

Commodity Watch Radio – 20 February 2007

Summit Resources

You are listening to Commodity Watch Radio with Dominic Frisby.

- Dominic** So, with me now on the show is Alan Eggers, Managing Director of Summit Resources, Australia's largest uranium exploration company. Alan welcome to the show.
- Alan** Good afternoon Dominic.
- Dominic** Now why don't you tell us about your company; what you do, where you do it and a little about the company?
- Alan** Thank you Dominic. Summit's been around since 1987, and from 1990 we began pegging a series of tenements around the Mount Isa district in northwest Queensland in Australia, specifically looking for uranium and copper.
- Dominic** And tells us about you; your management, your track record, what you've done before you were involved in this.
- Alan** I worked for a number of international mining houses before I launched out on my own in the mid 1980s; I guess I was forced out on my own through retrenchment which was fairly normal for the industry at that time, and we had Summit floated by 1987. In those days we were looking for gold, but I saw opportunities, perhaps in the metals and uranium sector by 1990, and specifically started searching for those commodities and concentrated on one of the most prolific and wealthiest mining belts in the world, the Mount Isa area of northwest Queensland.
- Dominic** And why don't you tell us how many shares there are outstanding, whether there are any warrants or options, what your market cap is and how much cash you've got in the bank?
- Alan** All of those good things! Summit has 197.4 million shares on issue; we're trading about \$2.60 to \$2.80 which give us a market capital of about \$560 million Australian, or \$420million US; we have \$16 million in cash in the bank – we're well funded and we also have a pool of \$5 - \$10 million from joint venture partners on a couple of our projects.
- Dominic** And what percentage does the management own?
- Alan** Well, that's a loaded question! The company's largest share holder is the Firebird Capital Fund, run by James Pearson out of New York, he controls about 10 percent of the company and has been a backer of ours for some time; Melbourne Institutions, through Acorn Capital, control about 7 percent of the company; myself and my family interests control about 7 percent of the company.

- Dominic** Ok, let's talk about the, your sites; your resources, what you've got – proven and unproven, tell us about that.
- Alan** At the moment we're drilling eight deposits around the Mount Isa district; they're all within 70 kilometres of the city of Mount Isa, which is a very well known mining city in outback Queensland; we're drilling up these resources to resource bankable status and at the moment we have about 75 million resource an ounce, and we've new resource estimates and revised resource estimates coming out for four or five deposits before the end of 2007, 2006 I apologise.
- Dominic** Power; water; infrastructure; that kind of thing?
- Alan** Well, the plant will be located just 30 kilometres outside the city of Mount Isa and there's existing power, communications and skilled workforce, heavy and light industry, supporting the mining industry; so we're very fortunate.
- Dominic** What are your future plans? Are you looking to discover a resource and get taken over or are you looking to develop your resources yourself?
- Alan** We intend to develop Summit as a mining house, mid tier mining house, in Australia; initially focused on mining uranium at Mount Isa. We are looking further afield, we're looking at some Greenfield projects as well; but at this point we intend to get the uranium mines underway within the next 3 to 4 years, and be in production at the rate equivalent to the world's 4th largest uranium mine. We'll be producing at a rate of three and a half thousand tons or 7.6 million pounds of yellowcake per annum.
- Dominic** And it's not just uranium that you're in the business of, is it?
- Alan** No. We have a copper search on to the south of Mount Isa as well; we've got about 4000 square kilometres of tenements just to the south of the giant copper ore bodies at Mount Isa; and we're currently running geophysical surveys down there and we'll be drilling for copper in March next year. As well to the northwest we have some iron ore and phosphate interests which we're spinning out into a new company called Pacific Mines Limited.
- Dominic** You look like a gentleman who's lived through the good times and the bad times, you lived through the, you presumably witnessed, had some experience of the great kind of bull runs of the '70s, followed by the bear markets of the '80s and '90s, where are you headed now?
- Alan** You're correct; I've seen some times. I started out in the nickel boom of the '70s and I think now the industry, the fundamentals of the industry's, changed somewhat. We've just had 15 to 20 years of largely a mining industry that's been driven by gold and the gold price and nickel, apart from the obviously bulk commodities of coal and iron ore. But I think since the early 2000s, we've seen the demand for commodities and the standard of living start to rise in China, in India, and the resurgence of the Japanese economy and even the US economy to some extent, and this has driven a huge demand for energy and metals. And whilst some time people thought that everything could be done by computers, we had the dot com boom, have now

realised we do need a little bit of copper, nickel, lead and zinc, and particularly uranium, a safe clean form of energy.

Dominic Do the Australian government have any plans to build new nuclear power plants?

Alan It's interesting you ask that question. John Howard is leading the debate in Australia on uranium mining and has moved on to nuclear power and issues associated with enrichment. And he would like to see those industries developed in Australia but is promoting debate on those issues and is seeking informed reports both on enrichment facilities and nuclear power for Australia; and I think there's an acceptance in Australia that within the next 10 years, if we're not planning, we'll be seriously considering nuclear power and enrichment in Australia.

Dominic Ok. The uranium price has enjoyed quite a big boom in the last few months and there are plenty of uranium exploration companies out there, why should I buy shares in yours?

Alan There's a large number of uranium companies out there now; the thing about Summit is we have resources in the ground, coming up to bankable feasibility stage and they will be developed. Most of the other companies, or a large number of the other companies, are really just out there searching and hoping. Now some of them will find uranium and will produce the goods for their investors. However, you've got to sort through those over a period of time; Summit and a number of other companies are already there, and we will develop our resources.

Dominic So you're kind of more a late, you're at a late stage of exploration and early stages of development rather than actual..?

Alan That's right. With the Labour Party dropping their ban on new uranium mines by April 2007 we would then launch into a full scale bankable feasibility study and it will take us about 3 to 3½ years to bring that mine into production.

Dominic Is there a real danger that they won't change that ban?

Alan Politics is a funny business and I wouldn't want to predict politics in Australia but the information we have and the work we've done with the Labour Party suggests that everybody is very much supportive except a few, but very much the majority of the Labour Party supportive of dropping the ban and getting on with it.

Dominic Ok. Alan it's been a pleasure talking to you; as we close why don't you give out your ticker symbol, where you trade, your website address, that kind of information so that people can find out a bit more about you?

Alan Summit is listed on the ASX and NZX, the Australian and the New Zealand stock exchanges, the code on both exchanges is SMM; we've got liquidity and investors are certainly following our stock at the moment; we don't have any plans for capital raising at this point, we will when we head into the bankable feasibility study; our website is www.summitresources.com.au and there's a terrific amount of information and background information on the company on that website.

Dominic Alan, it's been a pleasure; if any of you out there see that Summit Resources are doing a presentation, I advise you to get on down because Alan Eggers is a very entertaining presenter as well. Alan, thank you very much.

Alan Thank you Dominic.

Commodity Watch Radio is presented and produced by Dominic Frisby for Minesite with music by Minnola Camp.

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