



NGM Resources Limited

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28 October 2010

The Manager
ASX Limited
Exchange Plaza
Level 8, 2 The Esplanade
PERTH WA 6000

Fax: 9 221 2020

Dear Sir

LETTER TO SHAREHOLDERS

Please find attached a letter to be mailed to those NGM Resources shareholders who have not yet accepted the Takeover Offer by Paladin Energy Limited.

Should you have any queries or require any clarification please call me (08) 9389 2124.

Yours faithfully

A handwritten signature in black ink, appearing to read 'G. Smith'.

Graeme Smith
Company Secretary



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Dear Shareholder

Takeover offer by Paladin Energy Limited

As you may be aware, Paladin Energy Limited (**Paladin**) has declared its takeover offer for all of the shares in NGM Resources Limited (**NGM**) unconditional.

As Paladin has acquired a relevant interest in more than 90% of the issued capital of NGM, Paladin is entitled to, and has announced that it intends to, proceed to compulsorily acquire all NGM shares that it has not yet acquired under its takeover offer.

NGM shareholders remain free to accept Paladin's takeover offer at any time prior to 5.00pm (Perth time) on 5 November 2010, at which time Paladin's takeover offer will close. In doing so, NGM shareholders will benefit from receiving their consideration earlier than if those shares are compulsorily acquired.

Paladin has confirmed that it intends to issue the new Paladin shares to NGM shareholders who have accepted its takeover offer (and who are not "Ineligible Foreign Shareholders" or an "Unmarketable Parcel Holders", as defined in Paladin's bidder's statement dated 2 September 2010) on Friday, 12 November 2010, (being five business days after the close of the offer).

Shareholders who do not accept Paladin's takeover offer before the takeover offer closes will receive their consideration at the end of the compulsory acquisition process, which is likely to take approximately 4 to 6 weeks to complete.

Your directors urge you to accept Paladin's takeover offer now, so as to ensure you receive the offer consideration as promptly as possible.

Finally, on behalf of the Board of NGM, we would like to thank NGM shareholders for their support and wish Paladin every success in the future.

Yours faithfully

NGM Resources Limited

For further information:

If you need further information or have any queries in regard to the Takeover Offer or how to accept, please contact the **NGM Shareholder Information Line on 1800 656 743 (within Australia) and +61 2 8004 4305 (from outside Australia).**