

28 July 2006

Companies Announcement Office
Australian Stock Exchange Limited
20 Bridge Street
Sydney NSW 2000
AUSTRALIA

Market Information Services Section
New Zealand Stock Exchange Limited
Level 2, NZX Centre
11 Cable Street
Wellington
NEW ZEALAND

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ANNOUNCEMENT

SUMMIT SEEKS ORDERS IN SUPREME COURT OF WESTERN AUSTRALIA

POTENTIAL BREACH OF THE ISA URANIUM JOINT VENTURE AGREEMENT

In an announcement to the Australian and New Zealand Stock Exchanges on 11 July 2006, Summit Resources Limited noted that its wholly owned subsidiary, Summit Resources (Aust) Pty Ltd ("**Summit**"), was seeking confirmatory legal advice on whether the structure of the proposed takeover offer by Paladin Resources Ltd ("**Paladin**") for Valhalla Uranium Limited ("**Valhalla**") triggered Summit's pre-emptive rights under the Isa Uranium Joint Venture Agreement (the "**Joint Venture Agreement**").

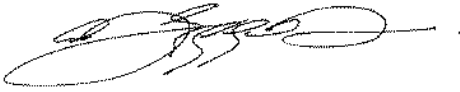
A summary of those pre-emptive rights was disclosed to the market by Valhalla without Summit's approval on 15 December 2005.

Summit is currently seeking to determine whether Resolute Limited and/or Mt Isa Uranium Pty Ltd (a wholly owned subsidiary of Valhalla) as Participants in the joint venture are or were in material breach of the Joint Venture Agreement. Should such breach have occurred, Summit will be entitled to exercise an option to purchase Mt Isa Uranium Pty Ltd's 50% interest in the joint venture at a price to be agreed or, failing agreement, at 85% of the market price determined by an independent expert.

On 24 July 2006, Summit wrote to Resolute Limited and Mt Isa Uranium Pty Ltd outlining its concerns about the disclosure by Resolute and/or Mt Isa Uranium of confidential information and seeking details about any information which had been disclosed to Valhalla, Paladin and any other third parties in relation to the joint venture.

On 26 July 2006, Mt Isa Uranium Pty Ltd responded in writing, denying that it was in breach and refusing to provide any of the information Summit had requested. As a consequence, Summit has today commenced proceedings in the Supreme Court of Western Australia seeking orders that Resolute Limited and Mt Isa Uranium provide discovery of all information that either of them has disclosed to any third party in relation to the joint venture.

Summit will not be making any further comments in relation to these proceedings or the merits of its legal position pending consideration of these matters by the Supreme Court.

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

Alan J Eggers
Summit Resources Limited
PERTH 28 July 2006