



ACN 009 474 775

FINANCIAL REPORT

FOR THE

HALF-YEAR ENDED 31 DECEMBER 2005

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the Annual Report for the year ended 30 June 2005 and any public announcements made by Summit Resources Limited during the half-year in accordance with the continuous disclosure requirements of the Corporations Act 2001.

SUMMIT RESOURCES LIMITED

ACN 009 474 775

DIRECTORS' REPORT

The Directors present their Report on the consolidated entity consisting of Summit Resources Limited and the entities it controlled at the end of or during the Half-Year ended 31 December 2005.

The names and particulars of Directors of the Company during the whole of the half-year and up to the date of this Report are:

Name	Particulars
John A G Seton	Non-executive Chairman. Solicitor with extensive commercial experience in resource companies
Alan J Eggers	Managing Director. Geologist with 28 years experience in exploration for base metals, precious metals and industrial minerals.
Lindsay A Colless	Director. Chartered Accountant with over 40 years experience, mainly in the minerals and oil industry. Director and/or secretary of a number of listed public companies.

Review and Results of Operations

The review of the Company's operations during the Half-Year ended 31 December 2005 is as follows.

Financial

	Segment Revenue \$	Segment result \$
Mineral exploration	-	-
Interest	205,818	205,818
Other	118,371	118,371
	<u>324,189</u>	<u>324,189</u>
Unallocated expenses		(420,945)
Operating profit (loss)		(96,756)
Income Tax		-
Operating profit (loss) for Half-Year		<u>(96,756)</u>

Exploration activities

The economic entity continues to be actively involved in mineral exploration and resource assessment, focussing primarily on copper, copper gold and lead zinc deposits near Mount Isa in northwest Queensland.

Changes In State Of Affairs

During the Half-Year ended 31 December 2005 there was no significant change in the entity's state of affairs other than that referred to in the Half-Year Financial Statements or Notes thereto.

SUMMIT RESOURCES LIMITED

ACN 009 474 775

DIRECTORS' REPORT (continued)

Auditors' Independence Declaration

The following is a copy of a letter received from the Company's auditors:

"Lead auditor's independence declaration under Section 307C of the Corporations Act 2001

To the directors of Summit Resources Limited

In accordance with Section 307C of the Corporations Act 2001 (the Act) I hereby declare that to the best of my knowledge and belief there have been:

- i. no contraventions of the auditor independence requirements of the Act in relation to the review of the 31 December 2005 half yearly financial report; and
- ii. no contraventions of any applicable code of professional conduct in relation to the review.

Graham R Swan
Lead Auditor
Rothsay Chartered Accountants

Dated 7th day of March 2006"

This Report is made in accordance with a Resolution of the Directors.



Alan J Eggers
Director
PERTH, 7th day of March 2006

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SUMMIT RESOURCES LIMITED

Scope

We have reviewed the financial report of Summit Resources Limited for the half-year ended 31 December 2005 as set out on pages 4 to 11. The company's directors are responsible for the preparation and presentation of the financial report, which includes the consolidated financial statements of the consolidated entity comprising the company and the entities it controlled at the end of the half-year.

We have performed an independent review of the half-year financial report in order for the company to lodge the half-year report with the Australian Securities and Investments Commission.

Our review has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance as to whether the half-year financial report is free of material misstatement. The review is limited primarily to inquiries of company personnel and analytical procedures applied to the financial data.

These procedures do not provide all the evidence that would be required in an audit, thus the level of assurance provided is less than that given in an audit. We have not performed an audit and, accordingly, we do not express an audit opinion. This review was performed in order to state whether, on the basis of the procedures described, anything has come to our attention that would indicate that the financial report is not presented fairly in accordance with Accounting Standard AASB134: Interim Financial Reporting, and other mandatory professional reporting requirements and the Corporations Act 2001, so as to present a view which is consistent with our understanding of the consolidated entity's financial position, and performance as represented by the results of its operations and its cash flows.

Review Statement

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the financial report of the company is not in accordance with:

- (a) the Corporations Act 2001, including
 - (i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2005 and of its performance for the Half-Year ended on that date; and
 - (ii) comply with Accounting Standard AASB134: Interim Financial Reporting and the Corporations Regulations; and
- (b) other mandatory professional reporting requirements.



Rothsay
Chartered Accountants



Graham R Swan
Partner

7th day of March 2006

SUMMIT RESOURCES LIMITED

ACN 009 474 775

DIRECTORS' DECLARATION FOR THE HALF-YEAR ENDED 31 DECEMBER 2005

The Directors declare that:

- (a) The attached Financial Statements and Notes thereto comply with Accounting Standards;
- (b) The attached Financial Statements and Notes thereto give a true and fair view of the financial position and performance of the consolidated entity;
- (c) In the Directors' opinion, the attached Financial Statements and Notes thereto are in accordance with the Corporations Act, 2001; and
- (d) In the Directors' opinion there are reasonable grounds to believe that Summit Resources Limited will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a Resolution of the Directors pursuant to section 303(5) of the Corporations Act, 2001.

On behalf of the Directors



Alan J Eggers
Director
PERTH, 7th day of March 2006

SUMMIT RESOURCES LIMITED

CONDENSED CONSOLIDATED INCOME STATEMENT For The Half-Year Ended 31 December 2005

	Note	Half-Year ended 31 Dec 2005	Half-Year ended 31 Dec 2004
		\$	\$
Revenue from continuing operations		324,189	21,885
Depreciation		(29,694)	(11,255)
Other Expenses		(391,251)	(128,048)
Loss before income tax		(96,756)	(117,418)
Income tax expense		-	-
Loss from continuing operations		(96,756)	(117,418)
Loss from discontinued operations		-	-
Loss attributable to members of Summit Resources Limited		(96,756)	(117,418)
Earnings per share for loss from continuing operations attributable to the ordinary equity holders of the Company	5	(\$0.0005)	(\$0.0008)

The above Consolidated Income Statement should be read in conjunction with the accompanying Notes.

SUMMIT RESOURCES LIMITED

CONDENSED CONSOLIDATED BALANCE SHEET As at 31 December 2005

	Note	Half-Year ended 31 Dec 2005 \$	Annual Report 30 Jun 2005 \$
Current Assets			
Cash and cash equivalents	3	7,206,758	6,644,314
Receivables		381,532	93,710
Total Current Assets		<u>7,588,290</u>	<u>6,738,024</u>
Non-Current Assets			
Property, plant & equipment		700,491	187,222
Other - exploration tenements		6,430,213	4,975,292
Total Non-Current Assets		<u>7,130,704</u>	<u>5,162,514</u>
Total Assets		<u>14,718,994</u>	<u>11,900,538</u>
Current Liabilities			
Creditors and borrowings		397,029	417,285
Total Current Liabilities		<u>397,029</u>	<u>417,285</u>
Total Liabilities		<u>397,029</u>	<u>417,285</u>
Net Assets		<u>14,321,965</u>	<u>11,483,253</u>
Equity			
Contributed equity	4	23,168,757	20,233,289
Accumulated losses	2	(8,846,792)	(8,750,036)
Total Shareholders' Equity		<u>14,321,965</u>	<u>11,483,253</u>

The above Consolidated Balance Sheet should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY For the half-year ended 31 December 2005

	Half-year ended 31 Dec 2005	Half-year ended 31 Dec 2004
Total equity at the beginning of the half-year	11,483,253	5,120,532
Loss for the half-year	(96,756)	(117,418)
Exercise of options and Share placement (net of issue costs)	2,935,468	267,519
Total equity at the end of the half-year	<u>14,321,965</u>	<u>5,270,633</u>

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

SUMMIT RESOURCES LIMITED

CONSOLIDATED STATEMENTS OF CASH FLOWS For The Half-Year Ended 31 December 2005

	Half-Year ended 31 Dec 2005 \$	Half-Year ended 31 Dec 2004 \$
Cash Flows Related To Operating Activities		
Receipts from product sales and related debtors	118,371	1,719
Payments to suppliers	(466,371)	(147,124)
Interest and other items of a similar nature received	205,900	20,166
Net Operating Cash Flows	(142,100)	(125,239)
Cash Flows Related To Investing Activities		
Cash paid for purchases of property, plant & equipment	(542,963)	(3,154)
Cash received from short term investments		433,773
Investments on deposit	10,221	(433,573)
Other (exploration)	(1,698,181)	(604,491)
Net Investing Cash Flows	(2,230,923)	(607,445)
Cash Flows Related To Financing Activities		
Proceeds from issue of shares	2,935,467	267,519
Net Financing Cash Flows	2,935,467	267,519
Net Increase (Decrease) In Cash and Cash Equivalents	562,444	(465,165)
Cash and Cash Equivalents at beginning of Half-Year	6,644,314	1,096,104
Cash and Cash Equivalents At End Of Half-Year	7,206,758	630,939

The above Consolidated Statements of Cash Flows should be read in conjunction with the accompanying notes.

SUMMIT RESOURCES LIMITED

NOTES TO THE FINANCIAL STATEMENTS For the Half-Year ended 31 December 2005

1. Basis of Preparation of Half-Year Financial Statements

This general purpose financial report for the Half-Year ended 31 December 2005 has been prepared in accordance with the Corporations Act 2001, Accounting Standard AASB 134: Interim Financial Reporting. This Half-Year Report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report should be read in conjunction with the Annual Report for the year ended 30 June 2005 and public announcements made by Summit Resources Limited during the Half-Year in accordance with any continuous disclosure obligations arising under the Corporations Act, 2001.

The accounting policies have been consistently applied to all the periods presented, unless otherwise stated.

This Half-Year financial report is the first Summit Resources Ltd financial report to be prepared in accordance with Australian equivalents to International Financial Reporting Standards ('AIFRSs'). AASB1 *First time Adoption of Australian Equivalents to International Financial Reporting Standards* has been applied in preparing these financial statements.

Financial statements of the Company until 30 June 2005 had been prepared in accordance with previous Australian Generally Accepted Accounting Principles ('AGAAP').

The conversion of the balance sheet at 30 June 2005 from AGAAP to AIFRS has not resulted in any material financial impact on balance sheet carrying values or any alteration to the income statement or cashflow.

Cash

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Taxation

The Company has not brought to account the estimated future income tax benefits attributable to tax losses and temporary differences as a deferred tax asset, as it is not yet considered probable that future taxable profit will be available for utilisation.

Impairment of Assets

The recoverable amount of an asset is determined as the higher of net selling price and value in use.

Property plant and equipment is carried at cost less accumulated depreciation and any accumulated impairment losses (the cost method). The fair value of property plant and equipment, as determined by reference to observable prices, is not materially different to the carrying amount.

Capitalisation of Exploration and Evaluation Costs

The Company uses the 'area of interest' principle which is in accordance with AASB 6 *Exploration for and Evaluation of Mineral Resources*. AASB 6 continues to allow an area of interest approach to impairment and the standard effectively permits the grandfathering of accounting treatments of exploration and evaluation expenditure. Impairment tests of exploration and evaluation assets will be required once technical feasibility and commercial viability is determinable.

2. Accumulated Losses

	Half-year ended 31 Dec 2005 \$	Annual Report 30 Jun 2005 \$
Loss from ordinary activities after related income tax expense	(96,756)	(636,453)
Accumulated profits (losses) brought forward	(8,750,036)	(8,113,583)
Accumulated profits (losses) at end of half-year	<u>(8,846,792)</u>	<u>(8,750,036)</u>

SUMMIT RESOURCES LIMITED

NOTES TO THE FINANCIAL STATEMENTS For the Half-Year ended 31 December 2005

3. Reconciliation of cash

	Half-Year ended 31 Dec 2005 \$	Annual Report 30 Jun 2005 \$
Cash at the end of the Half-Year as shown in the Statements of Cash Flows is reconciled to the related items in the Financial Statements as follows:		
Cash on hand and at bank	51,300	168,137
Cash on deposit	7,155,458	6,476,177
	7,206,758	6,644,314

4. Issued and quoted securities at end of current Half-Year

Category of Securities	Number Issued	Number Quoted	Exercise Price	Expiry Date
<u>Ordinary Shares:</u>	187,930,021	187,930,021		
Of which issued during Half-Year ended 31 December 2005				
Placement at 70 cents each	3,000,000	3,000,000		
Exercise of options at 10 cents each	4,395,211	4,395,211		
Exercise of options at 15 cents each	3,333,333	3,333,333		
	10,728,544	10,728,544		
 <u>Options:</u>				
<i>Unlisted</i>	-	-		
Of which issued during Half-Year ended 31 December 2005	-	-		
Of which exercised during Half-Year ended 31 December 2005				
Exercise of options at 10 cents each	4,395,211	-	10 cents	31/8/05
Exercise of options at 15 cents each	3,333,333	-	15 cents	31/8/05
	7,728,544	-		

5. Earnings per share

	Half-Year ended 31 Dec 2005	Half-Year ended 31 Dec 2004
Basic earnings per share - dollars	\$(0.0006)	\$(0.0008)
Diluted earnings per shares is not materially different from Basic earnings per share		
The weighted average number of ordinary shares outstanding during the Half-Year used in the calculation of basic earnings per share	185,507,421	150,738,644

SUMMIT RESOURCES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the Half-Year ended 31 December 2005

6. Explanation of transition to Australian equivalents to IFRSs

(1) Reconciliation of equity reported under previous Australian Generally Accepted Accounting Principles (AGAAP) to equity under Australian equivalents to IFRSs (AIFRS)

(a) At the date of transition to AIFRS: 1 July 2004

	1 July 2004 \$
Total equity under AGAAP	5,120,532
Adjustments for effect of transition to AIFRSs	-
Total equity under AIFRS	5,120,532

(b) At the end of the last half-year reporting period under previous AGAAP: 31 December 2004

	31 December 2004 \$
Total equity under AGAAP	5,270,633
Adjustments for effect of transition to AIFRSs	-
Total equity under AIFRS	5,270,633

(b) At the end of the last reporting period under previous AGAAP: 30 June 2005

	30 June 2005 \$
Total equity under AGAAP	11,483,253
Adjustments for effect of transition to AIFRSs	-
Total equity under AIFRS	11,483,253

(2) Reconciliation of loss reported under previous AGAAP to loss AIFRS

(a) Reconciliation of loss for the half-year ended 31 December 2004

	31 December 2004 \$
Net loss as reported under AGAAP	117,418
Adjustments for effect of transition to AIFRSs	-
Net loss under AIFRS	117,418

(b) Reconciliation of loss for the year ended 30 June 2005

	30 June 2005 \$
Net loss as reported under AGAAP	636,453
Adjustments for effect of transition to AIFRSs	-
Net loss under AIFRS	636,453

SUMMIT RESOURCES LIMITED

NOTES TO THE FINANCIAL STATEMENTS For the Half-Year ended 31 December 2005

6. Explanation of transition to Australian equivalents to IFRSs (Continued)

(3) Reconciliation of cash flow statement for the year ended 30 June 2005

The adoption of AIFRS has resulted in the inclusion, on the cash flow statement under the classification, cash and cash equivalents, of deposits previously classified as investments.

Reconciliation of cash and cash equivalents for the half-year ended 31 December 2004

	31 December 2004
	\$
Cash and cash equivalents	
Previously reported -At beginning of Half-Year	44,789
Reclassification of investment -Cash on deposit	1,051,315
Net loss under AIFRS	<u>1,096,104</u>

7. Segmental information

The Company operates only in Australia and predominantly in the area of mineral exploration in Queensland.

8. Subsequent Events

On 13 January 2006, the Company paid cash of \$700,000 for the purchase of office premises, the financial effect of which has not been recorded in these financial statements.

No other matter or circumstance has arisen since the end of the Half-Year which significantly affected or may significantly affect the operations of the Company, the results of the Company, or the state of affairs of the Company as reported to the Half-Year ended 31 December 2005.

9. Commitments for Expenditure (Contingent Liability)

Mineral Tenement Leases

In order to maintain current rights of tenure to exploration tenements, the Company is required to perform minimum expenditure requirements of various mines departments and pay tenement lease rents. The Company will be required to outlay in 2005/06 amounts of approximately \$753,000 in respect of tenement lease rentals and exploration expenditures to meet these minimum expenditure requirements. The balance of these obligations will be fulfilled in the normal course of operations, which may include farm-out, joint venture and direct exploration expenditure.