

Ref: 110009

20 October 2008

Companies Announcement Office
Australian Securities Exchange Limited
20 Bridge Street
Sydney NSW 2000
AUSTRALIA**Electronic Lodgement**

Dear Sir/Madam

Sale of Phosphate Interests in Western Isa Tenements

In December 2007, Summit Resources Ltd announced that it had farmed out to MM Mining Pty Ltd ("MM Mining") an 80% interest in its non-uranium tenements, which lie to the west of Summit's Isa North uranium deposits. Summit, along with MM Mining, has today entered into an agreement with Dragon Energy Limited ("Dragon") under which Dragon can acquire:

- (a) a 2.5% net revenue royalty ("NRR") on all phosphate recovered from the tenements specified in the attached schedule of tenements ("Tenements"); or
- (b) an option to acquire the right to mine, recover and take in kind all phosphate in or on the Tenements ("Phosphate Rights").

The consideration to be paid by Dragon for the NRR and the Phosphate Rights Option is:

- A\$100,000 upon signing the agreement;
- A\$200,000 no later than 27 February 2009;
- a minimum of A\$1,200,000 exploration expenditure on the Tenements within 12 months of Dragon listing on ASX or 27 February 2009, whichever is the earlier ("Initial Period"); and
- 7,500,000 shares in Dragon upon a milestone phosphate mineralisation being achieved.

Upon the grant of the NRR, Dragon may commit to a minimum of an additional A\$1,000,000 exploration expenditure on the Tenements within 24 months of the end of the Initial Period ("Subsequent Period").

At any time during the Subsequent Period Dragon may acquire the Phosphate Rights by paying A\$7,500,000 (in cash or shares). Upon acquisition of the Phosphate Rights, the NRR shall terminate.

Summit will be entitled to 20% of the consideration paid by Dragon, the balance going to MM Mining. The agreement with Dragon provides for Summit to continue to extract benefits from the Western Isa tenements.

Dragon is an Australian public company with advanced plans for an IPO and listing on ASX. A substantial portion of its capital raising has been negotiated with a strategic cornerstone investor.

Attached is a schedule of the Tenements.

Yours faithfully
Summit Resources Limited



BRENDAN O'HARA
Executive Chairman

Annexure to ASX release 20 October 2008

Tenements

EPM No.	Status	Summit's Interest	Holder/applicant
11897	Granted	100%	Summit Resources Australia Pty Ltd
11898	Granted	100%	Summit Resources Australia Pty Ltd
13412	Application	100%	Summit Resources Australia Pty Ltd
13413	Application	100%	Summit Resources Australia Pty Ltd
13414	Application	100%	Summit Resources Australia Pty Ltd
13682	Application	100%	Summit Resources Australia Pty Ltd
14040	Granted	100%	Summit Resources Australia Pty Ltd
14620	Granted	100%	Summit Resources Australia Pty Ltd
14694	Granted	100%	Summit Resources Australia Pty Ltd
14821	Granted	100%	Summit Resources Australia Pty Ltd
15156	Granted	100%	Summit Resources Australia Pty Ltd
15186	Granted	100%	Summit Resources Australia Pty Ltd
15187	Granted	100%	Summit Resources Australia Pty Ltd
15212	Granted	100%	Summit Resources Australia Pty Ltd
14712	Granted	100%	Pacific Mine Ltd
14713	Granted	100%	Pacific Mine Ltd
14935	Granted	100%	Pacific Mine Ltd