



ACN 009 474 775

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**NOTICE OF GENERAL MEETING  
PROXY FORM  
AND  
EXPLANATORY MEMORANDUM**

**TO ASSIST SHAREHOLDERS IN THEIR CONSIDERATION OF RESOLUTIONS TO BE PUT AT THE  
GENERAL MEETING OF THE COMPANY TO BE HELD AT  
129 EDWARD STREET, PERTH ON MONDAY, 6 NOVEMBER 2006 AT 11.00 AM**

***THIS DOCUMENT IS IMPORTANT***

**If you do not understand this document or are in any doubt as to how to deal with this document, you should consult your stockbroker, solicitor, accountant or other professional adviser immediately.**

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## NOTICE OF MEETING

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Notice is hereby given that a General Meeting of Shareholders of Summit Resources Limited ("**Company**") will be held at 129 Edward Street Perth WA on Monday, 6 November 2006 at 11.00 am for the purpose of transacting the following business:-

### **RESOLUTION 1 – RATIFICATION OF PAST PLACEMENT**

To consider and if thought fit to pass the following resolution as an ordinary resolution:-

"That, for the purposes of Listing Rule 7.4 of the Listing Rules of Australian Stock Exchange Limited, and for all other purposes, the Company ratifies and confirms the issue of 9,509,999 fully paid ordinary shares in the Company at an issue price of one dollar fifty cents (\$1.50) as announced to Australian Stock Exchange Limited on 18 August 2006, and on such terms and conditions set out in the Explanatory Memorandum accompanying this Notice of General Meeting."

*The Company will disregard any votes cast on this resolution by a person who participated in the placement and an associate of that person. However, the Company need not disregard a vote if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote in accordance with a direction on the proxy form to vote as the proxy decides.*

### **RESOLUTION 2 – APPROVAL OF SUMMIT RESOURCES LIMITED EMPLOYEE SHARE OPTION PLAN**

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

"That, pursuant to and in accordance with Listing Rule 7.2, Exception 9 of the Listing Rules of Australian Stock Exchange Limited, the Company approve the issue of securities under the employee incentive option scheme for employees known as "Summit Resources Limited Employee Share Option Plan", the rules of which are annexed as Annexure "A" to the Explanatory Memorandum accompanying this Notice of Meeting, as an exception to the Listing Rule 7.1."

*The Company will disregard any votes cast on this Resolution 2 by a director of the Company and by an associate of a director of the Company. However, the Company need not disregard a vote if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form, or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.*

### **RESOLUTION 3 – APPROVAL OF GRANT OF OPTIONS TO DIRECTOR, MR JOHN SETON**

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

"That, for the purposes of Section 208 of the Corporations Act 2001 and Listing Rule 10.11 of the Listing Rules of Australian Stock Exchange Limited, and for all other purposes, the Company be authorised to grant to Mr John Seton (and/or his nominees) 1,750,000 free options, each of which entitles the holder to subscribe for one fully paid share in the capital of the Company at \$2.00 on or before 1 September 2011, and on such terms and conditions set out in the Explanatory Memorandum accompanying this Notice of General Meeting."

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*The Company will in accordance with section 224 of the Corporations Act 2001 disregard any votes cast on this Resolution by Mr John Seton and any associates of Mr Seton. However, the Company need not disregard a vote if it is cast by a person as a proxy appointed in writing that specifies how the proxy is to vote on the proposed Resolution; and it is not cast on behalf of Mr Seton or an associate of Mr Seton.*

#### **RESOLUTION 4 – APPROVAL OF GRANT OF OPTIONS TO DIRECTOR, MR ALAN EGGERS**

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

“That, for the purposes of Section 208 of the Corporations Act 2001 and Listing Rule 10.11 of the Listing Rules of Australian Stock Exchange Limited, and for all other purposes, the Company be authorised to grant to Mr Alan Eggers (and/or his nominees) 3,000,000 free options, each of which entitles the holder to subscribe for one fully paid share in the capital of the Company at \$2.00 on or before 1 September 2011, and on such terms and conditions set out in the Explanatory Memorandum accompanying this Notice of General Meeting.”

*The Company will in accordance with section 224 of the Corporations Act 2001 disregard any votes cast on this Resolution by Mr Alan Eggers and any associates of Mr Eggers. However, the Company need not disregard a vote if it is cast by a person as a proxy appointed in writing that specifies how the proxy is to vote on the proposed Resolution; ;and it is not cast on behalf of Mr Eggers or an associate of Mr Eggers.*

#### **RESOLUTION 5 – APPROVAL OF GRANT OF OPTIONS TO DIRECTOR, MR LINDSAY COLLESS**

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

“That, for the purposes of Section 208 of the Corporations Act 2001 and Listing Rule 10.11 of the Listing Rules of Australian Stock Exchange Limited, and for all other purposes, the Company be authorised to grant to Mr Lindsay Colless (and/or his nominees) 1,250,000 free options, each of which entitles the holder to subscribe for one fully paid share in the capital of the Company at \$2.00 on or before 1 September 2011, and on such terms and conditions set out in the Explanatory Memorandum accompanying this Notice of General Meeting.”

*The Company will in accordance with section 224 of the Corporations Act 2001 disregard any votes cast on this Resolution by Mr Lindsay Colless and any associates of Mr Colless. However, the Company need not disregard a vote if it is cast by a person as a proxy appointed in writing that specifies how the proxy is to vote on the proposed Resolution; and it is not cast on behalf of Mr Colless or an associate of Mr Colless.*

#### **RESOLUTION 6 – APPROVAL OF GRANT OF OPTIONS TO PROPOSED DIRECTOR, MR DAVID BERRIE**

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

“That, for the purposes of Section 208 of the Corporations Act 2001 and Listing Rule 10.14 of the Listing Rules of Australian Stock Exchange Limited, and for all other purposes, the Company be authorised to grant to Mr David Berrie (and/or his nominees) 1,000,000 free options, each of which entitles the holder to subscribe for one fully paid share in the capital of the Company at \$2.00 on or before 1 September 2011, and on such terms and conditions set out in the Explanatory Memorandum accompanying this Notice of General Meeting.”

*The Company will in accordance with section 224 of the Corporations Act 2001 disregard any votes cast on this Resolution by Mr David Berrie and any associates of Mr Berrie. However, the Company need not disregard a vote if it is cast by a person as a proxy appointed in writing that specifies how the proxy is to vote on the proposed Resolution; and it is not cast on behalf of Mr Berrie or an associate of Mr Berrie.*

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## RESOLUTION 7 – APPROVAL OF GRANT OF OPTIONS TO COMPANY’S CONSULTANTS

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

“That, for the purposes of Rules 7.1 of the Listing Rules of Australian Stock Exchange Limited, and for all other purposes, the Company be authorised to grant to its consultants(and/or the nominees of the consultants) 1,500,000 free options, each of which entitles the holder to subscribe for one fully paid share in the capital of the Company at \$2.00 on or before 1 September 2011, and on such terms and conditions set out in the Explanatory Memorandum accompanying this Notice of General Meeting.”

*The Company will disregard any votes cast on this Resolution by a person who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the resolution is passed; and an associate of that person. However, the Company need not disregard a vote if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.*

Dated this 19th day of September 2006.

By order of the Board of Directors

K E V Brown

**Secretary**

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## EXPLANATORY STATEMENT

This explanatory statement is prepared for the benefit of shareholders to better understand the resolutions put to the General Meeting of the Company to be held on Monday 6 November 2006 at 11.00 am.

### RESOLUTION 1 – RATIFICATION OF SHARE PLACEMENT

Listing Rule 7.1 of the Listing Rules provides that a listed company may not issue securities in any 12 month period where the total number of securities to be issued exceeds 15% of the number of fully paid ordinary securities on issue 12 months before the date of issue, except with the prior approval of members of the Company in general meeting of the terms and conditions of the proposed issue.

Listing Rule 7.4 provides that an issue of securities made without approval under Listing Rule 7.1 is treated as having been made with approval for the purpose of Listing Rule 7.1 if the issue did not breach Listing Rule 7.1 and shareholders subsequently approve the issue.

Resolution 1 seeks shareholder approval for the purpose of Listing Rule 7.4 for ratifying the issue of a total of 9,509,999 Shares as announced to ASX on 28 August 2006, in order to allow the Company to have the right to place up to a further 15% of its issued capital at any time during the next 12 months. These funds were raised pursuant to the “excluded offer” provisions (Section 708) of the Corporations Act 2001. This issue was not in breach of Listing Rule 7.1. The issue price of the shares was \$1.50 each.

As required by Listing Rule 7.5, the following additional information is provided to Shareholders to assist in assessing Resolution 1:

- a) The number allotted was 9,509,999 Shares.
- b) The price at which the shares were issued was one dollar fifty cents (\$1.50) each.
- c) The terms of the Shares are the same as those governing the current issued Shares.
- d) The following Shares were issued to the following applicants:

<b>Applicant</b>	<b>Number of Shares</b>
Clients of Hargrave Hale in London	7,246,666
Clients of Bell Potter, Sydney	1,333,333
Cranport Pty Ltd	800,000
Synergy Resources Ltd	130,000
<b>Total</b>	<b>9,509,999</b>

- e) The funds raised were intended to be used for continuing exploration and development work at the Company’s Mount Isa Project and for other working capital.

This resolution is an ordinary resolution requiring a simple majority.

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## **RESOLUTION 2 – APPROVAL OF SUMMIT RESOURCES LIMITED EMPLOYEE SHARE OPTION PLAN**

The Directors considered that it was desirable to establish an option plan under which employees may be offered the opportunity to subscribe for options to acquire Shares in order to increase the range of potential incentives available to them and to strengthen links between the Company and its employees and accordingly adopted the Summit Resources Limited Employee Share Option Plan (“**Plan**”) on 27 July 2006.

The Plan is designed to provide incentives to the employees of the Company and to recognise their contribution to the Company’s success. Under the Company’s current circumstances the Directors consider that the incentives to employees are a cost effective and efficient incentive for the Company as opposed to alternative forms of incentives such as cash bonuses or increased remuneration. To enable the Company to secure employees who can assist the Company in achieving its objectives, it is necessary to provide remuneration and incentives to such personnel. The Plan is designed to achieve this objective, by encouraging continued improvement in performance over time and by encouraging personnel to acquire and retain significant shareholdings in the Company.

Shareholder approval is required if any issue of Employee Options pursuant to the Plan is to fall within the exception to the calculation of the 15% limit imposed by Listing Rule 7.1 on the number of securities which may be issued without shareholder approval. Accordingly, Shareholder approval is sought for the purposes of Listing Rule 7.2 Exception 9(b) which provides that Listing Rule 7.1 does not apply to an issue of securities under an employee incentive scheme that has been approved by the holders of ordinary securities within three years after the date of approval.

Under the Plan, the Board may offer to eligible persons the opportunity to subscribe for such number of Employee Options in the Company as the Board may decide and on the terms set out in the rules of the Plan, a copy of which is contained in Annexure A of this Explanatory Memorandum. Employee Options granted under the Plan will be offered to participants in the Plan on the basis of the Board’s view of the contribution of the eligible person to the Company.

In accordance with the requirements of Listing Rule 7.2 Exception 9(b) the following information is provided:

- (a) a copy of the rules of the Plan is attached as Annexure A to the Notice of Meeting;
- (b) no Employee Options have previously been issued under the Plan; and
- (c) a voting exclusion statement has been included for the purposes of Resolution 2.

The Company intends to issue to its employees a total not exceeding 9,870,000 Options, on the terms set out in the Plan. The exercise price of these Options will be two dollars (\$2.00) each. These Options will not be listed. Shares issued upon exercise of the Options will be listed and rank *pari passu* with the then existing Shares. The Options are being issued as a reward for past efforts by the employees and an incentive for the future success of the Company and the Directors consider this issue to be in the best interests of the Company.

This resolution is an ordinary resolution requiring a simple majority.

## **RESOLUTIONS 3, 4, 5 AND 6 – APPROVAL OF GRANT OF OPTIONS TO DIRECTORS, MESSRS JOHN SETON, ALAN EGGERS, LINDSAY COLLESS AND DAVID BERRIE**

Resolutions 3, 4 and 5 give authority to grant to Messrs John Seton, Alan Eggers and Lindsay Colless, a total of 6,000,000 Options, to be issued as a one-off issue of Options outside the Plan. Resolution 6 gives authority to grant to Mr David Berrie 1,000,000 Options under the Plan. The Options are being issued as a reward for past efforts and an incentive for the future success of the Company. The Directors consider the issue of Options to be in the best interests of the Company.

Resolution 3 seeks Shareholder approval for the proposed grant of 1,750,000 Options with an exercise price of \$2.00 and an expiry date of 1 September 2011 to Mr John Seton, who is a Non-Executive Director.

Resolution 4 seeks Shareholder approval for the proposed grant of 3,000,000 Options with an exercise price of \$2.00 and an expiry date of 1 September 2011 to Mr Alan Eggers, who is the Managing Director.

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Resolution 5 seeks Shareholder approval for the proposed grant of 1,250,000 Options with an exercise price of \$2.00 and an expiry date of 1 September 2011 to Mr Lindsay Colless, who is a Non-Executive Director.

Resolution 6 seeks Shareholder approval for the proposed grant of 1,000,000 Options with an exercise price of \$2.00 and an expiry date of 1 September 2011 under the Plan to Mr David Berrie, who is intended to be appointed by the Board as an Executive Director on 16 October 2006. Mr Berrie was previously Acting Legal Manager at BHP Billiton, Western Australia. He has spent over 18 years with WMC, and subsequently BHP Billiton following its takeover of the company in 2005, in senior corporate, legal and commercial roles within their exploration, mining and project development groups. Prior to this David was with the law firm Robinson Cox. Mr Berrie holds Bachelor of Laws and Bachelor of Jurisprudence degrees from the University of Western Australia.

The terms of the Options are set out in Annexure B to this Explanatory Memorandum. One third of the number of Options granted to each of the Directors are exercisable after the first anniversary of the issue date ("**Tranche 1 Options**"). The next one third of the number of Options (cumulative) granted are exercisable after the second anniversary of the issue date ("**Tranche 2 Options**") and the remaining number of Options granted are exercisable after the third anniversary of the issue date ("**Tranche 3 Options**"). As noted in Annexure B, the terms of the Options to be granted to Mr Berrie are the same as the terms of those Options to be granted to the other Directors, except that the terms of the Options to be granted to Mr Berrie are subject to the Rules of the Plan set out in Annexure A, and to the extent there are any inconsistencies between the Rules of the Plan and the terms in Annexure B, the terms in Annexure B will prevail.

The grant of Options is designed to encourage the Directors to have a greater involvement in the achievement of the Company's objectives and to provide an incentive to strive to that end by participating in the future growth and prosperity of the Company through share ownership. The combination of higher exercise price and long dated options were designed as an incentive to perform for the longer term.

Under the Company's current circumstances, the Directors consider that the incentive, represented by the issue of the Options, are a cost effective and efficient reward and incentive for the Company, as opposed to alternative forms of incentive, such as the payment of cash compensation. The Directors consider that it is far better for them to be compensated by way of securities in the Company, rather than by way of cash.

The number and terms of Options proposed to be issued to the Directors was negotiated by the Directors and is considered by the Directors to be appropriate remuneration for them in light of their skill, experience and reputation.

### **Related Party Transactions**

Chapter 2E of the Corporations Act prohibits a public company from giving a financial benefit to a related party of the public company unless either:

- (a) the giving of the financial benefit falls within one of the nominated exceptions to the provision; or
- (b) prior shareholder approval is obtained to the giving of the financial benefit.

The giving of a financial benefit includes the issue of securities to a related party.

In accordance with section 219 of the Corporations Act, the following information is provided to Shareholders:

- (a) The related parties to whom the proposed resolution would permit the financial benefit to be given are as follows:

Messrs John Seton, Alan Eggers and Lindsay Colless are directors of the Company and are therefore related parties of the Company. Mr David Berrie will be appointed as a director of the Company in mid-October and is therefore also a related party of the Company.

- (b) The nature of the financial benefit proposed to be given:

The nature of the financial benefit proposed to be given under Resolution 3, 4, 5 and 6 is the grant of the following Options to the Directors or their nominees.

Name of Director	No. of Tranche 1 Options <sup>(1)</sup>	No. of Tranche 2 Options <sup>(2)</sup>	No. of Tranche 3 Options <sup>(3)</sup>	Total
Mr A Eggers	1,000,000	1,000,000	1,000,000	3,000,000
Mr J Seton	583,333	583,333	583,334	1,750,000
Mr L Colless	416,666	416,666	416,668	1,250,000
Mr D Berrie	333,333	333,333	333,334	1,000,000

**Note:**

<sup>(1)</sup> Tranche 1 Options are exercisable on and from the first anniversary of the issue date.

<sup>(2)</sup> Tranche 2 Options are exercisable on and from the second anniversary of the issue date.

<sup>(3)</sup> Tranche 3 Options are exercisable on and from the third anniversary of the issue date.

All Directors were available to consider Resolutions 3, 4, 5 and 6.

Messrs Eggers and Colless (who do not have any interest in Resolution 3) recommend that Shareholders approve the grant of Options under Resolution 3 to Mr Seton as they consider the grant of Options is a cost effective means of giving an incentive to Mr Seton to advance the Company's interests in accordance with the directions given from time to time by the Company. Mr Seton declined to make a recommendation to Shareholders in respect of Resolution 3 as he has a material personal interest in the outcome of Resolution 3 by virtue of the proposed grant of Options to him.

Messrs Seton and Colless (who do not have any interest in Resolution 4) recommend that Shareholders approve the grant of Options under Resolution 4 to Mr Eggers as they consider that the grant of Options are a cost effective means of giving an incentive to Mr Eggers to advance the Company's interests in accordance with the directions given from time to time by the Company. Mr Eggers declined to make a recommendation to Shareholders in respect of Resolution 4 as he has a material personal interest in the outcome of Resolution 4 by virtue of the proposed grant of Options to him.

Messrs Eggers and Seton (who do not have any interest in Resolution 5) recommend that Shareholders approve the grant of Options under Resolution 5 to Mr Eggers as they consider that the grant of Options are a cost effective means of giving an incentive to Mr Colless to advance the Company's interests in accordance with the directions given from time to time by the Company. Mr Colless declined to make a recommendation to Shareholders in respect of Resolution 5 as he has a material personal interest in the outcome of Resolution 5 by virtue of the proposed grant of Options to him.

Messrs Eggers, Colless, and Seton (who do not have any interest in Resolution 6) recommend that Shareholders approve the grant of Options under Resolution 6 to Mr Berrie as they consider that the grant of Options are a cost effective means of giving an incentive to Mr Berrie to advance the Company's interests in accordance with the directions given from time to time by the Company. Mr Berrie declined to make a recommendation to Shareholders in respect of Resolution 6 as he has a material personal interest in the outcome of Resolution 6 by virtue of the proposed grant of Options to him.

Shareholders should note that for the reasons noted above and below, it is proposed to grant Options to Messrs Seton and Colless, both being Non-Executive Directors, notwithstanding Guideline 9.3 of the ASX Corporate Governance Council Principles of Good Corporate Governance and Best Practice Recommendations which guideline provides that non-executive directors should not receive options.

- (d) Any other information that is reasonably required by members to make a decision and that is known to the Company or any of its officers.
- (i) The Black and Scholes option pricing model (the "B&S Model") has been applied in providing valuation information in respect to the Options to be issued to Messrs Seton, Eggers and Colless.

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The B&S Model is based on a number of assumptions, including an assumption that the Options being valued are American call options, in that they can be exercised on or before the expiry date (subject to the vesting conditions). In addition, the B&S Model assumes that there is a liquid market for the Options. Because the B&S Model assumes a liquid market, the amount calculated by the B&S Model represents a maximum theoretical value. In assessing the indicative fair value of the Options, no discount factors have been applied to take into account that the Options are unlisted.

The following values have been calculated for the Options using the B&S Model based on the following assumptions and variables:

#### **Assumptions**

- that the Options are American call options (i.e. they can be exercised at any time during the period);
- there are no transaction costs, Options and Shares are infinitely divisible, and information is available to all without cost;
- short selling is allowed without restriction or penalty;
- the risk free interest rate is known and constant throughout the duration of the option contract;
- the underlying Shares do not currently pay a dividend; and
- Share prices behave in a manner consistent with a random walk in continuous time.

#### **Variables**

- Share price of \$1.50 (based on the Company's closing share price on 1 September 2006)

a risk free interest rate of 6.00% based on the Reserve Bank of Australia's cash rate;

expiry date of 1 September 2011; and

exercise price of \$2.00.

<b>Volatility Factor</b>	<b>Value of each Option</b>
106 %	\$1.16
114 %	\$1.20
122 %	\$1.24

Any change in the variables applied in the B&S Model between the date of the valuation and the date the Options are granted would have an impact on their value.

The Company believes that a volatility factor of 114% based on the Company's historical volatility is the most appropriate indicator of future price volatility. In addition we have calculated the Option value using a volatility of 106% and 122% as a measure of the sensitivity to changes in volatility. Applying the volatility factor of 114%, the indicative value of the Options proposed to be issued to each of the Directors are as follows:

	Number of Options	(\$)
<b>Value per Option</b>		<b>\$1.20</b>
Value of Options to be issued to Mr Seton	1,750,000	\$2,100,000
Value of Options to be issued to Mr Eggers	3,000,000	\$3,600,000
Value of Options to be issued to Mr Colless	1,250,000	\$1,500,000
Value of Options to be issued to Mr Berrie	1,000,000	\$1,200,000

- (ii) As at the date of this Notice, the total issued capital of the Company comprised 197,440,020 Shares.

At the date of this Notice, if all of the 6,000,000 Options the subject of Resolutions 3, 4, 5 and 6 are exercised, the effect would be to dilute the shareholdings of existing Shareholders. Assuming all of the 6,000,000 Options are exercised, the existing Options remain unexercised, the total dilution caused by the exercise of the 6,000,000 Options would be approximately 3.04% as at the date of this Notice.

- (iii) As at the date of this Notice, Mr Seton has an indirect interest in 40,000 Shares. These Shares are held in the name of Gregor John Barclay and Simon Charles Blackwell as trustees for the Abergeldie Trust Account, of which Mr Seton is a potential beneficiary. Subject to Resolution 3 being passed, Mr Seton will be granted 1,750,000 Options within one month after the date of this Meeting.
- (iv) As at the date of this Notice, Mr Eggers holds 2,100,000 Shares in his own name and has an indirect interest in 8,568,850 Shares which are held as follows:

Name of holder and relationship with Mr Eggers	No. of Shares
Minvest Securities (New Zealand) Limited – company of which Mr Eggers is a director	8,060,000
Wesmin Geological Consultants Pty Ltd – company of which Mr Eggers is a director	140,000
Mr Eggers as trustee for the Eggers Family Trust	330,000
Paula M Eggers – daughter of Mr Eggers	19,000
Melanie J Eggers – daughter of Mr Eggers	8,000
Nicholas J Eggers – son of Mr Eggers	11,850
<b>Total</b>	<b>8,568,850</b>

Subject to Resolution 4 being passed, Mr Eggers will be granted 3,000,000 Options within one month after the date of this Meeting.

- (v) As at the date of this Notice, Mr Colless has an indirect interest in 300,000 Shares. These Shares are held in the name of Mineral Administration Services Pty Ltd. Subject to Resolution 5 being passed, Mr Colless will be granted 1,250,000 Options within one month after the date of this Meeting.
- (vi) As at the date of this Notice, Mr Berrie has no interest in the Company's securities. Subject to Resolution 6 being passed, Mr Berrie will be granted 1,000,000 Options within one month after the date of this Meeting.

- (vii) The market price of the Shares during the term of Options will normally determine whether or not the Option holder exercises the Option. At the time any Options are exercised and Shares issued pursuant to the exercise of the Options, Shares may be trading on the ASX at a price which is higher than the exercise price of the Options.
- (viii) The following table gives details of the highest, lowest and latest price of the Company's Shares trading on the ASX over the past 12 months ending on 15 September 2006:

Highest Price	Date of Highest Price	Lowest Price	Date of Lowest Price	Latest Price on 15 September 2006
\$1.755	26 April 2006	\$0.53	15 December 2005	\$1.60

- (ix) The Options will not be quoted on ASX and as such have no actual market value.
- (x) Mr Seton has a beneficial interest in fees paid to Claymore Law of \$2,574 for professional services during the year ended 30 June 2006 and \$30,000 paid by the Company for acting as a Non-Executive Chairman.
- (xi) Mr Eggers has a beneficial interest in fees paid to Wesmin Geological Consultants Pty Ltd of \$342,161 for professional geological services and staff costs during the year ended 30 June 2006 and \$15,000 paid by the Company for acting as the Managing Director.
- (xii) Mr Colless has a beneficial interest in fees paid to Mineral Administration Services Pty Ltd of \$48,500 for accounting, secretarial and administration services during the year ended 30 June 2006 together with \$15,000 paid by the Company for acting as an Executive Director.
- (xiii) The cash remuneration (including superannuation) and the total financial benefits to be received by Messrs Seton, Eggers, Colless and Berrie in this current period as the result of the grant of Options the subject of Resolutions 3, 4, 5 and 6 are set out below:

Director	Cash Remuneration	Value of Options*	Total Financial Benefit
Alan Eggers	\$357,000 (estimate)	\$3,600,000	\$3,942,000
John Seton	\$32,500 (estimate)	\$2,100,000	\$2,132,500
Lindsay Colless	\$63,500	\$1,250,000	\$1,313,500

Proposed Director	Cash remuneration	Value of Options*	Total Financial Benefit
David Berrie	\$250,000	\$1,200,000	\$1,450,000

*\*Based on the preferred value of Options calculated in paragraph (d)(i) of this Explanatory Memorandum.*

- (xiv) The Directors do not consider that from an economic and commercial point of view, there are any costs or detriments including opportunity costs or taxation consequences for the Company or benefits foregone by the Company in granting the Options the subject of Resolutions 3, 4, 5 and 6.

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- (xv) The Company's adoption of Australian equivalents to International Financial Reporting Standards for reporting periods commencing from 1 July 2005 means that, under AASB2 Share-based Payment, equity-based compensation will be recognised as an expense in respect of the services received.
  - (xvi) Neither the Directors nor the Company are aware of any other information that would be reasonably required by Shareholders to make a decision in relation to the financial benefits contemplated by Resolutions 3, 4, 5 and 6.

### **Listing Rule 10.11**

Listing Rule 10.11 broadly requires shareholders' approval by ordinary resolution to any issue by a listed company of securities to a related party. Accordingly, Listing Rule 10.11 requires Shareholders to approve the issue of Options to Messrs Seton, Eggers and Colless.

For the purposes of Listing Rule 10.11, the following information is provided to Shareholders:

- (a) the Options will be granted to the Directors and/or their nominees;
- (b) the maximum number of Options to be issued to Mr Seton pursuant to Resolution 3 is 1,750,000, the maximum number of Options to be issued to Mr Eggers pursuant to Resolution 4 is 3,000,000 and the maximum number of Options to be issued to Mr Colless pursuant to Resolution 5 is 1,250,000;
- (c) the Options will be issued in accordance with the terms as set out in Annexure B to this Explanatory Memorandum;
- (d) the Options will be granted for no consideration;
- (e) no funds will be raised by the grant of the Options;
- (f) the Options will be granted on a date, being no later than 1 month after the date Shareholder approval is obtained for Resolutions 3, 4 and 5, or on such other date as approved by ASX.

Resolutions 3, 4 and 5 are ordinary resolutions requiring a simple majority.

### **Listing Rule 10.14**

The Options the subject of Resolution 6 are to be issued to Mr Berrie pursuant to the Plan.

Listing Rule 10.14 broadly requires shareholders' approval by ordinary resolution to any issue by a listed company of securities under an employee incentive scheme to a director, an associate of the director, or a person whose relationship with the entity is such that, in ASX's opinion, approval under Listing Rule 10.14 should be obtained. The Company seeks approval under Listing Rule 10.14 to issue 1,000,000 Options to Mr Berrie under the Plan, as Mr Berrie will be appointed as a director of the Company in mid-October.

For the purposes of Listing Rule 10.15, the following information is provided to Shareholders:

- (a) the Options will be granted to Mr Berrie and/or his nominees;
- (b) the maximum number of Options to be issued to Mr Berrie pursuant to Resolution 6 is 1,000,000;
- (c) the Options will be issued in accordance with the terms as set out in Annexure B to this Explanatory Memorandum;
- (d) the Options will be granted for no consideration;
- (e) no funds will be raised by the grant of the Options;
- (f) all Directors, and/or their permitted nominees, are entitled to participate in the Plan;

- 
- (g) no Directors, and/or their permitted nominees, have received any Options under the Plan; and
- (h) the Options will be granted on a date, being no later than 12 months after the date Shareholder approval is obtained for Resolution 6.

Resolution 6 is an ordinary resolution requiring a simple majority.

## **RESOLUTION 7 – APPROVAL OF GRANT OF OPTIONS TO COMPANY’S CONSULTANTS**

Resolution 7 seeks Shareholder approval for the grant to the Company’s consultants of 1,500,000 Options, each exercisable at \$2.00 on or before 1 September 2011.

The purpose of the grant of these Options is to provide an incentive to the consultants to contribute to the success of the Company, which the Directors consider are a cost effective means of providing an incentive.

The Options will be granted under the terms as set out in Annexure C to this Explanatory Memorandum. One third of the number of Options granted to the consultants are exercisable after the first anniversary of the issue date (“**Tranche A Options**”). The next one third (cumulative) of the number of Options granted are exercisable after the second anniversary of the issue date (“**Tranche B Options**”) and the remaining number of Options granted are exercisable after the third anniversary of the issue date (“**Tranche C Options**”). The Options will be allotted to Ms Karen Brown (or her nominee), being the Company Secretary, and various other consultants (or their nominees) at the Board’s discretion as consideration for services provided by the consultants to the Company in the following manner.

<b>Name of Consultant</b>	<b>No. of Tranche A Options <sup>(1)</sup></b>	<b>No. of Tranche B Options <sup>(2)</sup></b>	<b>No. of Tranche C Options <sup>(3)</sup></b>	<b>Total</b>
Ms Karen Brown	166,666	166,666	166,668	500,000
Various other consultants	333,333	333,333	333,334	1,000,000

Listing Rule 7.1 broadly provides, subject to certain exceptions, that shareholder approval is required for any issue of securities where the securities proposed to be issued represent more than 15% of a company’s fully paid ordinary shares then on issue. Listing Rule 7.1 approval is commonly sought so that the 15% threshold is maintained and available for use by the company in the future should the circumstances require it.

The issue of Options pursuant to this Resolution will represent 0.76% of the Company’s issued capital as at the date of this Notice. Although the proposed issue of Options does not exceed the 15% limit and therefore does not require Shareholder approval, the Directors are seeking Shareholder approval now to allow the 1,500,000 Options not to be included in the 15% calculation set out in Listing Rule 7.1 and thereby provide the Company with the flexibility to issue equity securities in the future up to the 15% limit.

For the purpose of Listing Rule 7.1, Listing Rule 7.3 requires the following information to be provided to Shareholders:

The information required to be given to Shareholders pursuant to Listing Rule 7.3 is as follows:

- (a) the maximum number of Options to be issued under Resolution 6 is 1,500,000;
- (b) the Company will issue the Options on a date within 3 months after the date of this meeting, or on such other date as approved by ASX;
- (c) the Options will be issued for no consideration;
- (d) the Options will be issued to the parties as noted above;
- (e) the Options will be issued on the terms as set out in Annexure C to this Explanatory Memorandum; and

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(f) as the Options will be issued for no consideration, no funds will be raised from the issue of the Options.

Shareholders should note that the exercise price and expiry date of these Options are the same as those to be issued to employees under the Plan and Directors under resolutions 3, 4 and 5. The reason these Options will not be issued under the Plan are that the consultants referred to in this Resolution are not eligible to apply for Options under the Plan. Only directors and employees of the Company are eligible to apply for Options under the Plan.

This Resolution is an ordinary resolution requiring a simple majority.

## GLOSSARY

In this Explanatory Memorandum, the following terms have the following meanings unless the context otherwise requires:

<b>ASX</b>	means Australian Stock Exchange Limited (ACN 008 624 691).
<b>Board</b>	means the board of Directors of the Company.
<b>Company</b>	means Summit Resources Limited (ACN 009 474 775).
<b>Constitution</b>	means the constitution of the Company.
<b>Corporations Act</b>	means Corporations Act 2001.
<b>Director</b>	means a director of the Company.
<b>ESOP</b>	means Employee Share Option Plan.
<b>Listing Rules</b>	means the listing rules of ASX.
<b>Notice or Notice of Meeting</b>	means the notice of meeting which accompanies this Explanatory Memorandum.
<b>Option</b>	means an option to acquire one Share.
<b>Resolution</b>	means a resolution referred to in the Notice.
<b>Share</b>	means a fully paid ordinary share in the capital of the Company.
<b>Shareholder</b>	means a holder of a Share.

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## ANNEXURE A

### Rules of Summit Resources Limited Employee Share Option Plan (for the purpose of Resolution 2)

**Blakiston & Crabb**  
Solicitors  
1202 Hay Street  
WEST PERTH WA 6005  
Tel: (08) 9322 7644  
Fax: (08) 9322 1506  
Ref: MWC.MC.SMM/13421

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**SUMMIT RESOURCES LIMITED**

**ACN 009 474 775**

## RULES OF EMPLOYEE SHARE OPTION PLAN

(adopted by the Board on 27 July 2006)

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### 1. NAME OF PLAN

1.1 This Plan shall be called the Summit Resources Limited Employee Share Option Plan.

### 2. ESTABLISHMENT AND TERMINATION OF THE PLAN

2.1 The Board may establish and administer the Plan in accordance with the terms and conditions set out in these Rules and otherwise as it determines from time to time in its absolute discretion.

2.2 The Board may terminate the Plan, or suspend its operation for any period it considers desirable, at any time that it considers appropriate.

2.3 The Board may not issue any further Options after the Plan has been terminated. However, these Rules will continue to apply to Options on issue at the date of such termination until the last of those Options lapses or is exercised.

### 3. PURPOSE OF PLAN

3.1 The purpose of this Plan is to:

- (a) recognise the ongoing ability of the employees of the Company and their expected efforts and contribution in the long term to the performance and success of the Company;
- (b) provide an incentive to the employees of the Company to remain in their employment in the long term;
- (c) attract persons of experience and ability to employment with the Company and foster and promote loyalty between the Company and its employees; and
- (d) provide employees of the Company with the opportunity to acquire Options, and ultimately Shares, in the Company, in accordance with these Rules.

### 4. OPERATION OF THE PLAN

4.1 The Plan operates according to these Rules which bind the Company and each Participant.

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4.2 The number of Shares to be received on exercise of the Options the subject of an offer under the Plan when aggregated with:

- (a) the number of Shares which would be issued were each outstanding offer or Option, being an offer made or Option acquired pursuant to the Plan or any other employee share scheme extended only to employees or Directors of the Company, exercised; and
- (b) the number of Shares issued during the previous 5 years pursuant to the Plan or any other employee share scheme extended only to employees or Directors of the Company,

but disregarding any offer made, or Option acquired or Share issued by way of or as a result of:

- (c) an offer under the Plan to a person situated at the time of receipt of the Offer outside Australia; or
- (d) an offer under the Plan that did not need disclosure to investors because of section 708 of the Corporations Act; or
- (e) an offer made under a disclosure document,

must not exceed 5% of the total number of issued Shares as at the time of the offer under the Plan.

## 5. ELIGIBILITY

5.1 Subject to these Rules, the Board may from time to time determine that any Eligible Person is entitled to participate in the Plan and the extent of that participation. Prior to making that determination, the Board must consider:

- (a) the seniority of the relevant Eligible Person and the position the Eligible Person occupies within the Company;
- (b) the length of service of the Eligible Person with the Company;
- (c) the record of employment of the Eligible Person with the Company;
- (d) the potential contribution of the Eligible Person to the growth of the Company;
- (e) the extent (if any) of the existing participation of the Eligible Person (or any Permitted Nominee in relation to that Eligible Person) in the Plan; and
- (f) any other matters which the Board considers relevant.

5.2 The Board may exercise its powers in relation to the participation of any Eligible Person on any number of occasions.

## 6. OFFER OF OPTIONS

6.1 Subject to these Rules and to the Listing Rules, the Company (acting through the Board) may offer Options to any Eligible Person at such times and on such terms as the Board considers appropriate. Each offer must state:

- (a) the name and address of the Eligible Person to whom the offer is made;
- (b) that the Eligible Person to whom the offer is addressed may accept the whole or any lesser number of Options offered;

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- (c) the minimum number of Options and any multiple of such minimum or any other number which may be accepted;
  - (d) the period within which the offer may be accepted, and the period or periods during which the Options or any of them may be exercised and the Expiry Date;
  - (e) the method of calculation of the Exercise Price; and
  - (f) any other matters which the Board may determine.

## 7. ACCEPTING OFFERS

- 7.1 Upon receipt of an offer of Options, an Eligible Person may, within the period specified in the offer:
- (a) accept the whole or any lesser number of Options offered by giving to the Company an Application Form; or
  - (b) nominate a nominee in whose favour the Eligible Person wishes to renounce the offer by notice in writing to the Board. The Board may, in its absolute discretion, resolve not to allow such renunciation of an offer in favour of a nominee without giving any reason for such decision.

7.2 Upon:

- (a) receipt of the Application Form referred to in paragraph 7.1(a); or
- (b) the Board resolving to allow a renunciation of an offer in favour of a nominee ("**Permitted Nominee**") and the Permitted Nominee accepting the whole or any lesser number of Options offered by giving the Company an Application Form,

then the Eligible Person or the Permitted Nominee, as the case may be, will be taken to have agreed to be bound by these Rules and will be granted Options subject to these Rules.

- 7.3 If Options are issued to a Permitted Nominee or an Eligible Person, the Eligible Person must, without limiting any provision in these Rules, ensure that the Permitted Nominee complies with these Rules.
- 7.4 On the issue of Options following receipt by the Company of an Application Form, an Eligible Person or the Permitted Nominee, as the case may be, becomes a Participant.

## 8. NO CONSIDERATION

- 8.1 No consideration is payable by an Eligible Person for a grant of an Option, unless the Board decides otherwise.

## 9. CERTIFICATES

- 9.1 The Company must give a Participant one or more Certificates stating:
- (a) the number of Options issued to the Participant;
  - (b) the Exercise Price of those Options; and
  - (c) the Issue Date of those Options.
- 9.2 The Certificates for the Options will be dispatched within 10 Business Days after the Issue Date.

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## 10. QUOTATION

- 10.1 The Company will not apply for Official Quotation of any Options.
- 10.2 If shares of the same class as those allotted pursuant to the exercise of Options granted under the Plan are listed on the ASX, the Company must apply for Official Quotation of those Shares allotted pursuant to the exercise of Options within the time required by the Listing Rules after the date of allotment.

## 11. NOT TRANSFERABLE

- 11.1 Subject to clauses 11.2 and 14.5, Options are not transferable.
- 11.2 Options may be transferred, by an instrument of transfer, in the following circumstances only:
- (a) a transfer constituting the necessary transfer documents following an acceptance of an offer made under an off-market bid relating to Options;
  - (b) a transfer to a bidder on the sale of the Options under Division 3 of Part 6A.1 of the Corporations Act;
  - (c) a transfer to a 100% holder on the sale of the Options under Division 2 of Part 6A.2 of the Corporations Act;
  - (d) a transfer under Part 6A.3 of the Corporations Act to a person entitled to acquire the Options under section 661A or 664A of the Corporations Act; or
  - (e) a transfer approved by the Board in those circumstances as may be determined by the Board.

## 12. EXERCISE OF OPTIONS

- 12.1 Subject to these Rules and the terms of the Options, Options may be exercised at any time during the period commencing on the Issue Date and ending on the Expiry Date.
- 12.2 Notwithstanding paragraph 12.1, all Options may be exercised:
- (a) during a Bid Period; or
  - (b) at any time after a Change of Control Event has occurred; or
  - (c) on an application under section 411 of the Corporations Act, if a court orders a meeting to be held concerning a proposed compromise or arrangement for the purposes of or in connection with a scheme for the reconstruction of the Company or its amalgamation with any other company.
- 12.3 Options may only be exercised by the Participant giving notice in writing to the Board delivered to the registered office of the Company. The notice must specify the number of Options being exercised and the Exercise Price for the Options specified in the notice and must be accompanied by:
- (a) the Certificate for those Options, for cancellation by the Company; and
  - (b) a cheque payable to the Company (or another form of payment acceptable to the Board) in the amount of the product of the number of Options then being exercised by the Participant and the Exercise Price.

The notice is only effective (and only becomes effective) when the Company has received value for the full

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amount referred to in paragraph (b).

12.4 Subject to paragraph 14.1, within 10 Business Days after the notice referred to in clause 12.3 becoming effective, the Board must:

- (a) allot and issue the number of Shares to be issued in respect of the Options being exercised;
- (b) cancel the Certificate for the Options being exercised; and
- (c) if applicable, issue a new Certificate for any remaining Options covered by the Certificate accompanying the notice.

12.5 The Board may, at its discretion, by notice to the Participant reduce, waive or vary (provided such variation is not adverse to the Participant) the Exercise Conditions attaching to Options in whole or in part at any time and in any particular case.

### **13. SHARES ALLOTTED ON EXERCISE OF OPTIONS**

13.1 All Shares allotted upon exercise of the Options rank pari passu in all respects with Shares previously issued and, in particular, entitle the holders of Shares to participate fully in:

- (a) dividends declared by the Company after the date of allotment; and
- (b) all issues of securities made or offered pro rata to holders of Shares.

### **14. LAPSE OF OPTIONS**

14.1 Options not validly exercised on or before the Expiry Date will automatically lapse.

14.2 Unless otherwise determined by the Board, if any Options are granted subject to Exercise Conditions and, prior to satisfaction of the Exercise Conditions (such that the Options are not exercisable), an Eligible Person ceases to be an Eligible Person then:

- (a) if the Eligible Person ceases to be an Eligible Person for any reason other than a Specified Reason, any such Options held by such Eligible Person, or if appropriate, his or her Permitted Nominee, will automatically lapse; and
- (b) if the Eligible Person ceases to be an Eligible Person for a Specified Reason, such Eligible Person, or if appropriate, his or her Permitted Nominee, may exercise any such Options held by him or her within:
  - (i) 3 months of the date of (as the case may be) Retirement, Redundancy, death or Total and Permanent Disablement; or
  - (ii) such longer period as the Board determines,

subject to the Board, in its absolute discretion, reducing, waiving or varying the Exercise Conditions applying to those Options in accordance with clause 12.5 so that those Options may be exercised. Options the subject of clause 14.2(b) not exercised within 3 months or the longer period determined by the Board, will automatically lapse.

14.3 Unless otherwise determined by the Board, if an Eligible Person ceases to be an Eligible Person at any time after an Option is or has become exercisable, then:

- (a) if the Eligible Person ceases to be an Eligible Person for any reason other than a

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Specified Reason, such Eligible Person, or if appropriate, his or her Permitted Nominee, may exercise any such Options held by him or her within:

- (i) 1 month of ceasing to be an Eligible Person; or
- (ii) such longer period as the Board determines,

and any Options the subject of this clause not exercised within 1 month or the longer period determined by the Board, will automatically lapse; and

- (b) if an Eligible Person ceases to be an Eligible Person for a Specified Reason, such Eligible Person, or if appropriate, his or her Permitted Nominee is entitled to exercise any such Option at any time prior to its Expiry Date.

14.4 A certificate signed by the company secretary of the Company stating that a person ceased for any reason to be an Eligible Person shall (in the absence of manifest error) be conclusive for the purposes of the Plan, both as to such occurrence and the reason for such occurrence and the date of such occurrence.

14.5 Subject to clause 14.2, if at any time prior to the Expiry Date of any Options a Holder dies, the deceased Holder's Legal Personal Representative may:

- (a) elect to be registered as the new Holder of the deceased Holder's Options;
- (b) whether or not he or she becomes so registered, exercise those Options in accordance with and subject to these Rules as if he were the Holder of them; and
- (c) if the deceased Holder had already given the Company a notice of exercise of his or her Options, pay the Exercise Price in respect of those Options.

## 15. PARTICIPATION RIGHTS, BONUS ISSUES, RIGHTS ISSUES, REORGANISATIONS OF CAPITAL AND WINDING UP

### 15.1 New Issues

- (a) Participants are not entitled to participate in any new issue of securities to existing holders of Shares in the Company unless:
  - (i) they have become entitled to exercise their Options under the Plan; and
  - (ii) they do so before the record date for the determination of entitlements to the new issue of securities and participate as a result of being holders of Shares.
- (b) The Company must give Participants, in accordance with the Listing Rules, notice of any new issue of securities before the record date for determining entitlements to the new issue.

### 15.2 Bonus Issues

If there is a bonus share issue ("**Bonus Issue**") to the holders of Shares, the number of Shares over which an Option is exercisable will be increased by the number of Shares which the Holder would have received if the Option had been exercised before the record date for the Bonus Issue ("**Bonus Shares**"). The Bonus Shares must be paid up by the Company out of the profits or reserves (as the case may be) in the same manner as was applied in the Bonus Issue and upon issue rank pari passu in all respects with the other shares of that class on issue at the date of issue of the Bonus Shares.

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### **15.3 Pro Rata Issues**

If there is a pro rata issue (other than a Bonus Issue) to the holders of Shares during the currency of, and prior to the exercise of any Options, the Exercise Price of an Option will be adjusted in the manner provided for in the Listing Rules.

### **15.4 Reorganisation of Capital**

If, prior to the expiry of any Options, there is a reorganisation of the issued capital of the Company, then the rights of a Participant (including the number of Options to which each Participant is entitled and the Exercise Price) is changed to the extent necessary to comply with the Listing Rules applying to a reorganisation of capital at the time of the reorganisation.

### **15.5 Winding Up**

If, prior to the expiry of any Options, a resolution for a members' voluntary winding up of the Company is proposed (other than the purpose of a reconstruction or amalgamation) the Board may, in its absolute discretion, give written notice to Participants of the proposed resolution. Subject to the Exercise Conditions, the Participants may, during the period referred to in the notice, exercise their Options.

### **15.6 Fractions of Shares**

For the purpose of this clause 15, if Options are exercised simultaneously, then the Participant may aggregate the number of Shares or fractions of Shares for which the Participant is entitled to subscribe. Fractions in the aggregate number only will be disregarded in determining the total entitlement of a Participant.

### **15.7 Calculations and Adjustments**

Any calculations or adjustments which are required to be made under this clause 15 will be made by the Board and, in the absence of manifest error, are final and conclusive and binding on the Company and the Participant.

### **15.8 Notice of Change**

The Company must within a reasonable period give to each Participant notice of any change under clause 15 to the Exercise Price of any Options held by the Participant or to the number of Shares which the Participant is entitled to subscribe for on exercise of an Option.

## **16. EXERCISE PRICE OF OPTIONS**

16.1 The method of calculation of the Exercise Price of each Option will be determined by the Board with regard to the Market Value of the Shares when it resolves to offer the Option.

## **17. AMENDMENTS TO THE RULES**

### **17.1 Board May Alter Rules**

The Board may subject to the Listing Rules alter, delete or add to these Rules at any time (save for the provisions of clause 4).

### **17.2 Consent of Participants**

If any amendment to be made under clause 17.1 would adversely affect the rights of Participants in respect of any Options then held by them, the Board must obtain the consent of Participants who between them hold not less than 75% of the total number of those Options held by all those Participants before making the amendment.

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### **17.3 Eligible Persons Outside Australia**

The Board may make any additions, variations or modifications to the Rules, in relation to the implementation of the Plan and the specific application of the Rules to Eligible Persons residing outside Australia.

## **18. POWERS OF THE BOARD**

18.1 The Plan shall be administered by the Board who shall have the power to:

- (a) determine appropriate procedures and make regulations for the administration of the Plan which are consistent with these Rules;
- (b) resolve conclusively all questions of fact or interpretation arising in connection with the Plan;
- (c) terminate or suspend the operation of the Plan at any time, provided that the termination or suspension does not adversely affect or prejudice the rights of Participants holding Options at that time;
- (d) delegate those functions and powers it considers appropriate, for the efficient administration of the Plan, to any one or more persons whom the Board reasonably believes to be capable of performing those functions and exercising those powers, for such period and on such conditions as the Board may determine;
- (e) take and rely upon independent professional or expert advice in or in relation to the exercise of any of their powers or discretions under these Rules;
- (f) administer the Plan in accordance with these Rules as and to the extent provided in these Rules; and
- (g) make regulations for the operation of the Plan consistent with these Rules.

## **19. NOTICES**

19.1 Notices may be given by the Company to any Holder either personally or by sending by post to his or her address as noted in the Company's records or to the address (if any) within the Commonwealth of Australia supplied by him to the Company for the giving of notices. Notices for any overseas Holders shall be forwarded and posted by air. Where a notice is sent by post the notice shall be deemed to be served on the day after posting. The signature of any notice may be given by any Director or secretary of the Company. A notice of exercise given under clause 12.3 shall not be deemed to be served on the Company until actually received.

## **20. NO COMPENSATION OR DAMAGES**

- 20.1 The rights and obligations of any Holder under the terms of his or her employment with the Company are not affected by his or her participation in the Plan.
- 20.2 These Rules do not form part of, and will not be incorporated into, any contract of engagement or employment between a Holder and the Company.
- 20.3 No Holder has any rights to compensation or damages as a result of the termination of his or her employment, so far as those rights arise or may arise from the Holder ceasing to have rights under the Plan as a result of the termination.
- 20.4 Participants do not, as Participants, have any right to attend or vote at general meetings of holders of Shares.

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## 21. GOVERNING LAW

- 21.1 The Plan and any Options issued under it are governed by the laws of Western Australia and the Commonwealth of Australia.
- 21.2 Each Participant irrevocably and unconditionally submits to the non-exclusive jurisdiction of the courts of Western Australia, the Commonwealth of Australia and courts entitled to hear appeals from those courts.

## 22. ADVICE

- 22.1 Eligible Persons should obtain their own independent advice at their own expense on the financial, taxation and other consequences to them of or relating to participation in the Plan.

## 23. DEFINITIONS AND INTERPRETATION

- 23.1 In these Rules, unless the context otherwise requires, the following words and expressions shall have the following meanings:

**“Application Form”** means a duly completed and executed application for the issue of Options made by an Eligible Person or Permitted Nominee in respect of an Offer, in the form approved by the Board from time to time;

**“ASX”** means Australian Stock Exchange Ltd;

**“Bid Period”**, in relation to a takeover bid in respect of shares in the Company, means the period referred to in the definition of that expression in section 9 of the Corporations Act provided that where a takeover bid is publicly announced prior to the service of a bidder’s statement on the Company in relation to that takeover bid, the Bid Period shall be deemed to have commenced at the time of that announcement;

**“Board”** means the Directors acting as the board of directors of the Company or a committee appointed by such board of directors;

**“Business Day”** means a day on which banks are open for business in Perth excluding a Saturday, Sunday or public holiday;

**“Certificate”** means the certificate issued in accordance with clause 9 by the Company to a Holder in respect of an Option;

**“Change of Control Event”** means a shareholder, or a group of associated shareholders, becoming entitled to sufficient shares in the Company to give it or them the ability, and that ability is successfully exercised, in general meeting, to replace all or a majority of the Board;

**“Company”** means Summit Resources Limited ACN 009 474 775;

**“Corporations Act”** means *Corporations Act 2001 (Cth)*;

**“Director”** means a director of the Company from time to time but does not include a person who is only a director by virtue of being an alternate director;

**“Eligible Person”** means at any time a person who then is a Director or an employee (whether full-time or part-time) of the Company or of an associated body corporate of the Company;

**“Exercise Condition”** means the performance, vesting or other conditions (if any) determined by the Board and specified in an Offer which are, subject to these Rules, required to be satisfied, reached or met before an Option can be exercised;

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**“Exercise Price”** means, in respect of an Option, the subscription price per Share, determined in accordance with clause 16, payable by a Holder on exercise of the Option;

**“Expiry Date”** means, in relation to an Option, the date determined by the Board prior to the offer of the relevant Options, subject to any restriction in the Corporations Act from time to time but in any event no longer than 5 years from the Issue Date;

**“Holder”** means, in relation to an Option, the person (whether an Eligible Person or a Permitted Nominee) entered in the Company’s register of options as the holder of that Option;

**“Issue Date”** means, in relation to an Option, the date on which the Company grants that Option;

**“Legal Personal Representative”** means the executor of the will or an administrator of the estate of a deceased person, the trustee of the estate of a person under a legal disability or a person who holds an enduring power of attorney granted by another person;

**“Listing Rules”** means the Official Listing Rules of ASX as they apply to the Company from time to time;

**“Market Value”** means, if the Company is admitted to the official list of ASX:

- (a) the weighted average closing sale price of the Shares recorded on the stock market of ASX over the five trading days immediately preceding the day on which the Board resolves to offer an Option; or
- (b) in circumstances where there has been no trading in the Shares during the five trading days immediately preceding the day on which the Board resolves to offer an Option, the last sale price recorded on the stock market of ASX;

**“Offer”** means an invitation to an Eligible Person made by the Company under clause 6.1 to apply for an issue of Options;

**“Official Quotation”** has the meaning ascribed to it in the Listing Rules;

**“Option”** means an option issued under the Plan to subscribe for a Share;

**“Participant”** means a person who holds Options issued under the Plan and includes, if a Participant dies or becomes subject to a legal disability, the Legal Personal Representative of the Participant;

**“Permitted Nominee”** has the meaning given to it by clause 7.2;

**“Plan”** means the Summit Resources Limited Employee Share Option Plan established in accordance with these Rules;

**“Redundancy”** means, in relation to an Eligible Person, a determination by the Board that the Company’s need to employ a person for the particular kind of work carried out by that Eligible Person has ceased (but, for the avoidance of any doubt, does not include the dismissal of an Eligible Person for personal or disciplinary reasons or where the Eligible Person leaves the employ of the Company of his or her own accord);

**“Retirement”** means, in relation to an Eligible Person, retirement by that Eligible Person from the Company at age 60 or over or such earlier age as considered appropriate by the Board;

**“Rules”** means these rules, as amended from time to time;

**“Series”** means, in relation to Options, Options with a common Issue Date;

**“Shares”** means fully paid ordinary shares in the capital of the Company;

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**“Specified Reason”** means Retirement, Total and Permanent Disablement, Redundancy or death;

**“Tax”** means any tax, levy, impost, GST, deduction, charge, rate, contribution, duty or withholding which is assessed (or deemed to be assessed), levied, imposed or made by any government or any governmental, semi-governmental or judicial entity or authority together with any interest, penalty, fine, charge, fee or other amount assessed (or deemed to be assessed), levied, imposed or made on or in respect of any or all of the foregoing; and

**“Total and Permanent Disablement”** means, in relation to an Eligible Person, that the Eligible Person has, in the opinion of the Board and with effect on a date determined by the Board, after considering such medical and other evidence as it sees fit, become incapacitated to such an extent as to render the Eligible Person unlikely ever to engage in any occupation for which he is reasonably qualified by education, training or experience.

23.2 In these Rules, unless a contrary intention appears:

- (a) where an expression is defined, another part of speech or grammatical form of that expression has a corresponding meaning;
- (b) the singular includes the plural and vice versa;
- (c) a reference to a gender includes all genders; and
- (d) an expression defined in, or given a meaning for the purposes of, the Corporations Act has the same meaning where used in these Rules.

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## ANNEXURE B

### Terms of Tranche 1 Options to be issued to the Messrs John Seton, Alan Eggers and Lindsay Colless (for the purpose of Resolutions 3, 4 and 5)

- a) Each option entitles the holder to subscribe for a fully paid ordinary share in the Company at two dollars (\$2.00) per share.
- b) The options are exercisable on and from the first anniversary of the issue date and expire at 5pm Western Standard Time on 1 September 2011 ("**Expiry Date**"). Any options not exercised on or before the Expiry Date will automatically lapse.
- c) All shares allotted on the exercise of options will rank equally in all respects with the Company's then existing fully paid ordinary shares.
- d) The options are freely transferable but no application will be made to Australian Stock Exchange Ltd (**ASX**) for quotation of the options. If the Company's ordinary shares are quoted by ASX, the Company must apply for quotation of all shares allotted pursuant to the exercise of options not later than 10 business days after the date of allotment.
- e) Holders may only participate in new issues of securities to holders of ordinary shares in the Company if the option has been exercised and shares allotted in respect of the option before the record date for determining entitlements to the issue. The Company must give to holders at least 7 business days notice of any new issue before the record date for determining entitlements to the issue in accordance with the Listing Rules of ASX.
- f) There will be no change to the exercise price of the option or the number of shares over which the option is exercisable in the event of the Company making a pro rata issue of shares or other securities to the holders of ordinary shares in the Company (other than a bonus issue).
- g) If there is a bonus issue ("**Bonus Issue**") to the holders of ordinary shares in the Company, the number of shares over which the option is exercisable will be increased by the number of shares which the holder would have received if the option had been exercised before the record date for the Bonus Issue ("**Bonus Shares**"). The Bonus Shares must be paid up by the Company out of the profits or reserves (as the case may be) in the same manner as was applied in the Bonus Issue and upon issue rank equally in all respects with the other shares of that class on issue as the date of issue of the Bonus Shares.
- h) If prior to the expiry date, there is a reorganisation of the issued capital of the Company, options are to be treated in the manner set out in the Listing Rules of ASX.

### Terms of Tranche 1 Options to be issued to the Mr David Berrie (for the purpose of Resolution 6)

The terms of these options are the same as the terms of the Tranche 1 Options to be issued to Messrs Seton, Eggers and Colless, as set out in paragraphs of (a) to (h) above, except that there is an additional term (being paragraph (i)) as follows:

- i) The options are issued subject to the Company's ESOP. To the extent there are any inconsistencies between the ESOP and these terms, these terms will prevail.

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**Terms of Tranche 2 Options to be issued to the Messrs John Seton, Alan Eggers and Lindsay Colless  
(for the purpose of Resolutions 3, 4 and 5)**

- a) Each option entitles the holder to subscribe for a fully paid ordinary share in the Company at two dollars (\$2.00) per share.
- b) The options are exercisable on and from the second] anniversary of the issue date and expire at 5pm Western Standard Time on 1 September 2011 ("**Expiry Date**"). Any options not exercised on or before the Expiry Date will automatically lapse.
- c) All shares allotted on the exercise of options will rank equally in all respects with the Company's then existing fully paid ordinary shares.
- d) The options are freely transferable but no application will be made to Australian Stock Exchange Ltd (**ASX**) for quotation of the options. If the Company's ordinary shares are quoted by ASX, the Company must apply for quotation of all shares allotted pursuant to the exercise of options not later than 10 business days after the date of allotment.
- e) Holders may only participate in new issues of securities to holders of ordinary shares in the Company if the option has been exercised and shares allotted in respect of the option before the record date for determining entitlements to the issue. The Company must give to holders at least 7 business days notice of any new issue before the record date for determining entitlements to the issue in accordance with the Listing Rules of ASX.
- f) There will be no change to the exercise price of the option or the number of shares over which the option is exercisable in the event of the Company making a pro rata issue of shares or other securities to the holders of ordinary shares in the Company (other than a bonus issue).
- g) If there is a bonus issue ("**Bonus Issue**") to the holders of ordinary shares in the Company, the number of shares over which the option is exercisable will be increased by the number of shares which the holder would have received if the option had been exercised before the record date for the Bonus Issue ("**Bonus Shares**"). The Bonus Shares must be paid up by the Company out of the profits or reserves (as the case may be) in the same manner as was applied in the Bonus Issue and upon issue rank equally in all respects with the other shares of that class on issue as the date of issue of the Bonus Shares.
- h) If prior to the expiry date, there is a reorganisation of the issued capital of the Company, options are to be treated in the manner set out in the Listing Rules of ASX.

**Terms of Tranche 2 Options to be issued to the Mr David Berrie  
(for the purpose of Resolution 6)**

The terms of these options are the same as the terms of the Tranche 2 Options to be issued to Messrs Seton, Eggers and Colless, as set out in paragraphs of (a) to (h) above, except that there is an additional term (being paragraph (i)) as follows:

- i) The options are issued subject to the Company's ESOP. To the extent there are any inconsistencies between the ESOP and these terms, these terms will prevail.

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**Terms of Tranche 3 Options to be issued to the Messrs John Seton, Alan Eggers and Lindsay Colless  
(for the purpose of Resolutions 3, 4 and 5)**

- a) Each option entitles the holder to subscribe for a fully paid ordinary share in the Company at two dollars (\$2.00) per share.
- b) The options are exercisable on and from the third anniversary of the issue date and expire at 5pm Western Standard Time on 1 September 2011 ("**Expiry Date**"). Any options not exercised on or before the Expiry Date will automatically lapse.
- c) All shares allotted on the exercise of options will rank equally in all respects with the Company's then existing fully paid ordinary shares.
- d) The options are freely transferable but no application will be made to Australian Stock Exchange Ltd (**ASX**) for quotation of the options. If the Company's ordinary shares are quoted by ASX, the Company must apply for quotation of all shares allotted pursuant to the exercise of options not later than 10 business days after the date of allotment.
- e) Holders may only participate in new issues of securities to holders of ordinary shares in the Company if the option has been exercised and shares allotted in respect of the option before the record date for determining entitlements to the issue. The Company must give to holders at least 7 business days notice of any new issue before the record date for determining entitlements to the issue in accordance with the Listing Rules of ASX.
- f) There will be no change to the exercise price of the option or the number of shares over which the option is exercisable in the event of the Company making a pro rata issue of shares or other securities to the holders of ordinary shares in the Company (other than a bonus issue).
- g) If there is a bonus issue ("**Bonus Issue**") to the holders of ordinary shares in the Company, the number of shares over which the option is exercisable will be increased by the number of shares which the holder would have received if the option had been exercised before the record date for the Bonus Issue ("**Bonus Shares**"). The Bonus Shares must be paid up by the Company out of the profits or reserves (as the case may be) in the same manner as was applied in the Bonus Issue and upon issue rank equally in all respects with the other shares of that class on issue as the date of issue of the Bonus Shares.
- h) If prior to the expiry date, there is a reorganisation of the issued capital of the Company, options are to be treated in the manner set out in the Listing Rules of ASX.

**Terms of Tranche 3 Options to be issued to the Mr David Berrie  
(for the purpose of Resolution 6)**

The terms of these options are the same as the terms of the Tranche 3 Options to be issued to Messrs Seton, Eggers and Colless, as set out in paragraphs of (a) to (h) above, except that there is an additional term (being paragraph (i)) as follows:

- i) The options are issued subject to the Company's ESOP. To the extent there are any inconsistencies between the ESOP and these terms, these terms will prevail.

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## ANNEXURE C

### Terms of Tranche A Options to be issued to the Company's Consultants (for the purpose of Resolution 7)

- a) Each option entitles the holder to subscribe for a fully paid ordinary share in the Company at two dollars (\$2.00) per share.
- b) The options are exercisable on and from the first anniversary of the issue date and expire at 5pm Western Standard Time on 1 September 2011 ("**Expiry Date**"). Any options not exercised on or before the Expiry Date will automatically lapse.
- c) All shares allotted on the exercise of options will rank equally in all respects with the Company's then existing fully paid ordinary shares.
- d) The options are freely transferable but no application will be made to Australian Stock Exchange Ltd (**ASX**) for quotation of the options. If the Company's ordinary shares are quoted by ASX, the Company must apply for quotation of all shares allotted pursuant to the exercise of options not later than 10 business days after the date of allotment.
- e) Holders may only participate in new issues of securities to holders of ordinary shares in the Company if the option has been exercised and shares allotted in respect of the option before the record date for determining entitlements to the issue. The Company must give to holders at least 7 business days notice of any new issue before the record date for determining entitlements to the issue in accordance with the Listing Rules of ASX.
- f) There will be no change to the exercise price of the option or the number of shares over which the option is exercisable in the event of the Company making a pro rata issue of shares or other securities to the holders of ordinary shares in the Company (other than a bonus issue).
- g) If there is a bonus issue ("**Bonus Issue**") to the holders of ordinary shares in the Company, the number of shares over which the option is exercisable will be increased by the number of shares which the holder would have received if the option had been exercised before the record date for the Bonus Issue ("**Bonus Shares**"). The Bonus Shares must be paid up by the Company out of the profits or reserves (as the case may be) in the same manner as was applied in the Bonus Issue and upon issue rank equally in all respects with the other shares of that class on issue as the date of issue of the Bonus Shares.
- h) If prior to the expiry date, there is a reorganisation of the issued capital of the Company, options are to be treated in the manner set out in the Listing Rules of ASX.

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**Terms of Tranche B Options to be issued to the Company's Consultants**  
**(for the purpose of Resolution 7)**

- a) Each option entitles the holder to subscribe for a fully paid ordinary share in the Company at two dollars (\$2.00) per share.
- b) The options are exercisable on and from the second anniversary of the issue date and expire at 5pm Western Standard Time on 1 September 2011 ("**Expiry Date**"). Any options not exercised on or before the Expiry Date will automatically lapse.
- c) All shares allotted on the exercise of options will rank equally in all respects with the Company's then existing fully paid ordinary shares.
- d) The options are freely transferable but no application will be made to Australian Stock Exchange Ltd (**ASX**) for quotation of the options. If the Company's ordinary shares are quoted by ASX, the Company must apply for quotation of all shares allotted pursuant to the exercise of options not later than 10 business days after the date of allotment.
- e) Holders may only participate in new issues of securities to holders of ordinary shares in the Company if the option has been exercised and shares allotted in respect of the option before the record date for determining entitlements to the issue. The Company must give to holders at least 7 business days notice of any new issue before the record date for determining entitlements to the issue in accordance with the Listing Rules of ASX.
- f) There will be no change to the exercise price of the option or the number of shares over which the option is exercisable in the event of the Company making a pro rata issue of shares or other securities to the holders of ordinary shares in the Company (other than a bonus issue).
- g) If there is a bonus issue ("**Bonus Issue**") to the holders of ordinary shares in the Company, the number of shares over which the option is exercisable will be increased by the number of shares which the holder would have received if the option had been exercised before the record date for the Bonus Issue ("**Bonus Shares**"). The Bonus Shares must be paid up by the Company out of the profits or reserves (as the case may be) in the same manner as was applied in the Bonus Issue and upon issue rank equally in all respects with the other shares of that class on issue as the date of issue of the Bonus Shares.
- h) If prior to the expiry date, there is a reorganisation of the issued capital of the Company, options are to be treated in the manner set out in the Listing Rules of ASX.

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**Terms of Tranche C Options to be issued to the Company's Consultants**  
**(for the purpose of Resolution 7)**

- a) Each option entitles the holder to subscribe for a fully paid ordinary share in the Company at two dollars (\$2.00) per share.
- b) The options are exercisable on and from the third anniversary of the issue date and expire at 5pm Western Standard Time on 1 September 2011 ("**Expiry Date**"). Any options not exercised on or before the Expiry Date will automatically lapse.
- c) All shares allotted on the exercise of options will rank equally in all respects with the Company's then existing fully paid ordinary shares.
- d) The options are freely transferable but no application will be made to Australian Stock Exchange Ltd (**ASX**) for quotation of the options. If the Company's ordinary shares are quoted by ASX, the Company must apply for quotation of all shares allotted pursuant to the exercise of options not later than 10 business days after the date of allotment.
- e) Holders may only participate in new issues of securities to holders of ordinary shares in the Company if the option has been exercised and shares allotted in respect of the option before the record date for determining entitlements to the issue. The Company must give to holders at least 7 business days notice of any new issue before the record date for determining entitlements to the issue in accordance with the Listing Rules of ASX.
- f) There will be no change to the exercise price of the option or the number of shares over which the option is exercisable in the event of the Company making a pro rata issue of shares or other securities to the holders of ordinary shares in the Company (other than a bonus issue).
- g) If there is a bonus issue ("**Bonus Issue**") to the holders of ordinary shares in the Company, the number of shares over which the option is exercisable will be increased by the number of shares which the holder would have received if the option had been exercised before the record date for the Bonus Issue ("**Bonus Shares**"). The Bonus Shares must be paid up by the Company out of the profits or reserves (as the case may be) in the same manner as was applied in the Bonus Issue and upon issue rank equally in all respects with the other shares of that class on issue as the date of issue of the Bonus Shares.
- h) If prior to the expiry date, there is a reorganisation of the issued capital of the Company, options are to be treated in the manner set out in the Listing Rules of ASX.



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## PROXY FORM – page 2

### NOTES

1. A member entitled to attend and vote at a Meeting is entitled to appoint not more than two proxies to attend and vote on their behalf. Where more than one proxy is appointed, such proxy must be allocated a proportion of the member's voting rights. If the shareholder appoints two proxies and the appointment does not specify this proportion, each proxy may exercise half the votes.
2. A duly appointed proxy need not be a member of the Company. In the case of joint holders, all must sign.
3. Corporate shareholders should comply with the execution requirements set out on the Proxy Form or otherwise with the provisions of Section 127 of the Corporations Act. Section 127 of the Corporations Act provides that a company may execute a document without using its common seal if the document is signed by:
  - two directors of the company;
  - a director and a company secretary of the company; or
  - for a proprietary company that has a sole director who is also the sole company secretary – that director.

For the Company to rely on the assumptions set out in Section 129(5) and (6) of the Corporations Act, a document must appear to have been executed in accordance with Section 127(1) or (2). This effectively means that the status of the persons signing the document or witnessing the affixing of the seal must be set out and conform to the requirements of Section 127(1) or (2) as applicable. In particular, a person who witnesses the affixing of a common seal and who is the sole director and sole company secretary of the company must state that next to his or her signature.

4. Completion of a Proxy Form will not prevent individual shareholders from attending the meeting in person if they wish. Where a shareholder completes and lodges a valid proxy form and attends the meeting in person, then the proxy's authority to speak and vote for that shareholder is suspended while the shareholder is present at the meeting.
5. Where a Proxy Form or form of appointment of corporate representative is lodged and is executed under power of attorney, the power of attorney must be lodged in like manner as this proxy.
6. As permitted by the Corporations Act, the Company has determined that all securities of the Company registered as at 2 days before the time appointed for the meeting will be taken for purposes of the meeting, to be held by the persons who are the registered holders thereof at 5.00 pm WST on 2 November 2006. Accordingly, transactions registered after that time will be disregarded in determining entitlements to attend and vote at the meeting.
7. Proxy forms (and the power of attorney, if any, under which the proxy form is signed) must be received at 129 Edward Street, Perth WA 6000 or mailed to PO Box 1038, West Perth WA 6872 or facsimiled to +61 8 9328 6322 no later than 48 hours before the time fixed for holding the meeting.

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