RESOLUTE
MINING
LIMITED

ASX ANNOUNCEMENT

VALHALLA URANIUM LTD OFFER PERIOD COMMENCES

Resolute Mining advises that the offer being made by Valhalla Uranium Ltd to interested parties to subscribe for shares in that company has commenced. Attached are copies of the Valhalla Uranium Ltd prospectus and priority application form that are being dispatched today to Resolute Mining Limited shareholders that held 10,000 or more shares in the Company and had an Australian registered address as at 14 November 2005.

The Prospectus for the Public Offer is available from Patersons Securities Limited or in electronic form at www.psl.com.au and www.valhallauranium.com.au

The Offer is planned to close in early December 2005 with trading in Valhalla Uranium shares expected to commence prior to the end of the year.

PETER SULLIVAN
Chief Executive Officer

18 November 2005

RESOLUTE MINING LIMITED
A.B.N. 39 097 088 689
4th Floor, BGC Centre, 28 The Esplanade, Perth, Western Australia 6000. P.O. Box 7232 Cloisters Square, Perth, Western Australia 6850
Telephone : (08) 9261 6100 Facsimile : (08) 9322 7541 Email : contact@resolute-ltd.com.au

RESOLUTE
MINING
LIMITED

18 November 2005

PRIORITY OFFER TO APPLY FOR VALHALLA URANIUM LTD SHARES

Dear Shareholder,

Please find enclosed a personalised yellow Priority Offer Application Form and a Valhalla Uranium Ltd prospectus. Valhalla Uranium is seeking to raise $8 million through an initial public offering of 20 million shares at a subscription price of 40 cents each, with the shares to be listed on the Australian Stock Exchange.

As announced to the Australian Stock Exchange on 23 September 2005, Resolute Mining Limited has incorporated Valhalla Uranium Ltd to hold all its uranium assets, more details of which are provided in the enclosed prospectus, with the aim to have it separately listed to ensure that they have adequate funding, allow for a better focus on their development and enable a more transparent market value to be placed on them.

Resolute Mining will retain a holding of approximately 83% in Valhalla Uranium following its listing.

A Priority Offer of 17.5 million shares has been set aside for eligible Resolute Mining shareholders to subscribe for Valhalla Uranium shares. Due to the large number of Resolute Mining shareholders and the relatively modest amount to be raised it has not been possible to make this Priority Offer available to all Resolute Mining shareholders.

As an eligible Resolute Mining shareholder, you are being offered the opportunity to become a shareholder in Valhalla Uranium through the Priority Offer. The Priority Offer is for a minimum application of 5,000 shares ($2,000) and a balance of additional shares pro rata to your Resolute Mining shareholding as at 14 November 2005. Your exact priority entitlement is shown on the enclosed yellow Priority Offer Application Form. You may also apply for additional shares in the Priority Offer in excess of your entitlement amount.

Your application under the Priority Offer must be made on the enclosed personalised yellow Priority Offer Application Form and received at Valhalla Uranium's share registry on or before the Priority Offer Closing Date, which is currently 2 December 2005.

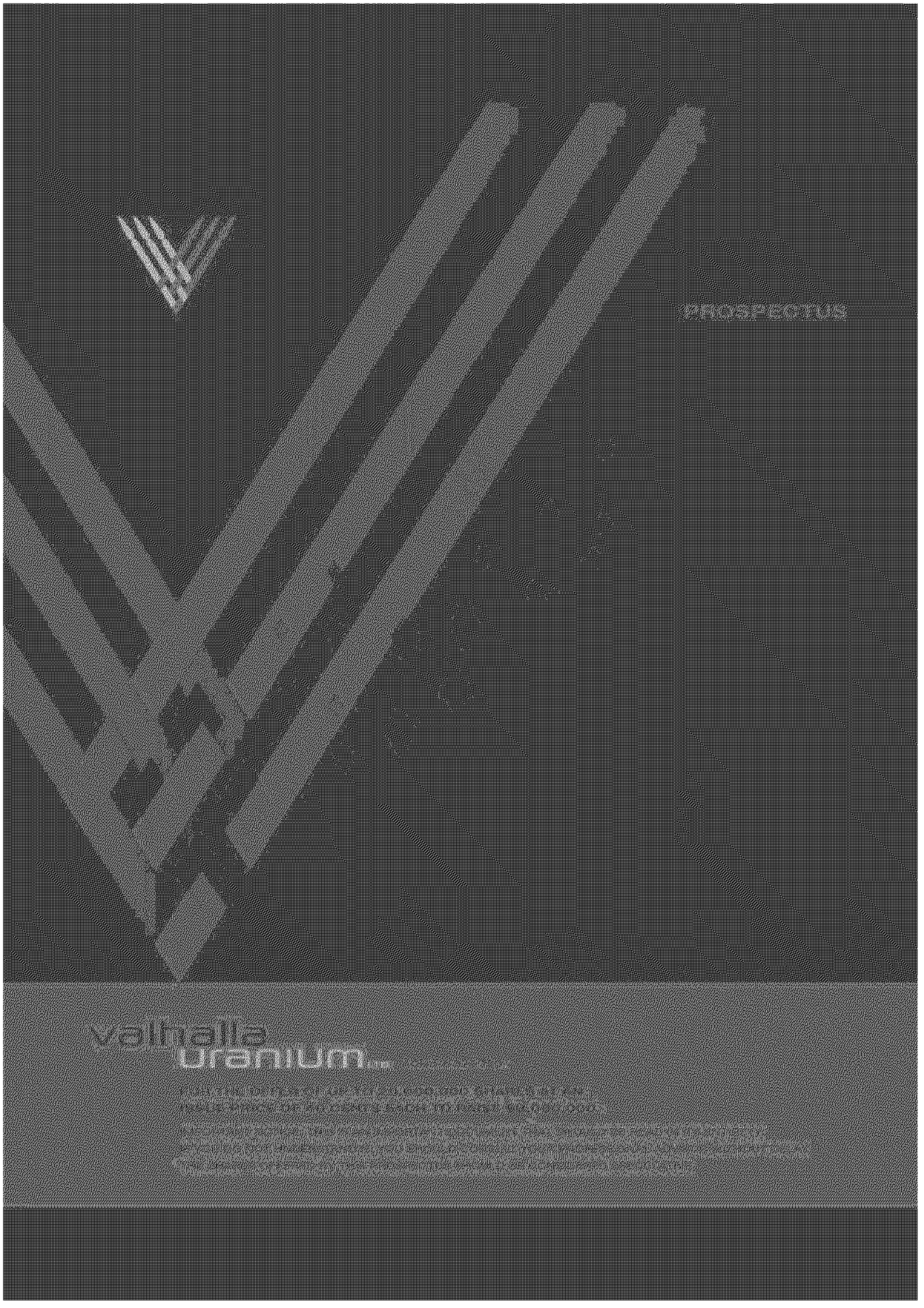
In addition to the Priority Offer, a total of 2.5 million shares plus any shares not subscribed under the Priority Offer will be available under a Public Offer.

RESOLUTE MINING LIMITED
A.C.N. 097 088 689 A.B.N. 39 097 088 689
4th Floor, The BGC Centre, 28 The Esplanade, Perth, Western Australia 6000. PO Box 7232 Cloisters Square, Perth, Western Australia 6850.
Telephone +61 8 9261 6100 Facsimile +61 8 9322 7541 Email : contact@resolute-ltd.com.au

The Public Offer is open to public investors including all Resolute shareholders. The Prospectus for the Public Offer is available from Patersons Securities Limited or in electronic form at www.psl.com.au and www.valhallauranium.com.au

If you have any queries regarding the application please contact the Valhalla Uranium share registry, Security Transfer Registrars Pty Ltd, on 08 9315 2333.

PETER SULLIVAN
Chief Executive Officer


PROSPECTUS
valhalla
uranium

Corporate Directory

Directors

PETER HUSTON — Chairman
B.Juris LLB (Hons),
B.Com., LLM

PETER SULLIVAN — Managing Director
B.E., MBA

HENRY PRICE — Non Executive Director
B.Com, FCA, MAICD

Company Secretary

JODI ISON
B.Com, CA., ACIS

Registered and Principal Office

4th Floor, BGC Centre
28 The Esplanade
Perth, WA 6000

Telephone: (08) 9261 6767
Facsimile: (08) 9322 7541

Solicitors

HARDY BOWEN
Level 1, 28 Ord Street
West Perth, WA 6005

Independent Accountant

HORWATH SECURITIES (WA) Pty Ltd
128 Hay Street
Subiaco, WA 6008

Auditor

ERNST & YOUNG
The Ernst & Young Building
11 Mounts Bay Road
Perth, WA 6000

Share Registry

SECURITY TRANSFER REGISTRARS PTY LTD
770 Canning Highway
Applecross, WA 6153

Telephone: (08) 9315 2333
Facsimile: (08) 9315 2233

Lead Manager

PATERSONS SECURITIES LIMITED
Level 23, Exchange Plaza
2 The Esplanade
Perth, WA 6000

Telephone: (08) 9263 1111
Email: corporate.finance@psl.com.au

Independent Consulting Geologist

MALCOLM CASTLE
B.Sc Hons (Appl. Geology), MAusIMM
PO Box 473
South Perth, WA 6951

Advisors to the Offer

ENDEAVOUR CORPORATE PTY LTD
Suite 8, 7 The Esplanade
Mt Pleasant, WA 6153

Stock Exchange Listing

Australian Stock Exchange
Proposed ASX Code: VUL

Important Notes and Statements

This Prospectus is dated 7 November 2005. A copy of this Prospectus has been lodged with ASIC on that date. ASIC and ASX take no responsibility for the contents of this Prospectus. No Shares will be issued or granted on the basis of this Prospectus later than thirteen months after the date of this Prospectus.

This Prospectus does not constitute an offer in any place in which, or to any person to whom, it would not be lawful to make such an offer. This Prospectus has been prepared to conform with the requirements of the securities laws in Australia.

This Prospectus is available in electronic form via www.valhallauranium.com.au or www.psl.com.au. The Offer constituted by this Prospectus in electronic form is available only to persons receiving this Prospectus in electronic form within Australia. Persons having received a copy of this Prospectus in its electronic form may, during the Offer Period, obtain a paper copy of this Prospectus (free of charge) by telephoning the Company on (08) 9261 6767 or the Lead Manager on (08) 9263 1111. Applications for Shares may only be made on the Application Form attached to or accompanying this Prospectus or in its paper copy form as downloaded in its entirety from www.valhallauranium.com.au or www.psl.com.au. The Corporations Act prohibits any person from passing on to another person the Application Form unless it is attached to or accompanies a hard copy of this Prospectus or the complete and unaltered electronic version of this Prospectus.

The Corporations Act prohibits the Company from processing Applications in the seven day period after the date of lodgement of this Prospectus. This period may be extended by ASIC by up to a further seven days. This period is an exposure period to enable this Prospectus to be examined by market participants prior to the raising of funds. Applications received during the exposure period will not be processed until after the expiry of that period. No preference will be conferred on Applications received during the exposure period.

This Prospectus should be read in its entirety. The Offer contained in this Prospectus does not take into account the investment objectives, financial situation and particular needs of the investor. Please carefully read the instructions on the accompanying Application Form. If you are in any doubt as to the course to follow or whether to invest you should consult your stockbroker, accountant, other professional advisers or solicitor immediately.

No person has authority to give any information or to make any representation in connection with the Offer which is not contained in this Prospectus. Any information not in this Prospectus may not be relied on as having been authorised by the Company in connection with the Offer.

Refer to the Glossary of Terms in Section 12 for terms and abbreviations used in parts of this Prospectus.

Indicative Timetable of the Offer

Lodgement of Prospectus with ASIC	7 November 2005
Offer opens	18 November 2005
Offer closes[1] – Priority offer	2 December 2005
– Public offer	6 December 2005
Allotment and issue of Shares[2]	13 December 2005
Trading of Shares on ASX expected to commence	20 December 2005

Notes

1. Investors are encouraged to submit their Applications as early as possible. The Directors reserve the right to close the Offer earlier or later than as indicated above without prior notice to investors.
2. Anticipated dates only. The date the Shares are expected to be issued and/or commence trading on the Official List of ASX may vary with any change to the Closing Date.

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Chairman's Introduction

Dear Investor,

This Prospectus provides you with the opportunity of becoming a shareholder in Valhalla Uranium Ltd ("Valhalla Uranium" or "the Company").

As the world consumes finite fossil fuels, developed and developing nations are reviewing their energy options. There has been an increase in focus on the potential for nuclear energy to provide part of the answer to the world's energy needs.

Valhalla Uranium has interests in a number of advanced uranium projects in Queensland and the Northern Territory.

The most advanced is the Valhalla project in northern Queensland after which the Company has been named. This project has an identified resource of over 36 million lbs of uranium oxide and is a large undeveloped Australian uranium resource.

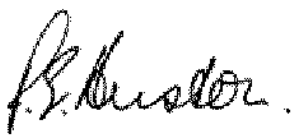
The nearby Skal deposit and the other projects in the Ngalia basin of the Northern Territory, where significant high grade uranium mineralisation has been identified, offer good potential for further uranium discoveries.

This Prospectus is to raise up to $8 million for further exploration on the Company's projects.

The Board and management has extensive exploration and mining experience and is committed to developing these assets in a responsible manner and adding value to the Company for the benefit of Shareholders.

I urge you to read this Prospectus and look forward to welcoming you as a Shareholder of Valhalla Uranium.

Yours sincerely,



Peter Huston
Chairman

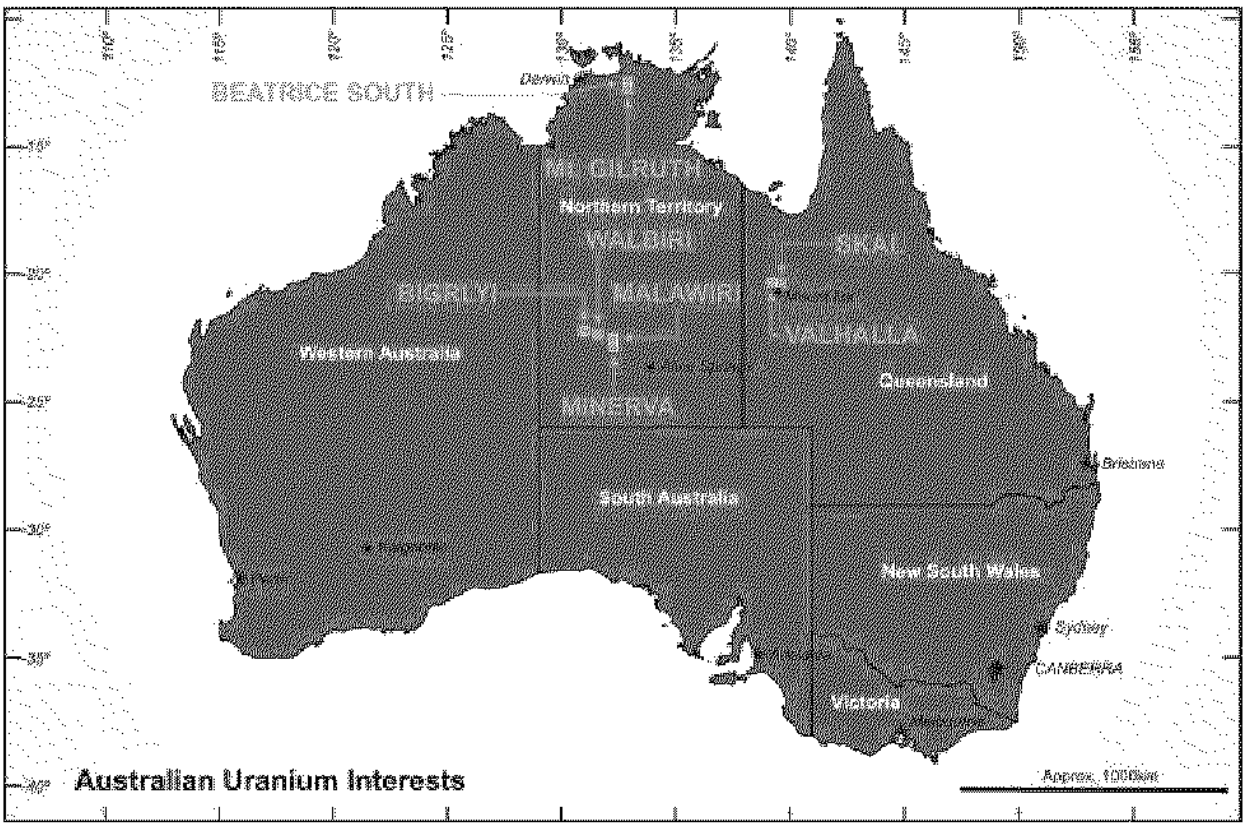
1. The Company

Valhalla Uranium was incorporated on 23 September 2005, and is an Australian public company. Since incorporation the Company has entered into agreements to acquire the Uranium Assets of Resolute Mining Limited (Resolute) and undertaken the preparation of this Prospectus.

1.1 Project overview

Valhalla Uranium has interests in a number of advanced uranium projects in Queensland and the Northern Territory. The projects include a 50% interest in the Valhalla and Skal uranium deposits in Queensland as well as interests in a series of uranium resources and prospects at various stages of evaluation in the Northern Territory.

Figure 1. Valhalla Uranium project location plan.



The most advanced project in the Company's portfolio is the Valhalla project, after which the Company is named. The Valhalla deposit is located 40km north of Mount Isa in Queensland.

Valhalla has an identified mineral resource of 11.48 million tonnes containing 36.5 million pounds of U_3O_8 (uranium oxide) at an average grade of 3.17lbs/t (1.44kg/t) U_3O_8. Vanadium credits amount to 2.81lbs/t (1.30kg/t) V_2O_5 (vanadium pentoxide). The Skal uranium deposit, 10km east of Valhalla has also been drill tested with significant contained uranium identified in mineralisation of a similar style to Valhalla.

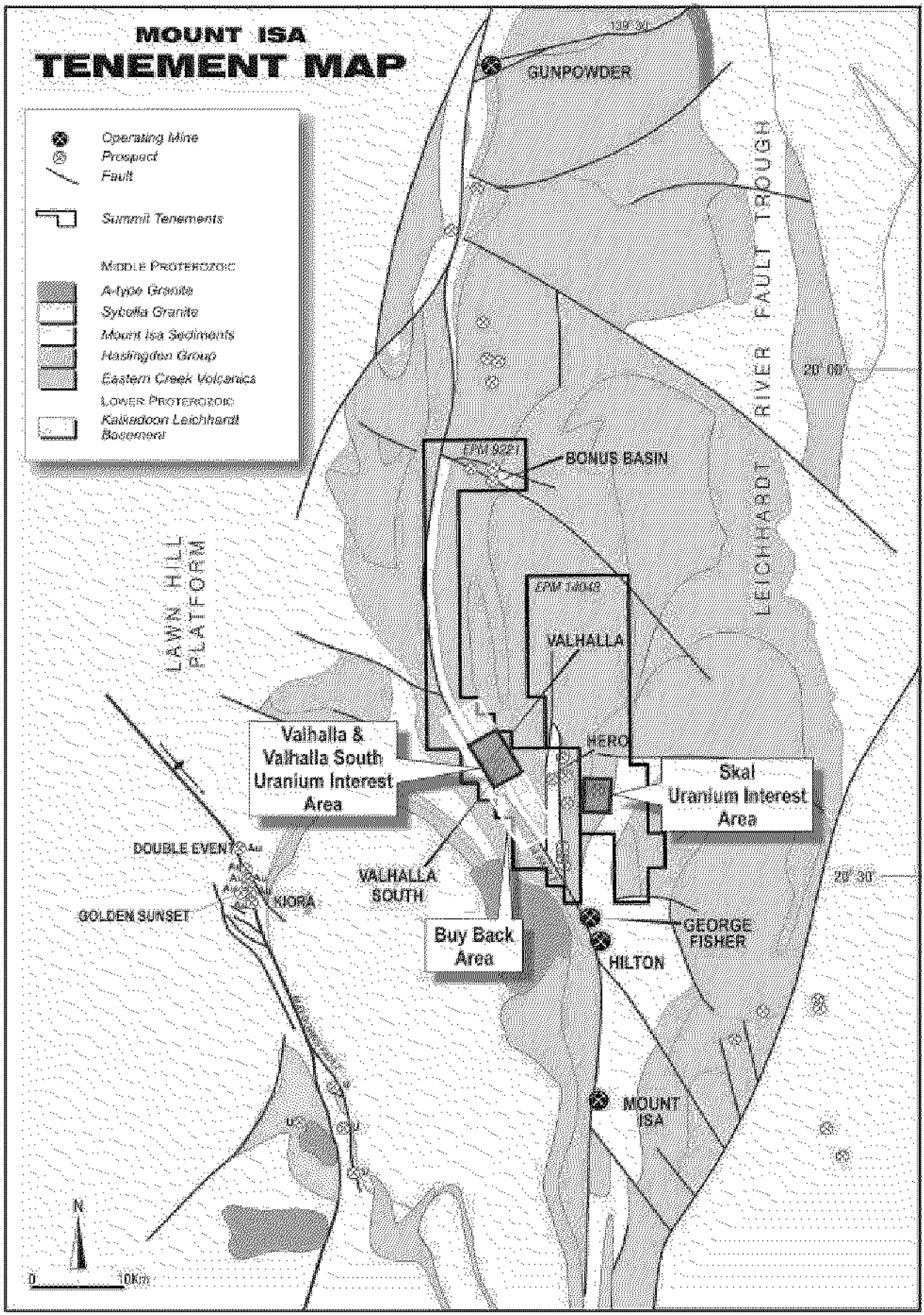
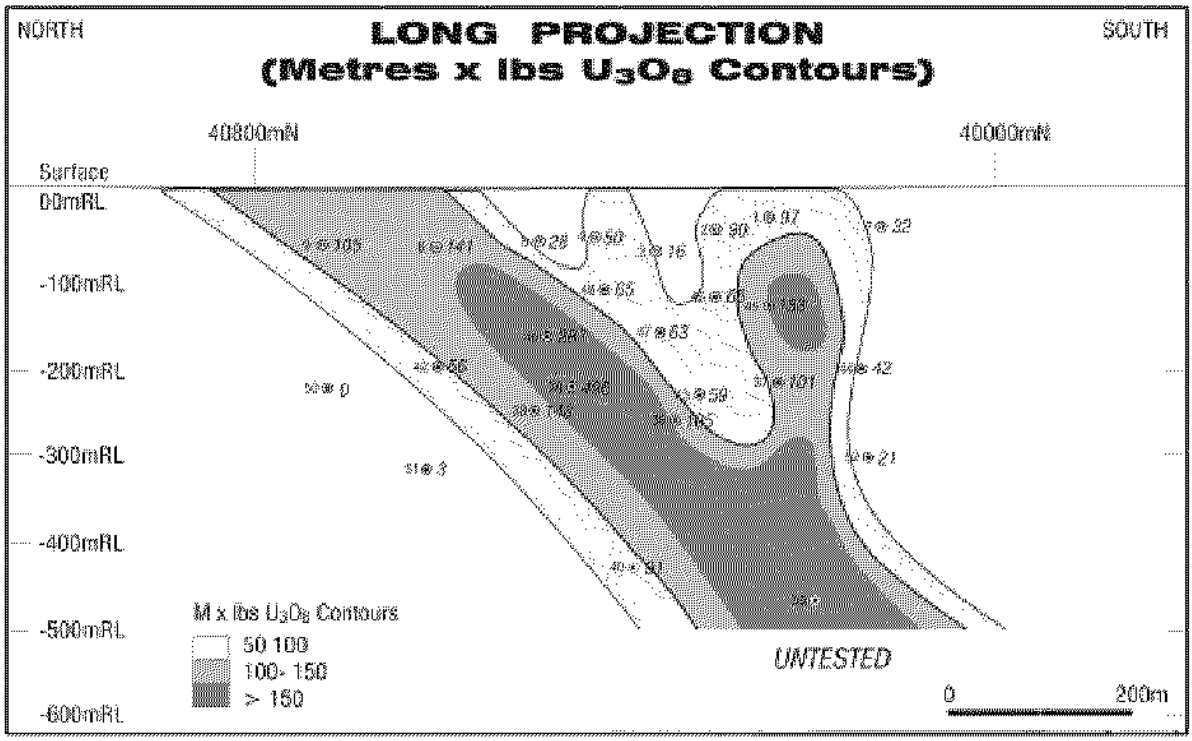


Figure 2. Valhalla and Skal Projects.

Figure 3. Valhalla project long projection.



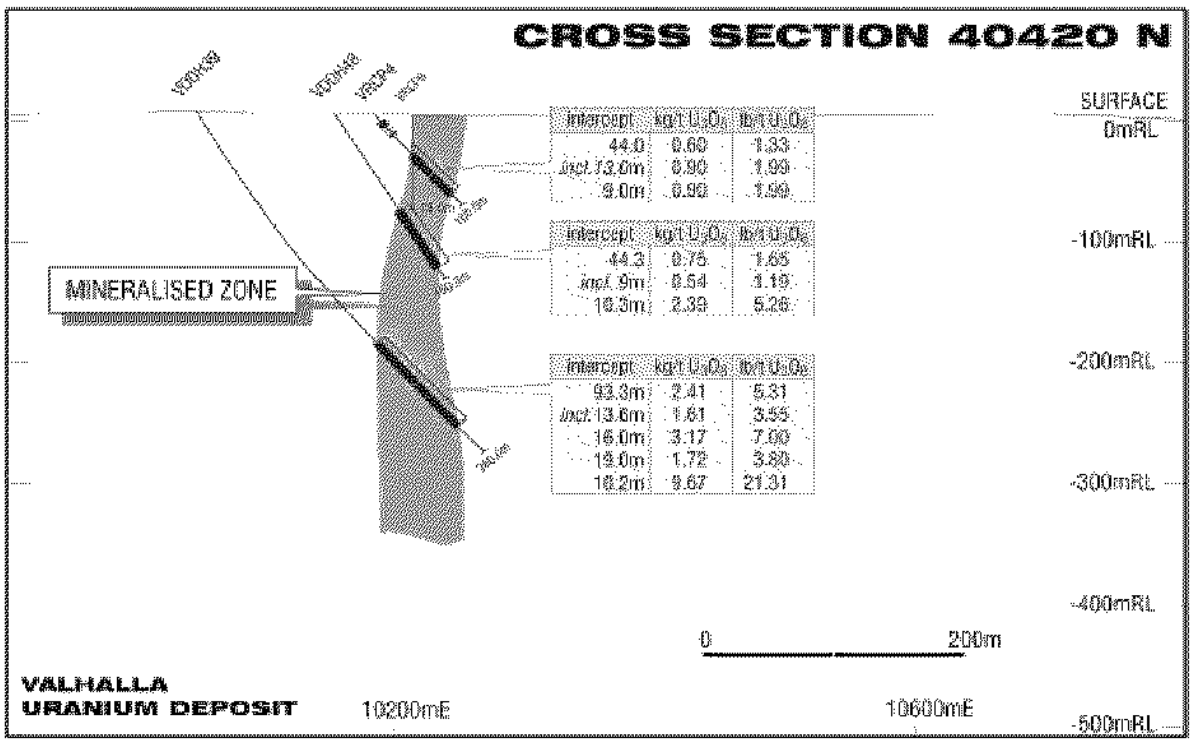
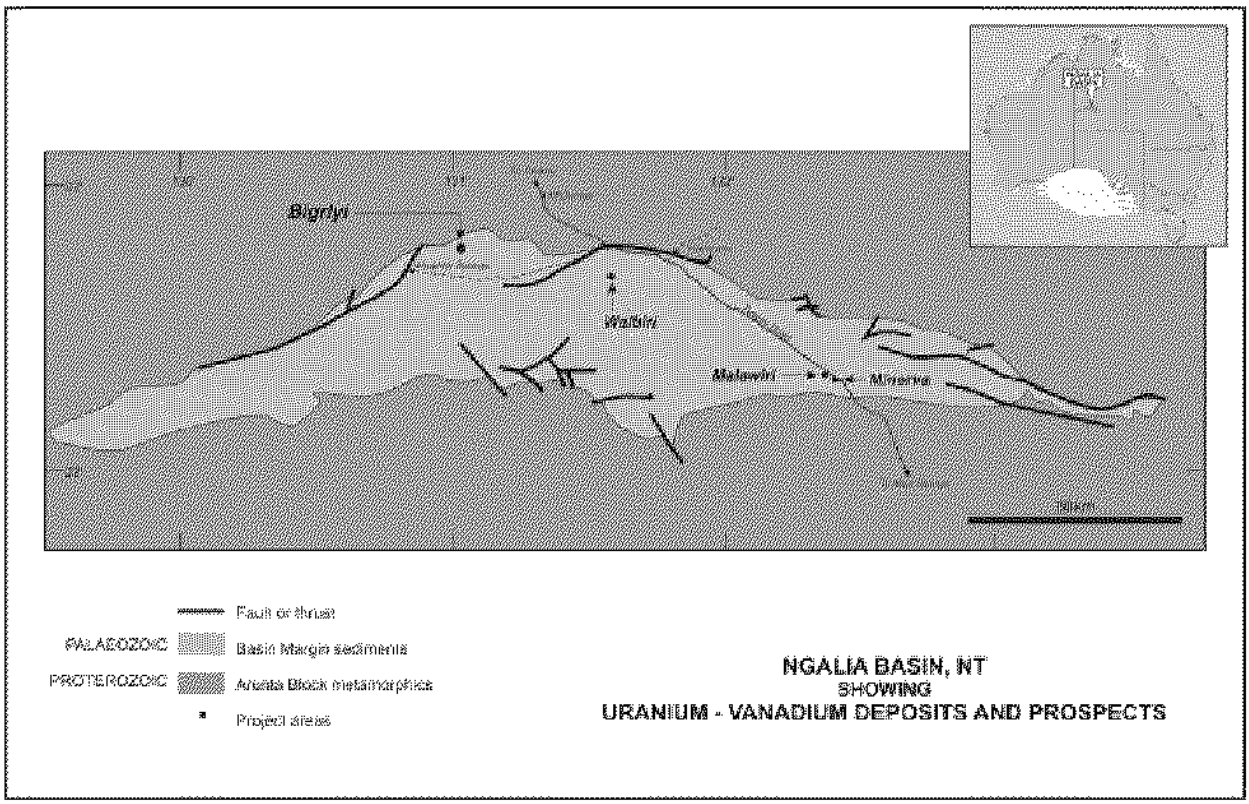


Figure 4. Cross section of mineralised zone, Valhalla project.

Valhalla Uranium is also a participating partner in a series of uranium projects in the Ngalia Basin and Pine Creek districts of the Northern Territory. The projects include four uranium and vanadium prospects, in which significant volumes of high-grade mineralisation have been identified, as well as a series of prospective radiometric targets.

The most advanced of the Northern Territory projects is at Bigrlyi (Valhalla Uranium 41.7%) where some four hundred and thirteen drill holes have been drilled. Results from this drilling are provided in the experts report at Section 6. The main Bigrlyi shoot is open at depth and down plunge.

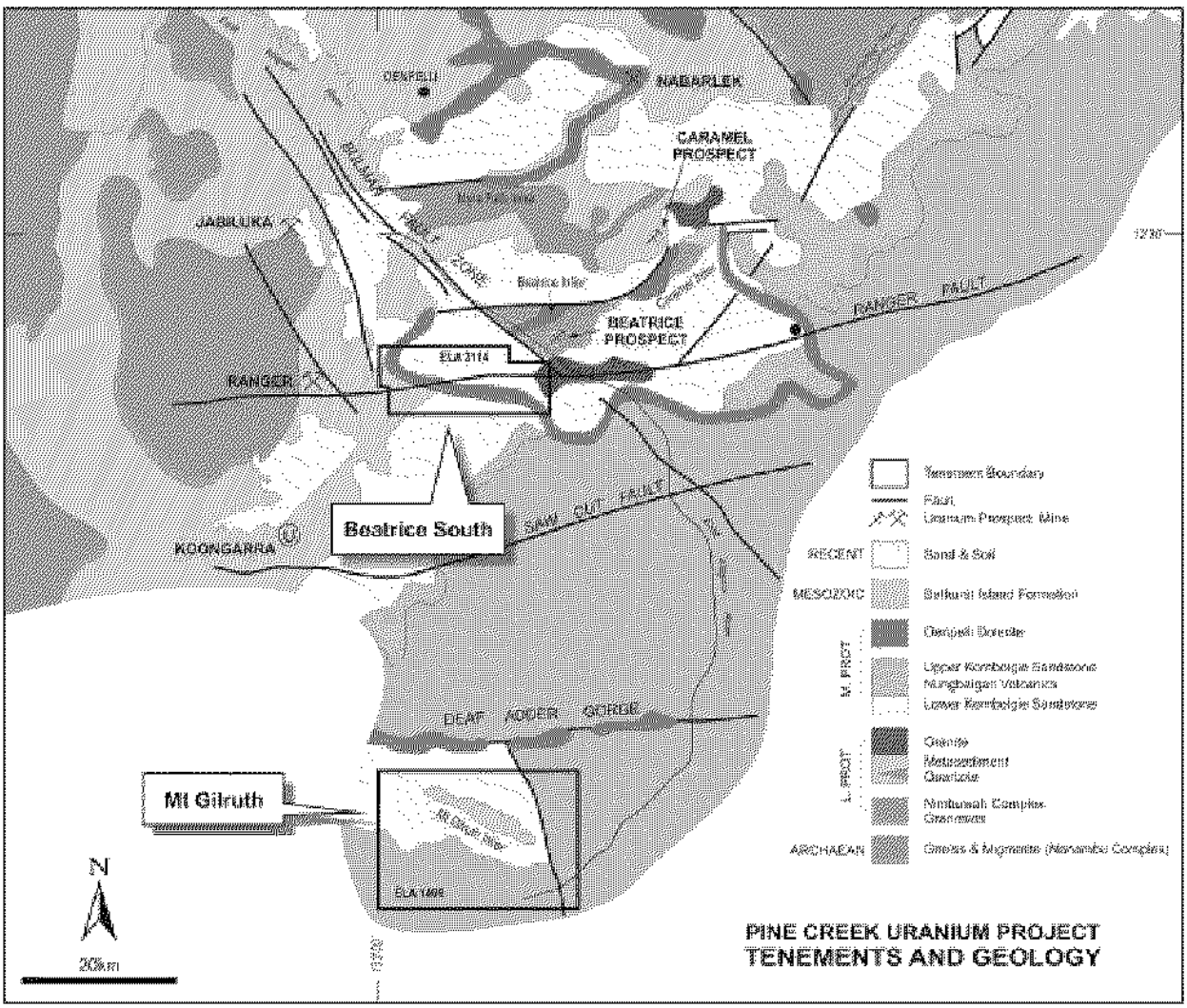
Figure 5. Ngalia Basin location map showing Bigrlyi, Walbiri, Malawiri and Minerva prospects.



The proposed activities and the projects of the Company must be considered together with the current government policy in Australia. The Commonwealth Government is responsible for uranium mining in the Northern Territory and permits uranium mining under strict conditions after an extensive approval process. The Queensland State Government has a policy opposing the mining of uranium. Current and future government policy may have a significant effect on the activities of Valhalla Uranium.

For further details about this and the other risks of investing in the Shares under the Offer refer to Section 9 of this Prospectus. Investing in the Shares should be considered a speculative investment.

Figure 6. Pine Creek Project – incorporating the Beatrice South prospect



1.2 Objectives

The Company's objectives over the two years following quotation on the Official List are to:

- explore the projects detailed in this Prospectus in accordance with the budget of the various joint ventures and the recommendations set out in the Independent Geologist's Report in Section 6 of this Prospectus within the constraints of the expenditure programs set out below; and
- if seen fit by the Board, pursue other uranium opportunities.

Following the Completion of the Offer, the Directors are of the opinion that the Company will have sufficient working capital to carry out these objectives.

1.3 Application of funds

The following table sets out how the Company intends, as at the date of this Prospectus, to apply the funds raised pursuant to this Prospectus over the first two years following the Listing Date:

Description	Full Subscription $	Minimum Subscription $
Project Exploration (refer table below)	3,110,000	1,810,000
ASX Listing Fees	33,000	24,000
Capital Raising Fees	60,000	37,500
Other Expenses of the Offer	250,000	242,500
Reimbursement to Resolute *	1,525,000	1,525,000
Corporate Overheads	805,000	805,000
General Working Capital	2,217,000	556,000
Total	**8,000,000**	**5,000,000**

* The reimbursement to Resolute relates to expenditure incurred to date on the Tenements.

1.4 Indicative Exploration Expenditure

The Company believes that expenditure of the following amounts on exploring each project is justified.

	Full Subscription			Minium Subscription		
Project Description	Year 1 $	Year 2 $	Total $	Year 1 $	Year 2 $	Total $
Bigrlyi	614,000	996,000	1,610,000	310,000	600,000	910,000
Valhalla/Skal	750,000	750,000	1,500,000	400,000	500,000	900,000
Total	**1,364,000**	**1,746,000**	**3,110,000**	**710,000**	**1,100,000**	**1,810,000**

Should the amount raised pursuant to this Prospectus be greater than the Minimum Subscription of $5,000,000, save for fixed line cost items (other than expenses of the offer and reimbursement to Resolute) the amount spent on exploration will proportionately increase.

The above exploration programs are subject to change and are contingent on circumstances, results and other opportunities. Expenditure may be reallocated amongst existing or new projects or to general working capital. If tenements are granted for any of the above projects, which are designated as applications, the Company may reallocate funds to these projects having regard to the recommendations made in the Independent Geologist's Report in Section 6. The Company does not intend to restrict its activities to these projects and will evaluate other opportunities as they arise.

2. Board, Management and Corporate Governance

2.1 Directors' profiles

The names and details of the Directors in office at the date of this Prospectus are:

Peter Ernest Huston (Non-Executive Chairman)
B. Juris, LLB (Hons), B.Com., LLM

Mr Peter Huston was appointed to the Board as Chairman on the Company's incorporation in September 2005. After gaining admission in Western Australia as a Barrister and Solicitor, Mr Huston initially practised in the area of corporate and revenue law. Subsequently, he moved into the area of public listings, reconstructions, equity raisings, mergers and acquisitions and advised on a number of major public company floats, takeovers and reconstructions. Mr Huston is admitted to appear before the Supreme Court, Federal Court and High Court of Australia. Mr Huston was a partner of the international law firm now known as "Deacons" until 1993 when he retired to establish the boutique investment bank and corporate advisory firm known as "Troika Securities Limited".

Peter Ross Sullivan (Managing Director)
B.E., MBA

Mr Peter Sullivan was appointed to the Board as a Director on the Company's incorporation in September 2005. Mr Sullivan is an engineer and has been involved in the development of resource companies and projects for approximately 20 years. Mr Sullivan has four years experience in corporate finance with an investment bank and two years in a corporate development role with an Australian resource group. Mr Sullivan has considerable experience in the management and strategic development of resource companies.

Henry Thomas Stuart (Bill) Price (Non-Executive Director)
B.Com, FCA, MAICD

Mr Bill Price was appointed to the Board as a non-executive Director on the Company's incorporation in September 2005. Mr Price is a Chartered Accountant with over 35 years experience in the accounting profession. Mr Price has extensive taxation and accounting experience in the corporate and mining sector. In addition to his professional accounting qualifications, Mr Price is a member of the Australian Institute of Company Directors, a registered tax agent and registered company auditor. He is a director and treasurer of Tennis West, and a consultant to the Finance Committee at the Real Estate Institute of Western Australia.

2.2 Company Secretary

Jodi Michelle Ison
C.A., ACIS, B.Com

Mrs Ison is a Chartered Accountant and Chartered Secretary with over 6 years of resource related financial experience. Mrs Ison has been involved with the Resolute group for over 4 years within the Finance Team. Prior to this involvement with the Company, Mrs Ison worked with an international accounting firm in Australia.

2.3 Management's details

The Company will initially have no employees. Management of the Company will be undertaken by Goudhurst Pty Ltd employees pursuant to an arms length Management Services Agreement between the Company and Goudhurst (see Section 8.10 for further details). Goudhurst is a wholly owned subsidiary of Resolute Mining Limited that has employees with a range of appropriate technical and financial experience relevant to the management of the Company.

2.4 Appointment of Managing Director

The Directors of Valhalla Uranium have resolved to appoint Mr Peter Sullivan (current Managing Director of Resolute) as Managing Director of Valhalla Uranium. Mr Sullivan has agreed to take on the additional duties in the interim to ensure management continuity and to ensure Valhalla Uranium is reasonably able to contain expenditure on overheads and direct the majority of its available funds to exploration.

2.5 Corporate governance

The primary responsibility of the Board is to represent and advance Shareholders' interests and to protect the interests of stakeholders. To fulfil this role the Board is responsible for the overall corporate governance of the Company including its strategic direction, establishing goals for management and monitoring the achievement of these goals.

The responsibilities of the Board include:

- Protection and enhancement of shareholder value.
- Formulation, review and approval of the objectives and strategic direction of the Company.
- Monitoring the financial performance of the Company by reviewing and approving budgets and monitoring results.
- Approving all significant business transactions including acquisitions, divestments and capital expenditure.
- Ensuring that adequate internal control systems and procedures exist and the compliance with these systems and procedures is maintained.
- The identification of significant business risks and ensuring that such risks are adequately managed.
- The review of performance and remuneration of executive directors and key staff.
- The establishment and maintenance of appropriate ethical standards.
- Evaluating and, where appropriate, adopting with or without modification the ASX Corporate Governance Council's Principles of Good Corporate Governance and Best Practice Recommendations.

The Board recognises the need for the Company to operate with the highest standards of behaviour and accountability.

Subject to the exceptions outlined below the Company has adopted the ASX Corporate Governance Council's Principles of Good Corporate Governance and Best Practice Recommendations.

Recommendation Ref	Notification of Departure	Explanation for Departure
2.1, 2.2	No independent directors, including Chairman.	The Board considers that the Company is not currently of a size, nor are its affairs of such complexity to justify the expense of the appointment of independent non-executive Directors. The Board believes that the individuals on the Board can make, and do make, quality and independent judgements in the best interests of the Company on all relevant issues. Directors having conflict of interest in relation to a particular item of business must absent themselves from the Board meeting before commencement of discussion on the topic. The Company's Chairman, Mr Peter Huston, is considered by the Board not to be independent in terms of the ASX Corporate Governance Council's definition of independent director. However, the Board believes that the Chairman is able and does bring quality and independent judgement to all relevant issues falling with the scope of the role of a Chairman. All the Directors of Valhalla Uranium are current Directors of Resolute. As a consequence the current Board of Valhalla Uranium does not meet the ASX guidelines on independence.
2.4	A separate Nomination Committee has not been formed.	The Board considers that the Company is not currently of a size to justify the formation of a nomination committee. The Board as a whole undertakes the process of reviewing the skill base and experience of existing Directors to enable identification or attributes required in new Directors. Where appropriate independent consultants will be engaged to identify possible new candidates for the Board.
4.2, 4.3, 4.4	A separate Audit Committee has not been formed.	The Board considers that the Company is not of a size, nor are its financial affairs of such complexity to justify the formation of an audit committee. The Board as a whole undertakes the selection and proper application of accounting policies, the identification and management of risk and review of the operation of the internal control systems.
9.2	There is no separate Remuneration Committee.	The Board considers that the Company is not currently of a size, nor are its affairs of such complexity to justify the formation of a remuneration committee. The Board as a whole is responsible for the remuneration arrangements for Directors and executives of the Company.

As the Company's activities increase in size, scope and/or nature the Company's corporate governance principles will be reviewed by the Board and amended as appropriate.

3. Capital and Corporate Structure

3.1 Capital structure

The expected capital structure of the Company is as follows:

	Number of Ordinary Shares
Shares to be issued to Resolute	100,000,000
Issued under this Prospectus	20,000,000
Total Shares	120,000,000

Notes:

[1] Resolute will be issued these Shares in consideration for the transfer of assets to the Company (see Section 8.1 and 8.2).

[2] If Valhalla Uranium raises only the Minimum Subscription pursuant to the Offer, the number of Shares issued will decrease by up to 7,500,000 Shares.

3.2 Substantial Shareholders

On issue of the Shares to Resolute it will be a substantial shareholder of the Company holding 100,000,000 Shares.

The consequence of this shareholding is that Valhalla Uranium will remain a subsidiary of Resolute after the Offer. Assuming full subscription under this Prospectus, Resolute will hold approximately 83.33% of the Shares on issue in Valhalla Uranium. The performance of Valhalla Uranium will be consolidated into the financial statements of Resolute.

Alliance Life Common Fund Ltd holds 38.7% of the issued capital of Resolute and will therefore have a substantial holding in Valhalla Uranium. If Alliance Life Common Fund Ltd participates in the Offer then the Shares to be issued to it, will be issued prior to any other participant in the Offer, such that there is no breach of Chapter 6 (Takeovers) of the Corporations Act 2001.

3.3 Restricted Securities

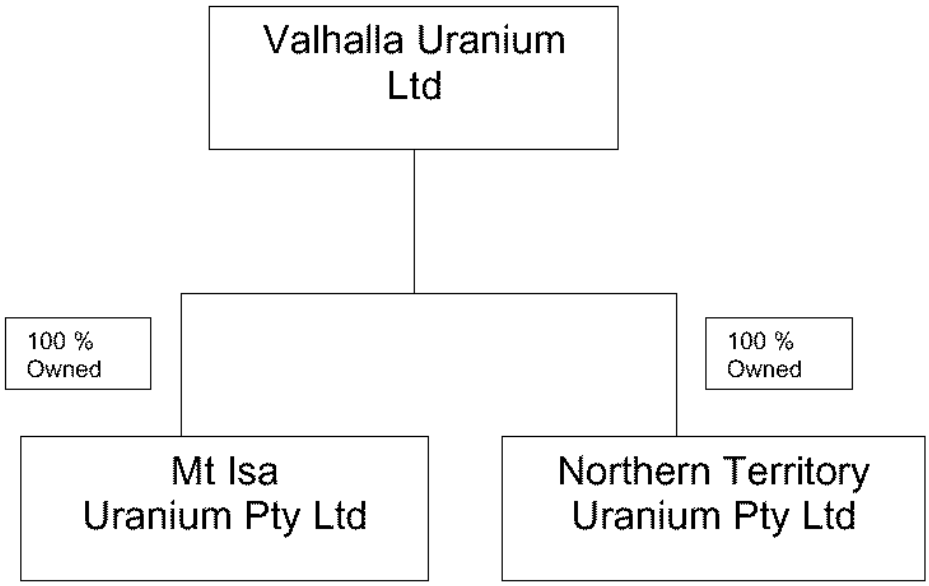
The 100,000,000 Shares to be issued to Resolute are subject to escrow that restricts dealing in the Shares for 24 months from the date of quotation on the Official List.

3.4 Dividend policy

The extent, timing and payment of any dividends in the future will be determined by the Directors based on a number of factors, including future earnings and the financial performance and position of the Company.

3.5 Corporate structure

The Company is a company limited by shares that is incorporated and domiciled in Australia. The corporate structure of the Company and the companies it controls will be as follows:



4. Details of Offer

4.1 The Offer

The Company is offering for subscription 20,000,000 fully paid ordinary Shares each at 40 cents, payable in full on Application, to raise up to $8,000,000.

Completion of the Offer under this Prospectus is subject to the Minimum Subscription being reached (refer to Section 4.3).

If this condition is not met within four months the Application Monies will be returned to Applicants (excluding interest).

(a) Priority Offer to Resolute shareholders

The Company is offering Resolute shareholders the opportunity to become Shareholders.

A "Priority Offer" of 17,500,000 Shares has been set aside for this purpose.

Resolute shareholders registered at the Priority Entitlement Date, and holding at least 10,000 Resolute shares (**"Resolute Shareholders"**) will have priority in respect of a minimum application of 5,000 Shares ($2,000) offered under this Prospectus. Resolute Shareholders may also apply for additional Shares in the Priority Offer in excess of those required to meet the minimum subscription amount. These additional Shares will be allocated to those Resolute Shareholders in pro-rata to their existing Resolute shareholding.

The priority entitlement for Resolute Shareholders will only operate for Applications received by the Company on or before the Priority Offer Closing Date (2 December 2005).

Applications under the Priority Offer can only be made on the personalised yellow Priority Offer Application Form sent to qualifying Resolute Shareholders with this Prospectus. The allocation of Shares to Resolute Shareholders will be at the complete discretion of the Directors, in conjunction with the Lead Manager, subject to each Applicant receiving at least 5,000 Shares ($2,000).

A total of 2,500,000 Shares plus any Shares not subscribed under the Priority Offer will be available under the Public Offer.

(b) Public Offer

The Public Offer is open to public investors including all Resolute shareholders. A total of 2,500,000 Shares plus any Shares not subscribed for under the Priority Offer will be available under the Public Offer.

If you wish to participate in the Public Offer, you should complete the Public Offer Application Form enclosed with this Prospectus.

Applicants may apply for a minimum parcel of 5,000 Shares representing an investment of $2,000. Applications received for less than $2,000 will not be accepted.

Applications for Shares by general investors must be made on the Public Offer Application Form attached to this Prospectus.

All Resolute shareholders will be given favourable consideration under the Public Offer.

(c) General discretion

Except as provided in this Prospectus, the Company retains an absolute discretion in allocating Shares under the Offer and reserves the right to allot to an Applicant a lesser number of Shares than the number for which the Applicant applies or to reject an Application. If the number of Shares allotted is fewer than the number applied for, surplus application money will be refunded without interest. The acceptance of Applications and the allocation of Shares are at the absolute discretion of the Directors.

The Company will not be liable to any person (including Resolute Shareholders) not allocated Shares.

4.2 Risk factors of the investment

A summary of the risk factors of the investment pursuant to the Offer is contained in Section 9.

4.3 Minimum subscription

The minimum subscription is $5,000,000 (**"Minimum Subscription"**).

The Company will not issue the Shares until the Minimum Subscription is satisfied. Should the Minimum Subscription not be reached within four months from the date of this Prospectus, the Company will either repay the Application Monies to Applicants or issue a supplementary prospectus or replacement prospectus and allow Applicants one month to withdraw their Applications and be repaid their Application Monies.

4.4 How to apply

Complete and return the appropriate Application Form accompanying this Prospectus or alternatively, for the Public Offer, complete a paper copy of the Application Form accompanying the electronic Prospectus. The electronic version of the Prospectus can be found at www.valhallauranium.com.au or www.psl.com.au. The Application Form together with the Application Monies in full must be lodged with the Company's share registry prior to 5.00pm (WST) on the Closing Dates of 2 December 2005 and 6 December 2005 (Priority Offer and Public Offer respectively).

Please refer to the instructions on the back of the Application Form when completing your Application.

This Offer may be closed at an earlier date and time at the discretion of the Directors, without prior notice. Applicants are therefore encouraged to submit their Application Form as early as possible. However, the Company reserves the right to extend the Offer or accept late Applications without further notice.

4.5 Where to send your application

Completed Application Forms together with application monies should be lodged with the Company's share registry prior to 5pm WST on the relevant closing date. Cheques should be crossed not negotiable and made payable to **Valhalla Uranium Ltd – Share Account**. Application Forms and Applications Monies should be mailed to:

By post to:	**In person at:**
Valhalla Uranium Ltd C/- Security Transfer Registrars Pty Ltd PO Box 535 APPLECROSS WA 6953	Valhalla Uranium Ltd C/-Security Transfer Registrars Pty Ltd 770 Canning Highway APPLECROSS WA 6153

4.6 ASX listing

An application will be made to ASX not later than seven days after the date of this Prospectus for the Company to be admitted to the Official List and for official quotation of the Shares on ASX.

The fact that ASX may admit the Company to the Official List is not to be taken as an indication of the merits of the Company or the Shares offered for subscription or sale. Official quotation of Shares, if granted, will commence as soon as practicable after the issue of initial shareholding statements to the successful Applicants.

If permission is not granted for the official quotation of the Shares on ASX within three months of the date of this Prospectus, all Application Moneys received will be refunded without interest as soon as practicable in accordance with the requirements of the Corporations Act.

4.7 Allotment and Dispatch

Application Monies will be held in trust for Applicants until allotment of the Shares. The Company will retain any interest that accrues. No allotment of Shares will occur until the Minimum Subscription in Section 4.3 is satisfied. Should the Minimum Subscription not be reached the Application Monies will be refunded in full (without interest).

The Company reserves the right to reject any Application or to issue a lesser number of Shares than those applied for. Where the number of Shares issued is less than the number applied for, surplus Application Monies will be refunded (without interest) as soon as reasonably practicable after the Closing Date.

Shares issued under the Offer are expected to be allotted, and shareholding statements dispatched, on or before 13 December 2005.

4.8 Withdrawal

The Directors may at any time decide to withdraw this Prospectus and the Offer in which case the Company will return all Application Monies without interest within 28 days of giving notice of their withdrawal.

4.9 Lead Manager

Patersons Securities Limited ("Patersons") have been appointed as Lead Manager to the Offer.

For further details of the arrangements with Patersons refer to Section 8.11.

4.10 Overseas investors

No action has been taken to register or qualify the Shares, or the Offer, or otherwise to permit the public offering of the Shares, in any jurisdiction outside Australia.

The distribution of this Prospectus within jurisdictions outside Australia may be restricted by law and persons into whose possession this Prospectus comes should inform themselves about and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of those laws.

The Offer is only capable of acceptance by Applicants making an Application in Australia with an address in Australia. Resolute Shareholders with an international address do not qualify to participate in the Priority Offer or Public Offer.

This Prospectus does not constitute an offer of Shares in any jurisdiction where, or to any person to whom, it would be unlawful to issue this Prospectus.

The return of a duly completed Application Form will be taken by the Company to constitute a representation that there has been no breach of such law and that all necessary approvals and consents have been obtained.

The Offer pursuant to an Electronic Prospectus is only available to persons receiving an electronic version of this Prospectus within Australia.

4.11 CHESS

The Shares of the Company issued in relation to this Prospectus will be CHESS approved from the date of quotation on ASX in accordance with the ASX Listing Rules and ASTC Operating Rules. The Company operates an electronic issuer-sponsored sub-register and an electronic CHESS sub-register. The two sub-registers together will make up the Company's register of shareholders.

The Company will not issue certificates to Shareholders. Instead, as soon as practicable after allotment, successful Applicants will receive a holding statement (similar to a bank account statement), which sets out the number of Shares allotted.

A holding statement will also provide details of a security holder's Holder Identification Number (**"HIN"**) (in the case of a holding on the CHESS sub-register) or Security holder Reference Number (**"SRN"**) (in the case of a holding on the issuer sponsored sub-register). Following distribution of these initial holding statements, an updated holding statement will only be provided at the end of any month during which changes occur to the number of Shares held. Shareholders may also request statements at any other time (although the Company may charge an administration fee).

4.12 Brokerage

The Company may enter into agreements with holders of an Australian financial services licence to assist with the placement of the Public Offer. The Company may negotiate and pay a fee of up to 2.5% on any funds placed by such a party.

The Lead Manager has agreed to provide such a service at the election of the Company. See Section 8.11 for further details."

5. Investigating Accountant's Report

Horwath Securities (WA) Pty Ltd
ABN 24 009 328 643
A member of Horwath International
128 Hay Street Subiaco WA 6008
PO Box 760 West Perth WA 6872
Email horwath@perth.horwath.com.au
Telephone (08) 9380 8480
Facsimile (08) 9380 8499

2nd November 2005

The Directors
Valhalla Uranium Limited
Level 4 BGC Centre
28 The Esplanade
PERTH WA 6000

Dear Members of the Board

INVESTIGATING ACCOUNTANT'S REPORT
VALHALLA URANIUM LIMITED

1. Introduction

This report has been prepared at the request of the directors of Valhalla Uranium Ltd ("**Valhalla Uranium**" or "**the Company**") for inclusion in a Prospectus dated on or about 7 November 2005 inviting participation in the issue by Valhalla Uranium of a total of up to 20,000,000 ordinary fully paid shares in the Company at an issue price of 40 cents each to raise up to $8,000,000.

All amounts are expressed in Australian Dollars unless otherwise stated.

2. Background

Valhalla Uranium was incorporated on the 23rd September 2005 and operations commenced on that date.

Valhalla Uranium has entered into agreements with Resolute Mining Limited ("**Resolute**") to acquire uranium assets from the Resolute Group in exchange for equity (shares) in Valhalla Uranium. The assets to be acquired include:

Queensland Assets
Resolute Limited owns 50% of the exploitation rights to the Valhalla and Skal deposits in Queensland. The joint venture partner, Summit Resources Limited owns the other 50% and is the operator of the joint venture.

Northern Territory Assets
A subsidiary of Resolute owns an interest of 41.7% in the Bigrlyi project in the Northern Territory. The other major joint venture partner is Energy Metals Limited who owns, amongst other assets, 47% of the project.

3. Capital Structure

The expected capital structure of the Company is as follows:

Details	Full Subscription Number
Opening balance of shares held at 30 September 2005	1
Issue of shares for purchase of Uranium assets from Resolute	99,999,999
Shares to be issued pursuant to the Offer	20,000,000
Total shares	120,000,000

4. Basis of Preparation

This report has been included in this Prospectus to assist investors and their financial advisers to make an assessment of the financial position and performance of Valhalla Uranium. This report does not address the rights attaching to the shares to be issued in accordance with this Prospectus, nor the risks associated with the investment.

The Directors of Valhalla Uranium have requested Horwath Securities (WA) Pty Ltd ("Horwath") to prepare an Investigating Accountant's Report for inclusion in this Prospectus dealing with the following financial and other information:

(i) the reviewed results of Valhalla Uranium for the period to 30 September 2005;

(ii) the reviewed balance sheet of Valhalla Uranium as at 30 September 2005; and

(iii) the proforma balance sheet of Valhalla Uranium at 30 September 2005 adjusted to include funds to be raised by the Prospectus.

5. Scope of Review

Our review has been conducted in accordance with Auditing Standard AUS 902 "Review of Financial Reports". Our review was limited primarily to enquiries of the Company personnel, review of the historical and proforma financial information, analytical procedures applied to financial data, performance of certain limited verification procedures and comparison of consistency in application of accounting standards and policies.

5. Scope of Review (continued)

These procedures do not provide all the evidence that would be required in an audit, thus the level of assurance provided is less than given in an audit.

We have not performed an audit and, accordingly, we do not express an audit opinion.

The Directors of Valhalla Uranium have prepared and are responsible for the historical financial information. We disclaim any responsibility for any reliance on this report or on the financial information to which it relates for any purposes other than that for which it was prepared. This report should be read in conjunction with the Prospectus.

6. Statement

Based on our review, nothing has come to our attention that causes us to believe that the financial information as set out in Appendix 1 and 2 does not present fairly:

i) the results of Valhalla Uranium for the period ended 30 September 2005;
ii) the balance sheet of Valhalla Uranium as at 30 September 2005; and
iii) the balance sheet of Valhalla Uranium as at 30 September 2005 adjusted to include funds to be raised by this Prospectus.

in accordance with the accounting methodology required by applicable Australian Accounting Standards and the accounting policies adopted by Valhalla Uranium as described in Appendix 2.

7. Subsequent Events

There have been no material items, transactions, or events subsequent to 30 September 2005, which relate to conditions existing at that balance date which require comment or adjustment to the figures in this report.

To the best of our knowledge and belief, there have been no material items, transactions or events subsequent to 30 September 2005, which, although they do not relate to conditions existing at that date, would cause reliance on the figures in this report to be misleading.

8. Declarations

(a) Horwath will be paid a fee of $6,000 based upon normal charge rates and professional time incurred in the compilation of information and the preparation of this report. The involvement of Horwath in the preparation of this Prospectus is limited to the preparation of this report.

Horwath

8. Declarations (continued)

(b) Horwath was not involved in any other aspect of this Prospectus and did not authorise or cause the issue of any other part of this Prospectus and we have only issued our consent in respect of the inclusion of this report in this Prospectus;

(c) The author of this report does not have any interest in Valhalla Uranium or the shares offered by this Prospectus.

(d) The giving of our consent for the inclusion of this report in this Prospectus should not be taken as an endorsement of Valhalla Uranium or a recommendation by Horwath of any participation in the offer by any intending investors;

(e) The author of this report gives no assurance or guarantee whatsoever in respect of the future success of or financial returns associated with the subscription for shares being offered pursuant to this Prospectus, and

(f) This report should be read as a whole and no part of it quoted, otherwise referred to, or produced without prior written consent of Horwath.

Yours faithfully
HORWATH
Securities (WA) Pty Ltd

HORWATH SECURITIES (WA) PTY LTD

GLYN O'BRIEN
Director

Valhalla Uranium Ltd
Consolidated Balance Sheets
As at 30 September 2005

	Note	Reviewed 30 September 2005 $	Proforma Full Subscription $
CURRENT ASSETS			
Cash and cash equivalents	3	-	6,132,000
TOTAL CURRENT ASSETS		-	6,132,000
NON-CURRENT ASSETS			
Receivables	4	1	1
Mineral exploration and development interests	5	-	59,321,427
TOTAL NON-CURRENT ASSETS		1	59,321,428
TOTAL ASSETS		1	65,453,428
CURRENT LIABILITIES			
Payables	6	-	-
TOTAL CURRENT LIABILITIES		-	-
NON-CURRENT LIABILITIES			
Deferred tax liabilities	7	-	17,796,428
TOTAL NON-CURRENT LIABILITIES		-	17,796,428
TOTAL LIABILITIES		-	17,796,428
NET ASSETS		1	47,657,000
EQUITY			
Contributed equity	8	1	47,657,000
Retained profits	9	-	-
TOTAL EQUITY		1	47,657,000

The balance sheets should be read in conjunction with Appendix 2.

The company had no items of income or expenditure during the period to 30th September 2005 and accordingly, no income statement has been prepared or reviewed for the company or the consolidated group.

The company had no items of cash flow during the period to 30th September 2005 and accordingly, no cash flow statement has been prepared or reviewed for the company or the consolidated group.

Valhalla Uranium Ltd
Notes to the Financial Statements
For the period ended 30 September 2005

1. Summary of significant accounting policies

a) Basis of preparation

The financial information has been prepared in accordance with Australian Accounting Standards. The financial information is presented in abbreviated form insofar as it does not comply with all the disclosure requirements set out in Australian Accounting Standards and the Corporations Act 2001.

Australian Accounting Standards include Australian equivalents to International Financial Reporting Standards ("AIFRS").

The financial information has been prepared on the basis of historical costs and except where stated, does not take into account changing money values or fair values of non-current assets.

b) Statement of compliance

The financial information complies with the recognition and measurement (but not the disclosure) requirements of AIFRS. This ensures that the financial information complies (except for disclosure) with the requirements of International Financial Reporting Standards ("IFRS").

c) Going concern

The going concern of the Company is dependent upon the financial support of Resolute and/or the raising of additional capital funds through this Prospectus. On this basis, the Directors consider it appropriate that the financial report be prepared on a going concern basis.

d) Basis of consolidation

The consolidated financial information comprises the financial information of Valhalla Uranium and its subsidiaries.

The financial information of subsidiaries is prepared using consistent accounting policies.

All intercompany balances and transactions, including unrealised profits arising from intra-group transactions, have been eliminated in full.

Subsidiaries are consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date which control is transferred out of the Group.

e) Cash and cash equivalents

Cash in the balance sheet comprise cash at bank and short term deposits with an original maturity of three months or less.

f) Trade and other receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost less a provision for any uncollectible debts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off as incurred.

Receivables from related parties are recognised and carried at the nominal amount due. Where interest is charged it is taken up as income on an accruals basis.

Valhalla Uranium Ltd
Notes to the Financial Statements
For the period ended 30 September 2005

1. Summary of significant accounting policies (continued)

g) Mineral exploration and development interests

Exploration and evaluation costs related to an area of interest are carried forward only when rights of tenure to the area of interest are current and provided that one of the following conditions is met:

- such costs are expected to be recouped through successful development and exploitation of the area of interest, or alternatively by its sale; or
- exploration and/or evaluation activities in the area of interest have not yet reached a state, which permits a reasonable assessment of the existence, or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the area are continuing.

Costs carried forward in respect of an area of interest that is abandoned are written off in the year in which the decision to abandon is made.

h) Payables

Liabilities for trade creditors and other amounts are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the consolidated entity.

Payables to related parties are carried at the principal amount. Interest, when charged by the lender, is recognised as an expense on an accruals basis.

i) Joint venture operations

Interests in joint venture operations are brought to account by including in the respective classifications, the share of the individual assets employed and share of liabilities and expenses incurred.

j) Acquisition of assets

The purchase method of accounting is used to account for all acquisitions of assets (including business combinations) regardless of whether equity instruments or other assets are acquired. Cost is measured as the fair value of the assets given, shares issued or liabilities incurred or assumed at the date of exchange plus costs directly attributable to the acquisition. Where equity instruments are issued in an acquisition, the value of the instruments is the published market price as at the date of exchange unless, in rare circumstances, it can be demonstrated that the published market price as at the date of exchange is an unreliable indicator of fair value and that other evidence and valuation methods provide a more reliable measure of fair value. Transaction costs arising on the issue of equity instruments are recognised directly in equity.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Company's share of identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement, but only after a reassessment of the identification and measurement of the net assets acquired.

1. Summary of significant accounting policies (continued)

j) Acquisition of assets (continued)

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted back to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

k) Impairment of assets

At each reporting date, the Company assesses whether there is any indication that an asset may be impaired. Where an indicator of impairment exists, the Company makes a formal estimate of recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Recoverable amount is the greater of fair value less costs to sell and value in use. It is determined for an individual asset, unless the asset's value in use cannot be estimated to be close to its fair value less costs to sell and it does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case, the recoverable amount is determined for the cash-generating unit to which it belongs.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to that asset.

l) Contributed equity

Issued and paid up capital is recognised at the fair value of the consideration received by the Company.

Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received.

m) Income tax

Deferred income tax is provided on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences:

- except where the deferred income tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries and interests in joint ventures, except where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax assets and unused tax losses can be utilised:

1. Summary of significant accounting policies (continued)

m) Income tax (continued)

- except where the deferred income tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries and interests in joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantially enacted at the balance sheet date.

Income taxes relating to items recognised directly in equity are recognised in equity and not the income statement.

n) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST except:

- where the GST incurred on the purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Balance Sheet.

Cash flows are included in the Statement of Cash Flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority are classified as operating cash flows.

o) Comparative information

This is the first period of operation for the Company and as such there are no comparative figures and no impacts from changes in accounting standards. The Company was incorporated on the 23rd September 2005 and operations commenced on that date.

Valhalla Uranium Ltd
Notes to the Financial Statements
For the period ended 30 September 2005

2. ACTUAL AND PROPOSED TRANSACTIONS TO ARRIVE AT PROFORMA BALANCE SHEET

The pro-forma balance sheet has been included for illustrative purposes to reflect the position of Valhalla Uranium on the assumption that the following transactions had occurred at 30 September 2005:

1. The purchase of 100% of Resolute's uranium assets in Queensland and 100% of the share capital of Northern Territory Uranium Pty Ltd ("**NTU**") (owner of the Northern Territory uranium assets) from Resolute. The consideration is $39,999,999, being the fair value of the shares issued in Valhalla Uranium to Resolute;

2. Pursuant to this Prospectus, the proposed issue and allotment by Valhalla Uranium of 20,000,000 shares at an issue price of 40 cents each to raise a total of $8,000,000 (full subscription);

3. The estimated reimbursement of loans and other costs to Resolute Limited of $1,525,000;

4. The estimated payment of capital raising fees of $60,000;

5. The estimated payment for other capital raising costs of $250,000; and

6. The estimated payment of ASX listing fees of $33,000.

3. CASH AND CASH EQUIVALENTS – current assets

	Reviewed 30 September 2005 $	Proforma Full Subscription $
Cash at bank	-	6,132,000
Proforma adjustments		
Balance at 30 September 2005		-
Proceeds pursuant to this Offer		8,000,000
Payment for ASX listing fees		(33,000)
Payment for capital raising fees		(60,000)
Payment for other capital raising costs		(250,000)
Reimbursements of loans and costs to Resolute		(1,525,000)
Proforma closing balance		6,132,000

Valhalla Uranium Ltd
Notes to the Financial Statements
For the period ended 30 September 2005

4. RECEIVABLES - non-current assets

	Reviewed 30 September 2005 $	Proforma Full Subscription $
Loans receivable	1	1

5. MINERAL EXPLORATION AND DEVELOPMENT INTERESTS – non-current assets

	Reviewed 30 September 2005 $	Proforma Full Subscription $
Exploration Expenditure	-	59,321,427
Proforma adjustments		
Balance at 30 September 2005		-
Exploration expenditure acquired as part of the purchase of Northern Territory Uranium Pty Ltd		177,979
Reimbursement of previous exploration costs to Resolute Limited		1,347,021
Purchase of exploration assets from Resolute Limited		57,796,427
Proforma closing balance		59,321,427

6. PAYABLES – current liability

	Reviewed 30 September 2005 $	Proforma Full Subscription $
Loan payable to controlled entity	-	-
Proforma adjustments		
Balance at 30 September 2005		-
Resolute debt acquired as part of the purchase of Northern Territory Uranium Pty Ltd		177,979
Exploration costs paid by Resolute Limited		1,347,021
Repayment of the debt to Resolute Limited		(1,525,000)
Proforma closing balance		-

Valhalla Uranium Ltd
Notes to the Financial Statements
For the period ended 30 September 2005

7. DEFERRED TAX LIABILITIES – non-current liability

	Reviewed 30 September 2005 $	Proforma Full Subscription $
Deferred tax liability	-	17,796,428
Proforma adjustments		
Balance at 30 September 2005		-
Deferred tax liability on exploration assets		17,796,428
Proforma closing balance		17,796,428

8. CONTRIBUTED EQUITY

	$	$
Share Capital	1	47,657,000
Proforma adjustments	**Number**	**$**
Balance at 30 September 2005	1	1
Issue of shares for purchase of uranium assets from Resolute	99,999,999	39,999,999
Prospectus issue	20,000,000	8,000,000
ASX listing fees		(33,000)
Capital raising costs of prospectus		(310,000)
Proforma closing balance	120,000,000	47,657,000

9. RETAINED PROFITS

	Reviewed 30 September 2005 $	Proforma Full Subscription $
Retained earnings	-	-

10. EVENTS SUBSEQUENT TO BALANCE DATE

There have been no events subsequent to the period end, which require adjustment to, or disclosure in, the financial report.

11. CONTINGENT LIABILITIES

The Directors are not aware of any contingent liabilities requiring disclosure at 30 September 2005.

12. CAPITAL COMMITMENTS

Due to the nature of the Company's operations in exploring and evaluating areas of interest, it is very difficult to accurately forecast the nature or amount of future expenditure, although it will be necessary to incur expenditure in order to retain present interests in mineral tenements and joint ventures. The timing and amounts of exploration expenditure commitments of the Company may vary significantly from the forecast based upon the results of work performed by the Company and joint venture partners, which will determine the prospectivity of the relevant area of interest.

FINANCIAL SERVICES GUIDE

1. Horwath Securities

Horwath Securities (WA) Pty Ltd ABN 24009328643 ("Horwath Securities" or **"we"** or **"us"** or **"ours"** as appropriate) has been engaged to provide general financial product advice in the form of a report to be provided to you.

2. Financial Services Guide

In the above circumstances we are required to issue to you, as a retail client, a Financial Services Guide ("**FSG**"). This FSG is designed to help retail clients make a decision as to their use of the general financial product advice and to ensure that we comply with our obligations as financial services licensees.

This FSG includes information about:

- Who we are and how we can be contacted;
- The services we are authorized to provide under our **Australian Financial Services Licence, Licence No: 269291**
- Remuneration that we and/or our staff and any associates receive in connection with the general financial product advice;
- Any relevant associations or relationships we have; and
- Our complaints handling procedures and how you may access them.

3. Financial services we are licensed to provide

We hold an Australian Financial Services Licence which authorizes us to provide financial product advice in relation to:

- Securities (such as shares and debentures).

We provide financial product advice by virtue of an engagement to issue a report in connection with a financial product of another person. Our report will include a description of the circumstances of our engagement and identify the person who has engaged us. You will not have engaged us directly but will be provided with a copy of the report as a retail client because of your connection to the matters in respect of which we have been engaged to report.

Any report we provide is provided on our own behalf as a financial services licensee authorized to provide the financial product advice contained in the report.

4. General Financial Product Advice

In our report we provide general financial product advice, not personal financial product advice, because it has been prepared without taking into account your personal objectives, financial situation or needs.

You should consider the appropriateness of this general advice having regard to your own objectives, financial situation and needs before you act on the advice. Where the advice relates to the acquisition or possible acquisition of a financial product, you should also obtain a product disclosure statement relating to the product and consider that statement before making any decision about whether to acquire the product.

5. Benefits that we may receive

We charge fees for providing reports. These fees will be agreed with, and will be paid by, the person who engages us to provide the report. Fees will be agreed on either a fixed fee or time cost basis.

Except for the fees referred to above, neither Horwath Securities, nor any of its directors, employees or related entities, receive any pecuniary benefit or other benefit, directly or indirectly, for or in connection with the provision of the report.

6. Remuneration or other benefits received by our employees

All our employees receive a salary. Our employees are eligible for bonuses based on overall productivity but not directly in connection with any engagement for the provision of a report.

7. Referrals

We do not pay commissions or provide any other benefits to any person for referring customers to us in connection with the reports that we are licensed to provide.

8. Associations with Product Issues

Horwath Securities (WA) Pty Ltd and any of its associated entities may at any time provide professional services to financial product issuers in the ordinary course of business.

9. Complaints resolution

a. *Internal complaints resolution process*

As the holder of an Australian Financial Services Licence, we are required to have a system for handing complaints from persons to whom we provide financial product advice. All complaints must be in writing, addressed to The Compliance Officer, Horwath Securities (WA) Pty Ltd, PO Box 700, West Perth, WA 6872.

When we receive a written complaint we will record the complaint, acknowledge receipt of the complaint within 15 days and investigate the issues raised. As soon as practical, and not more than **45 days** after receiving the written complaint, we will advise the complainant in writing of our determination.

b. Referral to External Dispute Resolution Scheme

A complainant not satisfied with the outcome of the above process, or our determination, has the right to refer the matter to the Financial Industry Complaints Service Limited ("**FICS").** FICS is an independent company that has been established to provide free advice and assistance to consumers to help in resolving complaints relating to the financial services industry.

Further details about FICS are available at the FICS website www.fics.asn.au or by contacting them directly via the details set out below.

Financial Industry Complaints Service Limited
PO Box 579
Collins Street West
Melbourne VIC 8007

Toll free: 1300 78 0808
Facsimile: (03) 9621 2291

10. Contact details

You may contact us using the details set out at the top of our letterhead on the first page of our Independent Accountant's Report.

6. Independent Geologists Report

MALCOLM CASTLE Consulting Geologist ABN: 84 274 218 871	P.O. Box 473, South Perth WA 6951 Phone: 08 9368 4923, Fax: 08 9368 4932 Mobile: 04 1234 7511 Email: micastle@optusnet.com.au

20 October 2005

The Directors
Valhalla Uranium Ltd
4th Floor, 28 The Esplanade
Perth, WA, 6000, Australia

Dear Sirs,

Re:

INDEPENDENT GEOLOGIST'S REPORT ON THE MINERAL PROPERTIES in QUEENSLAND and NORTHERN TERRITORY PROSPECTIVE for URANIUM

I have been commissioned by Valhalla Uranium Ltd (ACN 116 370 7209) ("Valhalla Uranium") to provide an independent technical report on the company's projects in Queensland and the Northern Territory. This report is to be included in a Prospectus to be lodged by Valhalla Uranium with the Australian Securities and Investments Commission ("ASIC"), offering for subscription a maximum of 20 million Shares at an issue price of $0.40 per Share (the "Prospectus"), to raise a total of $8 million (before costs associated with the issue) on or about 4 November 2005. The funds raised will be used for the purpose of exploration and evaluation of the mineral properties in which Valhalla Uranium will be the beneficial owner.

Valhalla Uranium is focusing on three groups of tenements near Mt Isa, Queensland, Ngalia Basin, Northern Territory and Pine Creek, Northern Territory. The projects are prospective for uranium.

This review is based on information provided by the title holders, along with technical reports by consultants, previous tenements holders and other relevant published and unpublished data for the area. A listing of the principal sources of information is included in this Report. I have endeavoured, by making all reasonable enquiries, to confirm the authenticity, accuracy and completeness of the technical data upon which this report is based. A final draft of this report was provided to Valhalla Uranium, along with a written request to identify any material errors or omissions prior to lodgement.

This report has been prepared in accordance with the rules and guidelines issued by such bodies as the Australian Securities and Investments Commission ("ASIC") and the Australian Stock Exchange ("ASX"), which pertain to Independent Expert Reports. Where mineral resources have been referred to in this Report, the classifications are consistent with the *Australasian Code for Reporting of Mineral Resources and Ore Reserves ("JORC Code")*, prepared by the Joint Ore Reserves Committee of the Australasian Institute of Mining and Metallurgy, the Australian Institute of Geoscientists and the Minerals Council of Australia, effective December 2004.

Under the definition provided by the ASX and in the JORC Code, these properties are classified as 'exploration projects', which are inherently speculative in nature. The properties are considered to be sufficiently prospective, subject to varying degrees of risk, to warrant further exploration and development of their economic potential, consistent with the programs proposed by Valhalla Uranium.

Valhalla Uranium intends to raise $8 million, and at least half of the liquid assets held and funds proposed to be raised are understood to be committed to the exploration and development of the properties in Queensland and the Northern Territory. Valhalla Uranium has sufficient working capital to carry out its stated objectives and has prepared staged exploration programs, specific to the exploration potential of the individual tenements, which are consistent with its budget allocations. It is considered that sufficient exploration and mining activities have been undertaken by earlier explorers in the last 10 years to justify the proposed programs and expenditure. The proposed exploration and development budgets exceed the minimum annual statutory expenditure requirement on the Projects.

The independent technical report has been compiled based on information available up to and including the date of this report. Consent has been given for the distribution of this Report in the form and context in which it appears.

I am not, nor intend to be a director, officer or other direct employee of Valhalla Uranium and have no material interest in the projects or Valhalla Uranium. The relationship with Valhalla Uranium is solely one of professional association between client and independent consultant. The review work and this report are prepared in return for professional fees based upon agreed commercial rates and the payment of these fees is in no way contingent on the results of this Report.

Yours faithfully

Malcolm Castle

Malcolm Castle *has 40 years experience in exploration geology and property evaluation, working for major companies for 20 years as an exploration geologist. He established a consulting company 18 years ago and specializes in exploration management, technical audit, due diligence and property valuation at all stages of development. He has wide experience in a number of commodities including gold, base metals and mineral sands. He has been responsible for project discovery through to feasibility study in Indonesia and technical audits in many countries.*

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1. SUMMARY

Valhalla Uranium has interests in a series of Uranium (plus vanadium) resources and prospects at various stage of evaluation in the Northern Territory and 50% interest in the Valhalla and Skal uranium (plus vanadium) deposits in Queensland.

Isa Uranium Joint Venture (Valhalla Uranium 50%)

Valhalla comprises an identified mineral resource of 11.48 million tonnes containing 36.5 million pounds of U3O8 (uranium oxide) at an average grade of 3.17lbs/t (1.44kg/t) U3O8. Vanadium credits amount to 2.81lbs/t (1.30kg/t) V2O5 (vanadium pentoxide). The Skal uranium deposit, 10km east of Valhalla has also been drill tested with significant contained uranium identified and mineralisation of a similar style to Valhalla.

Both Valhalla and Skal ore bodies are hosted by hematite-magnetite–carbonate breccias in sheared sediments and mafics of the Eastern Creek Succession. The Valhalla deposit is open down dip and down plunge and appears to be increasing in grade and width with depth.

The parties to the Isa Uranium Joint Venture conducted extensive drilling and metallurgical work on the Valhalla resource during the late 1990's resulting in significant upgrades of previous estimates of contained uranium. The Isa Uranium Joint Venture re-commenced exploration on the Valhalla project during 2005 with initial activities focused on database compilation and confirmatory drill testing.

A programme of reverse circulation and diamond drilling commenced in June 2005, with the objective of upgrading the confidence and extending the current resource envelope.

Over the next 2 years it is planned to bring the resource up to a high standard of confidence through further detailed drilling, metallurgical test work and engineering studies in order that comprehensive pre-feasibility studies can be undertaken.

In addition to the Valhalla resource drilling, it is planned to test further targets identified in airborne geophysics. Interpretation of detailed airborne magnetic and radiometric surveys suggests that there may be additional concealed enechelon bodies of mineralisation along the North-South fault splay that is interpreted to host both the Valhalla and Valhalla South mineralisation.

Ngalia Basin Projects *(Valhalla Uranium 41.7% to 100%)*

Valhalla Uranium is a participating partner in a series of Uranium projects in the Ngalia Basin 200 to 300km north-west of Alice Springs in the Northern Territory. The projects include roll front uranium and vanadium resources and numerous radiometric anomalies hosted by the Devonian to Carboniferous aged Mt Eclipse Sandstone. Four major uranium/vanadium prospects have been defined. Mineralization is carnotite (potassium uranium vanadium oxide) with a uranium to vanadium ratio of 2:1 and projected recoveries of 80% and 70% respectively (Bigrlyi). The most advanced deposits in the Ngalia Basin Project are:

BIGRLYI	Valhalla Uranium Equity 41.7%*
WALBIRI	Valhalla Uranium Equity 58.13%*
MALAWIRI	Valhalla Uranium Equity 47.96%*
MINERVA	Valhalla Uranium Equity 100%

*Energy Metals Limited as Operator

Previous exploration of these prospects from 1973 to1982 identified significant volumes of high-grade mineralization. Some four hundred and thirteen drill holes were drilled on the main Bigrlyi prospect with outstanding grades such as 8m @ 22.0lb/t U_3O_8 from 39m in BPH-003. The main Bigrlyi shoot is open at depth and down plunge, Walbiri may well have lateral extensions and Minerva has evidence of gold anomalism.

Energy Metals has recently taken over as operator of the joint venture on these projects and a resumption of exploration activities is planned later in 2005. Initial work will concentrate the re-assay of previous drill holes to upgrade sampling and assaying procedures to enable resource calculation compliant with the JORC code (2004 edition). Further exploration will be focused on the immediate extensions of the Bigrlyi mineralization.

Pine Creek Projects (Valhalla Uranium 33 $^1/_3$%)

Valhalla Uranium holds interests in two strategic exploration license applications in the East Alligator River area. The Beatrice South ELA covers portions of the lower Proterozoic Cahill formation, at or near the unconformity with the overlying mid Proterozoic quartz sandstones of the Kombolgie Formation. This stratigraphy is host to the Ranger and Jabiluka uranium deposits immediately to the north-east. The Mt Gilruth ELA covers the Gilruth Inlier, an interpreted down-faulted block of the South Alligator stratigraphy, host to the Coronation Hill Uranium/gold/PGM deposit.

The Mt Gilruth and Beatrice South projects are currently operated by Afmeco Mining and Exploration Pty Ltd ('Afmex') part of the global Cogema/Areva energy group. 'Afmex' are currently progressing the Native Title applications with the Northern Land Council, and it is hoped title will be granted in the near future.

2. ISA URANIUM JOINT VENTURE PROJECTS

2.1 Location Access and Tenure

Valhalla Uranium has a 50% interest in the Valhalla resource and surrounding areas under the Isa Uranium Joint Venture Agreement, dated 16th January 2001. Summit Resources Limited is the manager of the Project.

The Valhalla resource is contained within EPM 9221 and is located some 40km north of Mt Isa in northwest Queensland and straddles the Barkly Highway. The Skal uranium-vanadium prospect is located eight kilometres east of Valhalla within EPM 14048.

2.2 Regional Setting

The deposits are strategically located within the Middle-Proterozoic Mt Isa Inlier. The deposits are approximately 24 kilometres north of the Hilton and George Fisher lead-zinc-silver ore bodies, which straddle the Mt Isa Fault Zone. The Gunpowder copper mine is situated approximately 40km further to the north. A series of poorly tested ironstone gossans, large radiometric, magnetic and geochemical anomalies have been identified in the area as well as several uranium workings including the Valhalla prospect.

Along with the presence of substantial zones of copper and uranium mineralization, the regionally significant Mt Isa Fault zone, the proximity of granite intrusives and the known deposits' mineralogy indicates that the mineralization within the area bears similarities to the Ernest Henry copper-gold-uranium deposit.

2.3 Geology and Mineralization

The uranium and vanadium mineralization in the Valhalla project area is hosted within an interlayered sequence of NNW striking metabasalts and laminated metashales/siltstones with minor associated tuffaceous rocks. Dip is approximately 70° to the southwest.

The basalts appear to be tholeiitic to intermediate in composition representing different zones or phases of lava flows. Individual flows are generally 10-30m thick displaying characteristic flow top textures grading into coarser grained intermediate rock in the middle, to finer, more mafic rock at the base. The mineralogy comprises variable amounts of hornblende, feldspar, chlorite, epidote, magnetite, carbonate, quartz, pyrite and chalcopyrite consistent with lower amphibolite facies metamorphism. The magnetite carbonate alteration is similar to the regional (or large) scale hydrothermal system that formed the Mt Isa copper orebodies.

The metasediments are comprised of laminated carbonaceous shales and siltstones with common dolomitic sand laminated/beds (up to 5cm thick). Commonly they consist of chlorite, sericite, graphite, carbonate, feldspar +/- pyrite +/- magnetite. Coarse grained euhedal pyrite and magnetite porphyroblasts are associated with the basalt contracts. Planar and crossbedded sedimentary structures are both commonly visible.

Valhalla

At Valhalla the uranium and vanadium mineralization has been defined over ~600m of strike and up to 450m down dip/plunge. It is discordant to the stratigraphy, striking ~350° with a sub-

vertical dip and a ~50° plunge to the south. The mineralization is associated with distinct iron, carbonate, and sodic metasomatism relating to a zone of intense mylonitic/cataclastic shearing and hydraulic brecciation. It appears that the more ductile textures are overprinted by a later brittle event. The alteration assemblage consists of hematite, magnetite, carbonate (dolomite and calcite), albite, arfvedsonite and aegerine. The uranium itself is predominantly contained within brannerite and a metamict zircon with minor coffinite, uraninite and uranophane.

On a regional scale the lithological sequence at Valhalla seems to equate to the Eastern Creek Volcanics and be a part of the multiple small scale rift/sag episodes that are thought to have occurred between 1740 and 1680Ma within the Proterozoic Mt Isa Inlier.

The orientation, extent and relationships of individual higher grade (>450ppm U_3O_8) zones within the broad mineralized (100pm U_3O_8) envelope is a complex issue. The high grade lenses would appear to be anastomosing along strike and down dip, though consistent down plunge. There is a persistent high grade zone on the Footwall (eastern most) contact. Thickening of the higher grade could be due to:

- local thickening of geology due to buckling (folding); and
- possible stacked, sigmoidal or en echelon nature of the high grade lens;
- structural and/or lithological control of preferentially mineralized sites.

Skal

The deposit occurs in silicified and brecciated calcareous and jasperoidal sediments within foliated argillaceous sediments and basalts. Lodes and stratigraphy strike NNE, dipping steeply to the west. Two lodes outcrop, "North" and "South" over a distance of some 300m, separated by cross faulting.

The primary uranium mineral is brannerite (0.001mm to 10mm). Minor carnotite associated with hematite has been noted. Minor chalcopyrite and pyrite occur and 2% copper was noted in the head grade of metallurgical samples. Gangue minerals are fine grained quartz, calcite and iron oxides.

Geophysics

A high-resolution airborne magnetic and radiometric survey was flown to help define and refine exploration targets at Valhalla. The survey was flown in two parts. A more extensive survey was completed using 80 metre line spacing and 40 metre flying height, with a detailed 40 metre line spacing and 40 metre flying height employed over Valhalla and its immediate surrounds.

The data shows distinct radiometric highs over the known mineralization at Valhalla and Valhalla South. These radiometric anomalies appear to be coincident with discordant magnetic anomalies along a N-S striking fault.

Down hole gamma and magnetic susceptibility logging was conducted where possible by Auslog Pty Ltd. Unfortunately most holes were found to be blocked, probably resulting from removal of casing, with surveying only being done down percussion holes VRCP1, 3, 5, 7, 8, 9 and diamond drill hole 4 VDDH46. The results show a very strong correlation between radiometric highs and assay results, with higher U_3O_8 also associated with lower magnetic susceptibility.

2.4 Previous Exploration and Mining

2.4.1 Early Exploration

Valhalla is a historic uranium property that was tested on several occasions during the period 1954 to the early 1970's during which time a substantial body of mineralisation was outlined.

The Valhalla project was discovered by prospectors in late 1954. Various joint venture partners completed a program of costeaning. One hole was drilled and a shaft was sunk to 13.7 metres.

QML acquired the property and commenced the most significant phase of exploration and evaluation of the property over the period from 1968 to 1972. QML completed a program of geological mapping, radiometrics, magnetics, costeaning, percussion and diamond drilling. Mineralogical and petrological studies, and metallurgical testwork were also completed.

A drilling program was undertaken during 1969 and 1970. Nineteen of the diamond drill holes tested the central sector of the Valhalla lode with six holes directed to testing the northern extension of the lode. Two holes 9DH25 and DH28 tested for southern extensions to the Valhalla Lode, whilst seven diamond holes were drilled to test the Valhalla South Lode which is centred some 1300m southerly, along strike of the Valhalla Lode, and adjacent to the Barkly Highway.

Preliminary metallurgical testwork indicated that the mineralization was amenable to leaching.

AMDEL completed an assessment of the deposit concluding a significant body of uranium mineralization existed at reasonable grade. The assessment was not in accordance with the JORC code at that time and may not be reported in this discussion.

QML Drilling

QML completed a program of percussion and diamond core drilling in the Valhalla uranium prospect including:

Percussion Drilling 115 holes for 7032m
Diamond Drilling 35 holes for 7606m, the drilling being mainly BQ size core

Twenty four of the diamond holes were drilled to test the main deposit with only three holes failing to intersect mineralization. Of these holes VA32 and VA21 were located at the northern and southern extremities of the orebody, respectively, and VA34, drilled 400' (122m) south of VA32, was positioned to intersect the ore deposit, some 200m below the surface. This concluded that this defined the bottom limits to the mineralization in the northern area. (This is consistent with the Isa Uranium Joint Venture's later interpretation that the lode plunges to the south).

The best intersection by QML was recorded for hole VA35, which intersected the lode at about 274m vertical depth.

QML drilled nine diamond holes in the Valhalla South Lode over a strike length of some 460m. Six of these holes were confined to the central sector of the deposit of which three holes (over 90m strike) intersected good mineralization.

With the exception of VA19, all holes were drilled to intersect the lode between 60 and 90 metres depth and four of them appear not to have been drilled to the desired depth.

In summary, QML's drilling within the Central Zone of the Valhalla deposit recorded the following average intercepts of mineralization:

Oxide mineralization 15m true width at 0.91 kg/t U_3O_8
Primary mineralization 30m true width at 1.36 kg/t U_3O_8

QML adopted a procedure of radiometric scanning of the core, to select intervals for mechanically splitting and assaying. Assaying was of long composite intervals with a uranium detection limit of 50ppm. The details of the analytical technique used are not known but is believed to be a wet chemistry method. The core was analysed for uranium and phosphorus.

2.4.2 Surface Evaluation

QML carried out little work after 1971 and no significant work was undertaken on the Valhalla uranium deposit after QML withdrew from the ground in 1979. QML relinquished the tenements in 1991 and the area was subsequently acquired by Summit and its then partner Kiwi Australian Resources in August 1992. Kiwi merged with Associated Goldfields NL who were taken over by Resolute Limited in 1996.

In December 1993 access was gained to the QML drill core store at the Queensland Department of Minerals and Energy exploration data centre at Zillmere in Brisbane. Sections of this core, considered to be reliable, were re-logged and re-sampled on 5m, quarter core, composites and analysed for copper, lead, zinc, uranium, thorium, gold and silver.

This re-logging and re-assaying was restricted to the 14 holes VA1-4 (inclusive), VA6-10 (inclusive) and VA16, 17, 31, 33 and 35. Analysis for Uranium was carried out using a mixed acid digest with an ICPMS finish (inductively coupled plasma mass spectrometer) used as a check on the ICPOES assaying.

The parties to the Isa Uranium Joint Venture also completed regional exploration programs over EPM 9221 including: Acquisition of airborne magnetics and radiometrics, flying 1:25,000 scale infra-red aerial photography and preparing base plans.

The parties to the Isa Uranium Joint Venture acquired a data set on the AMDEL metallurgical investigations, petrology and 'ore reserve' calculations for the Valhalla project directly from QML, reviewed and assessed this data.

Re-sampling and assaying of the AML core returned a number of encouraging wide intervals of elevated uranium values that confirmed the QML work. These results included:

Hole No.	Interval (m)	From (m)	To (m)	Grade kg/t U_3O_8
VA4	25	115	140	1.32
VA4	23	157	180	1.11
VA9	30	105	135	1.49
VA17	28	192	220	1.27
VA35	40	370	410	1.63

2.4.3 Drilling Activities

In October to December 1996 the parties to the Isa Uranium Joint Venture undertook a drilling program consisting of five RC percussion drill holes (VRCP001-006) and three NQ2 diamond drill holes for a total of 1,787m. This program at Valhalla was designed to confirm the mineralogy and grade of the known mineralisation, test for extensions at depth and to collect samples throughout the weathering profile, including deeper fresh rock mineralization, for metallurgical test work. Drilling was highly successful with intersections of 41 to 92 metres down hole grading from 1.33lb/t U_3O_8 encountered over 250m of strike. Vertical continuity was confirmed to depths between 250 to 320 metres below surface. A significant body of uranium mineralization was assessed in the area.

Follow up drilling In 1997/98 was equally successful, and resulted in the estimation of the current resource.

A total of five RC Percussion drill holes and fifteen diamond holes (VDDH39 to VDDH53) were drilled for 1,994.3 RC metres (includes pre-collars) and 3,598.7 diamond metres. The RC holes were 5½" in diameter, the diamond holes NQ2 in size and all were surveyed down hole. The drill hole location plan is shown in the accompanying figure.

Assaying for Cu, Pb and Zn was completed in by perchloric acid digest, which was presented to an AAS for analysis (code A101). Uranium and Thorium analyses were completed in Brisbane by compressing a pulped sample into briquette and presenting this to an XRF (code X401).

Bulk density using the water displacement method (code OM605) was carried out on all diamond samples from holes VDDH43 to 49 representing a range of mineralized rock types and uranium grades.

2.4.4 Resource Estimation

A resource estimation was conducted on the Valhalla project in May 1998. Only holes drilled by the Joint Venture in 1996-1998 (VRCP1 to 11, and VDDH36 to 53) were used in the resource calculation. Previous holes drilled by QML and relogged by the parties to the Isa Uranium Joint Venture were used for interpretation of the geology and mineralisation outlines, but because assay and sampling method details for these holes are not available, actual QML assay data was excluded from the calculation.

Tonnages appear to be consistent with depth but grade is improving as evidenced by the last round of deep drilling. A long section and cross section outlining the broad dimensions of the resource are shown in the accompanying figures.

In the Joint Ore Reserve Committee (JORC) guidelines for estimation of Mineral Resources a number of criteria are required to be addressed. The following comments apply to the resources for the Valhalla uranium deposit.

SAMPLING TECHNIQUES AND DATA	
Sampling techniques	Mist RC drilling was sampled at one metre intervals and split by riffling down to 2-3 kg size and then bagged. Likely waste RC intervals were sampled on 5 m composites. . Diamond core was selectively sampled on the basis of geology and radiometric response. Where sampled the left hand side quarter care from the bottom of the hole (orientated core) was collected.
Drilling techniques	Reverse circulation (RC) drilling and Diamond Drilling has been used in calculation of the resources.
Drill sample recovery	The samples were logged for determination of sample recovery. Sample recoveries for all diamond core were extremely good averaging >95% and usually 100%. RC percussion recoveries have been good (>90%) except over short intervals where water was encountered. Not factors to compensate for low recoveries have been applied.
Logging	All drill holes have been logged to identify the dominant ore types and significant geological and structural boundaries.
Sub-sampling techniques and sample preparation	Sampling of RC drillholes VRCP1 to VRCP5, VRCP7 to VRCP11 was done on a one metre basis with 2-3kg of sample collected via a cyclone through a 7:1 three tiered riffle splitter. RC pre-collars and VPRC6 and 10 were sampled on 5 m composites by spearing after each metre had gone through the cyclone.
Quality of assay data and laboratory tests	All assay data have been determined by a NATA authorised laboratory. Check assays have been undertaken on duplicates and replicates on a regular basis. Quality control reporting from laboratories was not available for review. 6000 samples were re-assayed by neutron activation techniques to confirm the accuracy of the method.
Verification of sampling and assaying	Field duplicates, standards and blanks are included on an approximate 1 in 20 basis (5%) with all drill samples submitted for assay.
Location of data points	All drill holes used for the resource have been surveyed on AMG co-ordinates as well as local grids for easting, northing and reduced level.
Data density and distribution	Drilling density varies from 25 by 25m in specific locations to 50 by 50m for the majority of the resources. Although considerable variation in mineralization type and grade has been identified on a local scale this has not materially altered the position of the outlines of the constraining mineralization interpretations.
Orientation of data in relation to geological structure	RC holes were oriented perpendicular to the structures containing the mineralization where ever possible.
Audits or reviews	No audits were undertaken

ESTIMATION AND REPORTING OF MINERAL RESOURCES -	
Database integrity	Standard validation techniques have been applied to the data of previous explorers. Approximately 10% of the combined assay database was validated against original assay certificates.
Geological interpretation	Assessment is based on detailed geological interpretation of the mineralized envelopes in one subvertical zone.
Dimensions	The deposit covers a strike length of 700 metres
Estimation and modelling techniques	Mineralization blocks have been constructed by producing a 3-dimensional block model in Micromine. This has been integrated with geology as defined from mineralization codes and types. Uranium grade has been interpolated into blocks constrained by the mineralization. Calculation utilised inverse distance cubed estimation techniques using an

	ellipse with orientations and search distances based upon semi-variograms and assumed geological controls.
Moisture	The effect of moisture in the resource calculation was not considered. Tonnage calculations were carried out on a dry basis to conform to reported assay results.
Cut-off parameters	Upper-grade cuts have not been used due to the low coefficient of variation of the uranium grades and the nature of the mineralization. The lower grade cut was established at 0.45 Kg/t U_3O_8.
Mining factors or assumptions	No assumptions were made about mining methods.
Metallurgical factors or assumptions.	No assumptions were made about process methods.
Bulk density	Specific gravity has been assigned from measurements on drill core and other sources. The Bulk density used in the estimation is 2.91 tonnes per bank cubic metre.
Classification	Discussed below. Resources also comply with the Australasian Code for Reporting of Identified Mineral Resources and Ore Reserves (JORC, 2004).
Audits or reviews	No independent audits or reviews are available.
Discussion of relative accuracy/confidence	The reported grades, tonnages and contained ounces are rounded to two significant figures in accordance with recommendations of the JORC code.

Classification - Given that the Valhalla and Skal mineralization is constrained in its geology and overall morphology and that sampling, assaying and descriptive techniques are reliable, the primary consideration when defining resource categories has been based on the block model search radii. This allowed the classification of blocks according to their proximity to sample points. Categories have been defined as follows:

Measured	Block class 1 – calculated by a 25m search radius
Indicated	Block class 2 calculated by a 50m search radius
Inferred	Block class 3 and 4 calculated for 100 and 200m search radius respectively.

Resource Statement

The Resource statement presented below is based largely on the detailed resource report of Mulholland (1998), although a slight reduction of grade was applied by Summit following a comprehensive re-assay and calibration programme in conjunction with the laboratory (Analabs).

Valhalla Uranium Resources

	Tonnes	Kg/t U_3O_8	Lb/t U_3O_8
Measured	4,016,000	1.50	3.30
Indicated	4,778,000	1.44	3.17
Inferred	2,687,000	1.35	2.98
	11,481,000	1.44	3.17

The Valhalla resource has been compiled from unpublished reports by Malcolm Castle who is an independent consultant based in Perth, Western Australia and a Competent Person under the rules of the ASX and the JORC code,. This resource calculation has been carried out to normal professional standards and is in accordance with the JORC code (2004).

Historical contained uranium studies were completed by QML on the Skal uranium deposit which are not considered to be in accordance with the JORC code. Contained uranium was estimated at 8,450 tonnes U_3O_8 with grades ranging from 1.30 to 2.00 Kg/t U_3O_8.

2.4.5 Metallurgy

Testwork at Skal conducted from 1955 to 1968 gave 87% U recoveries by leaching with sulphuric acid at 80ºC with an acid consumption of 205kg/t. There is a high carbonate content. The ore may be amenable to radioactive sorting.

In 1970 and 1971 QML carried out preliminary metallurgical studies on the Valhalla mineralization.

- Flotation Studies

A series of flotation studies on Valhalla mineralization was carried out from 15 samples of diamond core from hole VA04. The work was directed towards selectively separating acid consuming gangue minerals from the uranium ore.

Initial attempts to float-off the uranium phases were unsuccessful, however some of the carbonate minerals were removed. A significant proportion of the carbonate material can be floated from uranium bearing ground mass with a reasonable degree of selectivity. The results indicated it is possible to reduce the ratio of percentage CO_2 per pound of U_3O_8 from 2.8 in the feed to less than 1.0. Approximately 25% of the carbonate remains with 75% recovery of the U_3O_8.

- Ore Leaching Studies

The objectives of the leaching studies were to determine the leaching conditions required for a reasonable uranium extraction together with acid consumption and oxidant requirements and to determine the standard leaching conditions for comparative test work on the different ore types. A composite primary ore sample was prepared from drill hole VA4 core that assayed 0.16% U_3O_8 and 9.2% CO_2.

Sulphuric acid leaching of the primary sulphide ore, ground to minus 60 microns, yielded a uranium recovery of 82% in 30 hours at 50ºC, with a very high acid consumption of 225kg of acid per tonne of ore. Acid leaching of wholly unoxidised brannerite ore yielded a uranium recovery of 85% with an acid consumption of only 50kg per tonne; whilst an entirely fresh zircon ore yielded recoveries of 83% with acid consumption of 303kg per tonne. Acid leaching of the oxide ore yielded a low recovery of 3.4% of the uranium at 80ºC over 6 hours with acid addition of 200kg per tonne.

- Mineralogical Studies

15 rock specimens from the Valhalla deposit were studied to identify and characterise the uranium bearing mineral phases and gangue minerals a guide for future extractive studies and to study the petrological features of the rocks to assist in structural elucidation of the deposit. The fifteen core samples from Valhalla included thirteen ore samples, a footwall and hanging wall sample, all taken from below 100m depth (below oxidation).

Comprehensive mineralogical studies were carried out involving autoradiography, staining, etching, optical X-Ray Diffraction, ignition and electron micro-probe analytical methods. Two distinct uranium minerals were present, a brannerite ($U_3Ti_5O_{16}$ variable substitution for the U and Ti) type mineral containing more than 50% uranium, occasionally present at up to 2% of the rock and metamict ($ZrSiO_4$) zircon-type mineral containing 3% to 5% uranium. Some zones within the orebody show a preponderance of one or other of the uranium minerals. Overall 90%

of the uranium is present as brannerite and 10% in the zircon mineral. The brannerite should be amenable to acid-leaching but the zircon mineral will probably be refractory. A high proportion of acid-consuming gangue minerals are present, (carbonates and apatite).

- 1997 Resolute-Summit Metallurgical Testwork

Metcon Laboratories in Sydney conducted metallurgical testwork during 1997 on RC percussion and diamond core samples from the 1996 drill program under the direction of Alan Taylor of Melbourne based Alta Metallurgical Services. Recoveries of up to 83% were achieved on core samples utilising an alkaline leach at 230°C and oxygen injection at 390psi, while a two stage alkaline leach with addition of potassium permanganate and oxygen injection at 375psi and a temperature of 230°C achieved 81% recovery. Both tests were on finely ground (<20 micron) core from VDDH37. Various other pre-treatment procedures were trialed to improve recoveries, such as pre-leach potassium permanganate roast, calcium deactivation/vanadium roast, and a caustic roast. None of these tests achieve a result better than 83% recovery of U_3O_8.

Acid leach test on finely ground (<20 micron) core from VDDH37 returned a recovery of 66% from a two stage (2 x 24 hours) acid leach at 80°C, while an improvement to 74% recovery was achieved from a two stage acid leach using 80°C and atmospheric pressure in the first stage, and 200°C and oxygen injection under pressure in the second stage.

Two flotation tests were conducted. One test successfully separated acid consuming carbonate minerals (which contain low U_3O_8) from silicate minerals (which contain the bulk of the U_3O_8). In this test, the product retained 85% of the U_3O_8, but only 35% of the carbonate. The implication is that about 65% of the acid consuming carbonate can be removed by flotation, while retaining about 85% of the U_3O_8, with the potential for a significant beneficiation and overall reduction in acid consumption.

Results from radiometric ore sorting trials conducted by UltraSort in Sydney, indicate the mineralization could be amenable to upgrading by ore sorting. Utilising a coarse crush (10 to 65mm) the data shows that the volume for treatment may be able to be reduced by as much as 50% whilst retaining over 90% of the contained U_3O_8.

An optimised treatment process for the Valhalla mineralization involving radiometric sorting and alkaline leaching, or flotation and acid leaching, now requires further investigation on beneficiated samples.

2.5 Conclusions and recommendations

The Valhalla and Skal deposits are advanced exploration targets with identified mineral resources. Pre feasibility studies have been encouraging. Further exploration is underway under the management of Summit Resources Limited to expand on the deposit and advance towards full feasibility studies.

3. NGALIA BASIN PROJECTS

The Ngalia Basin prospects include the Bigrlyi, Malawiri, Walbiri and Minerva prospects. The first three projects are the subject of a joint venture arrangement with Energy Metals Limited who are the operators. The granted tenements total approximately 1414 hectares and cover established uranium and vanadium mineralization.

3.1 Location Access and Tenure

The principal 16 uranium deposits that form the Bigrlyi Project were discovered in 1973, and are located on the Mount Doreen Cattle Station 390km northwest of Alice Springs, 80 kilometres west of the Yuendumu Aboriginal township. These deposits are covered by granted Exploration Retention Licenses (ERL) 46 to 55, covering an area of 1,414 Ha. which were granted on 24 October 1983 and have been subject to 5-year renewals since 1988.

The Minerva project (100% Valhalla Uranium) is located 210km north-west of Alice Springs and 60km south-east of Yuendumu township. The tenure includes ERL applications 22-33 which aggregate 2377 hectares and straddle the Alice Springs – Tanami – Wyndham road.

Malawiri is located in the south-east portion of the Ngalia Basin 200km north-west of Alice Springs, 75km south-east of Yuendumu township and 15km south-east of Minerva. It is held under application ERL 41 covering 200 hectares, the remnant of a much larger earlier EL which contains the prospective Mt Eclipse Sandstone 1km west of the Alice Springs – Tanami road.

Walbiri lies on the northern edge of the Ngalia Basin 330km north-west from Alice Springs, 6km west of Mt Eclipse and 23km south-west of the Yuendumu settlement. Walbiri is held under application ERL45 covering 800 hectares which was applied for on 1 November 1983.

Current equity position in the tenements is as follows:

BIGRLYI	Valhalla Uranium Equity 41.7%*
WALBIRI	Valhalla Uranium Equity 58.13%*
MALAWIRI	Valhalla Uranium Equity 47.96%*
MINERVA	Valhalla Uranium Equity 100%

*Energy Metals Limited as Operator

3.2 Regional Setting

The Ngalia Basin is approximately 300km long and 70 km wide within the Northern Arunta Province in the central-south of the Northern Territory. The Ngalia Basin is an asymmetric syncline with a steep tectonised northern boundary and a shallow northerly dipping unconformity forming the southern basin boundary. The northern boundary is defined in the east by low angle thrust faults over the Arunta Inlier and in the west by high-angle reverse faults that have thrust the basement rocks several kilometres over the Basin sediments. The basement Arunta Inlier consists of a metasedimentary sequence which are folded and metamorphosed and intruded by granite.

A series of post-tectonic younger granitic intrusions were emplaced into the Arunta Inlier. The granite intrusions are undeformed, muscovite-biotite megacrystic granite, with large potassium feldspar crystals (microcline and orthoclase) generally from 1cm up to 30cm long. These post-tectonic granites are regarded as the probable source of small copper, lead,

zinc, and tungsten deposits north of the Ngalia Basin. The granite suite is, in part, considered to be the provenance of the Ngalia Basin clastic sediments and the post-tectonic granites are highly elevated in the radioactive elements potassium, uranium and thorium.

Unconformably overlying the Arunta Inlier are the Neoproterozoic and Paleozoic sedimentary sequences of the Ngalia Basin. The Basin sediments of the Neoproterozoic are dominantly fluvial to shallow marine quartz sandstones, shales, mudstones, conglomerates, dolomites and tillites. The Neoproterozoic, in total, between 2,000 and 3,000m thick, has been subdivided into five formations, all but two of which are either unconformable or disconformable on the underlying rocks. Three further sequences of shallow marine to fluvial sediments, each disconformable upon the underlying sediments, were deposited in the Cambrian, Ordovician and Devonian for a total thickness of 2,000m.

The youngest and thickest sedimentary sequence is the Devonian to Carboniferous Mount Eclipse Sandstone, up to 3,000m thick, deposited unconformably on all underlying Ngalia Basin units. In the vicinity of the Bigrlyi uranium deposits the Mount Eclipse Sandstone overlies the Neoproterozoic age Vaughan Springs Quartzite, which is the lowest unit of the Ngalia Basin. Uplift and erosion of the Arunta Inlier rocks to the north of the Ngalia Basin initiated the deposition of the Mount Eclipse Sandstone. The Mount Eclipse Sandstone consists of arkosic sandstones, conglomeratic sandstones, greywackes and minor conglomerates deposited in piedmont to subaerial-fluvial environments. The sources for the clastic sediments of the Mount Eclipse Sandstone were largely the surrounding Arunta Inlier and possibly, in part, the older Ngalia Basin units. The sequence has a significant fossil carbonaceous component.

The uranium mineralization of the Ngalia Basin is hosted in sedimentary channels, piedmont-style, of carbonaceous arkosic sediments located towards the base of the Mount Eclipse Sandstone. The primary source of the uranium is inferred to be from the younger, megacrystic granites of the Arunta Inlier.

In summary, the deposition of the lower beds of the Mount Eclipse Sandstone along the northern side of the Ngalia Basin is consistent with deposition in a piedmont-type environment. These lower beds are characterised by pale-coloured channel horizons representative of high energy sedimentation derived from a proximal, highland source undergoing rapid erosion. The resulting lower beds of the Mount Eclipse Sandstone were deposited under reducing conditions, favourable for precipitation of uranium carried into the Basin in an oxidised form by rivers and streams.

3.3 Local Geology

Uranium mineralization in the Bigrlyi Prospect is confined to a specific narrow horizon within the lower Mount Eclipse Sandstone for which a local stratigraphic succession has been defined. Eight separate units, designated H to A, have been defined upwards from the base at the Formation. Unit H the lowermost unit is a basal boulder conglomerate 10m to 30m thick. Units G upwards to Unit E, variously from 65m to 395m thick consist of fine to medium micaeous sandstone dolomite, quartz sandstone, pebble sandstone and arkosic sandstone.

Units D and C are of potential economic significance, both of which host the significant strata-bound Bigrlyi uranium mineralization. Unit D, from 10m to 100m thick, consists of medium-grained grey and red, feldspathic sandstone, and contains uranium mineralization at several locations. Unit C, the principal host for uranium mineralization at Bigrlyi, ranges from 20m to 200m thick. The unit consists of white to grey feldspathic sandstone, shale clasts and abundant carbonaceous material. Uranium mineralization occurs principally towards the base of this unit.

In detail Unit C, is a medium to coarse-grained feldspathic and occasionally arkosic sandstone, with shale clasts, carbonaceous debris, pyrite and, rarely, pebbles. The intergranular matrix is chlorite and fine mica with carbonate cement. Carbonaceous material occurs as disseminated flecks, as irregular graphite or rare coaly stringers. Shale bands and beds have a similar appearance to the shale clasts and are carbonaceous, graphitic and pyritic. Plant fossils have been found. Where found cropping out, Unit C is pale yellow, brown to yellow, brown and white with feldspar component frequently kaolinised.

The surface uranium mineralization is carnotite, whilst at depth and below the water table, uranium is present as uraninite. In high-grade mineralized intervals the feldspars commonly exhibit a bright orange colour in association with red and reddish brown rock colours, an effect attributed to radiation.

The Anomaly 15 prospect is the most thoroughly tested uranium occurrence at the Bigrlyi Project. This prospect outcrops over a strike length of 140m and at the surface varies from 4m to 10m in width. Drilling has established that the deposit dips from 65° to 80° to the south, pitches to the west at approximately 20° and extends down-plunge for a minimum of 600m with an average width of 4m. The prospect, which is offset in the upper levels by a fault with a displacement of 70m, has been drilled to a vertical depth of 250m below surface and is open at depth.

The Anomaly 15 mineralization crops out at the surface where the uranium is present above the water table at 25m depth as carnotite, a bright yellow uranium vanadate. Below approximately 25m uranium occurs as the black, sooty uranium oxide, uraninite, often referred to as pitchblende in its more massive form.

The Bigrlyi uranium prospects, particularly the better defined Anomaly 15, exhibit the characteristics of a primary tabular peneconcordant uranium mineralization hosted in fluviatile sandstone sequences, within a paleo stream or channel facies, in alluvial fans, containing fossil plant remains. The Mount Eclipse Sandstone was deposited in just such a subaerial .fluvial to piedmont area, with a north to northeasterly provenance for the sediments eroded off the exposed Arunta Inlier rocks, including the uranium anomalous Southwark Granitic Suite. In this environment the plant material carried in by the streams deposited in quiet-water areas of the meander channels can, directly or indirectly by bacterial activity, precipitate uranium carried in solution in ground water to form uranium deposits.

The uppermost units B (40-100m thick) and Unit A complete the stratigraphic sequence of the Mount Eclipse Sandstone.

The Walbiri Prospect is located in the Walbiri Ranges, 50 kilometres east of the Bigrlyi Prospect and 330 km northwest of Alice Springs, on the northern edge of the Ngalia Basin. Surface carnotite uranium mineralization was located over a strike length of 3 kilometres in 1971, and subsequently tested by drilling until 1977. No further work has been carried out on this prospect.

The mineralization at Walbiri is hosted within a thick, white, channel facies of the Mount Eclipse Sandstone approximately 1,000 metres above the base of this Formation. The prospective sequence is considered to be a temporary resumption of piedmont sedimentation in an otherwise more mature sequence. However, similar to the Bigrlyi Prospect, the Walbiri host channel facies is stratigraphically below the onset of oxidised red beds, deltaic and aeolian sediments.

The uranium mineralization at Walbiri is contained within a Middle Sandstone Unit (MSU), a sandstone and shale sequence that has been identified over approximately 10 kilometre strike length. The MSU strikes at 110 to 120 degrees and dips at 10 and 20 degrees to the south-southwest. Within the MSU significant uranium is associated with the central facies of the Walbiri Prospect and within a white sandstone horizon, the 'B' sandstone, overlying a shale horizon.

Minerva and Malawiri are concealed bodies of uranium mineralization in the Mt Eclipse Sandstone overlain by up to 85m of Tertiary and Quaternary clay, sand, silcrete and calcrete. The Mt Eclipse Sandstone thins in this eastern part of the Ngalia Basin and unconformally overlies Adelaidean sediments.

At its base the unit is still extensively reduced but the mineralization at Minerva is associated with a thin tongue of oxidation near the base of reduction. Drilling has shown that the unit is overturned at 70° - 80° north dip and is present in a monoclinal flexure developed over the southern flank of an east-west basement fault. An internal unconformity has been recognised but the extreme steepening reflects post depositional folding.

Uranium mineralization is confined to the upper 80m thick portion of a 200m thick unit of an upward fining sequence of conglomerates, sandstones, siltstones and shale. This larger unit is overlain by a 20m thick shale horizon in which paleosoils and lacustrine clays have been identified. The uranium mineralization occurs in four strike-orientated, stratabound, stacked shoots. The uraninite occurs in strongly hematitic zones close to the redox front in contrast to the reduced host white/grey carbonaceous and pyritic sandstones that characterise the uranium deposits of Bigrlyi and Walbiri.

3.4 Previous Exploration and Mining

3.4.1 Bigrlyi

Potential for uranium mineralization at Bigrlyi was recognised in 1970. In 1973, discovery of carnotite mineralization at Bigrlyi resulted from a basin-wide systematic ground radiometric survey across units of the Mt Eclipse Sandstone. Since then sixteen radiometric anomalies have been discovered but not all have been drill tested. Significant uranium mineralization has been found to date in thirteen of these radioactive anomalies.

From 1974 to 1983 a comprehensive exploration program was undertaken on the Bigrlyi project including regional and detailed geological mapping, percussion and diamond drilling, mineral resource calculations and preliminary metallurgical extractive testwork. Since 1983 the project has been on a care and maintenance basis

In the mid 1970s mapping and scout drilling of 16 holes took place at Bigrlyi at Anomaly 15. Four intersected significant mineralization that demonstrated the presence of a steeply dipping tabular stratiform body of high grade uraninite-rich mineralization over a strike length of 110m and a depth extension of 50m. A series of drilling campaigns followed in the perion 1975 to 1982 and drill density was such that a resource estimate was possible.

From 1976 onward all assaying was by downhole radiometric logging. This calibration was refined in 1977 and again in 1981 to handle extreme grades and complex radiometric peaks, respectively. The estimated uncertainty for the average uranium result is 6%, which is comparable with the XRF analytical uncertainty on which the radiometric logging is based.

During the 1974 and 1975 drilling program, all samples were systematically analysed for uranium, thorium, vanadium, molybdenum and copper, initially by several laboratories but by 1975 through the Australian Mineral Development Laboratories (AMDEL). Initially samples were selected on the basis of lithology, however after it was found that there was no relationship between lithology and uranium grade all further samples were collected over standard intervals of 0.5m for diamond core and 1.0m for percussion samples. The state of radiochemical equilibrium was also routinely determined.

During the 1974 and 1975 drilling programs, holes were geophysically logged, determining down-hole natural gamma radiation. By the end of 1975 there were sufficient data from logging

results and assay results to establish a local calibration factor, enabling uranium grades to be calculated from the total gamma count. For example during the 1975 program a simple linear relationship of gamma counts to uranium grade, using the 'ore probe' assumed a relationship of 0.46ppm uranium (eU_3O_8) to each count per second. In the 1976 program this radiometric assaying was in routine use by Central Pacific Minerals. This factor was revised in 1977 to improve accuracy at the high extremes of grades encountered and again in 1981 to accommodate complex gamma radiation peaks. These modifications were adopted to reduce the difference in the average result to less than 6 percent when compared with the chemical assaying. Radiometric assaying determines the gamma radiation down-hole and not of the core sample and with irregular mineralization there is a tendency to level or smooth the resulting uranium grade. Systematic 0.5m and 1.0m intervals chemical assaying also tends to 'smooth' out peak values but is representative of the cored sample.

There has been no physical exploration carried out in recent years but several reassessments of contained uranium and vanadium have been completed as well as metallurgical exercises with existing core have been undertaken.

3.4.2 Walbiri

The early exploration program at Walbiri consisted of detailed geological mapping, rock permeability and porosity determinations, rock geochemistry, petrographic descriptions and vertical rotary percussion drilling. Radioactive anomalous intervals were assayed for uranium using colorimetry and titration. The best result recorded from these programs was a 1 metre interval assay of 2,350 ppm uranium from 138m in hole NGRH-37A.

Percussion and diamond core drilling, regional and detailed geological mapping were carried out on the Walbiri Prospect from 1973 to 1977. The early exploration program at Walbiri consisted of detailed geological mapping, rock permeability and porosity determinations, rock geochemistry, petrographic descriptions and vertical rotary percussion drilling of 31 holes for 3,476 metres. Radioactive anomalous intervals were assayed for uranium using colorimetry and titration. All samples were also semi-quantitively analysed for molybdenum, chromium, thorium, manganese and vanadium. The best result recorded from these programs was a 1 metre interval assay of 2,350 ppm uranium from 138m in hole NGRH-37A.

Exploration on the Walbiri prospect during the period August to October 1975 consisted of 3 percussion pre-collared diamond core holes WPH-8 to WPH-10, that intersected deep, (typically between 124.8 to 221.4 metres depth), narrow, intersections of uranium mineralization ranging from 0.97m to 1.46m true thickness, with uranium values from 230 to 1,130 ppm U_3O_8 as determined by analysis. All holes were geophysically logged for gamma counts and resistivity.

The work program on the Walbiri prospect during 1976 consisted of detailed 1:1000 scale mapping, petrographic and mineragraphic investigations, preliminary extraction tests and diamond core drilling. Thirteen percussion pre-collared diamond core holes were drilled over a 1,220m strike, with a combined length of 2,596.51 metres. All holes were geophysically logged and mineralized core intervals assayed. Of the thirteen holes (WPD-11 to WPD-23 incl.) all but two intersected narrow widths of uranium mineralization at depths varying from 107.5 metres to 226.1 metres. Uranium assay grades were typically low, ranging from 250 to 1,250 ppm with a single higher grade intercept in hole WPD-15 of 7,900 ppm U_3O_8 from 172.0 to 173.0 metres (a true width of 0.97 metre).

A petrographic and mineragraphic studies indicated the samples were very similar to the Bigrlyi project mineralization, with fine to coarse-grained uraninite associated with mica, sericite and clay matrix in an arkosic sandstone, with a minor pyrite. Carbonaceous material and plant remains are ubiquitous in the reduced sandstone.

3.4.3 Malawiri

Exploration was carried out on the Malawiri prospect with 20 pre-collared diamond core holes testing a concealed portion of the Mount Eclipse Sandstone, south of the Yuendumu to Alice Spring Road.

Drilling between 1979 and 1982 was carried out on seven sections and uranium mineralization was intersected on 3 of the sections, in 8 separate holes. The mineralization is usually present in multiple narrow intervals with the uranium present as uraninite. The depth to the bedrock Mount Eclipse Sandstone below Cainozoic cover rocks is typically between 104 and 122 metres in depth and future exploration will be of necessity drill intensive.

3.4.4 Minerva

The uranium mineralization on the Minerva prospect occurs in four strike-orientated, stratabound, stacked shoots. The uraninite occurs in strongly hematitic zones close to the redox front in contrast to the reduced host white/grey carbonaceous and pyritic sandstones that characterise the uranium deposits of Bigrlyi and Walbiri.

Most of the drilling of this deposit was vertical and the true thickness and attitude of the mineralization within the steeply dipping sequence is problematic. A small deposit was assessed at Minerva in 1980.

Minerva contains sporadic elevated gold values, for example hole Y153D which was drilled to 263.4 metres in May 1979. This hole returned 1m at 19.2g/t gold from a heavily pyritic zone which may reflect supergene deposition. This particular intersection was probably within the interval 236.3 to 268.0 metres where the U_3O_8 value was 13915ppm (1.39% U_3O_8). Check assays produced various results so the economic implication of this is unknown.

3.5 Contained Uranium Studies

Following termination of the exploration fieldwork on the Bigrlyi project uranium and vanadium deposits, the results of approximately 413 percussion and diamond drill holes in studies completed in 1981 and 1982 were compiled. From these historical studies the cumulative contained U_3O_8 ranged from 2,485 to 2,770 tonnes for the main deposits within a grade range of 3.43 to 3.46 kgs per tonne of U_3O_8. A drill hole cut-off of 1.0 kg per tonne U_3O_8 over 1.0 metre true width was used in a polygonal cross-section method. No values for the contained vanadium were determined.

Two studies of the Bigrlyi anomaly 15 deposit based on a total of 121 drill holes were completed by Central Pacific Minerals in 1981 and by an independent consultant in 1998. The contained uranium ranged from 1,912 to 1,999 tonnes of U_3O_8 with a range of 3.21 to 3.70 kgs per tonne of U_3O_8. In this instance the independent consultant's studies utilised a constrained, geostatistical block model with a 2.0 kg per tonne U_3O_8 block cut-off grade in contrast to Central Pacific Minerals polygonal method and 1.0 kg per tonne U_3O_8 a 1.0 metre true width. No values for the contained vanadium were determined. The studies were not prepared in accordance with the Australasian Code for the Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code 2004). There has been insufficient exploration to define a Mineral Resource in accordance with the JORC code at this stage and further exploration is required.

3.6 Conclusions and Recommendations

Historical exploration including extensive drilling has demonstrated significant bodies of mineralisation on the Ngalia basin prospects in which Valhalla Uranium has interests. The advanced prospects represent a good opportunity to develop uranium resources through confirmation drilling, resampling and appropriate geological and resource studies. Additional targets have been identified with limited exploration to date. These offer potential to discover further mineralisation within the district.

4. PINE CREEK PROJECTS

Valhalla Uranium holds interests in two strategic exploration license applications in the East Alligator River area. The Beatrice South ELA covers portions of the lower Proterozoic Cahill formation, at or near the unconformity with the overlying mid Proterozoic quartz sandstones of the Kombolgie Formation. This stratigraphy is host to the Ranger and Jabiluka uranium deposits immediately to the north-east. The Mt Gilruth ELA covers the Gilruth Inlier, an interpreted down-faulted block of the South Alligator stratigraphy, host to the Coronation Hill Uranium/gold/PGM deposit

The exploration licence applications lie just inside the Arnhem Land Aboriginal Reserve and have been frozen from issue or exploration since the Fox Inquiry in 1972, until recently.

4.1 Location Access and Tenure

Beatrice South ELA 3114, of 200 sq km is located in the East Alligator River uranium province 250km east of Darwin and is centred 23km east of Jabiru.

Offer of tenure by the Northern Territory Government was accepted on 10 August 1982 but issue of the E.L. has been held up until recently by the Northern Land Council (NLC). Acceptable access routes are being negotiated with the traditional landowners.

Mt Gilruth ELA 1466, of area 500 sq km lies 240km east of Darwin, 70km south of the above Beatrice South ELA and 70km SSE of Jabiru township. It is just within the Arnhem Land Reserve, again at its western edge.

Valhalla Uranium holds a 33.33% interest in both of these tenements under farm-in and joint venture agreements dated 4th July 2000, together with AFMECO Mining and Exploration Pty Ltd ("Afmex"), UAL Pty Ltd and S.A.E. Australia Pty Ltd. Afmex are the manager.

4.2 Regional Geology

The Beatrice South ELA 3114 is underlain by metasediments (quartz mica/feldspar/chlorite/graphite schists) of the Cahill Formation which hosts the nearby Ranger and Jabiluka uranium and uranium-gold deposits. These prospective host rocks are mostly concealed by recent soil cover or by up to 200m of unconformably overlying Kombolgie Sandstone.

Geological mapping in the early 1970's identified quartz-sericite schists striking east-west and dipping north in the north-west part of the tenement. Later drilling identified quartz-muscovite-chlorite (graphite) schist with a low uranium background and quartz-feldspar-biotite schist with a high uranium background. Low order radiometric uranium anomalies were outlined on a 150m x 15m grid in two areas, but details have not been located to date. In the western portion of ELA 3114 the basal 3m of the Kombolgie Formation were reported to be radioactively anomalous over strike lengths of 2-3km. Unfortunately no assays are available and it was assumed at the time that the anomalism was thorium based. No gold or PGM analytical work was carried out.

A prominent set of NW-SE and WSW-ENE faults cut across the tenement. The Ranger Fault almost bisects the tenement at about 085°. In addition a prominent joint pattern has developed within the Kombolgie sandstones oriented NW-SE and NE-SW, with many of the joints occupied by incised creeks. Some of the NW-SE faults appear to have had a long history and could have been important mineralization conduits and possible depositional sites as seen in similar regional mineralisation at Beatrice (U), Caramal (U), Nabarlek (U), Ranger 34 (Cu, U) and Ranger 65, 66 and 67 (Pb, Zn, Cu), Ranger 43 (Au).

The Mt Gilruth area is typical of the western edge of the Arnhem Land Plateau – rugged dissected sandstone terrain of the Kombolgie Sandstone. In the northern part of the area a NW-SE valley cuts through this topography – this is the 18km x 2.5km soil and alluvium filled valley overlying the Gilruth Inlier with its attendant gravity high.

Very little geological information is available on this block. The Gilruth Inlier does exhibit some outcrop of metasiltstone, mica schist, quartzite and amphibolite. BMR mapping suggests these Norrlangie Schists may be the metamorphosed equivalents of rocks occurring to the west in the South Alligator Valley which host the Coronation Hill uranium/gold/PGM deposit.

4.3 Previous Exploration and Mining

4.3.1 Historic Mining and Exploration

A reconnaissance airborne radiometric survey covered these areas but this would have been ineffective over much of Beatrice South due to the recent transported soil cover. The areas were further explored from 1970-1973 using airborne magnetic and spectrometer surveys combined with ground mapping, radiometrics, track etch cups and several drilling campaigns, which discovered favourable host rocks with high background uranium content.

4.4 Conclusions and Recommendations

Exploration at Beatrice South, which ceased in the early 1970's for political reasons, relied heavily on airborne radiometric surveys which are at best of marginal use in areas of transported soil cover. As such the effectiveness of the work to date has to be queried. In the East Alligator region there are only two recognisable magnetic units – the potential Cahill Formation metasediments, and the lopolith of the late stage Oenpelli Dolerite. Within Beatrice South, the broader magnetic highs appear to show continuity with the Koongarra area Cahill Formation outcrop to the south-west. This would suggest there is great potential for discovery of additional vein/unconformity style uranium (± gold) deposits in this western part of the tenement. Given the potential value of the targets sought, systematic bedrock stratigraphic drilling through the Kombolgie Formation with modern high performance RC drill rigs is warranted. In the eastern section fault/shear related Narbarlek style uranium ± gold, PGM, basemetals mineralization may exist.

5. EXPLORATION & DEVELOPMENT STRATEGY AND BUDGET

5.1 Queensland Projects

ISA JV (SUMMIT RESOURCES)

There is potential to significantly increase the resource at Valhalla which remains open both along strike and at depth. Initial drilling in Year one is designed to test the potential for resource expansion, whilst follow up and infill drilling in year 2 would be largely aimed at increasing confidence in the resource classification.

The preliminary exploration program outlined for the Isa Uranium Joint Venture includes:

- RC and Diamond drilling resource extension and infill drilling on Valhalla, Valhalla South, Skal and King George prospects.
- Mapping and geochemical sampling of new targets and strike extensions of existing targets as justified
- RC and diamond drilling of any new targets generated
- Resource studies
- Metallurgical test work
- Pre-feasibility studies

The planned exploration drilling, resource study, metallurgical test work and pre-feasibility studies would permit an immediate start to a bankable feasibility study for mine development on upon a change of policy or government in Queensland.

Budgeted expenditures on the Isa Uranium Project of $750,000 in year one and $750,000 in year 2 is based on Valhalla Uranium Ltd's 50% interest in the Isa Uranium Joint Venture.

Summary Exploration Budget – Isa Uranium JV

VALHALLA PROJECT (ISA URANIUM JV) based on 50% interest		
	Year 1	**Year 2**
Data Compilation	5,000	-
Geophysics & Surveying	6,000	6,000
RAB & Aircore drilling	-	-
RC Drilling	100,000	100,000
Diamond Drilling	305,000	305,000
Analytical Assaying	59,000	59,000
Field ,Staff & support costs	260,000	260,000
Metallurgical Testwork	10,000	10,000
Resource Estimation	5,000	10,000
Aboriginal Heritage	-	-
	750,000	**750,000**

5.2 Northern Territory Projects

BIGRLYI PROJECT (ENERGY METALS JV)

The best opportunity for delineating significant Uranium mineralization in the Ngalia basin projects is to continue the drill out of the Bigryli Project, especially at Anomaly 15 and Anomaly 4. Potential exists to extend mineralization in these areas along strike and at depth. In addition to the program aimed at delineating additional mineralization, the Isa Uranium Joint Venture will focus on reassay, and relogging of all previous mineralized drillholes in the Bigryli project in order to upgrade the sampling and assaying procedures sufficient to enable resource calculation compliant with the JORC Code (2004 edition). This program will include assessment of the contained vanadium which has been inconsistently quantified in previous exploration.

Following the detailed drilling and quantification of the Anomaly 15 and 4 areas at Bigryli a program of exploration is planned to assess the remaining anomalies that have had limited previous work especially Anomaly 8 and Anomaly 2. Significant targets for further follow up also exist in the Walbiri, Malawiri and Minerva prospect areas east of Bigryli. Previous reports have recommended relatively intensive drilling of these areas which have reported mineralization styles and host horizons very similar to Bigryli in the limited drilling to date. These areas are covered by applications that will be progressed to grant as soon as possible.

A staged exploration program is planned on the granted tenements over the Bigryli project comprising:

- Compilation and interpretation of all available exploration data, relogging and reassaying of core where appropriate
- Ground geophysical surveys and RAB drilling to detect buried mineralization
- RC and diamond drilling of any new targets generated
- RC and diamond drilling for infill and extension of known mineralization. Anomalies 15, 4, 8 and 2 will be top priorities for this work.

Budgeted expenditures on the Bigryli project of $614,000 for Year one and $996,000 for Year 2 respectively are based on Valhalla Uranium's 41.7 % interest at Bigryli.

PINE CREEK PROJECTS (AFMEX JV'S)

Whilst the Beatrice South and Mt Gilruth project areas are at a very early stage of exploration both areas have been demonstrated to contain prospective sequences of host stratigraphy with potential for roll-front style uranium mineralization. In addition the historical reconnaissance exploration has been mostly restricted to airborne radiometric surveys which are not effective in areas of even light cover sediments. Systematic ground surveys to map and classify the stratigraphy, plus strategically placed 'stratigraphic' drilling of the inferred position of the host sequence in areas of cover is required to effectively test the targets. Drill targets can be effectively prioritized based on the intersection of host stratigraphy and preferred structural dislocations and fault orientations.

Afmeco Mining and Exploration Pty Ltd (AFMEX) are currently the operator of the Beatrice South and Mt Gilruth Joint Ventures. Under the Farm in and Joint venture agreements dated 4th July 2000, AFMEX must spend $1,500,000 on the Beatrice South Project and $450,000 Mt Gilruth Project within 4 years of the tenure being granted. Therefore it is unlikely that Valhalla Uranium will be required to fund exploration during the 2 year budget forecast. If the exploration is successful Valhalla Uranium may be required to contribute to further funding of exploration in proportion to its interest (currently $33^{1}/_{3}$%).

Summary Northern Territory Exploration Budget

BIGRLYI PROJECT (based on 41.7 % interest)

Activity	Year 1	Year 2
Data Compilation	23,000	-
Geophysics & Surveying	36,000	59,000
RAB & Aircore drilling	55,000	88,000
RC Drilling	128,000	205,000
Diamond Drilling	164,000	265,000
Analytical Assaying	55,000	88,000
Field, Staff & support costs	113,000	184,000
Metallurgical Testwork	-	32,000
Resource Estimation	-	30,000
Aboriginal Heritage	40,000	45,000
	614,000	**996,000**

I have reviewed the proposed program and budget and consider the program justified and well directed, and the budget allocations reasonable to achieve the objectives of the Company.

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Uranium Information Centre web site www.uic.com.au

7. GLOSSARY OF TECHNICAL TERMS

aeolian	Formed or deposited by wind.
aerial photography	Photographs of the earths surface taken from an aircraft.
aeromagnetic	A survey undertaken by helicopter or fixed-wing aircraft for the purpose of recording magnetic characteristics of rocks by measuring deviations of the earths magnetic field.
airborne geophysical data	Data pertaining to the physical properties of the earths crust at or near surface and collected from an aircraft.
aircore	Drilling method employing a drill bit that yields sample material which is delivered to the surface inside the rod string by compressed air.
alluvial	Pertaining to silt, sand and gravel material, transported and deposited by a river.
alluvium	Clay silt, sand, gravel, or other rock materials transported by flowing water and deposited in comparatively recent geologic time as sorted or semi-sorted sediments in riverbeds, estuaries, and flood plains, on lakes, shores and in fans at the base of mountain slopes and estuaries.
alteration	The change in the mineral composition of a rock, commonly due to hydrothermal activity.
amphibolite facies	An assemblage of minerals formed at moderate to high temperatures (450? C to 700? C) during regional metamorphism.
andesite	An intermediate volcanic rock composed of andesine and one or more mafic minerals.
anomalies	An area where exploration has revealed results higher than the local background level.
anticline	A fold in the rocks in which strata dip in opposite directions away from the central axis.
antiformal	An anticline-like structure.
Archaean	The oldest rocks of the Precambrian era, older than about 2,500 million years.
assayed	The testing and quantification metals of interest within a sample.
Au	Chemical symbol for gold.
auger sampling	A drill sampling method using an auger to penetrate upper horizons and obtain a sample from lower in the hole.
axial plane	The plane that intersects the crest or trough of a fold, about which the limbs are more or less symmetrically arranged.
basalts	A volcanic rock of low silica (<55%) and high iron and magnesium composition, composed primarily of plagioclase and pyroxene.
polymetallics	A non-precious metal, usually referring to copper, lead and zinc.
bedrock	Any solid rock underlying unconsolidated material.
BIF	A rock consisting essentially of iron oxides and cherty silica, and possessing a marked banded appearance.
BLEG sampling	Bulk leach extractable gold analysis; an analytical method for accurately determining low levels of gold.
brittle	Rock deformation characterised by brittle fracturing and brecciation.
Cainozoic	An era of geological time spanning the period from 65 million years ago to the present.
carbonate	Rock of sedimentary or hydrothermal origin, composed primarily of calcium, magnesium or iron and CO_3. Essential component of limestones and marbles.
chert	Fine grained sedimentary rock composed of cryptocrystalline silica.

chlorite	A green coloured hydrated aluminium-iron-magnesium silicate mineral (mica) common in metamorphic rocks.
clastic	Pertaining to a rock made up of fragments or pebbles (clasts).
clays	A fine-grained, natural, earthy material composed primarily of hydrous aluminium silicates.
colluvium	A loose, heterogeneous and incoherent mass of soil material deposited by slope processes.
conduits	The main pathways that facilitate the movement of hydrothermal fluids.
conglomerate	A rock type composed predominantly of rounded pebbles, cobbles or boulders deposited by the action of water.
copper	A reddish metallic element, used as an electrical conductor an the basis of brass and bronze.
dacite	An extrusive rock composed mainly of plagioclase, quartz and pyroxene or hornblende or both.
depletion	The lack of gold in the near-surface environment due to leaching processes during weathering.
diamond drill hole	Mineral exploration hole completed using a diamond set or diamond impregnated bit for retrieving a cylindrical core of rock.
dilational	Open space within a rock mass commonly produced in response to folding or faulting.
dolerite	A medium grained mafic intrusive rock composed mostly of pyroxenes and sodium-calcium feldspar.
DoIR	Department of Industry and Resources, WA.
ductile	Deformation of rocks or rock structures involving stretching or bending in a plastic manner without breaking.
dykes	A tabular body of intrusive igneous rock, crosscutting the host strata at a high angle.
en-echelon	Repeating parallel, but offset, occurrences of lenticular bodies such as ore veins.
erosional	The group of physical and chemical processes by which earth or rock material is loosened or dissolved and removed from any part of the earths surface.
fault zone	A wide zone of structural dislocation and faulting.
feldspar	A group of rock forming minerals.
felsic	An adjective indicating that a rock contains abundant feldspar and silica.
folding	A term applied to the bending of strata or a planar feature about an axis.
foliated	Banded rocks, usually due to crystal differentiation as a result of metamorphic processes.
follow-up	A term used to describe more detailed exploration work over targets generated by regional exploration.
g/t	Grams per tonne, a standard volumetric unit for demonstrating the concentration of precious metals in a rock.
gabbro	A fine to coarse grained, dark coloured, igneous rock composed mainly of calcic plagioclase, clinopyroxene and sometimes olivine.
geochemical	Pertains to the concentration of an element.
geophysical	Pertains to the physical properties of a rock mass.
GIS database	A system devised to present partial data in a series of compatible and interactive layers.
gneissic	Coarse grained metamorphic rocks characterised by mineral banding of the light and dark coloured constituent minerals.
granite	A coarse-grained igneous rock containing mainly quartz and feldspar minerals and subordinate micas.

granoblastic	A term describing the texture of a metamorphic rock in which the crystals are of equal size.
granodiorite	A coarse grained igneous rock composed of quartz, feldspar and hornblende and/or biotite.
greenschist	A metamorphosed basic igneous rock which owes its colour and schistosity to abundant chlorite.
greenstone belt	A broad term used to describe an elongate belt of rocks that have undergone regional metamorphism to greenschist facies.
greywackes	A sandstone like rock, with grains derived from a dominantly volcanic origin.
GSWA	Geological Survey of Western Australia.
gypsum	Mineral of hydrated, or water-containing, calcium sulphate.
halite	Impure salt deposit formed by evaporation.
hangingwall	The mass of rock above a fault, vein or zone of mineralization.
hematite	Iron oxide mineral, Fe_2O_3.
hinge zone	A zone along a fold where the curvature is at a maximum.
hydrothermal fluids	Pertaining to hot aqueous solutions, usually of magmatic origin, which may transport metals and minerals in solution.
igneous	Rocks that have solidified from a magma.
infill	Refers to sampling or drilling undertaken between pre-existing sample points.
insitu	In the natural or original position.
interflow	Refers to the occurrence of other rock types between individual lava flows within a stratigraphic sequence.
intermediate	A rock unit which contains a mix of felsic and mafic minerals.
intrusions	A body of igneous rock which has forced itself into pre-existing rocks.
intrusive contact	The zone around the margins of an intrusive rock.
ironstone	A rock formed by cemented iron oxides.
isoclinal	A series of folds that dip in the same direction at the same angle.
joint venture	A business agreement between two or more commercial entities.
komatiitic	Magnesium-rich mafic to ultramafic extrusive rock.
laterite	A cemented residuum of weathering, generally leached in silica with a high alumina and/or iron content.
lead	A metallic element, the heaviest and softest of the common metals.
lineament	A significant linear feature of the earth's crust, usually equating a major fault or shear structure.
lithological contacts	The contacts between different rock types.
lithotypes	Rock types.
magnetite	A mineral comprising iron and oxygen which commonly exhibits magnetic properties.
metamorphic	A rock that has been altered by physical and chemical processes involving heat, pressure and derived fluids.
metasedimentary	A rock formed by metamorphism of sedimentary rocks.
MMI	The collection of soil samples and their analysis, using weak extractive reagents, to determine the relative abundance of loosely attached trace elemental ions, which frequently define the position of primary mineralization.
monzogranite	A granular plutonic rock containing approximately equal amounts of orthoclase and plagioclase feldspar, but usually with a low quartz content.
Moz	Millions of ounces.
Mt	Million Tonnes.
mylonite	A hard compact rock with a streaky or banded structure produced by extreme granulation of the original rock mass in a fault or thrust zone.

nickel	Silvery-white metal used in alloys.
nickel laterite	Nickel ore hosted within the laterite profile, usually derived from the weathering of olivine-rich ultramafic rocks.
open pit	A mine working or excavation open to the surface.
Orthoimage	A geographically located composite plan using aerial photography as a base.
outcrops	Surface expression of underlying rocks.
palaeochannels	An ancient preserved stream or river.
pegmatite	A very coarse grained intrusive igneous rock which commonly occurs in dyke-like bodies containing lithium-boron-fluorine-rare earth bearing minerals.
pisolitic	Describes the prevalence of rounded manganese, iron or alumina-rich chemical concretions, frequently comprising the upper portions of a laterite profile.
playa lake	Broad shallow lakes that quickly fill with water and quickly evaporate, characteristic of deserts.
polymictic	Referring to coarse sedimentary rocks, typically conglomerate, containing clasts of many different rock types.
porphyries	Felsic intrusive or sub-volcanic rock with larger crystals set in a fine groundmass.
ppb	Parts per billion; a measure of low level concentration.
Proterozoic	An era of geological time spanning the period from 2,500 million years to 570 million years before present.
pyroxenite	A coarse grained igneous intrusive rock dominated by the mineral pyroxene.
quartz reefs	Old mining term used to describe large quartz veins.
quartzofeldspathic	Compositional term relating to rocks containing abundant quartz and feldspar, commonly applied to metamorphic and sedimentary rocks.
quartzose	Quartz-rich, usually relating to clastic sedimentary rocks.
RAB drilling	A relatively inexpensive and less accurate drilling technique involving the collection of sample returned by compressed air from outside the drill rods.
rafts	A relatively large block of foreign rock incorporated into an intrusive magma.
RC drilling	A drilling method in which the fragmented sample is brought to the surface inside the drill rods, thereby reducing contamination.
regolith	The layer of unconsolidated material which overlies or covers insitu basement rock.
residual	Soil and regolith which has not been transported from its point or origin.
resources	Insitu mineral occurrence from which valuable or useful minerals may be recovered.
rhyolite	Fine-grained felsic igneous rock containing high proportion of silica and felspar.
rock chip sampling	The collection of rock specimens for mineral analysis.
saline	Salty
saprock	Zone of weathered rock preserved within the weathered profile.
saprolite	Disintegrated, in-situ rock, partially decomposed by the chemical and physical processes of oxidation and weathering.
satellite imagery	The images produced by photography of the earth's surface from satellites.
schist	A crystalline metamorphic rock having a foliated or parallel structure due to the recrystallisation of the constituent minerals.
scree	The rubble composed of rocks that have formed down the slope of a hill or mountain by physical erosion.
sedimentary	A term describing a rock formed from sediment.

sericite	A white or pale apple green potassium mica, very common as an alteration product in metamorphic and hydrothermally altered rocks.
shale	A fine grained, laminated sedimentary rock formed from clay, mud and silt.
sheared	A zone in which rocks have been deformed primarily in a ductile manner in response to applied stress.
sheet wash	Referring to sediment, usually sand size, deposited over broad areas characterised by sheet flood during storm or rain events. Superficial deposit formed by low temperature chemical processes associated with ground waters, and composed of fine grained, water-bearing minerals of silica.
silcrete	Superficial deposit formed by low temperature chemical processes associated with ground waters, and composed of fine grained, water-bearing minerals of silica.
silica	Dioxide of silicon, SiO_2, usually found as the various forms of quartz.
sills	Sheets of igneous rock which is flat lying or has intruded parallel to stratigraphy.
silts	Fine-grained sediments, with a grain size between those of sand and clay.
soil sampling	The collection of soil specimens for mineral analysis.
stocks	A small intrusive mass of igneous rock, usually possessing a circular or elliptical shape in plan view.
strata	Sedimentary rock layers.
stratigraphic	Composition, sequence and correlation of stratified rocks.
stream sediment sampling	The collection of samples of stream sediment with the intention of analysing them for trace elements.
strike	Horizontal direction or trend of a geological structure.
subcrop	Poorly exposed bedrock.
sulphide	A general term to cover minerals containing sulphur and commonly associated with mineralization.
supergene	Process of mineral enrichment produced by the chemical remobilisation of metals in an oxidised or transitional environment.
syenite	An intrusive igneous rock composed essentially of alkali feldspar and little or no quartz and ferromagnesian minerals.
syncline	A fold in rocks in which the strata dip inward from both sides towards the axis.
talc	A hydrous magnesium silicate, usually formed due to weathering of magnesium silicate rocks.
tectonic	Pertaining to the forces involved in or the resulting structures of movement in the earth's crust.
tholeiitic	A descriptive term for a basalt with little or no olivine.
thrust fault	A reverse fault or shear that has a low angle inclination to the horizontal.
tremolite	A grey or white metamorphic mica of the amphibole group, usually occurring as bladed crystals or fibrous aggregates.
ultramafic	Igneous rocks consisting essentially of ferromagnesian minerals with trace quartz and feldspar.
veins	A thin infill of a fissure or crack, commonly bearing quartz.
volcaniclastics	Pertaining to clastic rock containing volcanic material.
volcanics	Formed or derived from a volcano.
zinc	A lustrous, blueish-white metallic element used in many alloys including brass and bronze.

7. Independent Report on the Tenements

hetherington
Exploration & Mining Title Services Pty Ltd
A.B.N. 64 003 122 996

VALHALLA URANIUM LIMITED

INDEPENDENT EXPLORATION AND MINING TITLES REPORT

1. INTRODUCTION

1.1 Scope of Instructions

Hetherington Exploration and Mining Title Services Pty Limited ("HEMTS") has been instructed by Valhalla Uranium Limited ("Valhalla Uranium") to conduct searches of and outline the rights conferred by the tenements and tenement applications in respect to which Valhalla Uranium advises it has acquired an interest (collectively referred to as "the Tenements").

Basic details of the Tenements are contained in the schedule attached hereto ("the Schedule").

HEMTS has not been instructed to comment, and makes no such comment, regarding the existence, validity or enforceability of Valhalla Uranium's interest in the Tenements.

1.2 Qualifications

Russell Hetherington has approximately twenty nine years experience in exploration and mining tenement management across Australia. Russell Hetherington is a member of the Australian Mining and Petroleum Law Association and a member of the Business Law Section of the Law Council of Australia.

1.3 Independence

HEMTS is independent from Valhalla Uranium within the meaning of the Valmin Code. HEMTS's costs of preparing this report have been calculated at its normal charge out rate.

2. COMMENTARY ON THE TENEMENTS

The following commentary is separated into sections according to the different jurisdictions in which the Tenements are located, that is, the Northern Territory and Queensland.

2.1 NORTHERN TERRITORY

2.1.1 General

Unless specifically stated otherwise, the following information has been obtained from the Northern Territory Department of Primary Industry, Fisheries and Mines ("DPIFM") and the National Native Title Tribunal.

SYDNEY
503 Willoughby Road, 1st Floor
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Willoughby NSW 2068
PO Box 765, Willoughby NSW 2068
Tel: (02) 9967-4844
Fax: (02) 9967-4614
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BRISBANE
Suite 41, Northpoint, 231 North Quay
Brisbane QLD 4000
PO Box 13071
George Street Post Shop Brisbane QLD 4003
Tel: (07) 3236-1768
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E-mail: brisbane@hemts.com.au

PERTH
83 Brisbane Street
(Cnr Brisbane & Beaufort Streets)
PERTH WA 6000
PO Box 8249, Perth Business Centre PERTH WA 6849
Tel: 08 9228 9977
Fax: 08 9328 3710
E-mail: perth@hemts.com.au

The Tenements in the Northern Territory ("the Northern Territory Tenements") consist of two Exploration Licence Applications ("ELA 1466" and "ELA 3114"), 10 granted Exploration Retention Licences ("ERL 46" through to "ERL 55" inclusive), 14 Exploration Retention Licence Applications ("ERLA 22" through to "ERLA 33" inclusive, "ERLA 41" and "ERLA 45"), 22 Mineral Claim (Southern) Applications ("MCSA 270" through to "MCSA 278" inclusive and "MCSA 318" through to "MCSA 330" inclusive) and two Mineral Lease (Northern) Applications ("MLNA 1952" and "MLNA 1953").

Those Northern Territory Tenements which are pending applications are referred to as "the Northern Territory Applications".

All of the Northern Territory Tenements are held by or have been applied for by Central Pacific Minerals NL ("CPM") or Bulong Nickel Pty Limited ("Bulong Nickel"), as set out in the Schedule.

The Northern Territory Tenements apply to all minerals, including uranium but excluding "extractive minerals" such as sand, gravel, rocks, etc.

It should be noted that it is necessary to hold a Miner's Right in order to obtain a mining or exploration title in the Northern Territory (Section 11 Mining Act 1980). Both CPM and Bulong Nickel hold Miner's Rights.

2.1.2 Overlapping Titles, Applications and Exclusions

ELA 3114 partially overlaps and co-exists with Mineral Leases (Northern) Applications No's 1972, 1975, 1976 and 1977 ("the pre-existing MLNAs") over an area of about 20 hectares. Section 164 of the Mining Act 1980 states that where there are two applications pending over the same ground, the application which was lodged first will receive priority in assessment by the DPIFM. In this case, because the pre-existing MLNAs were lodged before ELA 3114, the DPIFM will assess those pre-existing MLNAs first (Section 164 Mining Act 1980). In the event that Mineral Leases are granted pursuant to the pre-existing MLNAs and an Exploration Licence is granted pursuant to ELA 3114, the relevant Exploration Licence will exist over the areas subject to the relevant Mineral Leases. However, the holder of the Exploration Licence will not be able to exercise any rights pursuant to that Exploration Licence until the Mineral Leases have ceased to exist (Section 23(2) Mining Act 1980).

ERLAs 22 to 26 and ERLA 33 are overlapped by and co-exist with Exploration Licence Application No 24450 ("ELA 24450"), which has been lodged by Energy Metals Limited. As these ERLAs were lodged before ELA 24450, the ERLAs will be assessed by the DPIFM before ELA 24450. The Mining Act 1980 is not entirely clear as to whether an Exploration Licence granted pursuant to ELA 24450 will exist over the areas of any Exploration Retention Licences granted pursuant to the ERLAs. However, as a matter of DPIFM policy, because the ERLAs were lodged before ELA 24450, it is unlikely that the DPIFM will grant an Exploration Licence over the areas subject to any Exploration Retention Licences granted pursuant to the ERLAs.

ERLAs 27 to 32 and ERLA 41 are overlapped by and co-exist with Exploration Licence Application No 24451 ("ELA 24451"), which has been lodged by Energy Metals Limited. ERLAs 27 to 32 and ERLA 41 were lodged before ELA 24451. See the comments above regarding the priority of pre-existing Exploration Retention Licence Applications over a later Exploration Licence Application.

ERLA 45 and MCSAs 329 and 330 are overlapped by and co-exist with Exploration Licence Application No 24463 ("ELA 24463"), which has been lodged by Energy Metals Limited. ERLA 45 and MCSAs 329 and 330 were lodged before ELA 24463. The priority given to pre-existing Mineral Claim Applications over a later Exploration Licence Application is the same as that given to pre-existing Mineral Lease Applications. See the comments above regarding that priority and also the comments above regarding the priority of pre-existing Exploration Retention Licence Applications over a later Exploration Licence Application.

MCSAs 270 to 278 are overlapped by and co-exist with Exploration Licence Application No 24453 ("ELA 24453"), which has been lodged by Energy Metals Limited. MCSAs 270 to 278 were lodged before ELA 24453. See the comments above regarding the priority of pre-existing Mineral Claim Applications over a later Exploration Licence Application.

Approximately 45 per cent of MLNA 1953 overlaps Mineral Lease (Northern) Application No 1950 ("MLNA 1950"), which was also lodged by CPM over an area of approximately 1272 hectares. MLNA 1950 was lodged before MLNA 1953 and it would be expected that the DPIFM would therefore give priority to MLNA 1950. In the event that MLNA 1950 is granted, MLNA 1953 cannot be granted in relation to the area of land subject to the overlap (Section 161(2) Mining Act 1980).

MLNA 1953 is marginally encroached upon by ELA 24453, according to the DPIFM database. MLNA 1953 was lodged before ELA 24453. See the comments above regarding the priority of pre-existing Mineral Lease Applications over a later Exploration Licence Application.

ERLs 46 to 55 are surrounded by and excluded from ELA 24453.

MCSAs 318 to 328 and MLNA 1952 are overlapped by and co-exist with Exploration Licence Application No 24462 ("ELA 24462"). MCSAs 318 to 328 and MLNA 1952 were lodged before ELA 24462. See the comments above regarding the priority of pre-existing Mineral Lease Applications and Mineral Claim Applications over a later Exploration Licence Application.

2.1.3 Encumbrances

Pursuant to Section 173 of the Mining Act 1980, a legal or equitable interest in an Exploration Licence, Exploration Retention Licence, Mineral Lease or Mineral Claim is not capable of being created, assigned or dealt with except by an instrument in writing registered on the Mining Register.

There are two agreements registered against ERLs 46 to 55, as set out in the Schedule.

Section 173 precludes the registration of an interest in respect to an application for a tenement, until granted. There are various agreements lodged against the Northern Territory Applications, and those agreements have been "approved" by the DPIFM, but will not be "registered" until those Applications have been granted.

There is one agreement lodged and approved in respect to most of the Northern Territory Applications. An additional four agreements have also been lodged and approved in respect to ELAs 1466 and 3114.

2.1.4 Transfers

Section 173 of the Mining Act 1980 allows the transfer of granted tenements but not of pending applications. The Northern Territory Applications therefore cannot be transferred as such. It will be necessary for a "transferee" to wait until those Applications have been granted and transfer them then. As most of the Northern Territory Applications are overlapped by Exploration Licence Applications, as discussed in Section 2.1.2 above, it will not be possible to replace the Northern Territory Applications with other applications in the name of the "transferee" without losing priority to those overlapping Exploration Licence Applications.

2.1.5 Access and Compensation

ERLAs 27 to 32 and ERLA 41 are all located on Perpetual Pastoral Lease No 1178, the lessee in respect to which is Hiraji Pty Limited. ERLAs 29, 30, 31 and 32 are also partially located on vacant Crown land.

MCSAs 270 to 278, MLNA 1953, ERLA 45, ERLs 46 to 55 and MCSAs 329 and 330 are all located on Perpetual Pastoral Lease No 1035, the lessee in respect to which is Braitling Nominees Pty Limited.

ELAs 1466 and 3114 are located on Aboriginal freehold land held by the Arnhem Land Aboriginal Land Trust (See Section 2.1.6 below).

ERLAs 22 to 26, MCSAs 318 to 328 and MLNA 1952 are located on Aboriginal freehold land held by the Yalpirakinu Aboriginal Land Trust (See Section 2.1.6 below).

The following comments apply to ERLs 46 to 55 now and will apply to the Northern Territory Applications if and when they are granted.

Subject to Section 2.1.6 below, no access arrangement with the abovementioned lessees is required. The grant of an Exploration Licence, an Exploration Retention Licence and a Mineral Lease automatically entitles the holder of those tenements to have access to the relevant land (Sections 23, 43 and 60 Mining Act 1980 respectively). That said, the holder of those tenements must obtain the consent of any relevant owner or occupier before interfering with land used as a yard, garden or orchard, or on which substantial improvements exist (Section 166 Mining Act 1980).

The holders of granted tenements must pay to the abovementioned lessees compensation in accordance with Section 184 of the Mining Act 1980. In the case of ELAs 1466 and 3114, Section 184 will only require compensation for damage caused to the land comprised in the abovementioned Perpetual Pastoral Leases in excess of that reasonably necessary for the purpose of carrying out exploration. In the case of the Exploration Retention Licences, Mineral Leases and Mineral Claims, compensation will only be payable for damage caused to land which does not fall within those tenements.

Compensation may also be payable to the abovementioned lessees for any exploration or mining related infrastructure (Section 183 Mining Act 1980).

Subject to the above, compensation is payable for deprivation of use of or damage to the surface of the land or improvements, deprivation of use of improvements, severance of the land and any other damage. The amount of such compensation is as agreed, or in default of agreement, as determined by a mining warden.

2.1.6 Aboriginal Land

Native Title Act 1993

As stated above, the areas subject to MCSAs 270 to 278, MLNA 1953, ERLAs 27 to 32, ERLA 41, ERLA 45, ERLs 46 to 55 and MCSAs 329 and 330 are land designated as Perpetual Pastoral Lease. It is unlikely that Native Title has been extinguished by those Perpetual Pastoral Leases. The land subject to the abovementioned Tenements and Applications is therefore Native Title claimable land and the Right to Negotiate process, or equivalent process under the Native Title Act 1993 ("NTA"), must be complied with before the relevant Applications can be granted.

ERLs 46 to 55 were granted on 18 November 1988, prior to the commencement of the NTA. The grant and subsequent renewals of ERLs 46 to 55 have been valid or validated within the meaning of the NTA. Pursuant to Section 26D of the NTA, future renewals of those ERLs need not undergo the Native Title processes prescribed by the NTA. However any subsequent applications for mining tenure within the boundaries of those ERLs will have to undergo NTA processes.

The issue of whether or not a Native Title Claim applies to any of the Northern Territory Tenements is irrelevant to the requirement to comply with NTA processes if the relevant land is Native Title land. The presence of a registered Native Title Claim simply means that it will be necessary to reach an agreement with Native Title holders before proceeding with the relevant exploration or mining activity. This may not be the case where there is currently no registered Native Title Claim.

ERLAs 27 to 32 and ERLA 41 are subject to the registered Napperby Native Title Claim No DC 05/3. The Mt Doreen Native Title Claim No DC 05/2 surrounds ERLs 46 to 55, but that Native Title Claim excludes the areas subject to those ERLs. MCSAs 270 to 278, ERLA 45 and MCSAs 329 and 330 are all subject to the Mt Doreen Native Title Claim No DC 05/2.

Aboriginal Land Rights (Northern Territory) Act 1976

As stated above, the areas subject to ELAs 1466 and 3114, ERLAs 22 to 26, MCSAs 318 to 328 and MLNA 1952 are land designated as Aboriginal freehold land.

Applications for Exploration Licences on Aboriginal freehold land are processed in accordance with the requirements of the Mining Act 1980 and also the Aboriginal Land Rights (Northern Territory) Act 1976 ("ALRA").

Two consents are required before an Exploration Licence can be granted. First, consent from the Northern Territory Minister for Mines and Energy ("the Northern Territory Minister") pursuant to Section 137(1)(b) of the Mining Act 1980 is needed to lodge a proposal with the Northern Land Council ("NLC") or Central Land Council ("CLC"), as the case may be.

Second, consent from the relevant Land Council to the grant of an Exploration Licence is needed. Once the Northern Territory Minister has provided consent under Section 137(1)(b) of the Mining Act 1980, the Applicant has three months from the date of that consent to lodge a detailed proposal and application for consent to the grant of the Exploration Licence with the relevant Land Council.

Once the Applicant has submitted a detailed proposal and application for consent to the grant of the Exploration Licence with the relevant Land Council, the Applicant and the relevant Land Council must reach an agreement in respect to exploration and development within 12 months, or within further periods, each of 12 months, as mutually agreed between the parties and approved by the Federal Minister for Immigration and Multicultural and Indigenous Affairs ("the Federal Minister"). If agreement cannot be reached, or an application for consent is refused by the relevant Land Council, the area subject to the Exploration Licence Application becomes subject to a moratorium for a period of five years. During the moratorium period, processing of the Exploration Licence Application is suspended and lodgement of any further Exploration Licence Application by any other party in respect to that land is prohibited. At the end of the moratorium period, the Exploration Licence Applicant has 30 days to lodge a further proposal with the relevant Land Council, in default of which the Exploration Licence Application will be refused.

Pursuant to Section 137(1)(b) of the Mining Act 1980, the Northern Territory Minister initially gave consent to the Applicant on 14 July 1982 to lodge a proposal and enter into negotiations with the NLC in respect to the proposed grant of ELA 1466. It appears that a proposal was lodged and negotiations were entered into. The 12 month negotiation period was extended on a number of occasions but expired on 30 June 2000. ELA 1466 was vetoed by the NLC on 26 April 2000. The resulting five year moratorium period expired on 26 April 2005 and a further proposal was lodged by the Applicant with the NLC on 16 May 2005, within the time frames prescribed by ALRA.

The Northern Territory Minister initially gave consent to the Applicant on 14 July 1982 to lodge a proposal and enter into negotiations with the NLC in respect to the proposed grant of ELA 3114.

It appears that a proposal was lodged and negotiations were entered into. The 12 month negotiation period was extended on a number of occasions but expired on 31 December 2000. ELA 3114 was vetoed by the NLC on 3 January 2001. The resulting five year moratorium period will expire on 3 January 2006.

While ALRA does not require applications for tenements other than Exploration Licences to undergo the same processes as those described above, Section 45 of ALRA does require that an agreement be entered into between the applicant and the relevant Land Council before a Mineral Lease Application or Mineral Claim Application can be granted. ALRA does not require any such agreement in relation to Exploration Retention Licence Applications, but the DPIFM guidelines require an agreement in any case.

2.1.7 Tenement Conditions

The conditions of Exploration Licences or Exploration Retention Licences in the Northern Territory are prescribed by legislation and relate to the environmental management of exploration, reporting requirements, expenditure commitments, rehabilitation of disturbed land and lodgement of security deposits.

The conditions attached to ERLs 46 to 55 impose an expenditure commitment, require the lodgement of annual reports and require an Authorisation under the Mining Management Act 2001 before carrying out exploration or works involving substantial disturbance.

It is likely that the conditions attached to the Mineral Leases and Mineral Claims (once granted) will relate to payment of royalty and rates and rehabilitation of the land at the conclusion of operations. The conditions will also allow the DPIFM to impose a security and contain various requirements for environmental protection and monitoring. It should be noted that the main environmental regulation of operations will take place through the relevant Mining Management Plan.

2.1.8 Expenditure and Reporting Requirements

The current expenditure commitments for ERLs 46 to 55 are noted in the Schedule. Until such time as other applications for tenements are granted, no other expenditure commitments will fall due.

The holder of an Exploration Retention Licence is required to submit an annual report at the end of each 12 month period of that Licence. In the event that there is a shortfall in expenditure, there is a requirement to apply for a variation of the conditions attaching to that Licence.

The expenditure commitments and reporting requirements of ERLs 46 to 55 have been complied with since the last renewal of those Licences on 27 August 2003.

Compliance with expenditure and reporting requirements of each Exploration Retention Licence is important because those matters are considered by the DPIFM when considering whether or not to renew the Exploration Retention Licences.

2.1.9 Rents

Rent details in respect to each of the Northern Territory Tenements are set out in the Schedule. The figures provided in respect to the Northern Territory Applications are the proposed amounts payable in respect to the first year of the relevant tenements if those Applications are granted.

The amount of rent payable in respect to a granted Exploration Licence varies depending upon the "age" of the Exploration Licence. Currently, rent for the first two years of an Exploration Licence is charged at the rate of $11 per block, inclusive of GST. The amount is then doubled

for each year after that (that is, $22 per block in the third year, $44 per block in the fourth year, etc, up to a maximum of $352 per block in the seventh and eighth years).

The amount of rent payable in respect to a granted Exploration Retention Licence, Mineral Claim or Mineral Lease is currently $11 per hectare, inclusive of GST.

All rental obligations attached to ERLs 46 to 55 have been complied with. The next rents for ERLs 46 to 55 will be due on 17 November 2005.

2.1.10 Environmental Issues

The DPIFM has advised that, notwithstanding the requirements to minimise the effect of exploration on the environment, a core shed, office area and camp facility have been established within the area of ERLs 46 to 55. The DPIFM has further advised that, in the event that the relevant Exploration Retention Licence is relinquished, it will be a requirement to rehabilitate the land affected by the core shed, office area and camp facility. It would also be anticipated that the DPIFM would be anxious to transport to its facility in Alice Springs at least parts of the drill core currently stored at this camp.

2.1.11 Securities

There are currently no securities lodged in respect to any of the Northern Territory Tenements.

2.1.12 Site Authorisations

Pursuant to Section 35(1) of the Mining Management Act 2001, the operator of a mining site must not carry out mining activities on the site unless the Minister has granted the operator an Authorisation. "Mining site" and "mining activities" are interpreted broadly in the Mining Management Act 2001 to include exploration and mining on any Exploration Licence, Exploration Retention Licence, Mineral Claim or Mineral Lease. The only exception to this is exploration not involving "substantial disturbance" (Section 35(1) Mining Management Act 2001), as discussed below.

Before granting an Authorisation pursuant to Section 35(1), the Minister must be satisfied that the management system to be implemented on the site will promote the protection of the safety and health of persons and of the environment on the site and that the management of the mineral resources on the site will be in accordance with good mining practice (Section 36(2) Mining Management Act 2001). A Mining Management Plan must be lodged with the Minister in order for an Authorisation to be issued.

The conditions attached to ERLs 46 to 55 require an Authorisation under the Mining Management Act 2001 before carrying out exploration or works involving substantial disturbance. It should be noted that while this last condition is consistent with Section 35(1) of the Mining Management Act 2001, it is not entirely consistent with Section 166(1B) of the Mining Act 1980, which requires an Authorisation for "any exploration ... activity" carried out pursuant to an Exploration Retention Licence. The obligation to obtain an Authorisation, according to the Mining Act 1980, is therefore not restricted to exploration causing "substantial disturbance".

"Substantial disturbance" is defined by the DPIFM to include most forms of exploration which entails surface disturbance, including seismic lines, drill pads, vacuum, auger and RAB drill holes, grids, tracks, costeans and camp establishment. It would therefore appear likely that exploration within ERLs 46 to 55 will require an Authorisation pursuant to the Mining Management Act 2001. There has not been sufficient time to determine whether or not such an Authorisation has been obtained.

If and when the Exploration Licence Applications and Exploration Retention Licence Applications are granted, the conditions attached to the relevant titles will include a requirement

to obtain an Authorisation under the Mining Management Act 2001 before carrying out exploration involving substantial disturbance (Section 166(1A) Mining Act 1980). Any Mineral Claims and Mineral Leases will require Authorisations before mining activities can commence.

2.1.13 Heritage

It is an offence under Sections 33 and 34 of the Heritage Conservation Act 1991 to carry out work on or damage a heritage place or heritage object, or place or object subject to an interim conservation order, without consent. "Heritage places" and "heritage objects" are places and objects that have been declared to be such pursuant to Section 26 of the Heritage Conservation Act 1991.

The Northern Territory Heritage Advisory Council ("the NTHAC") has been requested to advise whether there are any heritage places or heritage objects, or places or objects subject to an interim conservation order, listed as yet under the Heritage Conservation Act 1991 within the Northern Territory Tenements. No response has yet been received from the NTHAC.

2.1.14 Aboriginal Sacred Sites

It is an offence under Part IV of the Northern Territory Aboriginal Sacred Sites Act 1989 ("the NTASS Act") to enter onto, work on or desecrate a sacred site. "Sacred site" is defined as "a site that is sacred to Aboriginals or is otherwise of significance according to Aboriginal tradition". This definition includes, but is not limited to, sites which have been registered on the Register maintained by the Aboriginal Areas Protection Authority ("the AAPA"). In other words, the protection of sacred sites applies whether or not those sites have been registered on the AAPA register.

It is a valid defence to a charge under the NTASS Act if the defendant carried out work in accordance with an Authority Certificate issued by the AAPA.

A search of the AAPA Register has been requested in order to determine if there are any registered sacred sites within the perimeter of the Northern Territory Tenements. No response has yet been received from the AAPA.

It should be emphasised that the issue of Aboriginal sacred sites is entirely separate to that of Native Title or issues related to ALRA.

2.1.15 Exploration Expenditure Certificates

Under the Mineral Royalty Act 1982, eligible exploration expenditure incurred in the Northern Territory is an allowable deduction for royalty purposes. The Northern Territory Treasury has advised that no Exploration Expenditure Certificates have been granted to CPM in relation to ERLs 46 to 55.

2.2 QUEENSLAND

2.2.1 General

The following information has been obtained from the Queensland Department of Natural Resources and Mines ("the DNRM"), and the Queensland Environmental Protection Agency ("the EPA"). Native Title Claim information has been obtained from the DNRM and has been confirmed by the National Native Title Tribunal ("the NNTT").

The Tenements in Queensland ("the Queensland Tenements") consist of two Exploration Permits for Minerals ("EPM 9221" and "EPM 14048"). Both of the Queensland Tenements are

held by Summit Resources (Australia) Pty Ltd and have been granted in respect to all minerals except for coal.

2.2.2 Overlapping Titles and Applications

EPM 14048 contains areas subject to Mining Leases No's 5575 and 5566, which are excluded from the EPM 14048 area.

2.2.3 Encumbrances

Agreements and encumbrances which are registered in respect to Exploration Permits have priority in order of date of registration, and any registered encumbrance has priority over an unregistered encumbrance (Section 158(4) MRA).

EPM 9221 is subject to various encumbrances which are set out in the Schedule, including Joint Venture Agreements, Farm-In Agreements and a Caveat.

There are no dealings registered against EPM 14048.

2.2.4 Access and Compensation

A Notice of Intention of Initial Entry on Occupied Land must be served on each affected landowner at least seven days before the intended entry for exploration purposes. No compensation is payable to landowners for exploration pursuant to the Queensland Tenements, although land must be rehabilitated at the conclusion of operations and compensation may be payable if that rehabilitation is not properly completed.

2.2.5 Native Title

A search of the land underlying the Queensland Tenements indicates that it is Native Title land.

EPM 9221

EPM 9221 was granted prior to the commencement of the Native Title Act 1993 ("the NTA"). That grant, and subsequent renewals, were all valid for Native Title purposes (Section 26D NTA). Future renewals will also be valid within the meaning of the NTA. Accordingly, activities conducted on EPM 9221 do not need to have any regard to Native Title.

EPM 14048

EPM 14048 was granted in accordance with the Expedited Procedure of the Right to Negotiate process prescribed by Section 32 of the NTA. The DNRM provided assistance by preparing and advertising a public notice in accordance with the Expedited Procedure. Upon placement of the advertisement, a four month objection period commenced. No objections were lodged at the end of that four month period, and the DNRM granted EPM 14048 subject to the Native Title Protection Conditions. These Native Title Protection Conditions are conditions of tenure with which the holder must comply and concern site clearances and other related matters.

As in the Northern Territory, the issue of whether or not a Native Title Claim applies to either of the Queensland Tenements is irrelevant to the requirement to comply with the NTA processes if the relevant land is Native Title land. The presence of a registered Native Title Claim simply means that it will be necessary to reach an agreement with Native Title holders before proceeding with the relevant exploration or mining activity. This may not be the case where there is currently no registered Native Title Claim.

Each of the Queensland Tenements is subject to the registered Kalkadoon Native Title Claims No's QC99/032(A) and (B).

All of EPM 14048 and most of EPM 9221 are subject to the KERG Indigenous Land Use Agreement QI2001/007 ("the KERG ILUA") and the Kalkadoon MIM Indigenous Land Use Agreement QI2001/046 ("the Kalkadoon ILUA"). The parties to both the KERG ILUA and the Kalkadoon ILUA are the Kalkadoon People and the State of Queensland. Provision is made in both ILUAs for the grant of various specific Exploration Permits without going through the Right to Negotiate process, if those Exploration Permits are granted subject to the Native Title Protection Conditions referred to above. Neither the KERG ILUA nor the Kalkadoon ILUA affect the Queensland Tenements.

2.2.6 Expenditure and Reporting Requirements

The expenditure commitments for the Queensland Tenements are set out in the Schedule. EPM 14048 was only granted on 21 April 2005 and no expenditure commitment has yet fallen due. EPM 9221 was last renewed on 9 June 2005 and it would not be expected that the DNRM would take into account expenditure before that date when considering the next renewal of that EPM.

Annual reports must be lodged in respect to the Queensland Tenements within one month of the anniversary dates of those Tenements. A Statement of Expenditures is also due at the same time. No reports are outstanding.

2.2.7 Rents

Rent details in respect to the Queensland Tenements are set out in the Schedule.

The Year 13 annual rental payment of $10,706.60 (including GST) for EPM 9221 has been paid. Year 14 rental will be due for payment by 24 February 2006 and will be $10,706.60, although this amount may be subject to annual DNRM increases commensurate with appropriate price indices and may vary if any area is relinquished.

The Year 1 annual rental payment of $9,248.44 (including GST) for EPM 14048 has been paid. Year 2 rental will be due for payment by 21 April 2006 and is expected to be $9,248.44, although this amount may be subject to annual DNRM increases commensurate with appropriate price indices and may vary if any area is relinquished.

2.2.8 Environmental Issues

EPM 9221

This EPM has been issued with standard Environmental Authority ("EA") No M4806 by the EPA. EPM 9221 includes Category B Environmentally Sensitive Areas ("ESAs") – Endangered Regional Eco-Systems. ESAs are areas that are referred to in the Code of Environmental Compliance for Exploration and Mineral Development Projects dated January 2001 ("the Environmental Compliance Code") as areas where exploration activities are excluded or restricted. Exploration activities cannot occur within 500 metres of Category B ESAs.

As the EA in question is a standard EA, the holder must comply with all conditions of the Environmental Compliance Code.

A security deposit of $20,000 (bond) is currently lodged with the DNRM in respect to EA No M4806.

EPM 14048

This EPM has been issued with a standard EA No MIM500141703 and includes Category B ESAs – Endangered Regional Eco-Systems.

See the comments above concerning the obligations of a holder of a standard EA and the effect of Category B ESAs.

A total security deposit of $2,500 (cash) is currently lodged with the DNRM in support of EA No MIM500141703.

2.2.9 Rehabilitation

Rehabilitation of any current and future exploration disturbances will be necessary and the relevant requirements are detailed in the Environmental Compliance Code.

The activities conducted under the authority of the Queensland Tenements are likely to result in the creation of environmental liabilities for the holder. The environmental liability will commence when exploration causes on-site ground disturbances. When any disturbed area has been satisfactorily rehabilitated, the environmental liability in respect of these disturbances will cease.

RUSSELL HETHERINGTON
Sydney Office

26 October 2005

VALHALLA URANIUM LIMITED
SCHEDULE

NORTHERN TERRITORY

TENEMENT / APPLICATION	HOLDER / APPLICANT	STATUS	GRANT / APPLICATION DATE	EXPIRY DATE	AREA (BLOCKS/ HA)	ANNUAL RENT INCL 10% GST	MINIMUM EXPENDITURE COMMITMENT	SECURITY	ENCUMBRANCES
ELA 1466	Bulong Nickel Pty Ltd	Application	30/11/1976	N/A	150 Sub blocks (483 km^2)	$1,650.00 (proposed)	N/A	NIL	Dealings No's 5356, 5496, 5541, 6636 and 6803
ELA 3114	Bulong Nickel Pty Ltd	Application	27/04/1981	N/A	60 Sub blocks (193 km^2)	$660.00 (proposed)	N/A		Dealings No's 5356, 5496, 5541, 6636 and 6803
ERLA 22	Bulong Nickel Pty Ltd	Application	23/12/1982	N/A	200 ha	$2,200.00 (proposed)	N/A		Dealing No 6803
ERLA 23	Bulong Nickel Pty Ltd	Application	23/12/1982	N/A	200 ha	$2,200.00 (proposed)	N/A		Dealing No 6803
ERLA 24	Bulong Nickel Pty Ltd	Application	23/12/1982	N/A	200 ha	$2,200.00 (proposed)	N/A		Dealing No 6803
ERLA 25	Bulong Nickel Pty Ltd	Application	23/12/1982	N/A	200 ha	$2,200.00 (proposed)	N/A		Dealing No 6803
ERLA 26	Bulong Nickel Pty Ltd	Application	23/12/1982	N/A	200 ha	$2,200.00 (proposed)	N/A		Dealing No 6803
ERLA 27	Bulong Nickel Pty Ltd	Application	23/12/1982	N/A	196 ha	$2,156.00 (proposed)	N/A		Dealing No 6803
ERLA 28	Bulong Nickel Pty Ltd	Application	23/12/1982	N/A	200 ha	$2,200.00 (proposed)	N/A		Dealing No 6803
ERLA 29	Bulong Nickel Pty Ltd	Application	23/12/1982	N/A	200 ha	$2,200.00 (proposed)	N/A		Dealing No 6803
ERLA 30	Bulong Nickel Pty Ltd	Application	23/12/1982	N/A	200 ha	$2,200.00 (proposed)	N/A		Dealing No 6803
ERLA 31	Bulong Nickel Pty Ltd	Application	23/12/1982	N/A	185 ha	$2,035.00 (proposed)	N/A		Dealing No 6803

TENEMENT / APPLICATION	HOLDER / APPLICANT	STATUS	GRANT / APPLICATION DATE	EXPIRY DATE	AREA (BLOCKS/ HA)	ANNUAL RENT INCL 10% GST	MINIMUM EXPENDITURE COMMITMENT	SECURITY	ENCUMBRANCES
ERLA 32	Bulong Nickel Pty Ltd	Application	23/12/1982	N/A	200 ha	$2,200.00 (proposed)	N/A	NIL	Dealing No 6803
ERLA 33	Bulong Nickel Pty Ltd	Application	23/12/1982	N/A	200 ha	$2,200.00 (proposed)	N/A		Dealing No 6803
ERLA 41	Central Pacific Minerals NL	Application	16/06/1983	N/A	200 ha	$2,200.00 (proposed)	N/A		Dealings No's 4019 and 6803
ERLA 45	Central Pacific Minerals NL	Application	14/11/1983	N/A	800 ha	$8,800.00 (proposed)	N/A		Dealings No's 4019 and 6803
ERL 46	Central Pacific Minerals NL	Granted	18/11/1988	17/11/2008	121 ha	$1,331.00	$500.00		Dealings No's 4019 and 6803
ERL 47	Central Pacific Minerals NL	Granted	18/11/1988	17/11/2008	196 ha	$2,156.00	$500.00		Dealings No's 4019 and 6803
ERL 48	Central Pacific Minerals NL	Granted	18/11/1988	17/11/2008	98.50 ha	$1,089.00	$500.00		Dealings No's 4019 and 6803
ERL 49	Central Pacific Minerals NL	Granted	18/11/1988	17/11/2008	111.90 ha	$1,232.00	$500.00		Dealings No's 4019 and 6803
ERL 50	Central Pacific Minerals NL	Granted	18/11/1988	17/11/2008	113.90 ha	$1,254.00	$500.00		Dealings No's 4019 and 6803
ERL 51	Central Pacific Minerals NL	Granted	18/11/1988	17/11/2008	68.60 ha	$759.00	$500.00		Dealings No's 4019 and 6803
ERL 52	Central Pacific Minerals NL	Granted	18/11/1988	17/11/2008	131.20 ha	$1,452.00	$500.00		Dealings No's 4019 and 6803
ERL 53	Central Pacific Minerals NL	Granted	18/11/1988	17/11/2008	84.80 ha	$935.00	$500.00		Dealings No's 4019 and 6803
ERL 54	Central Pacific Minerals NL	Granted	18/11/1988	17/11/2008	84.20 ha	$935.00	$500.00		Dealings No's 4019 and 6803
ERL 55	Central Pacific Minerals NL	Granted	18/11/1988	17/11/2008	203.60 ha	$2,244.00	$500.00		Dealings No's 4019 and 6803
MCSA 270	Central Pacific Minerals NL	Application	01/06/1977	N/A	32 ha	$352.00 (proposed)	N/A		Dealing No 6803

TENEMENT / APPLICATION	HOLDER / APPLICANT	STATUS	GRANT / APPLICATION DATE	EXPIRY DATE	AREA (BLOCKS/ HA)	ANNUAL RENT INCL 10% GST	MINIMUM EXPENDITURE COMMITMENT	SECURITY	ENCUMBRANCES
MCSA 271	Central Pacific Minerals NL	Application	01/06/1977	N/A	32 ha	$352.00 (proposed)	N/A	NIL	Dealing No 6803
MCSA 272	Central Pacific Minerals NL	Application	01/06/1977	N/A	32 ha	$352.00 (proposed)	N/A		Dealing No 6803
MCSA 273	Central Pacific Minerals NL	Application	01/06/1977	N/A	32 ha	$352.00 (proposed)	N/A		Dealing No 6803
MCSA 274	Central Pacific Minerals NL	Application	01/06/1977	N/A	32 ha	$352.00 (proposed)	N/A		Dealing No 6803
MCSA 275	Central Pacific Minerals NL	Application	01/06/1977	N/A	32 ha	$352.00 (proposed)	N/A		Dealing No 6803
MCSA 276	Central Pacific Minerals NL	Application	01/06/1977	N/A	32 ha	$352.00 (proposed)	N/A		Dealing No 6803
MCSA 277	Central Pacific Minerals NL	Application	01/06/1977	N/A	32 ha	$352.00 (proposed)	N/A		Dealing No 6803
MCSA 278	Central Pacific Minerals NL	Application	01/06/1977	N/A	32 ha	$352.00 (proposed)	N/A		Dealing No 6803
MCSA 318	Central Pacific Minerals NL	Application	08/06/1977	N/A	32 ha	$352.00 (proposed)	N/A		Dealing No 6803
MCSA 319	Central Pacific Minerals NL	Application	08/06/1977	N/A	32 ha	$352.00 (proposed)	N/A		Dealing No 6803
MCSA 320	Central Pacific Minerals NL	Application	08/06/1977	N/A	32 ha	$352.00 (proposed)	N/A		Dealing No 6803
MCSA 321	Central Pacific Minerals NL	Application	08/06/1977	N/A	32 ha	$352.00 (proposed)	N/A		Dealing No 6803
MCSA 322	Central Pacific Minerals NL	Application	08/06/1977	N/A	32 ha	$352.00 (proposed)	N/A		Dealing No 6803
MCSA 323	Central Pacific Minerals NL	Application	08/06/1977	N/A	32 ha	$352.00 (proposed)	N/A		Dealing No 6803
MCSA 324	Central Pacific Minerals NL	Application	08/06/1977	N/A	32 ha	$352.00 (proposed)	N/A		Dealing No 6803

TENEMENT / APPLICATION	HOLDER / APPLICANT	STATUS	GRANT / APPLICATION DATE	EXPIRY DATE	AREA (BLOCKS/ HA)	ANNUAL RENT INCL 10% GST	MINIMUM EXPENDITURE COMMITMENT	SECURITY	ENCUMBRANCES
MCSA 325	Central Pacific Minerals NL	Application	08/06/1977	N/A	32 ha	$352.00 (proposed)	N/A	NIL	Dealing No 6803
MCSA 326	Central Pacific Minerals NL	Application	08/06/1977	N/A	30.50 ha	$341.00 (proposed)	N/A		Dealing No 6803
MCSA 327	Central Pacific Minerals NL	Application	08/06/1977	N/A	32 ha	$352.00 (proposed)	N/A		Dealing No 6803
MCSA 328	Central Pacific Minerals NL	Application	08/06/1977	N/A	32 ha	$352.00 (proposed)	N/A		Dealing No 6803
MCSA 329	Central Pacific Minerals NL	Application	02/04/1976	N/A	32 ha	$352.00 (proposed)	N/A		N/A
MCSA 330	Central Pacific Minerals NL	Application	02/04/1976	N/A	32 ha	$352.00 (proposed)	N/A		N/A
MLNA 1952	Central Pacific Minerals NL	Application	11/07/1977	N/A	969.22 ha	$10,670.00 (proposed)	N/A		Dealing No 6803
MLNA 1953	Central Pacific Minerals NL	Application	24/10/1977	N/A	2861 ha	$31,471.00 (proposed)	N/A		Dealing No 6803

Notes re Northern Territory Tenements:

(1) Dealing No 5356 records an Agreement between Bulong Nickel Pty Ltd, Kumugai Gumi Co Ltd and Ivanplats Syerston Pty Ltd lodged on 5 October 1990.

(2) Dealing No 5496 records an Agreement between Afmeco Pty Ltd, Kumugai Gumi Co Ltd and Ivanplats Syerston Pty Ltd lodged on 6 June 1991 and approved on 9 October 1991.

(3) Dealing No 5541 records an Agreement between Afmeco Pty Ltd, Kumugai Gumi Co Ltd and Ivanplats Syerston Pty Ltd lodged on 23 September 1991 and approved on 9 October 1991.

(4) Dealing No 6636 records an Agreement between Afmeco Mining and Exploration Pty Ltd and SAE Australia Pty Ltd lodged on 26 November 1997 and approved on 19 January 1998.

(5) Dealing No 6803 records an Agreement dated 3 November 1998 between Bulong Nickel Pty Ltd and Excise Holdings Pty Ltd lodged on 30 April 1999 and approved on 10 September 1999.

(6) Dealing No 4019 records an Agreement dated 7 December 1984 between Urangesellschaft Australia Pty Ltd and Yuendumu Mining Company No Liability lodged on 15 January 1985.

QUEENSLAND

TENEMENT / APPLICATION	HOLDER / APPLICANT	STATUS	GRANT / APPLICATION DATE	EXPIRY DATE	AREA (BLOCKS/HA)	ANNUAL RENT INCL 10% GST	MINIMUM EXPENDITURE COMMITMENT	SECURITY	ENCUMBRANCES
EPM 9221	Summit Resources (Australia) Pty Ltd	Granted	24-02-1993	23-02-2006	94	$10,706.60	$500,000.00	$20,000.00	Dealings No's 930371, 930372, 930373, 950465, 960340, 991445, 995148, 995469, 995470
EPM 14048	Summit Resources (Australia) Pty Ltd	Granted	21-04-2005	20-04-2010	86	$9,248.44	$50,000.00	$2,500.00	Nil

Notes re Queensland Tenements:

(1) Dealing No 930371 records a Joint Venture Agreement dated 1 July 1992 between Summit Gold (Australia) Pty Ltd and Kiwi Australian Resources Pty Ltd in regard to EPMs 9221 and 9271.

(2) Dealing No 930372 records a Farm-In Agreement dated 2 June 1993 between Kiwi Australian Resources Pty Ltd and Ranger Exploration NL in regard to EPMs 9221 and 9271.

(3) Dealing No 930373 records the registration of a caveat by Kiwi Australian Resources Pty Ltd, PO Box 8260, Stirling Street, Perth, WA, 6849. The right or interest claimed was under a Joint Venture Agreement dated 1 July 1992 (presumably referred to Dealing No 930371).

(4) Dealing No 950465 records a Joint Venture Agreement dated 14 July 1995 between Summit Gold (Australia) Pty Ltd, Kiwi Australian Resources Pty Ltd and Ranger Minerals NL.

(5) Dealing No 960340 records a Farm-In Agreement dated 10 May 1996 between CRA Exploration Pty Ltd, Summit Gold (Australia) Pty Ltd and Kiwi Australian Resources Pty Ltd.

(6) Dealing No 991445 records a Farm-In and Joint Venture Agreement dated 23 March 1999 between Summit Resources NL, Resolute Limited and Phelps Dodge-Australasia Inc.

(7) Dealing No 995148 records an Assignment Indication, being the proposed assignment from Resolute Limited (50%) to Summit Resources (Australia) Pty Ltd (50%).

(8) Dealing No 995469 records the Isa Uranium Joint Venture Agreement dated 16 January 2001 between Summit Resources (Australia) Pty Ltd and Resolute Limited.

(9) Dealing No 995470 records an Agreement for sale of non-uranium assets between Resolute Limited and Summit Resources (Australia) Pty Ltd dated 16 January 2001.

8. Material Contracts Report

8.1 Isa Sale and Purchase Agreement

Resolute Limited and Mt Isa Uranium Pty Ltd (**"MIU"**) have entered into an unconditional agreement dated 3 November 2005 for the sale of Resolute Limited's joint venture interest in the Isa Uranium Joint Venture Agreement (see Section 8.3) and the buyback rights under the Sale of Non-Uranium Assets Agreement (see Section 8.4) to MIU (**"Isa Sale and Purchase Agreement"**).

The purchase price for the sale of the joint venture interest and buy back rights is the issue of 97,500,000 Valhalla Uranium Shares and the payment of $1,347,021 to Resolute.

Completion will occur on execution of an assignment deed prepared in accordance with the provisions of the Isa Uranium Joint Venture Agreement. Under the Isa Uranium Joint Venture, Resolute Limited can assign its joint venture interest to a related body corporate without the consent of the other participants to the Isa Uranium Joint Venture. MIU is and on completion of the offer will be a related body corporate of Resolute Limited.

If any of the rights of Resolute Limited as owner of the joint venture interest are not capable of being legally transferred to MIU on completion of the sale and purchase of the interest in the Isa Uranium Joint Venture, Resolute Limited will hold such rights in trust for MIU until the rights are vested beneficially and legally in MIU.

8.2 NTU Share Sale Agreement

Valhalla Uranium, Resolute and Northern Territory Uranium Pty Ltd (**"NTU"**) entered into a Share Sale Agreement on 3 November 2005 for the sale of the entire share capital of NTU by Resolute to Valhalla Uranium.

The purchase price for the sale and purchase of the NTU shares is the issue of 2,499,999 Valhalla Uranium Shares to Resolute. There is a liability in the balance sheet of NTU in the amount of $177,979, being an amount owing to Resolute Limited and which will be repaid at completion.

Resolute has given warranties to Valhalla Uranium in respect of Resolute's title to the NTU shares and its ability to freely transfer the NTU shares. Resolute has also given warranties to Valhalla Uranium that the accounts of NTU attached to the agreement do not contain any material inaccuracies or discrepancies and disclose a true view of the financial and contractual position of NTU and that all assets and actual or contingent liabilities of NTU are contained in those accounts. Resolute also gave to Valhalla Uranium warranties in respect of the ownership and standing of the mining assets of NTU.

All parties gave to each other warranties as regards authorisation to execute the agreement and solvency.

The assets of NTU include a:

(a) 41.71% interest in the Bigrlyi Joint Venture (including tenements ERL 46-55 inclusive, MLN applications 1952 and 1953, MC applications 270-278 and MC applications 318-328) under the Four Party Discovery Operating Agreement;

(b) 58.13% interest in Walbiri Joint Venture (including tenement application ERL 45) under the Four Party Discovery Operating Agreement;

(c) 47.96% interest in Malawiri Joint Venture (including tenement application ERL 41) under the Three Party Exploration Operating Agreement;

(d) 33.33% interest in the Beatrice South Joint Venture and Farm-in Agreement (including tenement application EL 3114);

(e) 33.33% interest in the Mt Gilruth Joint Venture and Farm-in Agreement (including tenement application EL 1466); and

(f) 100% interest in tenement applications ERL 22-33.

These assets were acquired by NTU by way of sale agreement with Bulong Nickel Pty Ltd dated 3 November 1998.

8.3 Isa Uranium Joint Venture Agreement

Summit Resources (Aust) Pty Ltd (**"Summit"**) and Resolute Limited have entered into an agreement dated 16 January 2001 (**"Isa Uranium Joint Venture Agreement"**).

Summit and Resolute Limited had been the only parties to the Mt Isa Exploration Joint Venture and it was agreed that in consideration for Resolute Limited selling to Summit certain joint venture interests that the Mt Isa Exploration Joint Venture would be terminated and that Summit and Resolute Limited would enter into a new unincorporated joint venture in which each of the parties would hold a 50% joint venture interest.

The Isa Uranium Joint Venture Agreement was entered into by the parties for the purposes of:

(a) exploring the Valhalla and Skal areas identified and defined in the Isa Uranium Joint Venture Agreement;

(b) carrying out a feasibility study to indicate the existence of minerals (including but not limited to gold and uranium) in the joint venture area; and

(c) if proved viable the development and mining of the mineral resources on the terms and conditions set out in the Isa Uranium Joint Venture Agreement.

Summit is the registered legal owner of the tenements comprising the joint venture area and Resolute Limited has a 50% beneficial interest in the minerals in the joint venture area. Summit has covenanted with Resolute Limited to ensure that the tenements underlying the joint venture area (and any new tenements applied for) remain in good standing.

The current tenements containing the joint venture area are EPM 9221 and EPM 14048.

Each party is entitled to take in kind in proportion to its joint venture interest all minerals as and when produced by the joint venture.

Summit was appointed as Manager of the joint venture. As Manager Summit is required to implement the decisions of the Operating Committee formed by Summit and Resolute Limited in relation to matters within the scope of the joint venture other than matters expressly reserved by the Isa Uranium Joint Venture Agreement for each parties determination.

The powers and duties of the Manager include the purchase of materials, taking out of insurance, preservation of tenements, the payment of outgoings, the disposal of joint venture property in the ordinary course of business, the engagement of employees and consultants and generally reporting to each of the parties.

Each party appoints one representative to the Operating Committee. All decisions of the Operating Committee are made by a simple majority. If there is a deadlock then the matter may be referred to an expert for determination. The Operating Committee is required to approve programs and budgets for the joint venture and ensure minimum expenditure requirements are met.

On completion of a feasibility study in relation to any proposed mining operations, the Operating Committee shall decide whether or not to commence mining operations. As soon as reasonably practical thereafter, the parties shall in good faith negotiate and enter into a production joint venture agreement whereupon the provisions of the Isa Uranium Joint Venture Agreement shall cease to apply.

If the parties cannot agree a feasibility study in respect of any particular area, either party may elect to sole risk the development of that area. Where the parties are unable to determine a sole risk development area then the matter may be referred to an expert for determination. If mining development is not commenced within 12 months within the sole risk area, that area shall revert back for inclusion in the joint venture area.

Any party no longer wishing to contribute to joint venture expenditure shall not be obliged to make any further contribution but may have its interest diluted.

The parties acknowledge that as the costs of developing the joint venture may be significant, the Manager may seek to introduce another party to a specific tenement with the view to exploration on the tenement in consideration of the party earning an interest in that tenement ("farm-out"). In the event that the farm out by the Manager is successful then the parties agree that the tenement will be excised from the joint venture and will be the subject of a new joint venture arrangement.

In the Isa Uranium Joint Venture Agreement there are default provisions if either party fails to make contributions to joint venture expenditure or is in material breach of any other covenants and agreements.

A non-defaulting party has the option to acquire the whole of the joint venture interest of a defaulting party after expiry of a notice period to remedy the breach. If the parties cannot agree a purchase price then the valuation of the defaulting party's interest shall be made by expert determination.

Any party may assign its joint venture interest to a related body corporate without the other party's consent but unless agreed otherwise the assigning party must guarantee the due performance of its related company. If the assignee ceases to be a related body corporate to the party assigning, then the assignee shall be deemed to be in default (see Section 9.1(f)). If a party wishes to assign its joint venture interest to a non-related third party it must first offer its interest to the other party upon the same terms and conditions of the proposed assignment to the third party. The non-assigning party has 30 days to accept such offer and if it is not accepted then the assigning party may within 3 months assign its interest to the third party but on no less advantageous terms to those offered to the non-assigning party.

No assignment to any party shall be effective until either the related body corporate or the third party has entered into a covenant with the non assigning party to observe and perform all the terms and conditions of the Isa Uranium Joint Venture Agreement.

Any party may, by giving 90 days notice in writing to the other party, withdraw from the joint venture.

8.4 Sale of Non-Uranium Assets Agreement

Resolute Limited and Summit entered into a further agreement dated 16 January 2001 (**"Sale of Non-Uranium Assets Agreement"**). By this agreement Resolute Limited sold to Summit certain sale interests resulting in the Mt Isa Exploration Joint Venture being terminated and the Isa Uranium Joint Venture Agreement being entered into.

The interests sold under the Sale of Non-Uranium Assets agreement were a 50% legal and beneficial interest in tenements EPM 9221, 9271 and 9918 and EPM Applications 130131, 13033 and 13066 but excluding Resolute Limited's uranium interests under the Isa Uranium Joint Venture.

The Agreement for Sale of Non-Uranium Assets granted certain Buy-Back rights to Resolute Limited in respect of uranium resources (as defined in this agreement) in a defined Buy-back Area. During the Buy-Back Period (being from the date of the Agreement until the first to occur of the cessation of mining operations in the Buy-Back Areas or the tenements underlying the Buy-Back Area being relinquished or surrendered) Resolute Limited may acquire a 50% interest in Summit's Uranium Resource for a defined consideration.

Resolute Limited may exercise the Buy-Back right within 30 days of receiving a copy of the feasibility study on the Uranium Resource. If Resolute Limited fails to exercise the Buy-Back right within this time, Resolute Limited will be deemed not to have elected to exercise the Buy-Back rights.

If Summit wishes to make an outright sale of all or any part of its interest in the Buy-Back Area it must first give Resolute Limited the opportunity to make an offer for Summit's interests on terms set out in the Agreement for Sale of Non-Uranium Assets. If Summit wishes to surrender any of the tenements underlying the Buy-Back Area then Summit must offer to transfer to Resolute Limited the tenements proposed to be surrendered for $1.

Resolute Limited may at any time by notice in writing to Summit abandon the Buy-Back right. If Resolute Limited fails to exercise the Buy-Back right then the Buy-Back right shall lapse.

8.5 Four Party Discovery Operating Agreement

Central Pacific Minerals NL (**"CPM"**), Agip Australia Pty Ltd, Urangesellschaft Australia Pty Ltd, Offshore Oil NL, Southern Cross Exploration NL and Cocks Eldorado NL have entered into an agreement dated 30 June 1981 (**"Four Party Agreement"**). Pursuant to various deeds of assignment, the parties to the Four Party Agreement are now Yuendumu Mining Company NL, NTU, Southern Cross Resources NL and CPM.

The Four Party Agreement sets out the terms of the joint venture between the parties for the carrying on of exploration operations on the area of the Northern Territory as covered by the Mineral Concessions listed in Schedule One of the Four Party Agreement (**"Mineral Concessions"**) and for the development and exploitation of any deposits of uranium or other minerals discovered in that area (**"Exploration Area"**).

The parties shall be entitled to and liable for a share in all rights and obligations under the Four Party Agreement in proportion to their respective shares in the joint venture interests (**"Undivided Beneficial Interests"**) at the relevant time.

The parties acknowledge that their respective Undivided Beneficial Interests are subject to the rights of Yuendumu under an agreement dated 5 August 1971 by which Yuendumu agreed to grant to CPM an option to purchase certain exploration rights and as consideration for the grant of the option, CPM agreed to provide certain payments and deliver certain equipment to Yuendumu. The parties to the Four Party Agreement agreed to share in the rights and obligations assumed by CPM under the agreement between Yuendumu and CPM in proportion to their respective Undivided Beneficial Interests.

Each party is entitled to participate in any stage of the development and exploitation operations to the extent of its Undivided Beneficial Interest. The extent of each party's voting rights in any stage will be the same proportion as the proportion of its participation in that stage bears to 100. If a party chooses not to participate in any stage, the other parties shall participate in the shortfall in agreed proportions or in the proportion to their respective Undivided Beneficial Interests.

Upon the creation of a Development Block, being a block containing one or more uranium deposits in which a detailed drilling programme has established reserves of uranium of sufficient quantity and grade to warrant a full feasibility study with a view to the establishment of a uranium mine, the parties will incorporate in the Australian Capital Territory a company which shall be the operator of that Development Block (**"Operating Company"**). Upon incorporation of such company, the parties will apply for and take up shares in the Operating Company in proportion to their respective Undivided Beneficial Interests.

Any minerals extracted from any Development Block shall belong to the parties in proportion to their respective Undivided Beneficial Interests. Each party's right to accept or reject an offer to purchase its share of production will depend on the contribution made by each party for each stage of development. A party who has not contributed or has only contributed to a partial extent for a particular stage is not entitled to reject an offer for its share of production where a party who has contributed beyond its Undivided Beneficial Interest is entitled to receive any part of the payment for such party's share of production.

CPM is appointed to be the operator of the joint venture and has exclusive charge of and shall conduct all the operations under the Four Party Agreement in accordance with the operating programmes and agreed budgets. CPM shall maintain a joint account to which it shall charge the costs or expenses incurred by CPM in carrying out the operations under the Four Party Agreement. These costs or expenses shall be borne by the parties in proportion to their Undivided Beneficial Interests. CPM is obliged to keep the other parties indemnified against any claims or proceedings arising from any of its gross negligence, wilful misconduct or wilful failure to act and against all expenses and costs of such claims or proceedings.

A party to the Four Party Agreement may assign its interest under the Four Party Agreement so long as the assignee agrees to be bound by the terms of the Four Party Agreement.

The Four Party Agreement will terminate on the sale, disposition or abandonment by all parties or by all but one of the parties of the Mineral Concessions or on such other occasion as the parties agree that the Four Party Agreement shall terminate.

CPM and Yuendumu Mining Company NL have entered into sale agreements to sell their interest in the Four Party Agreement to Energy Metals Limited. No deed of assignment in respect of this sale has been executed. As a consequence of the sale, Energy Metals Limited is the operator under the Four Party Agreement.

8.6 Three Party Exploration Operating Agreement

CPM, Agip Australia Pty Ltd and Urangesellschaft Australia Pty Ltd have entered into an agreement dated 23 June 1980 (**"Three Party Agreement"**). Pursuant to various deeds of assignment, the parties to the Three Party Agreement are now Yuendumu Mining Company NL and Northern Territory Uranium Pty Ltd.

The Three Party Agreement sets out the terms of the joint venture between the parties for the carrying on of exploration operations on the area of the Northern Territory as covered by the Mineral Concessions listed in Schedule One of the agreement (**"Mineral Concessions"**) and for the development and exploitation of any deposits of uranium or other minerals discovered in that area (**"Exploration Area"**).

The parties shall be entitled to and liable for a share in all rights and obligations under the Three Party Agreement in proportion to their respective shares in the joint venture interests (**"Undivided Beneficial Interests"**) at the relevant time.

The parties acknowledge that their respective Undivided Beneficial Interests are subject to the rights of Yuendumu under an agreement dated 5 August 1971 by which Yuendumu agreed to grant to CPM an option to purchase certain exploration rights and as consideration for the grant of the option, CPM agreed to provide certain payments and deliver certain equipment to Yuendumu. The parties to the Three Party Agreement agreed to share in the rights and obligations assumed by CPM under the agreement between Yuendumu and CPM in proportion to their respective Undivided Beneficial Interests.

Each party is entitled to participate in any stage of the development and exploitation operations to the extent of its Undivided Beneficial Interest. The extent of each party's voting rights in any stage will be the same proportion as the proportion of its participation in the stage bears to 100. If a party chooses not to participate in any stage, the other parties shall participate in the shortfall in agreed proportions or in proportion to their respective Undivided Beneficial Interests.

Upon the creation of a "Development Block", being a block containing one or more uranium deposits in which a detailed drilling programme has established reserves or uranium of sufficient quantity and grade to warrant a full feasibility study with a view to the establishment of a uranium mine, the parties will incorporate in the Australian Capital Territory a company which shall be the operator of that Development Block (**"Operating Company"**). Upon incorporation of such company, the parties will apply for and take up shares in the Operating Company in proportion to their respective Undivided Beneficial Interests.

Any minerals extracted from any Development Block shall belong to the parties in proportion to their respective Undivided Beneficial Interests. Each party's right to accept or reject an offer to purchase its share of production will depend on the contribution made by each party for each stage of the development. A party who has not contributed or has only contributed to a partial extent for a particular stage is not entitled to reject an offer for its share of production so long as any party who has contributed beyond its Undivided Beneficial Interest is entitled to receive any part of the payment for such party's share of production.

CPM is appointed to be the operator of the joint venture and has exclusive charge of and shall conduct all the operations under the Three Party Agreement in accordance with the operating programmes and agreed budgets. CPM shall maintain a joint account to which it shall charge the costs or expenses incurred by CPM in carrying out the operations under the Three Party Agreement. These costs or expenses shall be borne by the parties in proportion to their Undivided Beneficial Interests.

CPM is obliged to keep the other parties indemnified against any claims or proceedings arising from any of its gross negligence, wilful misconduct or wilful failure to act and against all expenses and costs of such claims or proceedings.

A party to the Three Party Agreement may assign its interest under the Three Party Agreement so long as the assignee agrees to be bound by the terms of the Three Party Agreement.

The Three Party Agreement will terminate on the sale, disposition or abandonment by all parties or by all but one of the parties of the Mineral Concessions or on such other occasion as the parties agree that the Three Party Agreement shall terminate.

Yuendumu Mining Company NL has entered into a sale agreement to sell their interest in the Three Party Agreement to Energy Metals Limited. No deed of assignment in respect of this sale has been executed. As a consequence of the sale, Energy Metals Limited is the operator under the Three Party Agreement.

8.7 Beatrice South Farm-In Agreement

UAL Pty Ltd ("UAL"), Afmeco Mining and Exploration Pty Ltd ("Afmex") and SAE Australia Pty Ltd ("SAE") (the Farmees) entered into a Farm-In Agreement with Excise Holdings Pty Ltd (now NTU), in relation to Exploration Licence 3114 on 4 July 2000 (**"Beatrice South Farm-in Agreement"**). The participating interests of the parties on execution of the agreement were NTU 33 1/3%, UAL 16 2/3%, Afmex 25% and SAE 25%. The parties recognised that before the grant of an exploration licence a relevant Aboriginal Owner Corporation (as defined in the Farm-In Agreement) would have a 2% interest in the exploration licence reducing each party's interest proportionately.

UAL, Afmex and SAE agreed with NTU that if by the end of four years after the granting of the first exploration licence (but subject to an extension) the Farmees had incurred a minimum of $1,500,000 expenditure on the exploration licence or paid to NTU an amount equal to $1,500,000 less the amounts expended by the Farmees then the Farmees would acquire a participating interest.

Until Farm-In completion or the end of a defined specified period the Farmees shall pay NTU's share of all expenditure required under the Joint Venture Agreement. If any Farmee withdraws from the Farm-In Agreement then its participating interest vests in the remaining Farmees in the proportion that their respective participating interests bear to each other. If there are no remaining Farmees, then NTU shall hold the whole interest in the applications or the tenements granted thereunder.

8.8 Beatrice South Joint Venture Agreement

NTU, UAL, Afmex and SAE entered into a joint venture agreement dated 4 July 2000 in respect of exploration licence application 3114 (**"Beatrice South Joint Venture Agreement"**). The Beatrice South Joint Venture Agreement and the Beatrice South Farm-In Agreement were made in substitution for an earlier Heads of Agreement made between the parties.

Under the Beatrice South Joint Venture Agreement the rights of the parties are subject to the provisions of the Beatrice South Farm-In Agreement which shall prevail in the event of any inconsistency between the agreements.

The interests of the parties in the Beatrice South Joint Venture are in the same proportion as the interests under the Beatrice South Farm-In Agreement.

The parties agreed to appoint a management Committee for the overall supervision of the Operations of the Beatrice South Joint Venture. Each party may appoint one

representative to the management Committee. All decisions of the Management Committee require a 50% majority.

The parties appointed Afmex as the Operator to supervise and conduct Joint Venture operations. The Beatrice South Joint Venture Agreement provides for the Operator to submit programmes and budgets to the Management Committee. Contributions are made to the budget in proportion to each parties participating interest. There are provisions for dilution of a party's interest if any party fails to make any agreed contribution. On approval of a feasibility report by the Management Committee the parties will negotiate in good faith to agree the terms of a mining joint venture agreement. As a condition precedent to the execution of the mining joint venture agreement the parties agree to grant each other cross charges over their participating interests.

NTU may assign its participating interest in the Beatrice South Joint Venture Agreement to Resolute or any subsidiary of Resolute. If the assignee ceases to be Resolute or a subsidiary of Resolute then an assignment must be made either to Resolute or a subsidiary of Resolute. Any assignee must assume the obligations of the assigning party under the Joint Venture Agreement.

8.9 Mt Gilruth Farm-in Agreement and Mt Gilruth Joint Venture Agreement

The same parties as those to the Beatrice South Farm-in Agreement and Beatrice South Joint Venture Agreements also entered into a Farm-in and Joint Venture Agreement on 4 July 2000 in relation to exploration licence application 1466.

The terms of these agreements are the same as the Beatrice South Farm-in Agreement and Beatrice South Joint Venture Agreements except that the farm-in amount is $450,000.

8.10 Management Agreement

Valhalla Uranium and Goudhurst Pty Ltd (**"Goudhurst"**) entered into a Management and Technical Services Agreement on 3 November 2005. Goudhurst is to provide to Valhalla Uranium management and technical services in relation to exploration, development and mining operations in Australia. The provision of the services is for a period of three years unless otherwise extended by a mutual agreement or terminated in accordance with the provisions of the agreement.

Goudhurst provides the services to Valhalla Uranium from its Perth office, at the sites of Valhalla's uranium interests located in Queensland and the Northern Territory and any other location that may be required from time to time. Goudhurst has agreed to keep Valhalla Uranium's technical and business information confidential during the period of the agreement and for 12 months after its expiry.

Goudhurst will indemnify Valhalla Uranium against all losses suffered by Valhalla Uranium where Goudhurst has been grossly negligent or is guilty of wilful misconduct in the performance of its duties. Fees paid by Valhalla Uranium to Goudhurst are based on hourly or daily rates and include travelling and living expenses and office overheads.

The agreement may be terminated forthwith if a material breach is not remedied within seven days and either party may terminate the agreement for any reason by giving 30 days written notice. Valhalla Uranium may assign its rights under the agreement but Goudhurst may not assign its rights without the prior written consent of Valhalla.

8.11 Patersons Mandate Letter

Pursuant to a letter dated 3 November 2005 between Valhalla Uranium Ltd (**"Uranium"**) and Patersons Securities Limited (**"Patersons"**), Patersons is appointed to act as corporate adviser and lead manager to the Offer and the terms and conditions are set out in that letter.

As corporate adviser and lead manager, Patersons agrees to (amongst other things) co-ordinate and exclusively manage the overall Offer process.

In consideration for agreeing to be the corporate adviser and lead manager, Patersons will receive the following fees:

(a) a lead manager fee of $60,000; and

(b) a management fee in the amount of 0.75% of the total amount raised from the Offer.

In addition Patersons must be paid any out-of-pocket expenses incurred by them.

8.12 Directors Deeds of Indemnity

The Company has entered into deeds of access, indemnity and insurance with each of the Directors.

The Company has undertaken, subject to the restrictions in the Corporations Act, to indemnify each Director and Officer in certain circumstances and to maintain Directors' and Officers' insurance cover (if available) in favour of each Director whilst a Director and for seven years after the Director or Officer has ceased to be a Director.

The Company has undertaken with each Director to provide access to any Company records which are either prepared or provided to the Director during the period which he was a Director for a period of seven years after the Director has ceased to be a Director.

9. Risk Factors

Any investment in the Company should be considered speculative.

The activities of the Company are subject to a number of risks and other factors, which may impact its future performance. Prospective new investors should consider the risk factors described below, together with information contained elsewhere in this Prospectus before deciding whether to apply for Shares.

The following is not intended to be an exhaustive list of the risk factors to which the Company is exposed.

9.1 Risks specific to the Company

The current and future operations of the Company, including exploration, appraisal and production activities, may be affected by a range of factors, including:

(a) Government policy

The Federal Government is responsible for uranium mining in the Northern Territory and currently permits the mining and export of uranium under strict international agreements designed to prevent nuclear proliferation. The export of uranium is tightly controlled by the Federal Government through its licensing process and Australian uranium can only be exported to those countries who undertake to use it for peaceful purposes.

The Queensland State Government has a policy opposing the mining of uranium. Whilst the Company is not prevented from exploration and evaluation of their uranium deposits, the development of the uranium deposits is dependant on a change in Queensland State Government policy in relation to uranium production. There can be no assurance that this policy will change in the future and this may adversely affect the long term prospects for the Company.

Investors should note that the Federal Labour Party (currently in opposition) 2004 platform was to prevent the development of any new uranium mines.

In addition future changes in Governments, regulations and policies may have an adverse impact on the Company.

(b) Approval Process

Uranium mining is subject to extensive regulation by state and federal governments in relation to the exploration, development, production, exports, taxes, royalties, labour standards, occupational health, waste disposal, protection and rehabilitation of the environment, mine reclamation, mine safety, toxic and radioactive substances, native title and other matters. The cost of compliance with such laws and regulations will ultimately increase the cost of exploring, drilling, developing, constructing, operating and closing mines and other production facilities. These approvals are more rigorous than for mining of other metals. There is a risk that should economic deposits of uranium be discovered, the government approvals may not be granted, or may be significantly delayed or may make the deposit uneconomic.

(c) Competition from alternative energy and public perception

Nuclear energy is in direct competition with other more conventional sources of energy which include gas, coal and hydro-electricity.

Furthermore, any potential growth of the nuclear power industry (with any attendant increase in the demand for uranium) beyond its current level will depend upon continued and increased acceptance of nuclear technology as a means of generating electricity. The nuclear industry is currently subject to negative public opinion due to political, technological and environmental factors. This may have an adverse impact on the demand for uranium and increase the regulation of uranium mining.

One of the arguments in favour of nuclear energy is its lower emissions of carbon dioxide per unit of power generated compared to coal and gas. Alternative energy systems such as wind or solar also have very low levels of carbon emissions, if any, however to date these have not been efficient enough to be relied upon for large scale base load power. Technology changes may occur that make alternative energy systems more efficient and reliable.

(d) Environmental risks

Uranium mining is an industry that has become subject to increasing environmental responsibility and liability. The potential for liability is an ever present risk.

Exploration work will be carried out in such a way as to minimise the impact on the environment.

(e) Contractual Rights

Under the Isa Uranium Joint Venture Agreement (see Section 8.3) the rights of the Company to the Valhalla and Skal deposits are contractual in nature. The Company does not have a legal interest in the tenements on which these deposits are located. The owner of these tenements may act in a manner that may affect the rights of the Company under the Isa Uranium Joint Venture Agreement.

(f) Resolute Limited ceasing to be a related body corporate

The interest of Resolute Limited under the Isa Uranium Joint Venture is being assigned to the MIU (a wholly owned subsidiary of Valhalla Uranium) under the assignment provisions for an assignment to a related body corporate. If MIU ceases to be a related body corporate of Resolute Limited, for reasons including that Resolute Limited is wound up, then MIU may be in default under the Isa Uranium Joint Venture entitling the counter party to an option to purchase the joint venture interest in the Isa Uranium Joint Venture at a price to be agreed or failing agreement at 85% of the market price determined by an independent expert. This may be prejudicial to the interest of the Company. The possibility of this occurring may have an effect on the Company's ability to raise future debt or equity funding.

9.2 Mineral industry risks

(a) Exploration and development risks

Mineral exploration and mining are high-risk enterprises, only occasionally providing high rewards. In addition to the normal competition for prospective ground, and the high average costs of discovery of an economic deposit, factors such as demand for commodities, stock market fluctuations affecting access to new capital, sovereign risk, environmental issues, labour disruption, project financing difficulties, foreign currency fluctuations and technical problems all affect the ability of a company to profit from any discovery.

There is no assurance that exploration and development mineral interests owned by the Company, or any other projects that may be acquired in the future, can be profitably exploited.

(b) Operational risks

The operations of the Company may be disrupted by a variety of risks and hazards which are beyond the control of Valhalla Uranium, including environmental hazards, industrial accidents, technical failures, labour disputes, unusual or unexpected rock formations, flooding and extended interruptions due to inclement or hazardous weather conditions, fire, explosions and other incidents beyond the control of the Company.

These risks and hazards could also result in damage to, or destruction of, production facilities, personal injury, environmental damage, business interruption, monetary losses and possible legal liability. While the Company currently intends to maintain insurance within ranges of coverage consistent with industry practice, no assurance can be given that the Company will be able to obtain such insurance coverage at reasonable rates (or at all), or that any coverage it obtains will be adequate and available to cover any such claims.

(c) Metallurgy

Metal and/or mineral recoveries are dependent upon the metallurgical process, and by its nature contain elements of significant risk such as:

- Identifying a metallurgical process through testwork to produce a saleable metal and/or concentrate;
- Developing an economic process route to produce a metal and/or concentrate; and
- Changes in mineralogy in the ore deposit can result in inconsistent metal recovery, affecting the economic viability of the project.

(d) Resource estimates

Resource estimates are expressions of judgment based on knowledge, experience and industry practice. Estimates that were valid when made may change significantly when new information becomes available.

In addition, resource estimates are necessarily imprecise and depend to some extent on interpretations, which may prove to be inaccurate. Should the Company encounter mineralisation or formations different from those predicted by past drilling, sampling and similar examinations, resource estimates may have to be adjusted and mining plans may have to be altered in a way which could adversely affect the Company's operations.

(e) Payment obligations

Under the mining and exploration tenements and licences and certain other contractual agreements to which the Company is or may in the future become a party, the Company is or may become subject to payment and other obligations. In particular, the Company has an obligation to meet the agreed expenditure budgets for each of its interests in Queensland and the Northern Territory. In addition where the Company is not the manager it is reliant on the manager to maintain the exploration tenements and licences in 'good standing' and the relevant Mines Departments expenditure commitments. Failure to meet these work commitments will render the tenement or licence liable to be cancelled.

(f) Commodity price volatility

It is anticipated that any revenues derived from mining will primarily be derived from the sale of uranium. Consequently, any future earnings are likely to be closely related to the price of this commodity and the terms of any off-take agreements that the Company enters into.

Commodity prices fluctuate and are affected by numerous factors beyond the control of the Company. These factors include world demand for base metals, forward selling by producers, and production cost levels in major metal-producing regions.

Moreover, commodity prices are also affected by macroeconomic factors such as expectations regarding inflation, interest rates and global and regional demand for, and supply of, the commodity as well as general global economic conditions. These factors may have an adverse effect on the Company's exploration, development and production activities, as well as on its ability to fund those activities.

(g) Competition

The Company competes with other companies, including major mineral exploration and production companies. Some of these companies have greater financial and other resources than Valhalla Uranium and, as a result, may be in a better position to compete for future business opportunities. Many of the Company's competitors not only explore for and produce minerals, but also carry out refining operations and other products on a worldwide basis. There can be no assurance that the Company can compete effectively with these companies.

(h) Title

All of the Tenements in which the Company has or may earn an interest in will be subject to applications for renewal or grant (as the case may be). The renewal or grant of the term of each Tenement is usually at the discretion of the relevant government authority.

(i) Native title

The Native Title Act recognises and protects the rights and interests in Australia of Aboriginal and Torres Strait Islander people in land and waters, according to their traditional laws and customs. There is significant uncertainty associated with Native Title in Australia and this may impact on the Company's operations and future plans.

Native Title can be extinguished by valid grants of land (such as freehold title) or waters to people other than the Native Title holders or by valid use of land or waters. It can also be extinguished if the indigenous group has lost its connection with the relevant land or waters. Native Title is not necessarily extinguished by the grant of mining leases, although a valid mining lease prevails over Native Title to the extent of any inconsistency for the duration of the title.

Tenements granted before 1 January 1994 are valid or validated by the Native Title Act.

For tenements to be validly granted (or renewed) after 1 January 1994, the future act regime established by the Native Title Act must be complied with.

The existence of a Native Title claim is not an indication that Native Title in fact exists on the land covered by the claim, as this is a matter ultimately determined by the Federal Court.

The Company must also comply with Aboriginal heritage legislation requirements which require heritage survey work to be undertaken ahead of the commencement of mining operations.

(j) Joint Venture Risk

The Company is not the operator of any of its major projects. Where a joint venture partner does not act in the best commercial interest of the joint venture, it could have a material adverse effect on the interests of the Company.

The decisions of the Isa Uranium Joint Venture are made by simple majority. Currently there are two participants, each with a fifty percent interest in the Isa Uranium Joint Venture. The effect of this is that decisions to achieve a simple majority require the approval of both parties. Where a joint venture partner does not act in the best commercial interest of the joint venture, it could have a material adverse effect on the interests of the Company.

Furthermore, the Directors are unable to predict the risk of:

(i) financial failure, non compliance with obligations or default by a participant in any joint venture to which the Company is, or may become, a party; or

(ii) insolvency or other managerial failure by any of the contractors used by the Company in its exploration activities; or

(iii) insolvency or other managerial failure by any of the other service provider used by the Company for any activity.

(k) Environmental

The Company's projects are subject to Queensland, Northern Territory and Federal Australian regulations regarding environmental matters and the discharge of hazardous wastes and materials. As with all mining projects, the projects of the Company have a variety of environmental impacts. The Company intends to conduct its activities in an environmentally responsible manner and in accordance with applicable laws.

The cost and complexity of complying with the applicable environmental laws and regulations may prevent the Company from being able to develop potentially economically viable mineral deposits.

Although Valhalla Uranium believes that it is in compliance in all material respects with all applicable environmental laws and regulations, there are certain risks inherent to its activities, such as accidental spills, leakages or other unforseen circumstances, which could subject the Company to extensive liability.

Further, the Company may require approval from the relevant authorities before it can undertake activities that are likely to impact the environment. Failure to obtain such approvals will prevent the Company from undertaking its desired activities. The Company is unable to predict the effect of additional environmental laws and regulations, which may be adopted in the future, including whether any such laws or regulations would materially increase the Company's cost of doing business or affect its operations in any area.

There can be no assurances that new environmental laws, regulations or stricter enforcement policies, once implemented, will not oblige the Company to incur significant expenses and undertake significant investments in such respect which could have a material adverse effect on the Company's business, financial condition and results of operations.

9.3 General Risks

(a) Securities investment

Applicants should be aware that there are risks associated with any securities investment. The prices at which the Company's Shares trade may be above or below the Offer price, and may fluctuate in response to a number of factors.

Further, the stock market has experienced price and volume fluctuations. There can be no guarantee that these trading prices and volumes will be sustained. These factors may materially affect the market price of the Shares, regardless of Valhalla Uranium's operational performance.

(b) Share market conditions

The market price of the Shares may fall as well as rise and may be subject to varied and unpredictable influences on the market for equities in general. Neither Valhalla Uranium nor the Directors warrant the future performance of the Company or any return on an investment in the Company.

(c) Economic risk

Changes in the general economic climate in which Valhalla Uranium operates may adversely affect the financial performance of Valhalla Uranium. Factors that may contribute to that general economic climate include the level of direct and indirect competition against Valhalla Uranium, industrial disruption in Australia, the rate of growth of Australia's gross domestic product, interest rates and the rate of inflation.

(d) Future capital needs and additional funding

The future capital requirements of the Company will depend on many factors including its business development activities. The Company believes its available cash and the net proceeds of this Offer should be adequate to fund its business development activities, exploration program and other Company objectives in the short term as stated in this Prospectus.

Should the Company require additional funding there can be no assurance that additional financing will be available on acceptable terms, or at all. Any inability to obtain additional finance, if required, would have a material adverse effect on the Company's business and its financial condition and performance.

(e) Policies and legislation

Any material adverse changes in Federal or State government policies or legislation of Australia or any other country that the Company has economic interests may affect the viability and profitability of the Company.

10. Additional Information

10.1 Rights attaching to Shares

A summary of the rights attaching to ordinary Shares in Valhalla Uranium is set out below. This summary is qualified by the full terms of Valhalla Uranium's constitution (a full copy of the Company's constitution is available from Valhalla Uranium on request free of charge) and does not purport to be exhaustive or to constitute a definitive statement of the rights and liabilities of Shareholders. These rights and liabilities can involve complex questions of law arising from an interaction of Valhalla Uranium's constitution with statutory and common law requirements. For a Shareholder to obtain a definitive assessment of the rights and liabilities which attach to Shares in any specific circumstances, the Shareholder should seek legal advice.

(a) Voting

At a general meeting, on a show of hands every ordinary shareholder present in person has one vote. At the taking of a poll, every ordinary shareholder present in person or by proxy and whose Shares are fully paid has one vote for each of his or her Shares. On a poll, the holder of a partly paid share has a fraction of a vote with respect to the share. The fraction is equivalent to the proportion which the amount paid (not credited) bears to the total amount paid and payable (excluding amounts credited).

(b) General meetings

Each ordinary shareholder is entitled to, receive notice of, attend and vote at general meetings of Valhalla Uranium and to receive all notices, financial statements and other documents required to be sent to ordinary shareholders under the constitution of Valhalla Uranium, the Corporations Act and the ASX Listing Rules.

(c) Dividends

The Directors may pay to ordinary shareholders any interim and final dividends as, in the Directors' judgement, the financial position of Valhalla Uranium justifies. The Directors may fix the amount, the record date for determining eligibility and the method of payment. All dividends must be paid to the ordinary shareholders in proportion to the number and the amount paid on the Shares held.

(d) Transfer of Shares

Generally, all Shares in Valhalla Uranium are freely transferable subject to the procedural requirements of the constitution, and to the provisions of the Corporations Act, the Listing Rules and the SCH Business Rules. The Directors may decline to register an instrument of transfer received where the transfer is not in registrable form or where refusal is permitted under the ASX Listing Rules or the SCH Business Rules. If the Directors decline to register a transfer the Company must give reasons for the refusal. The Directors must decline to register a transfer when required by the Corporations Act, the ASX Listing Rules or the SCH Business Rules.

(e) Variation of rights

Valhalla Uranium may only modify or vary the rights attaching to any class of Shares with the prior approval by a special resolution of the holders of Shares in that class at a meeting of those holders, or with the written consent of the holders of at least three-fourths of the issued Shares of that class.

(f) Directors

The minimum number of Directors is three and the maximum is ten. Currently, there are three Directors. Directors must retire on a rotational basis so that one-third of Directors must retire at each annual general meeting. Any other Director who has been in office for three or more years must also retire. A retiring Director is eligible for re-election. The Directors may appoint a Director either in addition to existing Directors or to fill a casual vacancy, who then holds office until the next annual general meeting.

(g) Decisions of Directors

Questions arising at a meeting of Directors are decided by a majority of votes. The Chairman has a casting vote.

(h) Issue of further Shares

Subject to Valhalla Uranium's constitution, the Corporations Act and the Listing Rules, the Directors may issue, or grant options in respect of Shares to such persons on such terms as they think fit. In particular, the Directors may issue preference shares, including redeemable preference shares, and may issue shares with preferred, deferred or special rights or restrictions in relation to dividends, voting, return of capital and participation in surplus on winding up.

(i) Officers' indemnity

To the full extent permitted by the law and to the extent not covered by insurance, Valhalla Uranium must indemnify each officer of the Company against all losses and liabilities incurred by the person as an officer of the Company, including costs and expenses incurred in defending proceedings in which judgement is given in favour of the person or in which the person is acquitted or in connection with relief granted to the person in an application under the Corporations Act in respect to such proceedings.

(j) Alteration to the Constitution

Valhalla Uranium's constitution can only be amended by a special resolution passed by at least 75% of ordinary shareholders present and voting at a general meeting. At least 28 days' notice of the intention to propose the special resolution must be given.

10.2 Interests of Directors

Except as disclosed in this Prospectus, no Director of Valhalla Uranium (or an entity in which they are a partner or director) has, or has had in the two years before the date of this Prospectus, any interests in:

- the formation or promotion of the Company; or
- property acquired or proposed to be acquired by the Company in connection with its formation or promotion of the Offer; or
- the Offer.

Except as disclosed in this Prospectus, no amounts have been paid or agreed to be paid and no value or other benefit has been given or agreed to be given to:

- any Director or Proposed Director to induce him or her to become, or to qualify as, a Director; or
- any Director or Proposed Director of Valhalla Uranium for services which he or she (or an entity in which they are a partner or director) has provided in connection with the formation or promotion of the Company or the Offer.

Shareholding Qualifications

The Directors are not required to hold any Shares in the Company under the Constitution of the Company.

Directors Interests in Valhalla Uranium Securities

At the date of this Prospectus, none of the Directors hold a beneficial interest in the securities of the Company.

Peter Huston, Peter Sullivan and Henry Price are all Directors of Resolute, which will hold 100,000,000 Shares in the Company.

Remuneration of Directors

The Constitution of the Company provides for non-executive Directors to be collectively paid a fixed sum for their services, such sum not to exceed a maximum as agreed from time to time by the Company in general meeting. The current limit is $300,000 per annum.

From the admittance of the Company to the Official List each Director will be paid directors fees of $36,000 per annum. Directors will also be reimbursed for out of pocket expenses incurred as a result of carrying out their duties on behalf of the Company.

Directors Interests in Resolute and Directors Intentions

If the Directors qualify for the Priority Offer it is their intention to subscribe for Shares on the same terms and conditions as other Resolute Shareholders. The amount allocated to Directors will depend entirely on the number of other Resolute Shareholders who elect to subscribe for Shares under the Priority Offer.

All Directors intend to make an application under the Public Offer.

The following table sets out the interests of each of the Directors in the ordinary issued shares of Resolute.

Director	No. of shares held
Peter Huston	1,066
Peter Sullivan	822,000
Henry Price	10,000

Other Interests

The Company has entered into Deed's of Insurance, Indemnity and Access with each of the Directors under which the Company agrees to indemnify the Directors against certain liabilities incurred by the Directors while acting as a Director of the Company, to insure the Directors against certain risks to which they are exposed as a Director of the Company and to grant the Director a right of access to certain records of the Company for a period of up to seven years after the Director ceases to be a Director.

10.3 Interests of promoters, experts and advisers

No promoter or other person named in this Prospectus as having performed a function in a professional, advisory or other capacity in connection with the preparation or distribution of the Prospectus (or entity in which they are a partner or director) do not hold, have, and have not had in the two years before the date of this Prospectus, any interest in:

(a) the formation or promotion of the Company; or

(b) property acquired or proposed to be acquired by the Company in connection with its formation or promotion of the Offer; or

(c) the Offer,

and no amounts have been paid or agreed to be paid and no value or other benefit has been given or agreed to be paid to a promoter or any person named in this Prospectus as having performed a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus (or entity in which they are a partner or director), provided in connection with the formation or promotion of the Company or the Offer, except as disclosed in this Prospectus and as follows:

(a) Hardy Bowen Lawyers have acted as solicitors to the Company and in that capacity have been involved in providing legal advice to the Company in relation to the Offer and will be paid approximately $37,000 for these services.

(b) Horwath Securities (WA) Pty Ltd has prepared the Investigating Accountant's Report included in Section 1 of this Prospectus and will be paid approximately $6,000 in respect of this work.

(c) Patersons Securities Limited have acted as lead manager to the Offer and in that capacity have been involved in providing general corporate advice and assisting with the management and marketing of the offer and will be paid approximately $60,000 plus 0.75% of the capital raised for these services.

(d) Endeavour Corporate Pty Ltd have acted as an advisor to the Offer and have been assisting with the Offer and will be paid approximately $15,000 in respect of this work.

(e) Malcolm Castle has prepared the Independent Geologist's Report included in Section 6 of this Prospectus and will be paid $6,000 in respect of this work.

(f) Hetherington Exploration & Mining Title Services Pty Ltd has prepared the Independent Report on the Tenements included in Section 7 of this Prospectus and will be paid $12,000 in respect of this work.

The amounts disclosed above are exclusive of any amount of goods and services tax payable by the Company in respect of those amounts.

10.4 Expenses of Offer

The total expenses of the Offer payable by the Company will be approximately $340,000 (assuming full subscription). These expenses include accounting fees, legal fees, geologist fees, broker fees, ASX and ASIC fees, the cost of advertising, printing and distributing this Prospectus and other miscellaneous expenses.

10.5 Privacy

If you apply for Shares, you will provide personal information to the Company and the Share Registry. The Company and the Share Registry collect, hold and use your personal information in order to assess your Application, service your needs as an investor, provide facilities and services that you request and carry out appropriate administration.

Company and tax law requires some of this information to be collected. If you do not provide the information requested, your Application may not be able to be processed efficiently, or at all.

The Company and the Share Registry may disclose your personal information for purposes related to your investment to their agents and service providers and third parties (which may be located outside Australia) including those listed below or as otherwise authorised under the Privacy Act:

(a) the Share Registry for ongoing administration of the register;

(b) legal, financial and professional advisers; and

(c) the printers and the mailing house for the purposes of preparation and distribution of statements and for handling of mail.

If an Applicant becomes a security holder, the Corporations Act requires the Company to include information about the security holder (including name, address and details of the securities held) in its public register. The information contained in the Company's public register must remain there even if that person ceases to be a security holder.

Information contained in the Company's register is also used to facilitate distribution payments and corporate communications (including the Company's financial results, annual reports and other information that the Company may wish to communicate to its security holders) and compliance by the Company with legal and regulatory requirements.

If you do not provide the information required on the Application Form, the Company may not be able to accept or process your Application.

An Applicant has a right to gain access to the information that the Company holds about that person, subject to certain exemptions under law. A fee may be charged for access. Access requests must be made in writing to the Company's registered office.

10.6 Company tax status and financial year

The Directors expect the Company will be taxed in Australia as a public company.

The financial year of the Company ends on 30 June annually.

Revenues and expenditures disclosed in this Prospectus are recognised exclusive of the amount of goods and services tax, unless otherwise disclosed.

10.7 Taxation implications

The acquisition and disposal of Shares will have tax consequences, which will differ depending on the individual financial affairs of each investor. All potential investors in Valhalla Uranium are urged to take independent financial advice about the taxation and any other consequences of acquiring and selling the above securities.

To the maximum extent permitted by law, the Company, its officers and each of their respective advisers accept no liability or responsibility with respect to the taxation consequences of subscribing for Shares under this Prospectus.

10.8 Litigation and claims

So far as the Directors are aware, there is no current or threatened civil litigation, arbitration proceedings or administrative appeals, or criminal or governmental prosecutions of a material nature in which the Company is directly or indirectly concerned which is likely to have a material adverse effect on the business or financial position of the Company.

10.9 Consents

Each of the parties referred to in this Section:

(a) has given the following consents in accordance with the Corporations Act which have not been withdrawn as at the date of lodgement of this Prospectus with the ASIC; and

(b) to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any part of this Prospectus other than a reference to its name and a statement included in this Prospectus with the consent of that party as specified in this Section.

Horwath Securities (WA) Pty Ltd have consented to being named as investigating accountants to the Offer and to the inclusion of its investigating accountant's report (in the form and content in which they appear) in this Prospectus. Horwath Securities

(WA) Pty Ltd have not authorised or caused the issue of the Prospectus and takes no responsibility for any part of the Prospectus other than the references to its name.

Ernst & Young has given and has not withdrawn its written consent to being named in the corporate directory of this Prospectus as auditor to the Company and elsewhere in the form and content in which it is named. Ernst & Young was not involved in the preparation of this Prospectus and did not cause the issue of this Prospectus and takes no responsibility for any material omission from this Prospectus.

Hardy Bowen has consented to being named as solicitors to the Offer in this Prospectus. Hardy Bowen has not authorised or caused the issue of the Prospectus and takes no responsibility for any part of the Prospectus other than the references to its name.

Patersons Securities Limited has consented to being named as lead manager to the Offer in this Prospectus. Patersons Securities Limited has not authorised or caused the issue of the Prospectus and takes no responsibility for any part of the Prospectus other than the references to its name.

Malcolm Castle has consented to being named in the Prospectus, as the Independent Consulting Geologist for the Company and to inclusion of his Independent Consulting Geologist's Report and all statements referring to that Report or matters derived from that Report in this Prospectus in the form and context in which they are included. Malcolm Castle has not authorised or caused the issue of the Prospectus and takes no responsibility for any part of the Prospectus other than the references to his name.

Endeavour Corporate Pty Ltd has consented to being named as advisor to the Offer in this Prospectus. Endeavour Corporate Pty Ltd has not authorised or caused the issue of the Prospectus and takes no responsibility for any part of the Prospectus other than the references to its name.

Security Transfer Registrars Pty Ltd has given and has not withdrawn its written consent to being named in the this Prospectus as share registry to the Company and elsewhere in the form and content in which it is named. Security Transfer Registrars Pty Ltd was not involved in the preparation of this Prospectus and did not cause the issue of this Prospectus and takes no responsibility for any material omission from this Prospectus.

Hetherington Exploration & Mining Title Services Pty Ltd has consented to being named in the Prospectus, and to inclusion of its Independent Report on the Tenements and all statements referring to that Report or matters derived from that Report in this Prospectus in the form and context in which they are included. Hetherington Exploration & Mining Title Services Pty Ltd has not authorised or caused the issue of the Prospectus and takes no responsibility for any part of the Prospectus other than the references to its name.

10.10 Statement of Directors

The Directors report that after due enquiries by them, in their opinion, since the date of the financial statements in the financial information in Section 5, there have not been any circumstances that have arisen or that have materially affected or will materially affect the assets and liabilities, financial position, profits or losses or prospects of the Company, other than as disclosed in this Prospectus.

11. Authorisation

This Prospectus is authorised by each of the Directors of the Company.

This Prospectus is signed for and on behalf of Valhalla Uranium by:

Peter Sullivan
Director

Dated 7 November 2005

12. Glossary of Terms

These definitions are provided to assist persons in understanding some of the expressions used in this Prospectus.

"Application Form(s)" or **"Form(s)"**	Priority Offer Application Form and Public Offer Application Form.
"Applicant"	A person who submits an Application Form.
"Application"	A valid application for Shares made pursuant to an Application Form.
"Application Monies"	Application monies for Shares received and banked by the Company.
"ASIC"	Australian Securities and Investments Commission.
"ASTC"	ASX Settlement and Transfer Corporations Pty Ltd ACN 008 504 532.
"ASTC Operating Rules"	Operating rules of ASTC, except to the extent of any relief given by ASTC.
"ASX"	Australian Stock Exchange Limited ACN 008 624 691.
"Board"	Directors of the Company as at the date of this Prospectus.
"Business Day"	A day on which ASX is open for trading.
"CHESS"	Clearing House Electronic Subregistry System.
"Closing Date"	Means the closing date in Section 4.4.
"Company" or **"Valhalla Uranium"**	Valhalla Uranium Ltd (ACN 116 370 720).
"Corporations Act"	Corporations Act 2001 (Cth).
"Directors"	The Directors of the Company as at the date of this Prospectus.
"GST"	Goods and Services Tax.
"Listing Rules"	The official Listing Rules of ASX and any other rules of ASX which are applicable while any Shares are admitted to the Official List of ASX, each as amended or replaced from time to time, except to the extent of any express written waiver by ASX.
"Minimum Subscription"	Has the meaning in Section 4.3.
"Native Title Act"	Native Title Act 1993 (Cth).
"Offer"	The Priority Offer and the Public Offer.

"Offer Period"	Means the period from the Opening Date up to and including the Closing Date.
"Official List"	The official list of ASX.
"Opening Date	18 November 2005.
"Priority Offer"	The Offer of 17,500,000 Shares in priority to Resolute Shareholders as at the Priority Entitlement Date.
"Priority Offer Application Form"	The yellow Resolute Mining Limited Shareholder Priority Application Form sent to qualifying Resolute Shareholders with a copy of this Prospectus.
"Priority Offer Closing Date"	2 December 2005.
"Prospectus"	This prospectus dated 7 November 2005.
"Public Offer"	The Offer of 2,500,000 Shares.
"Public Offer Application Form"	The white Public Offer Application form attached to this Prospectus.
"Priority Entitlement Date"	14 November 2005.
"Resolute"	Resolute Mining Limited ACN 097 088 689.
"Resolute Shareholders"	A holder of at least 10,000 ordinary shares in the capital of Resolute.
"Section"	A section of this Prospectus.
"Securities"	A Share or option issued or granted (as the case may be) by the Company.
"Share" or "Shares"	Ordinary fully paid voting Shares in the capital of the Company.
"Share Registry"	Security Transfer Registrars Pty Ltd, ACN 008 894 488.
"Shareholder"	Any person holding Shares.
"Lead Manager"	Patersons Securities Limited.
"Tenements"	The tenements referred to in the Independent Report on the Tenements in Section 7.
Valhalla Uranium Group	A reference to Valhalla Uranium Group includes the Company and its subsidiaries Mt Isa Uranium Pty Ltd and Northern Territory Uranium Pty Ltd.
"WST"	Western Standard Time, being the time in Perth, Western Australia.

VALHALLA URANIUM LTD

ACN 116 370 720

(ACCOMPANYING THE PROSPECTUS DATED 7 NOVEMBER 2005)

REGISTERED OFFICE:

Level 4, BGC Centre 28 The Esplanade
PERTH WA 6000
Telephone: 08 9261 6100
Facsimile: 08 9322 7541

SHARE REGISTRY:

Security Transfer Registrars Pty Ltd
770 Canning Highway
APPLECROSS WA 6153
Telephone: (08) 9315 2333
Facsimile: (08) 9315 2233
Email: registrar@securitytransfer.com.au

PUBLIC OFFER APPLICATION FORM

Applicants should read the Prospectus in its entirety before completing this form. A person who gives to another person access to this application form, must at the same time and by the same means give that person access to the Prospectus.

No of Shares applied for: .....

(Minimum 5,000 Shares then in multiples of 1,000 Shares)

Identifying Stamp Only

Application monies at $0.40 per Share: $.....

Title - Given Names/Company Name ..... Surname/ACN .....

Joint applicants or account designation

.....

.....

Postal Address .....

.....

City/Town ..... State ..... Postcode .....

Email Address .....

Contact Name ..... Daytime Contact No. .....

CHESS HIN .....

Tax File No/Exemption Category ..... Applicant 2 ..... Applicant 3 .....

DECLARATION

1. I/We wish to apply for the above mentioned Shares, issued in accordance with the terms of the Prospectus accompanying this form.
2. I/We enclose my/our cheque made payable to **VALHALLA URANIUM LTD – *SHARE ACCOUNT***, for an amount shown being payment at the rate of $0.40 per Shares applied for.
3. I/We hereby authorise you to place my/our name(s) on the register of members in respect of the number of Shares, allotted to me/us.
4. I/We agree to be bound by the Constitution of the Company.
5. If any information on this form is not completed correctly, or if the accompanying payment is for the wrong amount, it may still be accepted. Any decision of the Directors as to whether to accept this form, and how to construe, amend or complete it, shall be final.
6. I/We understand and agree that the Directors may, allot less than the number of Shares we apply for, or none at all, in their absolute discretion.

Cheques must be made payable to "*VALHALLA URANIUM LTD – SHARE ACCOUNT* "and be in Australian dollars.

THIS APPLICATION FORM WITH PAYMENT IN FULL MUST BE LODGED WITH SECURITY TRANSFER REGISTRARS PTY LTD BY 5PM WST 6 DECEMBER 2005 (SUBJECT ALWAYS TO THE RIGHT OF THE COMPANY TO CLOSE THE OFFER EARLY)

NOTES

1. Enter the number of Shares you wish to apply for. Applications must be for a minimum of 5,000 Shares and thereafter in multiples of 1,000 Shares.
2. Enter the total amount of application monies payable. To calculate this amount, multiply the number of Shares you are applying for by the issue price for each Share (ie, $0.40 per Share).
3. Enter the full name(s) of all legal entities that are to be recorded as the registered holders.
4. Enter the postal address for all communications from the Company.
5. Enter the name and telephone number of the person who should be contacted if there are any questions with respect to this application.
6. If you are CHESS sponsored, enter your Holder Identification Number (**HIN**). Otherwise leave this box blank and a SRN will be allocated to you on issue.
7. Enter the tax file number(s) of the applicant(s) - this is not mandatory.
8. Unless otherwise agreed by the Company, payment must be made to "***VALHALLA URANIUM LTD – SHARE ACCOUNT*** "by cheque drawn or payable on a bank within Australia, crossed ***"Not Negotiable"*** and be in Australian dollars. Receipt of payment will not be acknowledged.
9. This application form does not need to be signed. Return of this application form with the required application monies will constitute a subscription for that number of Shares stated on this form.

If you have received an application form without a complete and unaltered copy of this Prospectus, please contact the Company who will send you, free of charge, a printed copy of this Prospectus.

Please note that if an application form is not completed correctly, or if the accompanying payment is for the wrong amount, it may still be accepted. Any decision of the Directors as to whether to accept an application form, and how to construe, amend or complete it, shall be final. An application form will not be treated as having offered to subscribe for more Shares than is indicated by the amount of the accompanying cheque.

Lodgement of Applications

Forward your competed Public Application Form with cheque(s) attached to Security Transfer Registrars Pty Ltd:

Post:
Valhalla Uranium Ltd
C/- Security Transfer Registrars Pty Ltd
PO Box 535
Applecross WA 6953

Delivery by hand:
Valhalla Uranium Ltd
C/- Security Transfer Registrars Pty Ltd
770 Canning Highway
Applecross WA 6153

Applications are for Shares as detailed in the Prospectus dated 7 November 2005.

CORRECT FORMS OF REGISTRABLE TITLE

Note that only legal entities are allowed to hold securities. Application forms must be in the name(s) of a natural person(s), companies or other legal entities acceptable to the Company. At least one full name and the surname is required for each natural person. Application forms cannot be completed by persons under 18 years of age. Examples of the correct form of registrable title are set out below:

Type of Investor	Correct Form of Registrable Title	Incorrect Form of Registrable Title
Trusts	Mr John David Brown <John David Brown A/C>	John Brown Family Trust
Deceased Estates	Mr John David Brown < Est John David Brown A/C>	John Brown <Deceased>
Partnerships	Mr John David Brown and Mr Michael James Brown	John Brown & Son
Clubs/ Unincorporated Bodies	Mr John David Brown <ABC Tennis Association A/C>	Brown Investment Club or ABC Tennis Association
Super Funds	John Brown Pty Ltd <Super Fund A/C>	John Brown Superannuation Fund

VALHALLA URANIUM LTD

ACN 116 370 720

RESOLUTE MINING LIMITED SHAREHOLDER PRIORITY APPLICATION FORM

(ACCOMPANYING THE PROSPECTUS DATED 7 NOVEMBER 2005)

REGISTERED OFFICE:
Level 4, BGC Centre
28 The Esplanade
PERTH WA 6000
Telephone: 08 9261 6100
Facsimile: 08 9322 7541

SHARE REGISTRY:
Security Transfer Registrars Pty Ltd
PO Box 535
APPLECROSS WA 6953
Telephone: (08) 9315 2333
Facsimile: (08) 9315 2233
Email: registrar@securitytransfer.com.au
website:securitytransfer.com.au

«Holder_Name»
«Address_Line_1»
«Address_Line_2»
«Address_Line_3»
«Address_Line_4»
«Address_Line_5»

REF NO: «Holder_No»

For the Offer of Shares in Valhalla Uranium Ltd at an issue price of $0.40 per Share

All Valhalla Uranium Ltd Application Forms must be accompanied by payment of $0.40 per Share. Applications must be for a minimum of 5,000. Please read all instructions on the reverse of this Form.

TO BE COMPLETED BY SHAREHOLDER	NO OF SHARES ACCEPTED/APPLIED FOR	@ $0.40 PER SHARE	AMOUNT ENCLOSED
Minimum allocation (as above)	5,000	X $0.40	$2,000.00
Minimum additional allocation (RSG Priority)		X $0.40	
Additional Shares Applied for		X $0.40	
TOTAL CHEQUE		X $0.40	**AUD$**

PLEASE COMPLETE (where applicable)

Contact Details

Contact Name: ..... Contact Telephone No.: .....

CHESS HIN NO: ..... **BROKER PID:** .....

Email Address: ..... Tax File Number:.....

Payment Details

All cheques should be made payable to "Valhalla Uranium Ltd - Share Account" and crossed **"Not Negotiable"**

Drawer	Bank	Branch	Amount
.....	.....	.....	$.....

Declarations

This Application Form does not need to be signed. By lodging this Application Form and a cheque for the application moneys in Australian currency this Applicant hereby:

(1) declares that I/we have received personally a copy of the Prospectus accompanied by or attached to this Application Form or a copy of the Application Form on a direct derivative of the Application Form before applying for Shares
(2) applies for the number of Shares in this Application Form;
(3) agrees to be bound by the terms and conditions set out in the Prospectus and the Constitution of the Company; and
(4) authorises the Directors to complete or amend this Application Form where necessary to correct any errors or omissions.

THIS FORM DOES NOT REQUIRE SIGNING UNLESS YOU WISH TO CHANGE YOUR ADDRESS

Please complete ONLY if your ISSUER SPONSORED address is INCORRECT.

NEW ADDRESS: **(CHESS HOLDERS CAN ONLY AMEND THEIR ADDRESS BY ADVISING THEIR SPONSORING BROKER)**

(BLOCK LETTERS PLEASE): .....

Your Signature/s..... .....

«PRINTCODE»

INSTRUCTIONS TO APPLICANTS

THIS VALHALLA URANIUM LTD SHAREHOLDER APPLICATION FORM WITH PAYMENT IN FULL MUST BE LODGED WITH SECURITY TRANSFER REGISTRARS PTY LTD BY 5PM WST 2 DECEMBER 2005 (SUBJECT ALWAYS TO THE RIGHT OF THE COMPANY TO CLOSE THE OFFER EARLY)

Application for Shares

To calculate application money due, multiply the number of Shares that have been applied for by $0.40. Applications must be for a minimum of 5,000 Shares. Please forward the completed Application Form and cheque to Security Transfer Registrars Pty Ltd:

By post to:	**In person at:**
Security Transfer Registrars Pty Ltd	**Security Transfer Registrars Pty Ltd**
PO Box 535	**770 Canning Highway**
APPLECROSS WA 6953	**APPLECROSS WA 6153**

Applications must be received by 5pm WST **2 DECEMBER 2005** being the Closing Date for the Priority Applicants

(Subject always to the right of the Company to close the Offer early)

If an Application Form is not completed correctly, or if the accompanying payment is for the wrong amount, it may still be accepted. Any decision of the Directors as to whether to accept an Application Form, and how to construe, amend or complete it shall be final. An Application Form will not however, be treated as having offered to subscribe for more Shares than is indicated by the amount of the accompanying cheque.

Address

If the postal address on the top of your application is incorrect please complete and sign the change of address section. *Chess holders can only amend their address by advising their sponsoring broker.*

- If the holding is in the name of an individual, the individual must sign the form.
- If the holding is in joint names then all of the joint holders must sign.
- If the holding is in the name of a Company, then this form must be completed by a duly authorised person.

Tax File Number or Exemption

An Applicant is not obliged to quote his or her Tax File Number ("TFN"). However, in cases where no TFN is quoted, the Company must deduct tax from any dividends payable (to the extent that they are not franked) at the top personal marginal tax rate plus the Medicare levy.

Contact Details

Please provide a contact name and daytime telephone number so that the Company can contact the Applicant if there is an irregularity regarding the Application Form.

Payment Details

Payment must be made in **Australian currency** by cheque or bank cheque drawn on an Australian bank. The amount of the cheque should agree with the amount shown on the Application Form. Cheques are to be made **payable to "Valhalla Uranium Ltd – Share Account"** and should be crossed "Not Negotiable". Cash should not be forwarded. Similarly payment made direct to the Company's bank account may not be accepted.

Declaration

By completing the Application Form, the Applicant will be taken to have made to the Company the declarations and statements therein. The Application Form does not need to be signed.

Enquiries

If you have any queries regarding this application please contact our registry Security Transfer Registrars Pty Ltd on Telephone: (08) 9315 2333 Facsimile: (08) 9315 2233 or email: registrar@securitytransfer.com.au

Correct Forms Of Registrable Title

Note that only legal entities are allowed to hold securities. Application Forms must be in the name(s) of a natural person(s), companies or other legal entities acceptable to Valhalla Uranium. At least one full name and the surname is required for each natural person. Application Forms cannot be completed by persons under 18 years of age. Examples of the correct form of registrable title are set out below:

Type of Investor	**Correct Form of Registrable Title**	**Incorrect Form of Registrable Title**
Trusts	Mr John David Brown <John David Brown A/C>	John Brown Family Trust
Deceased Estates	Mr John David Brown < Est John David Brown A/C>	John Brown <Deceased>
Partnerships	Mr John David Brown and Mr Michael James Brown	John Brown & Son
Clubs/ Unincorporated Bodies	Mr John David Brown <ABC Tennis Association A/C>	Brown Investment Club or ABC Tennis Association
Super Funds	John Brown Pty Ltd <Super Fund A/C>	John Brown Superannuation Fund