Skal deposits are located 8 km southeast of Valhalla, hosted in albitised shear zones that are transgressive to interbedded basalts and siltstones striking north-northeast and dip 60-70°W (Figure 36). A late northwest striking fault with 600 m of left-lateral displacement has separated the main orebody from Skal North.

Uranium mineralisation at Skal is generally between 5 m and 20 m thick, sub-vertical, and low grade (300– 700 ppm), with southwest plunges defined by the intersection of north-striking, 50-60°SW-dipping siltstone- basalt contacts with northeast striking shear zones and brecciated quartz veins. Thicker mineralised zones are due to the host shear zones being more oblique to bedding.

Mineralisation mostly consists of deformed, brecciated, 1–5 m thick quartz veins with strongly foliated and albitised margins. Traces of late copper in veins and on fractures occur as primary chalcopyrite and secondary oxides.

## **MOUNT ISA NORTH URANIUM PROJECT**

### **Summit Resources (Aust) Pty Ltd 100%**

The Mount Isa North uranium project is located 15km to 65km north and east of Mount Isa, and comprises three mostly contiguous EPMs and four MDLs held 100% by Summit. The project includes the Bikini, Mirrioola, Watta/Warwai and Andersons uranium deposits and smaller uranium prospects.

### *Bikini Deposit*

The Bikini Mineral Resource is located 8 km southeast of Valhalla and 4 km northwest of the Skal deposits. Radioactive albitite is exposed along a 1.3 km long by 200 m wide northeast striking zone of chlorite schist. The schist defines a shear zone containing numerous dismembered lenses of albitite, metasandstone and metabasalt. Rheological contrast between metasediment and metabasalts focused fracturing and fluid flow along the contacts. Bikini is truncated by sinistral north-west striking faults at both ends.

Uranium occurs in three en echelon northeast striking zones. The southwest zone (formerly named Pile) crops out prominently as a low hill with strongly albitised sandstone that rapidly thins at depth; the zone is about 100 m long by 15 m thick. The central zone comprises the bulk of mineralisation and is much thicker, being 700 m long and up to 100 m wide; it consists of multiple parallel, northeast trending thin but laterally continuous albitite lenses averaging 2 m thick and up to 20 m thick. Individual lenses vary considerably in length but on average are 140 m long with 300–600 ppm U<sub>3</sub>O<sub>8</sub> and up to 1,500 ppm U<sub>3</sub>O<sub>8</sub>. The northeast zone is 700 m long by 50 m wide.

### *Anderson's Lode Deposit*

The Anderson's Lode (usually shortened to Andersons) uranium deposit is located 40 km southeast of Valhalla and 15 km northeast of Mount Isa. Uranium mineralisation is scattered over a strike length of 1.5 km and includes the Andersons, Father's Day and Neo prospects.

Andersons has a compact, tabular geometry with dimensions of 200 m east-west, 30 m north-south and is up to 200 m deep. There is one main zone and three smaller zones, all hosted in metasandstone. Andersons is bound to the west by a 50 m-wide, N10°E-striking gabbro dyke.

The Anderson's orebody is a fluorapatite rich variant of the albitite-type mineralisation. It is also unusual for the district in that most uranium is hosted in metasediment rather than metabasalt.

### *Watta and Warwai Deposits*

The 3 km long, north-south striking Watta-Narpajin-Warwai uranium system is located 28 km north-northeast of Valhalla and 65 km north of Mount Isa. It is the northernmost of the Summit uranium Mineral Resources and the only Mineral Resource not hosted in Eastern Creek Volcanics.

Low-grade uranium mineralisation is hosted in strongly fractured and hematite-stained quartzite, sandstone, siltstone and minor basalt dykes. Lithology strikes north-south and dips 60–85°W. Broad structural zones are observed over widths of 20–100m, characterised by dense fracturing, shearing, microfolding and mylonitisation over a strike length of 3 km.

The locally named 30 m-thick Watta Quartzite consists of laminated quartzite and sandstone with 3–10 mm thick beds.

Mineralisation at Watta strikes north-south and dips 60–85°W and is characterised as thin lenses over lengths of 100–450 m, widths of 1–10 m and vertical depths up to 150 m. The western margin of mineralisation is defined by a north-south fault that juxtaposes fresh Leander Quartzite against the fractured and faulted mineralised zone. At Warwai two north-south mineralised lenses 1–5 m wide occur over lengths of 240 m. Basalt dykes are thicker than at Watta and contain thin mineralised albite-hematite veins that contain the highest uranium grades (600–800 ppm U3O8).

A Mineral Resource has not been estimated for Narpajin due to low uranium grades and small tonnage.

### *Mirrioola Deposit*

Mirrioola is located 1 km south of the Bikini deposit, and has a very similar geology and style of mineralisation. Uranium occurs in three northeast-striking zones over widths of 3–15 m: Mirrioola North, Mirrioola North Extension, and Mirrioola South. The mineral resource occurs entirely at Mirrioola North, which consists of five major mineralised zones ranging in length from 30–80 m and width from 3–10 m.

The host rocks are foliated basalts and interbedded siltstones of the Eastern Creek Volcanics. Bedding strikes N40°E and dips 75–80°SE. Hydrothermal alteration is characterised by pervasive Na-Ca-Fe metasomatism, with albite, calcite, dolomite, hematite and magnetite enrichment. The north end of the Mirrioola system is truncated by a sinistral strike-slip fault that offsets it 800 m from Bikini.

### *Uranium Exploration Potential*

Drilling on Summit tenements in the Mount Isa region can be subdivided into four campaigns (1,492 holes for 255,655 m):

- Historical drilling, from 1959 to 1970, mostly by QML and AGIP (361 holes, 41,104 m)
- 1996–1998 drilling by the Summit/Resolute JV (31 holes, 7,831 m).
- 2007–2008 drilling by Fusion Resources (147 holes, 18,924 m)
- 2005–2011 by Paladin and Summit (953 holes, 187,796 m).

Historical drilling (pre-2000) for uranium in the Isa North region was conducted at all resource areas except Odin, which were discovered in 2010 respectively. Historical drilling was mostly conducted by QML between 1959 and 1970. AGIP drilled a number of mostly core holes in 1974. A small number of core holes were drilled in the mid-1950s by Australasian Oil Exploration Limited at Andersons and Mount Isa Mines Limited at Skal.

From 2005 to 2011, Summit drilled 953 resource definition drillholes on its Mount Isa deposits (507 RCP and 446 DD). Diamond core drillholes were mostly NQ2 sized with RCP or HQ diamond core pre-collars.

Valhalla drilling also included two large diameter PQ diamond holes (85 mm) for metallurgical testwork and seven HQ holes (63.5 mm) for geotechnical analysis. Drill sites are rehabilitated within six months after drilling.

Uranium exploration potential in the Mount Isa region is considered very good and is expected to add to Summit's resource base. At the time of writing, the Queensland State Government are maintaining a moratorium on Uranium exploration in Queensland. Should the moratorium be lifted, Agricola would see further exploration potential in the Valhalla-Odin-Skal corridor of covered Eastern Creek Volcanics where prospectivity is considered highest.

### **URANIUM MINERAL RESOURCES**

Uranium mineral resources in the Mount Isa region total 142.1Mlb U<sub>3</sub>O<sub>8</sub>, of which 84.3Mlb U<sub>3</sub>O<sub>8</sub> are attributable to the Company. Valhalla, Odin and Skal are the most significant deposits and account for 82% of the mineral resources managed by Summit. Valhalla is the largest deposit and contains 54% of the resources. The majority of the Mineral Resources are based on drill holes that have been radiometrically logged down hole and gyroscopically surveyed to obtain an accurate hole orientation using company-owned equipment. The resource dataset is a combination of chemical assays and calibrated down hole gamma logging. Gamma derived grades have been validated against both XRF and chemical assay grades.

Deposit	Measured Mineral Resources			Indicated Mineral Resources			Inferred Mineral Resources		
	Mt	Grade ppm	t U3O8	Mt	Grade ppm	t U3O8	Mt	Grade ppm	t U3O8
<b>ISA URANIUM JOINT VENTURE, Summit 50%</b>									
Valhalla	16.0	819	13,116	18.6	840	15,662	9.1	643	5,824
Skal				14.3	640	9,177	1.4	519	708
Odin				8.2	555	4,534	5.8	590	3,430
<b>Total</b>	<b>16.0</b>	<b>820</b>	<b>13,116</b>	<b>41.1</b>	<b>715</b>	<b>29,373</b>	<b>16.3</b>	<b>611</b>	<b>9,962</b>
<b>Mlbs</b>			28.92			64.76			21.96
<b>ISA NORTH URANIUM PROJECT, Summit 100%</b>									
Bikini				5.8	497	2,868	6.7	493	3,324
Mirrioola							2.0	555	1,132
Watta							5.6	404	2,260
Warwai							0.4	365	134
Andersons				1.4	1,449	2,079	0.1	1,639	204
<b>Total</b>				<b>7.2</b>	<b>687</b>	<b>4,947</b>	<b>14.8</b>	<b>477</b>	<b>7,054</b>
<b>Mlbs</b>						10.91			15.55

Source: Summit Resources Ltd Annual Report 2017

The information in the table above in relation to the Mount Isa area mineral resources was prepared and first disclosed under the JORC (2004) Code. It has not been updated since to comply with JORC (2012) Code on the basis that the information that the estimates are derived from has not materially changed since it was last reported.

#### Declaration

The technical information in this report is extracted from the report entitled Summit Resources Limited 2017 Annual Report created on 28 September 2017 and is available to view on [www.summitresources.com.au](http://www.summitresources.com.au). The Company confirmed in that report that it was not aware of any new information or data that materially affect the information included in the original announcement in which the information was disclosed and, in the case of Mineral Resources, that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed. The Company confirmed that the form and context in which the Competent Person's findings were presented in that report (as set out above) have not materially modified from the original market announcement.

### WESTERN ISA BASE METALS JV WITH AEON METALS LIMITED

#### Summit Resources (Aust) Pty Ltd 20%, Aeon Metals Limited 80%

In December 2007, Summit entered into a farm-in and joint venture agreement with Aston Metals Limited (Aston). Aston subsequently went into receivership and Aeon Metals Limited (AQR) purchased the north Queensland assets. AQR has earned its interest and transfer documents for its 80% interest have been submitted to the authorities. Due to the change in ownership to AQR, work on the JV has been limited to desktop studies and data reviews.

### ISA NORTH BASE METALS RIGHTS AGREEMENT WITH AEON

On 27 October 2008, Summit entered into a mineral rights agreement with Aston to enable Aston to explore for, and potentially recover, base metals on certain areas within Summit's Isa North tenements. These rights have now been

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transferred to AQR which does not gain any rights to uranium but will inform Summit should it become aware of any uranium mineralisation in the course of its activities.

Summit has a 20% free carried interest in any non-uranium metals through to a decision to mine.

### ***Local Geology and Mineralisation: Base and Precious Metals Deposits***

Information sourced from the Summit Resources Ltd Quarterly Report for Period Ended 30 June 2004, Quarterly Report for Period Ended 30 June 2005 and Aeon Metals Ltd Annual Report 2016.

Summit Resources explored for Proterozoic Isa style base metal and iron oxide copper-gold (IOCG) copper gold deposits along major long lived deep seated fractures (the Mount Isa Paroo, Great Western, May Downs, Mount Clarke and Termite Range faults). Targeting studies carried out on historical mapping and database files have revealed the presence of hundreds of kilometres of strike extensions of unmapped and unexplored rock formations which host the known Mount Isa orebodies.

#### ***Isa South***

The Isa South Project area is located along the southern extensions of the Mount Isa Fault Zone adjacent to the southern margin of the Mount Isa mining lease. The project area covers 25 km of the southern extension of the May Downs Fault, 100 km of the Mount Isa Paroo Fault system as it trends towards the Georgina Basin cover rocks further south and over 150 km of northwest splay faults. These faults are known to control the emplacement of numerous base metal resources and mines to the north including the Mount Isa copper and lead-zinc mines. Priority targets within the Isa South Project area include Mount Annable, Waverly and Mount Guide prospects.

#### ***May Downs***

The May Downs tenements are centred 35 km west of Mount Isa, and they cover a series of Proterozoic gold workings along the May Downs Fault structure. At Carters Ridge, (May Downs South), down hole geochemistry has indicated anomalous copper in silica dolomite alteration with similarities to Mount Isa.

#### ***Mount Kelly South***

The target at Mouth Kelly South is copper gold mineralisation in middle Proterozoic shales along northwest trending fault structures. Aeon Metals reported that satellite imagery and geophysical survey data was acquired for the area. A review of all previous exploration was planned with follow-up field mapping and geochemical sampling to delineate drill targets.

#### ***Constance Range***

The Constance Range EPMs are found north and southeast of the Century zinc mine in Queensland. The primary exploration target is copper mineralisation in the middle Proterozoic Termite Range Formation and zinc mineralisation in the shales of the Lawn Hill Formation (host to the Century zinc mine). The mid Proterozoic Termite Range, Lawn Hill and Mullera Formations are the equivalent

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of the Mine Sequence shales which Summit and Aeon are exploring 240 km further south at Mount Isa.

*Base and Precious Metal Exploration Potential*

Based on the limited information available, desktop studies of historical reports, geophysical surveys, geological mapping and surface geochemical surveys have identified a number of significant base metal, copper and gold anomalies that require further drill targeting.

In the Isa South Project area, numerous VTEM anomalies have been modelled and ranked for drill testing. In the Constant Range Project, exploration is at an early stage, but the tenements have copper, gold and zinc-lead-silver mineralisation potential.

Agricola considers that all the base and precious metal granted tenements areas have good exploration potential.

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## VALUATION CONSIDERATIONS

The author of this report (the Technical Specialist) is a Member of the Australasian Institute of Mining and Metallurgy (“AusIMM”) and therefore, is obliged to prepare mineral asset valuations in accordance with the Australian reporting requirements as set out in the VALMIN Code (2015 Edition).

The opinions expressed and conclusions drawn with respect to this valuation are appropriate at the date stated in the Report. The valuation is valid for this date and may change with time in response to variations in economic, market, legal or political conditions in addition to on-going exploration results.

The objective of a mineral asset valuation is to establish a “fair market” value for an asset in the context of the factors outlined in the body of this report and in line with the *Spencer Test*.

### **Fair Market Value of Mineral Assets**

Mineral assets are defined in the VALMIN Code as all property including, but not limited to real property, mining and exploration tenements held or acquired in connection with the exploration, the development of and the production from those tenements together with all plant, equipment and infrastructure owned or acquired for the development, extraction and processing of minerals in connection with those tenements.

The VALMIN Code defines fair market value of a mineral asset as the estimated amount of money or the cash equivalent of some other consideration for which, in the opinion of the Specialist reached in accordance with the provisions of the VALMIN Code, the mineral asset should change hands on the valuation date between a willing buyer and a willing seller in an arm’s length transaction, wherein each party has acted knowledgeably, prudently and without compulsion.

In effect therefore, the valuation Specialist is assumed to have the knowledge and experience necessary to establish a realistic value for a mineral asset. The real value of a tenement or other mineral right can only be established in an open market situation where an informed public is able to bid for an asset. The most open and public valuation of mineral assets occur when they are sold to the public through a public share offering by a company wishing to become a public listed resource company, or by a company raising additional finance. In this instance, the public is given a free hand to make the decision, whether to buy or not buy shares at the issue price, and once the shares of the company are listed, the market sets a price.

It is well known to most valuation Specialists that where mineral tenement or other mineral right valuation is concerned there are two quite distinct markets operating. Almost without exception, the values achieved for mineral assets sold through public flotation are higher than where values are established through, say, the cash sale by a liquidator, or the sale by a small prospector to a large company neighbour, or through joint venture arrangements.

The VALMIN Code notes that the value of a mineral asset usually consists of two components; the underlying or Technical Value, and the Market component which is a premium relating to market, strategic or other considerations which,

depending on circumstances at the time, can be either positive, negative or neutral. When the Technical and Market components of value are added together the resulting value is referred to as the Market Value.

The value of mineral assets is time and circumstance specific. The asset value and the market premium (or discount) changes, sometimes significantly, as overall market conditions, commodity prices, exchange rates, political and country risk change. Other factors that can influence the valuation of a specific asset include the size of the company's interest, whether it has sound management and the professional competence of the asset's management. All these issues can influence the market's perception of a mineral asset over and above its technical value.

### **Methods of Valuing Mineral Assets**

#### *Estimated Mineral Resources in accordance with the JORC Code 2012*

Where Mineral Resources have been defined, Agricola's approach is to excise them from the mineral property and to value them separately on a value per ounce/resource tonne/metal unit basis. The value of the exploration potential of the remainder of the property can then be assessed. Where appropriate, the quality of the mineral resource is assessed on the basis of available information and discounts are applied to represent uncertainty in the information.

In Agricola's opinion, a Specialist charged with the preparation of a development or production project valuation must give consideration to a range of technical issues as well as make a judgement about the 'market'.

#### *Comparable market value*

When the economic viability of a resource has not been determined by scoping or higher-level studies, then a 'rule of thumb' or comparable market value approach is typically applied. The comparable market value approach for resources is a similar process to that for exploration property however a dollar value per resource tonne / metal in the ground is determined.

As no two mineral assets are the same, the Specialist must be cognisant of the quality of the assets in the comparable transactions. Key technical issues that need to be taken into account include:

#### Mineral Resources - Technical Value

- JORC Category - overall confidence in the Mineral Resource estimate;
- The grade of the resource; by products and co products
- Mining factors - difficulty and cost of extraction; economies of scale; the amount of pre-strip or development necessary; the likely ore to waste ratio;
- Metallurgical factors - processing characteristics; the metallurgical qualities of the resource; waste disposal;
- Environmental factors Chemical safeguards (cyanidation)
- Infrastructure -; the proximity to infrastructure such as an existing mill, roads, rail, power, water, skilled work force, equipment, .
- Likely operating and capital costs; Profitability

#### *Exploration Stage Projects with no Estimated Mineral Resources*

When valuing an exploration or mining property without resources, the Specialist is attempting to arrive at a value that reflects the potential of the property to yield a mineable Ore Reserve and which is, at the same time, in line with what the property will be judged to be worth when assessed by the market.

It is obvious that on such a matter, opinions are based entirely on professional judgement, where the judgement reflects the Specialist's previous geological experience, local knowledge of the area, knowledge of the market and so on, that no two Specialists are likely to have identical opinions on the merits of a particular property and therefore, their assessments of value are likely to differ.

The most commonly employed methods of exploration asset valuation are:

- *Geo Factor (Geoscience) rating methods* such as the Kilburn method (potential based); - assessing various aspects relating to future prospectivity;
- *Multiple of exploration expenditure method* (exploration based) also known as the premium or discount on costs method or the appraised value method - assessing the value outcome of previous exploration expenditure, and
- *Comparable market value method* - Comparing other mineral asset sales with the current mineral asset;

It is possible to identify positive and negative aspects of each of these methods. It is notable that most specialists have a single favoured method of valuation for which they are prepared to provide a spirited defence and, at the same time present arguments for why other methods should be disregarded. The Specialist must be cognisant of actual transactions taking place in the industry in general to ensure that the value estimates are transparent, reasonable and realistic.

Transparency requires that the reader of a Public Report is provided with sufficient information, the presentation of which is clear and unambiguous, to understand the report and not be misled by this information or by omission of Material information. (VALMIN Code 2015, clauses 3.3)

Reasonableness requires that an assessment that is impartial, rational, realistic and logical in its treatment of the inputs to a Valuation or Technical Assessment has been used, to the extent that another Practitioner with the same information would make a similar Technical Assessment or Valuation. (VALMIN Code 2015, clauses 4.1)

In Agricola's opinion, a Specialist charged with the preparation of a tenement valuation must give consideration to a range of technical issues as well as make a judgement about the 'market'. Key technical issues that need to be taken into account include:

#### Exploration Ground - Technical Value

- Evidence of mineralization and mines on adjacent properties;
- Proximity to existing production facilities of the property;
- Geological setting of the property;
- Existing mineralised deposits within tenement boundaries;
- The relative size of the landholding;

- Proportion of prospective ground within tenement boundaries
- Results of exploration activities on the tenement;
- Implications for future successful exploration outcomes;

### *Market Value*

In addition to these technical issues the Specialist has to take particular note of the market's demand for the type of property being valued. Obviously this depends upon professional judgement. As a rule, adjustment of the technical value by a market factor must be applied most judiciously. It is Agricola's view that an adjustment of the technical value of a mineral tenement should only be made if the technical and market values are materially different.

#### Market Value

- Legal issues; Native Title; State and National reserves and restrictions
- Commercial issues; royalties; Joint Venture/Farm In; Administration Risk
- Market Conditions; supply and demand
- Commodity Price outlook
- Country Risk
- Community resistance
- Competing projects

It is Agricola's opinion that the market may pay a premium over the technical value for high quality mineral assets (i.e. assets that hold defined resources that are likely to be mined profitably in the short-term or projects that are believed to have the potential to develop into mining operations in the short term even though no resources have been defined). On the other hand exploration tenements that have no defined attributes apart from interesting geology or a 'good address' may well trade at a discount to technical value. Deciding upon the level of discount or premium is entirely a matter of the Specialist's professional judgement. This judgement must of course take account of the commodity potential of the tenement, the proximity of an asset to an established processing facility and the size of the land holding.

### **Agricola's Preferred Valuation methodology**

It is Agricola's opinion that no single valuation approach should be used in isolation as each approach has its own strengths and weaknesses. Where practicable, Agricola undertakes its valuations using a combination of valuation techniques in order to help form its opinion.

### *Mineral Resource estimates*

For the valuation of Mineral Resource and Exploration Target estimates, Agricola's approach is to value these assets by assigning a dollar value to the estimated quantity of the commodity. To establish a benchmark market value for the commodity, where possible, Agricola has completed a search of the publicly available information on recent market transactions over the preceding three-

year period. Agricola's search is not intended to be a definitive listing of all market transactions in this period, but rather a list of transactions that offer comparability to the projects in terms of reported tonnes, grade or the state of the project as a whole. The level of disclosure and complexity of some of the transactions reviewed limited Agricola's ability to assign meaningful cash equivalent values and these were therefore disregarded for the purpose of this analysis.

The quality of the mineral asset under consideration is assessed based on a number of aspects outlined in the JORC Code (and discussed above) and the overall assessment compared to the range of comparable sales.

#### *Exploration potential – Geo Rating Method*

Having considered the various methods used in the valuation of exploration properties, Agricola is of the opinion that the Kilburn method provides the most appropriate approach to utilise in the technical valuation of the exploration potential of mineral properties on which there are no defined resources. Kilburn, a Canadian mining engineer was concerned about the haphazard way in which exploration tenements were valued. He proposed an approach, which essentially requires the specialist to justify the key aspects of the valuation process.

The specialist must specify the key aspects of the valuation process and must specify and rank aspects, which enhance or downgrade the intrinsic value of each property. The intrinsic value is the base acquisition cost ("BAC") which is the average cost incurred to acquire a base unit area of mineral tenement and to meet all statutory expenditure commitments for a period of 12 months. Different practitioners use slightly differing approaches to calculate the BAC.

The Geo Factor method systematically assesses and grades four key technical attributes of a tenement to arrive at a series of multiplier factors, usually as a range of values. The multipliers are then applied to the BAC of each tenement with the values being multiplied together to establish the overall technical value of each mineral property. A fifth factor, the market factor, is then multiplied by the technical value to arrive at the fair market value. An overview of the factors influencing the current market is outlined in more detail in the section entitled: Market and commodity overview.

The successful application of this method depends on the selection of appropriate multipliers that reflect the tenement prospectivity. Furthermore, there is the expectation that the outcome reflects the market's perception of value, hence the application of the market factor.

*Agricola is philosophically attracted to the Geo Factor type of approach because it endeavours to implement a system that is systematic and defensible. It also takes account of the key factors that can be reasonably considered to impact on the exploration potential.*

Geoscientific Ranking Factors				
Ranking	Off Property Factors	On Property Factors	Anomaly Factors	Geological Factors
	A	B	C	D
0.5			Extensive previous exploration with poor results to date. Further exploration may be warranted.	Generally unfavourable geological setting/Poor geological setting.
0.9				Generally favourable setting, under cover.
1.0	No Known Mineralisation in the district	No known mineralisation within the tenement	No targets defined. Exploration has been extensive.	Generally favourable geological setting exposed over part of the tenement.
1.5	Mineralisation identified	Mineralisation identified	Targets identified with initial positive indications.Scattered soil/geophysics/RAB results. Drilling recommended.	Favourable geological setting. Prospective host rocks over most of the tenement.
2.0	Resource Targets Identified with good potential	Exploration targets identified. Historic resources may be present.	Significant intersections from drilling with no evidence of extent.	
2.5				
3.0	Along Strike or adjacent to known significant mineralisation	Mine or abundant workings with significant previous production	Several Significant Ore grade intersections that can be correlated between sections. Extent could be significant.	Mineralised zones exposed in prospective host rocks.
3.5				
4.0	Along Strike from a major mine	Major mine with significant historical production		
5.0	Along strike from a world class mine			
<i>Prospectivity Index = A*B*C*D</i>				

It has also been argued that the GeoFactor method is a valuation-by-numbers approach. In Agricola’s opinion, the strength of the method is that it reveals to the public, in the most open way possible, just how a tenement’s value was systematically determined. It is an approach that lays out the subjective judgements made by the Specialist.

In arriving at a technical value for the projects, Agricola has taken into consideration the company’s equity position if the tenements are subject to a farm-in, joint venture or option to purchase arrangement. Agricola has reviewed the status of the tenure and elected to only value tenement applications where it is satisfied that there is no cause to doubt their eventual granting and where there is no pre-existing or related title. A discount is usually applied to tenements that have not been granted.

*Base Acquisition Cost (BAC)*

The keystone of the method is the Basic Acquisition Cost (BAC also known as the base holding cost), which provides a standard base from which to commence a valuation. The acquisition and holding costs of a tenement for one year provides a

reasonable, and importantly, consistent starting point. Presumably when a tenement is pegged for the first time by an explorer the tenement has been judged to be worth at least the acquisition and holding cost.

- *Australian Holding Costs*

It may be argued that on occasions an Exploration Licence may be converted to a mining lease expediently for strategic reasons rather than based on exploration success, and hence it is unreasonable to value such a mining lease starting at a relatively high BAC compared to that of an exploration licence. In Agricola's opinion, Exploration ground should be valued on the basis of an Exploration Licence without regard to the actual tenement type. Agricola has researched and reviewed information on application fees, annual rent and exploration commitments for the states of Australia and compiled the following table.

<b>Conceptual Minimum Year 1 Exploration Program</b>						
<b>Range of values for each State, A\$/km2</b>						
State	Application Fee		Rent		Exploration	
	Low	High	Low	High	Low	High
WA	15.00	17.00	30.00	35.00	325	375
NSW	14.00	16.00	22.00	25.00	350	400
QLD	10.00	12.00	35.00	40.00	375	425
TAS	16.00	17.00	25.00	30.00	250	300
NT	10.00	12.00	35.00	40.00	350	400
SA	13.00	15.00	10.00	15.00	275	325
VIC	13.00	15.00	35.00	40.00	350	400

*Source: State Government publications and websites; Agricola estimates*

Mining Leases (MLs) and Prospecting Licences (PLs) may carry all the obligations set out in the Mining Act, from a valuation point of view they are equivalent to Exploration Licences and it is unreasonable to value such these MLs or PLs starting at a relatively high holding cost compared to that of an Exploration Licence (EL) where only exploration results are available. To value these areas at the higher levels of BAC may not be considered to be reasonable under the VALMIN Code.

<b>Conceptual Minimum Year 1 Exploration Program</b>								
<b>Average BAC values for each State, A\$/km2</b>								
	WA	NSW	QLD	TAS	NT	SA	VIC	Ave.
Application Fee	16.00	15.00	11.00	16.50	11.00	14.00	14.00	14.00
Annual Rent	32.50	23.50	37.50	27.50	37.50	12.50	37.50	30.00
Exploration Commitment	350.00	375.00	400.00	275.00	375.00	300.00	375.00	350.00
Administration	35.00	37.50	40.00	27.50	37.50	30.00	37.50	35.00
Total	433.50	451.00	488.50	346.50	461.00	356.50	464.00	429.00
<i>Agricola's Preferred BAC</i>	<b>430.00</b>	<b>450.00</b>	<b>490.00</b>	<b>350.00</b>	<b>460.00</b>	<b>360.00</b>	<b>460.00</b>	<b>430.00</b>

The valuation metrics for the Australian States and Agricola's preferred BAC are shown above. Values have been rounded in accordance with the JORC Code.

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### *Multiple of Exploration Expenditure Valuation Method*

The cost approach to exploration property valuation is sometimes used, as a secondary method to valuation of exploration properties not yet advanced enough to estimate mineral resources. Various valuation methods exist which make reference to historical exploration expenditure. One such method is based on a 'multiple of historical exploration expenditure'. Successful application of this method relies on the specialist assessing the extent to which past exploration expenditure is likely to lead to a target resource being discovered, as well as working out the appropriate multiple to apply to such expenditure.

<b>Prospectivity Enhancement Multiplier (PEM) Factors</b>	
<b>Range</b>	<b>Criteria</b>
0.2 – 0.5	Exploration downgrades the potential. Relinquish recommended on technical grounds.
0.5 – 1	Exploration has maintained the potential. Scattered surface indications including regional mapping and rock chip results.
1.0 - 1.3	Exploration has slightly increased the potential with some encouraging surface results. Further exploration recommended on sound technical grounds.
1.3 – 1.5	Exploration has considerably increased the potential. Anomalous zones defined from geochemistry and/or geophysics.
1.5 – 2.0	Limited Preliminary Drilling intersected interesting mineralised intersections, not on adjacent sections.
2.0 – 2.5	Detailed Drilling has defined targets with potential economic interest. Results can be linked between sections. Exploration Targets could be estimated.
2.5 – 3.0	A Mineral Resource has been estimated at an Inferred category in accordance with the JORC Code. Further detailed drilling recommended to define or expand the resource
<i>PEM Factors are applied to recend valid exploration expenditure</i>	

The direct use of historical costs raises several issues:

- The exploration must be relevant
- The exploration must be effective
- Exploration companies accounting methods are different and administration can be excessive
- Old expenditure must be adjusted for time
- Duplication of work might have taken place
- Recommended PEMs do not have meaningful derivation

## VALUATION ASSESSMENT

### Mineral Assets Classification

Pre-development projects	<p><i>Mineral assets with Feasibility Studies</i> - Tenure holdings where Mineral Resources have been identified and their extent estimated (possibly incompletely), but where a decision to proceed with development has not been made. Properties at the early assessment stage, properties for which a decision has been made not to proceed with development, properties on care and maintenance and properties held on retention titles are included in this category if Mineral Resources have been identified, even if no further work is being undertaken;</p> <ul style="list-style-type: none"><li>• <b>Projects:</b> none</li></ul> <p><i>Valuation Methods: Comparable Transactions, <b>Discounted Cash Flow</b> (if Ore Reserves have been estimated)</i></p>
Advanced exploration projects	<p><i>Mineral assets with Mineral Resources</i> - Tenure holdings where considerable exploration has been undertaken and specific targets identified that warrant further detailed evaluation, usually by drill testing, trenching or some other form of detailed geological sampling. A Mineral Resource estimate may or may not have been made, but sufficient work will have been undertaken on at least one prospect to provide both a good understanding of the type of mineralization present and encouragement that further work will elevate one or more of the prospects to the Mineral Resources category;</p> <ul style="list-style-type: none"><li>• <b>Projects:</b> Uranium Mineral Resources – Isa Uranium Joint Venture, Isa North Uranium Project</li></ul> <p><i>Valuation Methods: <b>Unit Value - \$/oz, Comparable Transactions.</b></i></p>
Early stage exploration projects	<p><i>Mineral assets in the exploration stage</i> - Tenure holdings where mineralization may or may not have been identified, but where Mineral Resources have not been identified;</p> <ul style="list-style-type: none"><li>• <b>Projects:</b> Exploration Areas - Isa North Uranium Project, Aeon Joint Venture</li></ul> <p><i>Valuation Methods: <b>Geo Rating, Comparable Transactions, \$/km<sup>2</sup></b></i></p>

*Agricola's preferred valuation method is in bold print*

## VALUATION OF MINERAL RESOURCES

### Mineral Resources Unit Value Estimate - A\$/lb

Deposit	Measured Mineral Resources			Indicated Mineral Resources			Inferred Mineral Resources		
	Mt	Grade ppm	t U3O8	Mt	Grade ppm	t U3O8	Mt	Grade ppm	t U3O8
<b>ISA URANIUM JOINT VENTURE, Summit 50%</b>									
Valhalla	16.0	819	13,116	18.6	840	15,662	9.1	643	5,824
Skal				14.3	640	9,177	1.4	519	708
Odin				8.2	555	4,534	5.8	590	3,430
<b>Total</b>	<b>16.0</b>	<b>820</b>	<b>13,116</b>	<b>41.1</b>	<b>715</b>	<b>29,373</b>	<b>16.3</b>	<b>611</b>	<b>9,962</b>
Mlbs			28.92			64.76			21.96
<b>ISA NORTH URANIUM PROJECT, Summit 100%</b>									
Bikini				5.8	497	2,868	6.7	493	3,324
Mirrioola							2.0	555	1,132
Watta							5.6	404	2,260
Warwai							0.4	365	134
Andersons				1.4	1,449	2,079	0.1	1,639	204
<b>Total</b>				<b>7.2</b>	<b>687</b>	<b>4,947</b>	<b>14.8</b>	<b>477</b>	<b>7,054</b>
Mlbs						10.91			15.55

### Project Quality Assessment – Mineral Resources

The Mineral Resources have been assessed for Project quality based on a number of attributes in accordance with the JORC Code. This has been compiled on a qualitative basis and ratings allocated as *low*, *average*, and *high* with an assessment of JORC Category, Mining factors, Metallurgical factors, Environmental factors, Infrastructure, Costs and Market sentiment specific to the Project.

The term '*reasonable prospects for eventual economic extraction*' implies an assessment (albeit preliminary) by the Competent Person when preparing a Mineral Resource Estimation in respect of all matters likely to influence the prospect of economic extraction including the approximate mining parameters.

- *JORC Mineral Resource Category Discount Factors*

Mineral Resources are sub-divided, in order of increasing geological confidence, into Inferred, Indicated and Measured categories. Exploration Targets and non-JORC mineral inventories are recognized as a category with lower confidence. Mineral inventories that have not been estimated in accordance with the JORC Code, historical and foreign estimated may also be considered in the assessment and attract a significant discount.

*The mineral resources in the Isa Uranium Joint Venture include Measured Resources and well as lower categories. The mineral resources in the Isa North Uranium Project include material in the Indicated and Inferred categories only.*

- *Mining factors or assumptions*

Potential mining methods are considered. The assumptions made regarding mining methods and parameters when estimating Mineral Resources may not always be rigorous.

*The deposits are considered to be amenable to normal open pit and underground mining methods.*

- *Metallurgical factors or assumptions*

Potential metallurgical methods are considered. The assumptions regarding metallurgical treatment processes and parameters made when reporting Mineral Resources may not always be rigorous.

*The deposits are considered to be amenable to normal metallurgical methods with reasonable recovery rates, though there is some question as to the exact process. The Valhalla deposit has not been mined in the past and exact parameters of the processing are yet to be tested.*

- *Environmental factors or assumptions*

Assumptions made regarding possible waste and process residue disposal options are considered including the potential environmental impacts of the mining and processing operation. While the determination of potential environmental impacts, particularly for a project, may not always be well advanced, the status of early consideration of these potential environmental impacts should be reviewed.

*The Project areas have a significant history of exploration activity and no additional environmental impacts are known to be present.*

- *Infrastructure factors or assumptions*

For remote projects road and rail infrastructure need to be considered. Access agreements may not be in place and negotiations can be difficult.

*The project areas are well connected to existing road networks.*

- *Operating Costs, Capital Costs assumptions*

Implications of open cut operating costs and capital expenditure can be significant for a remote project. This may include availability of labour and housing as well as major capital works.

*The Project areas have not been mined in the past though cost parameters are understood to be within acceptable limits based on scoping studies.*

- *Profitability, Product Marketing and Sales assumptions*

The uranium market is volatile and current metal price is historically low.

- *Legal and Commercial issues*

Local, State and Commonwealth support for mining ventures must be considered. Community attitudes can have an impact on the project.

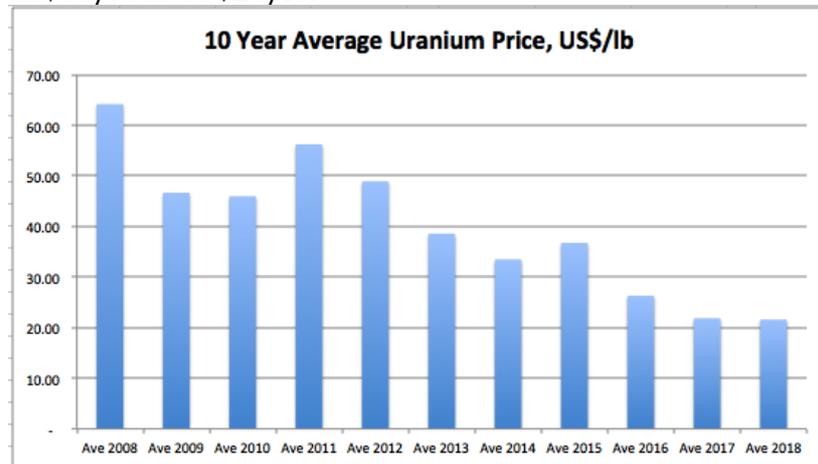
*Queensland currently has an embargo on granting mining tenements for uranium.*

The Valhalla Group (Valhalla, Skäl and Odin Deposits) and Bikini Group (Bikini, Mirrioola, Watta, Warwai and Andersons Deposits) have been assessed for Project

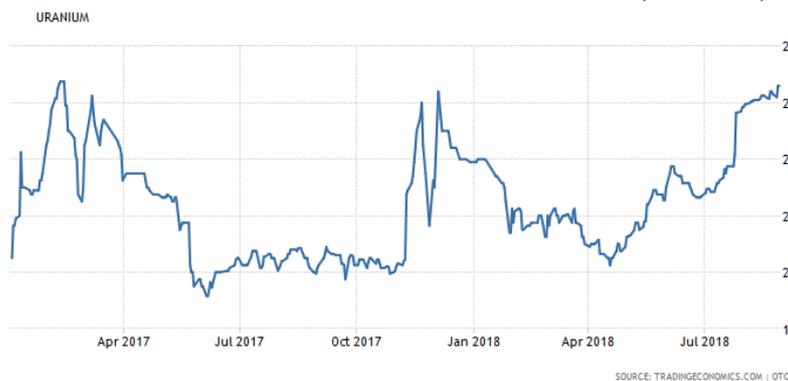
Quality and rated as 'Low'. Discounts to the base rate considered appropriate for uranium deposits are applied at 10% for Valhalla with larger deposits to 15% for the Bikini Group with generally smaller deposits

### Uranium Price

The average price per pound for U<sub>3</sub>O<sub>8</sub> has varied considerably over the last decade from over US\$60/lb to US\$20/lb.



Variations over the last 21 months has varied between US\$20 and \$26/lb



Uranium Spot Price forecasts over the same period are shown below.



Source: <https://tradingeconomics.com/commodity/uranium>

A prospective investor would consider the historical prices and the forecast price to arrive at a reasonable spot price. Agricola considers that an appropriate price

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for this valuation is US\$25.00 per lb. The current AUD:USD exchange rate is 0.72 suggesting an Australian uranium spot price of **A\$34.72 per pound**.

**Recent price movements in U<sub>3</sub>O<sub>8</sub> Comparable Transactions for Mineral Resources - \$/lb**

To determine the fair market value for the Company's Project, Agricola has reviewed recent market transactions for exploration assets involving sale and purchase of tenements with estimated Mineral Resources reported in accordance with the JORC Code.

To determine the reasonable value of the company's Project based on the existing Mineral Resource, Agricola analysed the quality of the Project based on a number of factors.

<b>SUMMIT RESOURCES LTD</b>			
	<b>Valhalla</b>	<b>Bikini</b>	<b>Total</b>
	<b>Group</b>	<b>Group</b>	<b>Mlb</b>
Measured			
Mtonnes	16.00		
Grade, U <sub>3</sub> O <sub>8</sub> , ppm	820		
U <sub>3</sub> O <sub>8</sub> tonnes	13,116		
U <sub>3</sub> O <sub>8</sub> Mlb	28.92		28.92
Indicated			
Mtonnes	41.10	7.20	
Grade, U <sub>3</sub> O <sub>8</sub> , ppm	715	687	
U <sub>3</sub> O <sub>8</sub> tonnes	29,373	4,947	
U <sub>3</sub> O <sub>8</sub> Mlb	64.76	10.906	75.66
Inferred			
Mtonnes	16.30	14.80	
Grade, U <sub>3</sub> O <sub>8</sub> , ppm	611	477	
U <sub>3</sub> O <sub>8</sub> tonnes	9,962	7,054	
U <sub>3</sub> O <sub>8</sub> Mlb	21.96	15.55	37.51
<b>Total Mlb</b>	<b>115.63</b>	<b>26.46</b>	<b>142.09</b>

<b>SUMMIT MINERALS</b>	<b>Project Quality Assessment</b>	
	<b>Valhalla</b>	<b>Bikini</b>

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<b>Technical Value</b>		
JORC Category	Average	Low
Mining factors	Average	Average
Metallurgical factors	Low	Low
Environmental factors	Average	Average
Infrastructure	Average	Average
Opex, Capex	Average	Average
Profitability	Low	Low
Legal	Average	Average
Commercial	Average	Average
<b>Market Value</b>		
Market Conditions	Low	Low
<b>Overall Assessment</b>	<b>Low</b>	<b>Low</b>
Rate Adjustment	-10%	-15%

Agricola has reviewed the information contained in the CSA Global Report No R422.2017: Independent Technical Specialist’s Report. Valuation of the Mineral Assets (excluding Langer Heinrich) of Paladin Energy Limited (subject to deed of company arrangement) dated 22nd December 2017. This report is an attachment to the PALADIN ENERGY LTD (subject to a deed of company arrangement) Explanatory Statement dated 22 December 2017 and available on the ASX website.

CSA Global evaluated the Company’s mineral resources by analysis of comparative market transactions of Australian, Canadian and USA uranium projects (excluding ISR projects and those with an average resource grade >1% U<sub>3</sub>O<sub>8</sub>). The summary statistics of the 12 transactions identified, showing the implied price in US\$/lb U<sub>3</sub>O<sub>8</sub> at the time of the transaction and the normalised price per pound of U<sub>3</sub>O<sub>8</sub> using the June 2017 average spot price of US\$20.79/lb.

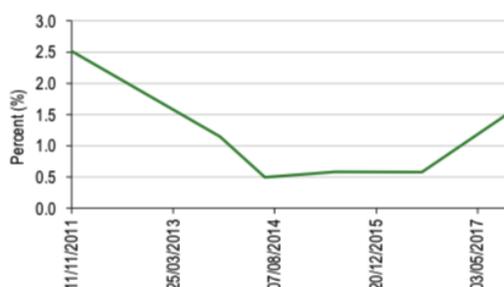
<b>CSA Global 2017</b>	<b>Low</b>	<b>High</b>	<b>Preferred</b>
Spot Price, US\$/lb	20.79	20.79	20.79
Valhalla, Odin, Skal, Bikini			
Rate US\$/lb	0.20	0.30	0.25
% of spot price	0.96%	1.44%	1.20%
Other U <sub>3</sub> O <sub>8</sub> deposits			
Rate US\$/lb	0.16	0.2	0.24
% of spot price	0.77%	0.96%	1.15%

The analysis determined that for the comparable transactions for Australian, Canadian and North American U<sub>3</sub>O<sub>8</sub> Mineral Resources indicated a minimum of 0.06%; maximum of 7.00%; mean of 1.89% and median of 1.24% of the spot price.

In a recent analysis of values for resource companies (*Edison Investment Research: Mining overview: Unlocking the price to NPV discount A new world order. Mining sector report, November 2017*) it was determined from a review of 28 companies

that in contrast to the rather staid performance of the value of gold resources within the context of a weak overall gold market, the value of uranium resources demonstrated a material bounce, notwithstanding continued pressure on the price of uranium itself. This was assessed at 1.52% of spot price.

**Exhibit 28: In-situ value of total uranium resources as percent of the spot price of uranium, 2011-17**



Source: Edison Investment Research

A review of comparable transactions is included as an appendix to this report and summarised in the following table.

Range of values –% of Spot price		
Australian U3O8 Price		\$29.67
	% of Spot	A\$/lb
Minimum	0.05%	\$0.01
1st Quartile	0.25%	\$0.07
2nd Quartile	1.23%	\$0.36
3rd Quartile	2.99%	\$0.89
4th Quartile	7.01%	\$2.08
Maximum	7.01%	\$2.08

Agricola has reviewed the CSA Global report combined with the Edison Report and increasing positive sentiment in the uranium market, demonstrated by increase spot price shown in the graph below, has selected a 'base rate for % of spot price' of 1.50% adjusted for the project quality assessment of -10% and -15% as described above.

#### *Uranium Price Assumptions*

Agricola considers that an appropriate price for this valuation is US\$25.00 per lb. The current AUD:USD exchange rate is 0.72 suggesting an Australian uranium spot price of **A\$34.72 per pound**.

Based on the assessment of deposit quality above a rate discount has been applied and in Agricola's judgement, a range of A\$0.42/lb (50<sup>th</sup> percentile) to A\$0.52/lb U<sub>3</sub>O<sub>8</sub> (53<sup>rd</sup> percentile) and a preferred value of A\$0.47/lb U<sub>3</sub>O<sub>8</sub> to apply to the Valhalla, Skál and Odin deposits.

Agricola selected a slightly lower range of A\$0.40/lb (49<sup>th</sup> percentile) to A\$0.49/lb U<sub>3</sub>O<sub>8</sub> (52<sup>nd</sup> percentile) and a preferred value of A\$0.44/lb U<sub>3</sub>O<sub>8</sub> to apply to the Andersons, Watta, Warwai and Mirrioola deposits. These resources are smaller having Indicated Mineral Resources, with the other resources classified as Inferred. The preferred value of has been selected as appropriate as it is below the

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mean value for the transaction set, in recognition of the relatively small size of these resources.

<b>Metal Price</b>	<b>Low</b>	<b>High</b>	<b>Preferred</b>
U3O8, US\$/lb, 25 June 2018	25.00	25.00	25.00
Exchange rate AUD:USD	0.72	0.72	0.72
U3O8, A\$/lb, 25 June 2018	34.72	34.72	34.72
Sales, % of Spot			
Valhalla Group	1.22%	1.49%	1.35%
Rate A\$/lb	0.42	0.52	0.47
Bikini Group	1.15%	1.40%	1.28%
Rate A\$/lb	0.40	0.49	0.44

*Source: Project Quality Assessment; rounded*

### Technical Value - Mineral Resources

Considering the location, geological factors, and other technical parameters (including market sentiment and prices), which could affect the Project economics, in Agricola's opinion, the implied value of delineated mineralization within the Company's Projects should be in the range in the following table.

This value shown is considered appropriate for the Project at this stage of development reflecting the uncertainty of eventual extraction of a mineral resource.

A summary of Agricola's market based technical valuation is presented below.

<b>SUMMIT RESOURCES</b>		<b>Technical Value, A\$M</b>			
<b>Mineral Resources</b>	<b>A\$/LB</b>	<b>Valhalla</b>	<b>A\$/LB</b>	<b>Bikini</b>	<b>Total</b>
<i>U3O8 Mlbs</i>		115.63		26.46	142.09
<i>Low</i>	\$0.42	48.78	\$0.40	10.54	59.33
<i>High</i>	\$0.52	59.62	\$0.49	12.88	72.51
<i>Preferred</i>	\$0.47	54.20	\$0.44	11.71	65.92

***Technical Values based on 100% Equity***

### Value of Summit's Equity position

<b>SUMMIT RESOURCES</b>	<b>Equity/Technical Value, A\$M</b>
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Mineral Resources	Equity	Low	High	Preferred
Valhalla Group	50%	24.39	29.81	27.10
Bikini Group	100%	10.54	12.88	11.71
<b>TOTAL</b>		<b>34.93</b>	<b>42.70</b>	<b>38.81</b>

## GEO-FACTOR RATING – Exploration Ground

- The Geo Rating Method (also known as the Kilburn Method) attempts to convert a series of scientific opinions about a property into a numeric evaluation system. The success of this method relies on the selection of multiplying factors that reflect the tenement's prospectivity.

SUMMIT RESOURCES LTD		Tenement Details			
Project	No	Status	Equity	Area (km <sup>2</sup> )	
<b>Resource Areas</b>					
ISA URANIUM JOINT VENTURE	3	Granted	50%	44.48	
ISA NORTH URANIUM PROJECT	4	Granted	100%	90.70	
<b>Total Area</b>	<b>6</b>			<b>135.18</b>	
<b>Exploration Areas</b>					
ISA NORTH URANIUM PROJECT	3	Granted	100%	397.09	
ISA SOUTH BASE METAL PROJECT	7	Granted	20%	491.00	
MAY DOWNS BASE METAL/GOLD PROJECT	1	Granted	20%	52.00	
MOUNT KELLY COPPER GOLD PROJECT	1	Granted	20%	13.00	
CONSTANCE RANGE BASE METAL PROJECT	4	Granted	20%	337.00	
<b>Total Area</b>	<b>29</b>			<b>1,290.09</b>	

The issues that need to be addressed for exploration properties include:

- Possible extensions of mineralization from adjacent areas
- Exploration potential for other mineralization within the tenements

### *Base Acquisition Cost (BAC)*

The Basic Acquisition Cost is the important input to the Geo Rating Method and it is assessed by estimating the statutory expenditure for a period of 12 months for a first stage exploration tenement such as an Exploration Licence (the first year holding cost). Advanced tenements such as Mining Leases may attract a higher BAC than early stage exploration Licences.

- The Queensland Projects are valued on the basis of a BAC of A\$490.*

These values will be adjusted for grant status and equity. Please refer to the discussion of BAC in the Valuation Considerations *Base Acquisition Cost (BAC)* section of this report.

### *Tenement Status*

Uncertainty may exist where a tenement is in the application stage. Competing applications may be present where a ballot is required to determine the successful applicant or Native Title issues and negotiations may add to the risk of timely grant. Other issues may also be present such as state parks or forestry and wildlife reserves, competing land use and compensation agreements. There is an inherent risk that the tenement may not be granted and this needs to be recognized in the base value assessment. A 'grant factor' of zero may be applied where there is no realistic chance of approval (e.g. sacred sites) and where no significant impediments are known the factor may increase to about 60% to reflect delays and compliance with regulations.

- *The QLD tenements are all granted and attract a 'grant factor' of 100%*

#### *Equity*

The equity a Company may hold in a tenement through joint venture arrangements or royalty commitments may be addressed in assessing base value but it is often considered separately at the end of a valuations report.

- *The Projects are valued initially on the basis of 100% equity. An adjustment for the equity held by the Company is included as a separate table.*

#### *Prospectivity Assessment Factors*

##### *Geo Ratings*

The Geo Rating (Kilburn) method provides the most appropriate approach to utilise in the technical valuation of the exploration potential of mineral properties on which there are no defined resources.

The Kilburn method systematically assesses and grades four key technical attributes of a tenement to arrive at a series of multiplier factors. The multipliers are then applied serially to the BAC of each tenement with the values being multiplied together to establish the overall technical value of each mineral property.

- Location with respect to any off-property mineral occurrence of value, or favourable geological, geochemical or geophysical anomalies;
- Location and nature of any mineralization, geochemical, geological or geophysical anomaly within the property and the tenor (grade) of any mineralization known to exist on the property being valued;
- Geophysical and/or geochemical targets and the number and relative position of anomalies on the property being valued;
- Geological patterns and models appropriate to the property being valued.

The geo factors were arrived at after careful consideration of the results so far obtained and the potential for future discoveries.

#### **Geo Factor Assessment**

##### *Off Site*

*Physical indications of favourable evidence for mineralization, such as workings and mining on the nearby properties. Such indications are mineralized outcrops, old*

*workings through to world-class mines;*

- The Mount Isa North district is located within a large expanse of Proterozoic rocks extending 2,000 km in a northwest-southeast direction from Darwin in the north to Mount Isa in the south. This terrane is exceptionally well endowed with base metal deposits as well as unconformity uranium deposits of the Alligator Rivers and Westmoreland Districts.

#### *On Site*

*Local mineralization within the tenements and the application of conceptual models within the tenements. Location and nature of any mineralization, geochemical, geological or geophysical anomaly within the property;*

- The Isa Uranium Joint Venture covers approximately 27km<sup>2</sup> and hosts a number of uranium prospects including the Valhalla, Odin and Skäl deposits. The Company holds 50% equity in the project.
- The Isa North Uranium Project covers approximately 488km<sup>2</sup> and hosts a number of uranium prospects including the Bikini, Mirrioola, Watta/Warawai and Andersons deposits. These deposits and multiple small prospects in the Mount Isa region are the principal focus of the Company's operations and are located 15km east and 65km north of Mount Isa.
- The Company holds 20% equity in the Western Isa Joint Venture focussed on base and precious metals exploration through its Isa North Mineral Rights Agreement and Isa West Joint Venture with Aeon Metals Limited. The Joint Venture covers approximately 9893km<sup>2</sup>.

#### *Anomalies*

*Identified anomalies warranting follow up within the tenements. Geophysical and/or geochemical targets and the number and relative position of anomalies on the property being valued;*

- Please refer to the Project Review Section of the Report for further details on the project characteristics. including a discussion of target areas for future exploration on the project areas

#### *Geology*

*The proportion of structural and lithological settings within the tenements and difficulty encountered by cover rocks and other factors.;*

- Please refer to the Project Review Section of the Report for further details on the project characteristics. including a discussion of the geological setting and exposure of prospective host rock sequences on the project areas.

<b>SUMMIT RESOURCES LTD</b>	<b>Prospectivity Factors</b>				
	<b>Off Site</b>	<b>On Site</b>	<b>Anomaly</b>	<b>Geology</b>	<b>Factor</b>
<b>Exploration Areas</b>					
ISA NORTH URANIUM PROJECT					
Low	2.50	1.50	1.50	1.75	<b>9.8</b>
High	2.75	1.75	1.75	2.00	<b>16.8</b>

ISA SOUTH BASE METAL PROJECT					
Low	2.50	1.50	1.50	1.75	<b>9.8</b>
High	2.75	1.75	1.75	2.00	<b>16.8</b>
MAY DOWNS BASE METAL/GOLD PROJECT					
Low	1.50	1.25	1.25	1.00	<b>2.3</b>
High	1.75	1.50	1.50	1.25	<b>4.9</b>
MOUNT KELLY COPPER GOLD PROJECT					
Low	1.50	1.25	1.25	1.00	<b>2.3</b>
High	1.75	1.50	1.50	1.25	<b>4.9</b>
CONSTANCE RANGE BASE METAL PROJECT					
Low	1.50	1.25	1.25	1.00	<b>2.3</b>
High	1.75	1.50	1.50	1.25	<b>4.9</b>
<i>Prospectivity Index = [Off Site Factor]*[On Site Factor]*[Anomaly Factor]*[Geology Factor]</i>					

*Base Value*

The base value represents the exploration cost for a set period of the tenement adjusted for the grant status of the Tenement and the equity held. The current BAC for exploration projects or tenements at an early stage is the average expenditure for the first year of the licence tenure. This is considered to be a BAC of **A\$490 per square kilometre** for Queensland. (Refer to earlier discussion of BAC).

SUMMIT RESOURCES LTD						
Exploration Areas	Base Value	Prospectivity Index		Technical Value Rate, A\$/km2		
		Low	High	Low	High	Preferred
ISA NORTH URANIUM PROJECT	490	9.8	16.8	4,800	8,300	6,550
ISA SOUTH BASE METAL PROJECT	490	9.8	16.8	4,800	8,300	6,550
MAY DOWNS BASE METAL/GOLD PROJECT	490	2.3	4.9	1,100	2,400	1,750
MOUNT KELLY COPPER GOLD PROJECT	490	2.3	4.9	1,100	2,400	1,750
CONSTANCE RANGE BASE METAL PROJECT	490	2.3	4.9	1,100	2,400	1,750

*All values are rounded to appropriate accuracy*

*Base Value = [Grant Factor]\*[Equity Factor]\*[BAC]*

*Prospectivity Index = [Off Site Factor]\*[On Site Factor]\*[Anomaly Factor]\*[Geology Factor]*

*Technical Value Rate/km2 = [Base Value]\*[Prospectivity Index]*

*Preferred Value = average of Low to High*

## Technical Value

A review of comparable transactions is included as an appendix to this report and summarised in the following table. The assessment is based on seven transactions.

Range of values –Multiple of Spot price		
Australian U3O8 Price		\$29.67
	Multiple	A\$/km2
Minimum	4.51	134
1st Quartile	23.41	695
2nd Quartile	23.84	707
3rd Quartile	43.97	1,305
4th Quartile	55.27	1,640
Maximum	55.27	1,640

An estimate of technical value has been compiled for the tenements based on the Geofactor Method which is considered more appropriate for the exploration ground in close proximity to the known uranium mineral resources. This includes the base value, and ratings for prospectivity discussed above. This is well above the comparable transactions for uranium exploration ground listed at the end of this report which are considered to be in under-explored projects. For the purpose of this valuation the preferred value is selected as the average of Low and High values.

The base metal and gold exploration projects account for about 5% of the value of the exploration ground and the tenements were valued based on the Geofactor Method. A consideration of comparable transactions for gold projects in Australia suggests the following range of values for low, average and high quality projects. The Summit base metal and gold projects are placed in the Low quality category with a range of values of \$1,100 to \$2,400 and preferred value of \$1,750 per square kilometre.

Australian Exploration Areas, A\$/km2			
Quality	Low	Average	High
Low	\$1,100	\$2,100	\$5,300
High	\$2,100	\$5,300	\$9,600
Preferred	\$1,600	\$3,700	\$7,500

SUMMIT RESOURCES LTD		Technical Value, A\$M		
Exploration Areas	Area, km2	Low	High	Preferred
ISA NORTH URANIUM PROJECT				
A\$/km2		4,800	8,300	6,550
Value. A\$M	397.09	1.91	3.30	2.60
ISA SOUTH BASE METAL PROJECT				

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A\$/km2		4,800	8,300	6,550
Value. A\$M	491.00	2.36	4.08	3.22
MAY DOWNS BASE METAL/GOLD PROJECT				
A\$/km2		1,100	2,400	1,750
Value. A\$M	52.00	0.06	0.12	0.09
MOUNT KELLY COPPER GOLD PROJECT				
A\$/km2		1,100	2,400	1,750
Value. A\$M	13.00	0.01	0.03	0.02
CONSTANCE RANGE BASE METAL PROJECT				
A\$/km2		1,100	2,400	1,750
Value. A\$M	337.00	0.37	0.81	0.59
Average A\$/km2		2,580	4,760	3,670
Summary Technical Value = [Area] * [Technical Value Rate]				
Technical Values based on 100% Equity				

Summary Technical Value = [Area] \* [Technical Value Rate]

SUMMIT RESOURCES LTD Exploration Areas	Summary Technical Value, A\$M		
	Low	High	Preferred
ISA NORTH URANIUM PROJECT	1.91	3.30	2.60
ISA SOUTH BASE METAL PROJECT	2.36	4.08	3.22
MAY DOWNS BASE METAL/GOLD PROJECT	0.06	0.12	0.09
MOUNT KELLY COPPER GOLD PROJECT	0.01	0.03	0.02
CONSTANCE RANGE BASE METAL PROJECT	0.37	0.81	0.59
<b>TOTAL</b>	<b>4.71</b>	<b>8.34</b>	<b>6.52</b>
<i>Technical Values based on 100% Equity</i>			

### Value of Summit's Equity position

SUMMIT RESOURCES LTD Exploration Areas	Equity	Equity/Technical Value, A\$M		
		Low	High	Preferred
ISA NORTH URANIUM PROJECT	100%	1.91	3.30	2.60
ISA SOUTH BASE METAL PROJECT	20%	0.47	0.82	0.64

MAY DOWNS BASE METAL/GOLD PROJECT	20%	0.01	0.02	0.02
MOUNT KELLY COPPER GOLD PROJECT	20%	0.00	0.01	0.00
CONSTANCE RANGE BASE METAL PROJECT	20%	0.07	0.16	0.12
<b>TOTAL</b>		<b>2.47</b>	<b>4.30</b>	<b>3.38</b>

## RISKS FOR EXPLORATION COMPANIES

Agricola has identified a range of risk elements or risk factors, which may affect the future operations, and financial performance of the Company's Projects. Some of the risk factors are completely external, which is beyond the control of management. However, advance planning can mitigate the project specific risks.

Exploration and mining companies are subject to the regulatory environments in which they operate and exploration and mining companies throughout the world are subject to the inherent risks of the minerals industry.

- Risks inherent in exploration and mining include, among other things, successful exploration and identification of mineral Resources; satisfactory performance of mining operations if a mineable deposit is discovered; and competent management;
- Risks associated with obtaining the grant of any or all of the mining tenements or permits which are applications, or renewal of tenements upon expiry of their current term, including the grant of subsequent titles where applied for over the same ground.
- The grant or refusal of tenements is subject to ministerial discretion and there is no certainty that the tenements applied for will be granted.
- Applications are also subject to additional processes and requirements under the Native Title Act in Australia. The right to negotiate process under Native Title matters can result in significant delays to the implementation of any project or stall it. Negotiated native title agreements may adversely impact on the economics of projects depending on the nature of any commercial terms agreed.
- Risks arising because of the rights of indigenous groups in overseas jurisdictions which may affect the ability to gain access to prospective exploration areas and to obtain exploration titles and access, and to obtain production titles for mining if exploration is successful. If negotiations for such access are successful, compensation may be necessary in settling indigenous title claims lodged over any of the tenements held or acquired by the Company. The level of impact of these matters will depend, in part, on the location and status of the tenements;
- The risks associated with being able to negotiate access to land, including by conducting heritage and environmental surveys, to allow for prospecting, exploration and mining, is time and capital consuming and may be over budget and is not guaranteed of success.
- The risk of material adverse changes in the government policies or legislation of the host country affect the level and practicality of mining and

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- exploration activities;
- Environmental management issues with which the holder may be required to comply from time to time. There are very substantive legislative and regulatory regimes with which the holder needs to comply for land access, exploration and mining that can lead to significant delays.
- Poor access to exploration areas as a result of remoteness or difficult terrain;
- Poor weather conditions over a prolonged period which might adversely affect mining and exploration activities and the timing of earning revenues;
- Unforeseen major failures, breakdowns or repairs required to key items of exploration equipment and vehicles, mining plant and equipment or mine structure resulting in significant delays, notwithstanding regular programs of repair, maintenance and upkeep;
- The availability and high cost of quality management, contractors and equipment for exploration, mining, and the corporate and administration functions in the current economic climate and the cost of identifying, negotiating with and engaging the same; and

#### *Resources & Reserve Risk*

No Mineral Resources have been estimated for the Projects in accordance with the JORC Code 2012.

#### *Extraction and Processing Route Risk*

It may be possible that unfavourable results from the future samples may jeopardise project viability. This may include problems with the future production of saleable concentrates.

#### *Commodity Price Risk*

Metal price, supply and demand are cyclical in nature and subject to significant fluctuations, and any significant decline in the gold price or demand could materially and adversely affect the Company's business and financial condition results of operations and prospects. Commodity markets are highly competitive and are affected by factors beyond the Company's control, which include but not limited to:

- Global Economic Condition;
- Government and Central Banks actions; and
- Fluctuations in industries with high demand.

If there is a fall in long term metal prices, there would be a substantial reduction in the viability of the exploration project.

#### *Project Infrastructure Associated Risk*

Although, accessibility of the project is good with existing road infrastructure, a significant infrastructure facility including access tracks for drill rigs and equipment may need to be upgraded before commencement of mining and further exploration activity.

#### *Exploration Approvals, Tenure, and Permits*

Prior to commencement of mining, government permits and approvals may be required to commence development or earth moving activities and the associated access roads. Any delays in obtaining the required approvals may affect the future timing of cash inflows.

Associated interruptions may occur in the future and that this may have a material impact on the value of the concession.

#### *Environmental and Social Risks*

While environmental and social risks and management plans have been considered, it is possible that failure to comply with the environment criteria or failure to maintain good relationships with the local community in Australia or Argentina will have an impact on the project. These risks are not considered to be greater for these Projects than any other mineral project.

#### *Country Risk*

Australia is rated as 'A2' for Country Risk and 'A1' for Business Climate Risk. Mozambique is rated as 'E' for Country Risk and 'D' for Business Climate Risk. (Source: [www.coface.com](http://www.coface.com))

This assessment will affect an investor's perception of the projects.

### **Mining of Uranium In Queensland**

At its national conference in April 2007, the Federal Australian Labor Party abandoned its traditional opposition to the development of new uranium mines. Its policy is to encourage further development of the uranium industry. As a result of this change in policy approval or prohibition of uranium mining is now a matter within the residual jurisdiction of each state government to decide and, as such, is now largely outside the domain of the prevailing Federal government.

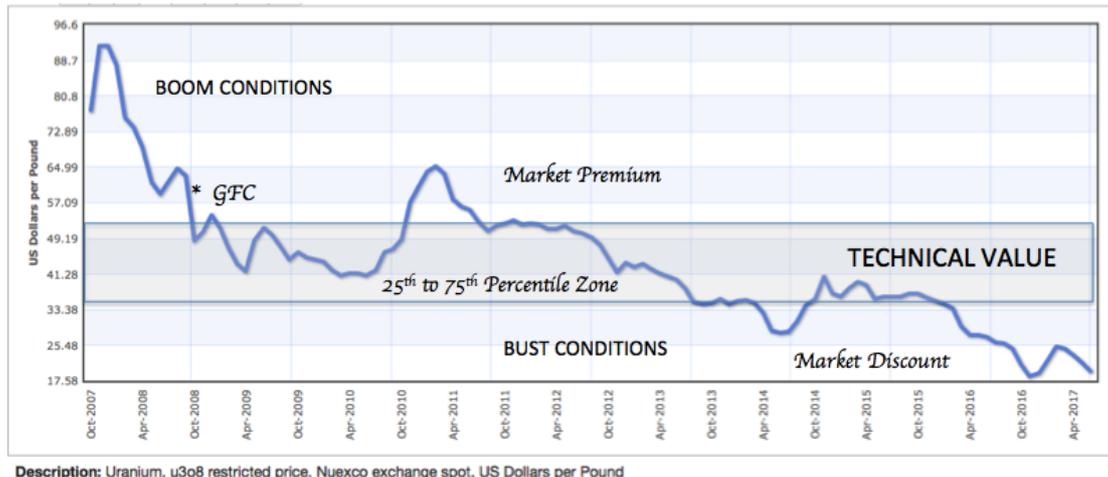
Queensland's last uranium mine closed in 1982 and since 1998 successive State Governments have had a policy of not granting mining leases for the extraction of uranium. This ban was briefly overturned in October 2012 when Queensland Premier Campbell Newman announced the formation of a Uranium Implementation Committee to oversee the resumption of uranium mining. In early 2015, there was a state election in Queensland and the Palaszczuk led Labor party formed government in March 2015. As a consequence of this the Minister for Natural Resources and Mines, Anthony Lynham, informed the media that the Labor government will not permit uranium mining within the state, this situation is expected to continue whilst the Labor party is in government.

## **MARKET VALUE**

### **Market Premium or Discount**

Mineral Assets are volatile in nature and show marked cyclicity. In boom times the market in Australia may pay a premium over the technical value for high quality Assets (i.e. assets that hold defined resources that are likely to be mined profitably in the short-term or projects that are believed to have the potential to

develop into mining operations in the short term even though no resources have been defined). On the other hand in times of bust conditions exploration tenements that have no defined attributes apart from interesting geology or a good address may well trade at a discount to technical value.



*Uranium Price variations 2007 to 2017*

A review of the *Uranium Price* over the last 10 years suggests that market premiums/discounts are below the estimated range of technical value. Other considerations may play a part in ascribing a premium or discount. Deciding on the level of discount or premium is entirely a matter of the technical expert’s professional judgment. This judgment must of course take account of the commodity potential of the tenement, the proximity of an asset to an established processing facility and the size of the land holding.

The current ban on granting mining tenements for uranium in Queensland has a significant negative impact on market value and in view of the depressed average uranium price compared to the 25th-75th percentile **a discount of 20%** has been applied to the Technical Value for the Projects. **No premium or discount** is considered appropriate for the base metal projects in the Aeon Joint Venture.

**Market value Summary**

The Geofactor Method is considered to be more accurate for exploration ground and is the preferred method. The valuation is considered in a range of Comparable Transactions as a cross check.

*Market Value – Mineral Resources – Comparable Transactions Method*

SUMMIT RESOURCES		Market Value, A\$M		
Mineral Resources	Factor	Low	High	Preferred
<i>Valhalla Group</i>	80%	19.51	23.85	21.68
<i>Bikini Group</i>	80%	8.43	10.31	9.37
<b>TOTAL</b>		<b>27.95</b>	<b>34.16</b>	<b>31.05</b>

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*Market Value = [Market Factor]\*[Summary Technical Value]*

**MARKET Values based on Equity held by the Company**

*Market Value - Exploration Ground – Geofactor Method*

<b>SUMMIT RESOURCES LTD</b>		<b>Market Value, A\$M</b>		
<b>Exploration Areas</b>	<b>Factor</b>	<b>Low</b>	<b>High</b>	<b>Preferred</b>
ISA NORTH URANIUM PROJECT	80%	1.52	2.64	2.08
ISA SOUTH BASE METAL PROJECT	100%	0.47	0.82	0.64
MAY DOWNS BASE METAL/GOLD PROJECT	100%	0.01	0.02	0.02
MOUNT KELLY COPPER GOLD PROJECT	100%	0.00	0.01	0.00
CONSTANCE RANGE BASE METAL PROJECT	100%	0.07	0.16	0.12
<b>TOTAL</b>		<b>2.08</b>	<b>3.64</b>	<b>2.86</b>
<i>Market Value = [Market Factor]*[Summary Technical Value]</i>				
<b>MARKET Values based on Equity held by the Company</b>				

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## VALUATION OPINION

Summary of the Valuation Elements:

SUMMIT RESOURCES LTD	Summary Market Value, A\$M			
	Equity	Low	High	Preferred
<b>Mineral Resources</b>				
Valhalla, Skal, Odin	50%	19.51	23.85	21.68
Bikini, Anderson, Watta, Mirioola, Warawai	100%	8.43	10.31	9.37
<b>TOTAL</b>		<b>27.95</b>	<b>34.16</b>	<b>31.05</b>
<b>Exploration Areas</b>				
ISA NORTH URANIUM PROJECT	20%	1.52	2.64	2.08
ISA SOUTH BASE METAL PROJECT	20%	0.47	0.82	0.64
MAY DOWNS BASE METAL/GOLD PROJECT	20%	0.01	0.02	0.02
MOUNT KELLY COPPER GOLD PROJECT	20%	0.00	0.01	0.00
CONSTANCE RANGE BASE METAL PROJECT	20%	0.07	0.16	0.12
<b>TOTAL</b>		<b>2.08</b>	<b>3.64</b>	<b>2.86</b>
<b>GRAND TOTAL</b>		<b>30.03</b>	<b>37.80</b>	<b>33.92</b>
<i>MARKET Values based on Equity held by the Company</i>				

### Valuation Opinion

- *Based on an assessment of the factors involved, the estimate of the market value for the Company's equity in the Mt Isa Area Projects, is in the range of:*

**A\$30.0 million to A\$37.8 million with a preferred value of A\$33.9 million.**

*This valuation is effective on 10 September 2018.*

SUMMIT RESOURCES LTD	Unit Rate Estimates		
	Low	High	Preferred
<b>Mineral Resources</b>			
Equity Resources - Uranium Projects, Mlb			84.27
Market Value, A\$M	27.95	34.16	31.05
Weighted Ave. Unit Rate A\$/lb	0.33	0.41	0.37
<b>Exploration Ground</b>			
Equity Area - Uranium Projects, km2			397.09
Market Value, A\$M	1.52	2.64	2.08
Weighted Ave. Unit Rate A\$/km2	3,840	6,640	5,240
Equity Area - Base Metal Projects, km2			178.60
Technical Value	0.56	1.01	0.78
Weighted Ave. Unit Rate A\$/km2	3,130	5,640	4,390

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This Mineral Asset valuation endeavours to ascertain the unencumbered price which a willing but not anxious vendor could reasonably expect to obtain and a hypothetical willing but not too anxious purchaser could reasonably expect to have to pay for the property if the vendor and the purchaser had got together and agreed on a price in friendly negotiation (the Spencer Test). *It applies to the direct sale of existing equity in the Projects at the date of this Report.*

## REFERENCES

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## APPENDIX

### SUMMARY OF URANIUM PROJECT TRANSACTION WITH MINERAL RESOURCES

Transaction	Date announced	U3O8, US\$/lb price	Geology and Stage	Tonnes (Mt)	Grade (ppm)	Contained (Mlb)	Implied US\$/lb	% of Spot
Paladin sale of non-core Australian exploration assets Australia	Dec-16	20.25	Sandstone - Pre-Development-Open pit			61.30	0.03	0.15%
Energy Fuels acquisition of Roca Honda USA	Mar-16	28.70	Sandstone - Feasibility-Underground	2.46	4,760.00	25.77	0.24	0.84%
Sinosteel acquisition of Crocker Well Australia	Jul-14	28.50	Alaskite - Pre-Development-Open pit	18.80	280.00	11.60	0.46	1.61%
FMG acquisition of Turee Creek Australia	Jun-14	28.23	Unconformity - Pre-Development-Open pit	0.50	500.00	0.55	0.51	1.81%
Skyharbour acquisition of Falcon Point Canada	May-14	28.25	Unconformity - Pre-Development-Open pit	10.40	300.00	6.80	0.10	0.35%
Thundelarra divestment of Hayes Creek Australia	Nov-13	36.08	Unconformity - Pre-Development-Open pit	1.10	800.00	1.86	1.07	2.97%
Toro acquisition of Lake Maitland Australia	Aug-13	34.50	Calcrete - Pre-Development-Open pit	20.80	486.00	22.30	1.50	4.35%
Deep Sea Capital acquisition of Central Mineral Belt Canada	Jun-13	39.60	IOCG - Pre-Development-Open pit	5.06	440.00	4.90	0.02	0.05%

Cameco acquisition of Yeelirrie Australia	Aug-12	48.25	Calcrete - Pre-Development-Open pit	36.60	1,600.00	127.30	3.38	7.01%
Jourdan spinoff of Johann-Beetz Canada	Oct-11	51.88	Alaskite - Pre-Development-Open pit	17.50	250.00	9.60	0.03	0.06%
Uranex divestment of Australian uranium assets Australia	Aug-11	49.13	Calcrete - Pre-Development-Open pit	28.00	220.00	13.60	1.51	3.07%
Valencia acquisition of Agnew Lake Canada	Jul-10	45.63	Unconformity - Exploration-Underground	8.10	400.00	7.20	0.13	0.28%

## SUMMARY OF URANIUM PROJECT TRANSACTION WITH EXPLORATION GROUND

Transaction	Date	U308 price	Buyer	Seller		Area (km <sup>2</sup> )	Implied \$/km <sup>2</sup>	Multiple of Spot
Skyharbour acquisition of Falcon Point - Falcon Point, Yurchison - 100%	May-14	28.25	Skyharbour Resources Ltd	Denison Mines Corp.	In May 2014, Skyharbour announced an agreement to acquire a 100% interest in the Way Lake and Yurchison Lake uranium projects from Denison. Consideration was \$20,000 cash and 2 million new shares. Denison would retain a 2% NSR in the projects, of which 1% may be purchased by Skyharbour for \$1 million. - Both projects are located on the eastern flank of the Athabasca Basin. Way Lake covers 90,892 Ha and includes an Inferred Resource of 6.96 Mlb U308 and 5.34 Mlb ThO2. Yurchison lake covers 12,660 Ha of prospective ground.	1,036	658	23.29
Deep Sea Capital acquisition of Central Mineral Belt - Central Mineral Belt - 100%	Jun-13	39.6	Deep Sea Capital Ltd	Bayswater Uranium Corp	In June 2013, Bayswater announced the sale of the Central Mineral Belt project to Deep Sea Capital for \$125,000. - The Central Mineral Belt project had an Inferred Resource of 4.9Mlbs U308,	128	944	23.84

Nu Nova acquisition of Collins Bay Extension - Collins bay Extension - 100%	Jun-15	36.38	Nu Nova Energy Ltd	Bayswater Uranium Corp	with associated Mo and Rh. It covered two contiguous blocks of claims, totalling approximately 128km2 in area. In June 2015, Nu Nova acquired the Collins Bay Extension project from Bayswater for C\$400,000 in cash. - The project covers 37,330 hectares in the eastern portion of the Athabasca Basin.	373	856	23.53
Kivalliq acquisition of Hatchet Lake - Hatchet Lake - 100%	Feb-15	38.63	Kivalliq Energy Corporation	Rio Tinto	In February 2015, Kivalliq announced that it had agreed to purchase the Hatchet Lake uranium property from Rio Tinto for C\$220,000 in cash and a 2% NSR royalty. - The project covers 13,711 hectares adjacent to the north-eastern margin of the Athabasca Basin.	137	1,278	33.08
Brades acquisition of 3 properties - Perron Lake, Manitou Falls, Cree Bay - 100%	Nov-14	39.5	Brades Resource Corp.	Undisclosed	In November 2014, Brades announced the acquisition of 3 new properties. Consideration was C\$50,000 as a signing payment, issuance of 5 million common shares, and C\$50,000 on closing. - The deal covered nine claims on three properties, with a total area of 23.486 hectares, in the	235	2,167	54.86

					northeastern Athabasca Basin region.			
Athabasca acquisition of Wollaston NE - Wollaston NE - 100%	Aug-14	31.5	Athabasca Nuclear Corporation	DG Resource Management Ltd	In August 2014, Athabasca announced the acquisition of the Wollaston NE project for C\$50,000 in cash and 1.25 million shares at a deemed price of C\$0.06 per share. - The project encompasses approximately 81,000 hectares in an underexplored region on the eastern side of the Athabasca Basin.	810	142	4.51
Cameco acquisition of 27 claims - 27 mineral claims - 100%	Feb-16	32.15	Cameco Corporation	ALX Uranium Corp.	In February 2016, ALX sold 27 claims peripheral to its Hook-Carter property to Cameco for C\$170,000 in cash. - The claims cover a total of 7,064 hectares within the Hook-Carter property, Athabasca Basin.	70.64	1,777	55.27

## ANNEXURE B - SUMMIT ASX ANNOUNCEMENTS

Date	Announcement
7 September 2018	PDN: Takeover Bid - Notice of People to whom info is sent
1 August 2018	PDN: Recommended Takeover Offer of Summit Resources
1 August 2018	Recommended off-market takeover by Paladin Energy Ltd
25 July 2018	Quarterly Activities Report and Appendix 5B
27 April 2018	Appointment of Joint Company Secretary
27 April 2018	Quarterly Activities Report and Appendix 5B
8 March 2018	Half Yearly Report and Account
31 January 2018	Quarterly Report and Appendix 5B for Period Ending 31 December 2017
16 January 2018	Final Directors Interest Notice
16 January 2018	Initial Directors Interest Notice
12 January 2018	Change in Director & Chairman
8 November 2017	Results of AGM
27 October 2017	Quarterly Activities Report and Appendix 5B
6 October 2017	Notice of AGM 2017
28 September 2017	Appendix 4G
28 September 2017	Corporate Governance Statement 2017
28 September 2017	2017 Annual Report

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## CORPORATE DIRECTORY

### Directors

Malcolm Randall Non-Executive Chairman  
Craig Barnes Executive Director  
David Berrie Non-Executive Director

### Joint Company Secretaries

Andrea Betti  
Ranko Matic

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### Securities Exchange Listing

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ASX Code: SMM

### Share Registry

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