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ANNOUNCEMENT

SUPREME COURT PROCEEDINGS PALADIN OFFER FOR VALHALLA SUMMIT'S RIGHT TO ACQUIRE RESOLUTE'S IUJV INTEREST

The announcement of the offer by Paladin Resources Limited ("**Paladin**") for all of the shares in Valhalla Uranium Ltd ("**Valhalla**") gave rise to two legal issues for Summit Resources Limited ("**Summit**") to consider, each of which has previously been the subject of an announcement by Summit to the market.

The first issue (the "**Pre-emptive Rights Issue**") was whether the structure of the proposed offer triggered Summit's pre-emptive rights under the Isa Uranium Joint Venture Agreement (the "**IUJV**").

The second issue (the "**Material Breach Issue**") was whether Resolute Limited ("**Resolute**") and/or Mt Isa Uranium Pty Ltd (a wholly owned subsidiary of Valhalla) ("**Mt Isa**") as Participants in the IUJV were in material breach of the Joint Venture Agreement because of the disclosure of information obtained in relation to the IUJV.

Pre-emptive Rights Issue

Summit has previously advised the market that its pre-emptive right under the IUJV would not be triggered by the Paladin offer if all of the conditions of that offer were satisfied.

One of those conditions is that prior to the end of the Offer Period, Mt Isa must enter into an agreement pursuant to which Mt Isa acquires all of the issued shares in Resolute from Resolute Mining Limited ("**Resolute Mining**") for an amount not exceeding \$1.00.

As announced by Resolute Mining Limited and Valhalla yesterday, in exchange for the sum of \$256,820, now paid by Resolute to Summit, Summit has consented to the transfer not being made and agreed that the default provisions under the IUJV will not apply in that circumstance.

That agreement does not prejudice Summit's rights with respect to the IUJV in any way and does not resolve the material breach issue discussed below.

Material Breach Issue

Also, as announced by Resolute Mining Limited and Valhalla, Resolute and Mt Isa have agreed to consent orders for the provision of the information sought by Summit. Those consent orders are today being filed with the Supreme Court and Resolute and Mt Isa now have until 8 September 2006 to provide that information.

Summit believes that if information has been provided to any person in breach of the IUJV, the breach is a material breach because the disclosure has resulted in Paladin having access to information, without which it may not have been prepared to proceed with the takeover offer for Valhalla. In this regard, the provision of information has facilitated an effective disposal of an interest in the IUJV without Summit having had the opportunity to exercise pre-emptive rights under the Joint Venture Agreement and acquire Mt Isa's interest at the price offered by Paladin. The loss of this right as a result of the manner in which Paladin (with the support of Valhalla) structured its offer has had a material effect on Summit.

Summit intends to await receipt of information from Resolute and Mt Isa before deciding what further action it will take in respect of the disclosure of information concerning the IUJV.

Mt Isa and Resolute dispute that there has been a breach and it is therefore likely that this matter will ultimately have to be determined by Court proceedings.

Further information on these matters will be disclosed if proceedings are commenced.



Alan J Eggers
Summit Resources Limited
Perth 31 August 2006