



QUARTERLY REPORT

For the Quarter Ending 30 September 2006

Extract Resources Limited
ABN 61 057 337 952

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www.extres.com.au

Enquiries regarding this report
may be directed to:

Peter Ironside
COMPANY SECRETARY

or

Rance Dorrington
JOINT COMPANY
SECRETARY

OVERVIEW

Namibian Uranium Strategy

- Significant uranium results from first drilling program on the Husab Project
- Drilling commenced on second target zone with uranium evident in drill core
- RAB drilling program to commence on third target zone – Rossing South
- Additional license approved

Burnakura Project

- Divestment of Burnakura Gold Project under consideration
- NOA2 mine development on hold, stope production continuing.

Corporate

- 37m shares placed at 6.5 cents.

Namibian Uranium Exploration

Overview

The Company's work program commenced on the Husab Joint Venture in early April, and 18 diamond-drill holes have now been completed covering 800 metres of strike of the previously un-drilled Ida Central target zone. Significant uranium intersections have been reported from 11 holes assayed. Highlights include:

HDD012:	41 m	at	0.361 kg/t U3O8
HDD005:	8 m	at	2.316 kg/t U3O8
Plus	6 m	at	0.890 kg/t U3O8
Plus	14 m	at	1.063 kg/t U3O8
HDD002:	5 m	at	1.853 kg/t U3O8
HDD011:	4.5 m	at	1.246 kg/t U3O8

Spectrometer logging of unassayed core indicates that uranium mineralisation continues to be intercepted.

Work Program Expanded

Diamond drilling continues at Husab with two drills currently on site, and the first planned hole into the highly prospective **Ida East** anomaly has commenced. This alaskite zone is located approximately 800 metres east of the Ida Central area, and extends over approximately 1 kilometre

of strike. Although at an early stage of drilling, spectrometer logging already indicates the presence of *uranium in the core*. Like Ida Central, the Ida East target zone has never previously been drilled.

Ground radiometric surveying was carried out over the Goanikontes East locality during the quarter. A significant target for primary alaskite hosted uranium has been identified in the **Hildenhof Zone**. Moderate to strong surface anomalism is evident over approximately 2 kilometres of strike, with the possibility of extensions under cover to the east. Geological mapping will be undertaken in this area prior to drill testing.

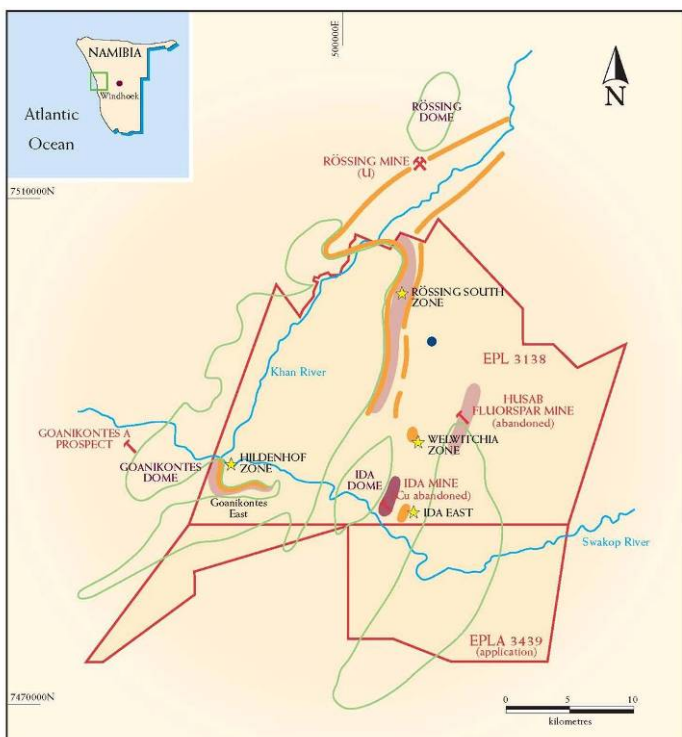
A further significant target zone called **Rössing South** has been identified by regional stratigraphic modelling. This zone contains two parallel packages with a high potential to host uranium bearing alaskite intrusions. Most of this target zone is concealed under desert peneplain, and consequently shows no radiometric signature. A RAB drill programme has been formulated as a first pass test of this very extensive target. A RAB rig has been sourced, and approvals for the work are currently being sought from the Namibian Ministry of Environment and Tourism.

A total of 3 lines of Ground Penetrating Radar (GPR) were trialled across the desert peneplain in the northern portion of the joint venture area, where secondary uranium (carnotite) had previously been noted within alluvial grits exposed by contemporary drainages. The objective was to test the GPR abilities to locate concealed fossil drainages which may host significant secondary uranium deposits of the Langer Heinrich type. Preliminary results suggest that this technique shows good promise as an exploration tool for locating palaeochannels for further evaluation. A number of potential palaeochannels have already been identified in the test work.

Geology and Mineralogy

Uranium bearing lithotypes present at Ida include massive alaskitic dykes, the endo- and ecto-contacts of alaskite dykes and enclosing schists, and lately magnetite rich skarns associated with alaskite bodies have been shown to be significantly uraniferous.

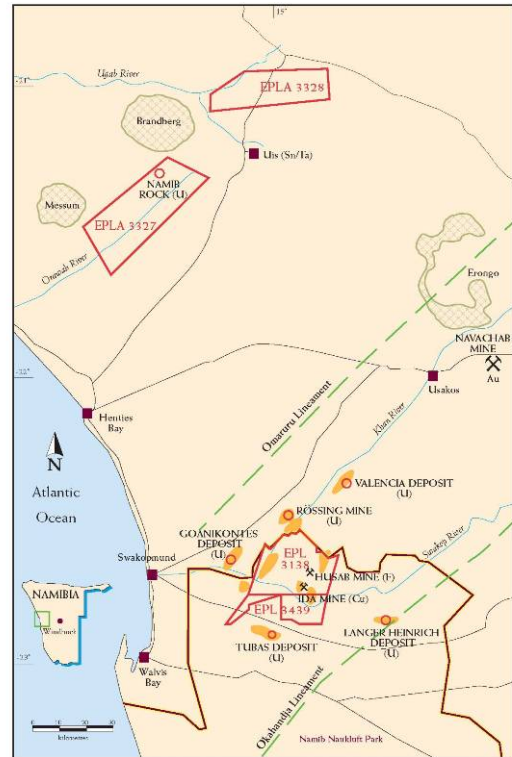
During the quarter, data from preliminary petrological and mineralogical work on the Ida uranium mineralisation became available. Secondary uranium minerals including uranophane, and a sulphate phase (uranopilite)



have been identified, together with small amounts of an unidentified phosphate phase. The most abundant primary uranium mineral was found to be uraninite, although minor amounts of complex uranium-thorium silicates of the ekanite-stecyite series have been provisionally identified. No evidence of the refractory uranium mineral betafite has been detected to date. This mineral constitutes approximately 5% of the uranium endowment of the Rossing deposit, and is not recovered in processing.

Additional License Approved

During the quarter EPL 3328 was granted to Extract Resources (Namibia) (Pty) Ltd. This licence is located within the drainage system of the Ugab River approximately 30 kilometres north of the tin mining centre of Uis, and is believed to hold potential for secondary uranium deposits associated with palaeodrainages. An environmental contract is now required to be established with the Ministry of Environment and Tourism before exploration activities can proceed.



License applications EPL3327 and EPL3439 are still pending.

The information in this report that relates to exploration results is based on information compiled by Mr Martin Spivey, who is a Member of The Australasian Institute of Mining and Metallurgy. Mr Spivey is a consultant to the Company and is employed by Silverlode Pty Ltd. Mr Spivey has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Spivey consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.



Husab Camp and Core Farm

Burnakura Gold Project

Overview

The Burnakura Project has had all mine capital works suspended so that the operation can concentrate on ore production of currently accessible reserves. This mining phase is expected to extract 44,000 tonnes grading 8.2 g/t Au and result in significant cash flow from the operation over the next five months.

The Burnakura Gold Plant remains the only operating plant in the region, and with the infrastructure in place, and highly prospective exploration potential, represents a key asset. To realise this potential will require additional investment in exploration and plant expansion. Future options for the Project are being considered, including divestment or acquisition of Tectonic Resources NL share in the joint venture.

NOA2 Production (EXT 50%)

The ramp up in mine production continued with improved productivity from underground and a 27% increase in ore milled. Ounces produced are less than budget (3,000 oz/month) due to most ore continuing to come from development resulting in diluted mining grades.

		September Quarter
Ore Milled	tonnes	37,415
Head Grade	g/t	6.5
Recovery	%	91.1
Gold Produced	ounces	7,205
Refined Gold Poured	ounces	6,872
Ave Sale Price	A\$/oz	\$814

It is estimated that cash operating costs have remained high for this quarter. Costs to date have been a key factor in deciding to suspend further development and to focus on stope production and maximising cash flows. This will limit the current operational mine-life, although resources remain beyond this phase.

Four mill-shifts of low recoveries in mid-September resulted in a slight reduction in recovery rates for the quarter. The ore in question was a minor lode intersected during 4 Level development.

Subsequent test work has indicated that this ore is leachable, but cyanide and oxygen levels have to be increased to ensure recovery's of greater than 90% are maintained.

Mining

Decline development below 5 Level has been stopped, so that all resources can be focussed on production from existing development. Level development has been completed down to 5 Level with four development drives driven on the flat lying 5 Lode. Room and pillar mining of this zone will be undertaken. During the next quarter production will focus on extracting all accessible ore zones, whilst maintaining the integrity of the decline.

Level development has now been completed on 2 Level which will allow mechanised stoping to commence on Lodes 85, and 5. Stopping from this level is expected to underpin production over the next quarter. The reduction in mine development, and increase in stope production is anticipated to see unit costs drop markedly and the head grade increase.

Exploration

Good exploration potential remains in the area, with the only drilling yet undertaken by the Burnakura Joint Venture intersecting additional gold mineralisation around the NOA 2 underground workings. Significant results, from the drilling program completed during the quarter, included:

- 5m @ 9.11g/t gold;
- 7m @ 17.3g/t gold; and
- 6m @ 22.8g/t gold.

The surface drilling only concentrated on a 150 metre zone of strike around the NOA2 underground workings. These results indicate that there is significant potential to define additional gold mineralisation within the Burnakura Thrust Zone, on the NOA shear, that has a well defined extent of 1,600 metres.

The northern extension of this shear is poorly tested under a cover of alluvium with the tenement boundary extending a further two kilometres north of the northern most deposit, NOA 7/8.

Additional exploration potential exists throughout the 50 km² project area. To realise this full potential requires dedicated exploration expenditure.

The technical information as it relates to NOA2t is based on information compiled by Andrew Czer, Director of Operations for Tectonic Resources NL. Mr Czerw is a Corporate Member of the Australasian Institute of Mining and Metallurgy, and has more than 5 years of experience in estimation, assessment of, and evaluation of Mineral Resources and Ore Reserves which are relevant to the style of mineralisation under consideration. Mr. Czerw consents to the inclusion in this report of the matters based on this information in the form and context in which it appears.

Corporate

Finance

The Company completed a placement of 37m shares at 6.5 cents per share to sophisticated investors.

Consideration of divestment of the Burnakura Gold Project is being based on a number of factors. The project does require significant investment going forward which is difficult to consolidate under the joint venture. The Board is also of the view that the additional targets generated on the Husab Project also require a significant increase in investment. Results from Husab thus far support this increased level of activity which will require the necessary funding. Various options are currently being considered, which does include the divestment of Burnakura.

EXTRACT RESOURCES LIMITED – ASX Code: EXT

Directors and Management:

Peter MeagherChairman
Peter McIntyreManaging Director
Steve Sikirich Non-executive Director
Peter Ironside Company Secretary
Rance DorringtonJnt. Company Secretary

Issued Capital:

At the end September 2006, quoted issued capital is 766,012,317 ordinary shares.

Shareholder Enquiries:

All matters relating to shareholdings, including changes in address, TFN's, etc., should be directed to:

Computershare Investor Services Pty Ltd
GPO Box D182 Perth
Western Australia 6840 Australia
Phone (within Australia): 1300 557 010
Phone (outside Australia): 61 3 9415 4000
Email: web.queries@computershare.com.au

Company Website:

The Company updates its website frequently.

This and other reports may be easier to read in colour, and are stored on the website.

www.extres.com.au

Appendix 5B

Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001.

Name of entity

EXTRACT RESOURCES LTD

ABN

61 057 337 952

Quarter ended ("current quarter")

30 SEPTEMBER 2006

Consolidated statement of cash flows

	Current quarter	Full Year
	\$A'000	\$A'000
Cash flows related to operating activities		
1.1 Receipts from product sales and related debtors	2,690	2,690
1.2 Payments for		
(a) exploration and evaluation	(354)	(354)
(b) development	-	-
(c) production	(3,952)	(3,952)
(d) administration	(244)	(244)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	4	4
1.5 Interest and other costs of finance paid	(46)	(46)
1.6 Income taxes paid	-	-
1.7 Other (provide details if material)		
- Net recharged costs recd from associates	-	-
- Foreign Exchange Movement	(10)	(10)
Net Operating Cash Flows	(1,912)	(1,912)
Cash flows related to investing activities		
1.8 Payment for purchases of:		
(a)prospects	-	-
(b)equity investments	-	-
(c)other fixed assets	(551)	(551)
1.9 Proceeds from sale of:		
(a)prospects	-	-
(b)equity investments	-	-
(c)other fixed assets	-	-
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	-
1.12 Other (provide details if material)	-	-
Net investing cash flows	(551)	(551)
1.13 Total operating and investing cash flows (carried forward)	(2,463)	(2,463)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(2,463)	(2,463)
	Cash flows related to financing activities		
1.14	Proceeds (net) from issues of shares, options, etc.	1,723	1,723
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings		
	- Convertible Notes	-	-
	- Other Loans	1,420	1,420
1.17	Repayment of borrowings	(750)	(750)
1.18	Dividends paid	-	-
1.19	Other (provide details if material)	-	-
	Net financing cash flows	2,393	2,393
	Net increase (decrease) in cash held	(70)	(70)
1.20	Cash at beginning of quarter/year to date	1,217	1,217
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	1,147	1,147

Payments to directors of the entity and associates of the directors

Payments to related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	63
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

Salaries, fees and superannuation paid to Directors \$63K.

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

Nil

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

Nil

+ See chapter 19 for defined terms.

Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	2,220	2,220
3.2 Credit standby arrangements	-	-

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	450
4.2 Development	-
Total	450

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	1,147	1,147
5.2 Deposits at call	-	-
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	1,147	1,147

Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements relinquished, reduced or lapsed	No Changes		
6.2	Interests in mining tenements acquired or increased	No Changes		

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

Issued and quoted securities at end of current quarter


Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 Preference securities				
7.2 Changes during quarter (a) Increases (b) Decreases				
7.3 +Ordinary securities	866,012,317	766,012,317		
7.4 Changes during quarter (a) Increases - Placement (b) Decreases	25,000,000	25,000,000	6.5 Cents	6.5 Cents
7.5 +Convertible debt securities			<i>Current conversion price</i>	<i>Final conversion date</i>
Convertible Notes				
- 2.2c Conversion	39,772,727	0	2.2 Cents	20 November 2006
- 3.4c Conversion	25,000,000	0	3.4 Cents	28 February 2007
7.6 Changes during quarter (a) Increases (b) Decreases			<i>Current conversion price</i>	<i>Final conversion date</i>
7.7 Options				
7.8 Employee Share Option Plan			<i>Exercise price</i>	<i>Expiry date</i>
- Exercisable by 14 March 2008 @ 2.6c each	2,000,000	0	2.6 Cents	14 March 2008
- Exercisable by 1 July 2008 @ 14c each	2,000,000	0	14 Cents	1 July 2008
7.9 Exercised during quarter			<i>Exercise price</i>	
7.10 Expired during quarter				
7.11 Debentures (totals only)				
7.12 Unsecured notes (totals only)				

+ See chapter 19 for defined terms.

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 4).
- 2 This statement does give a true and fair view of the matters disclosed.

Sign here:  Date: 20 October 2006
(Director)

Print name: Peter McIntyre

Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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