



QUARTERLY REPORT

For the Quarter Ending 31 December 2006

Extract Resources Limited
ABN 61 057 337 952

30 Charles Street
South Perth WA

PO Box 752
South Perth
Western Australia 6951

Telephone: +61 8 9367 2111

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 continue to be received from Ida Central drilling program on the Husab Project
- 800 metres of strike now tested with uranium mineralisation open to the north and south
- Two drill holes completed on second target zone (Ida East) with uranium evident in drill core
- Drilling program to commence at Rossing South
- Additional licenses' approved

Burnakura Gold Project

- Record quarter for underground mine production
- Mine closure plan on track with future options being considered.

Corporate

- Corporate reconstruction implemented involving merging of uranium assets

Namibian Uranium Exploration

Overview

Additional Exclusive Prospecting Licences (EPL) EPL3439 and EPL3327 have now been granted. The issue of EPL3439 is particularly significant as it represents the southern extension of the uranium bearing stratigraphy that is currently being drilled at the Ida Dome locality. Legacy drilling results on EPL3439 (anomalies A and D) correlate with the southern strike extensions of the Ida Central and Ida East areas, respectively.

Diamond drilling continues at Husab with another two rigs being sourced as exploration and resource definition efforts are accelerated in 2007.

As at the end of December 2006, 23 diamond drill holes have been completed for a total of 7,068 metres since drilling began in April 2006.

Ida Central

800 metres of strike of the previously un-drilled Ida Central target zone have now been tested with 21 drill holes completed by the end of the quarter for 6,206 metres. Assay results from three holes are still outstanding with drilling ongoing. Spectrometer logging of unassayed core indicates that uranium mineralisation continues to be intercepted.

Surface channel sampling of alaskite over the Ida Central Zone has also been carried out in conjunction with the diamond drilling. Approximately 1,657 linear metres have been cut and sampled. Sample lines have been cut on nominal 80 or 160 metre centres where reasonable outcrop is present and slopes not too steep to operate equipment safely. Two slots, approximately 10 cm apart are cut to a depth of approximately 5 cm using twin diamond blades mounted on a modified grinder. Samples are then chiselled from the slots and composited over 2 metre intervals. Analysis for uranium and copper are being conducted by Genalysis (Methods AT/MS, AT/AAS). This programme of work has been sub-contracted to Namib Hydrosearch. At report date no assays had been returned from the laboratory.

Due to the hard and abrasive nature of the Ida Dome alaskites, with the rock strength up to 220 mPa, the cutting and sampling of surface slots is time consuming and arduous. Typically around 60 metres per day can be cut and sampled. However,

the method is proving to be a simple and effective means of obtaining representative surface samples of alaskitic granite within the nominated areas of interest.

It is intended to continue this surface sampling programme over suitable sections of the entire Ida trend, with the possibility of infill sample lines over certain areas, where warranted.

Ida East

Two diamond drill holes, for 862 metres, have also been completed into the Ida East target zone with assay results pending. This alaskite zone is located approximately 800 metres east of the Ida Central area, and extends over approximately 1 kilometre of strike. Spectrometer logging has indicated the presence of uranium in the core. The Ida East anomaly has also never previously been drilled.

Significant uranium intersections received during the quarter include:

HDD008	9.0 m	at	0.517 kg/t U3O8
	and	36.0 m	at 0.186 kg/t U3O8
HDD015	9.0 m	at	0.313 kg/t U3O8
	and	14.5 m	at 0.209 kg/t U3O8
HDD016	14.5 m	at	0.264 kg/t U3O8
HDD009	58.0 m	at	0.131 kg/t U3O8
HDD010	18.5 m	at	0.439 kg/t U3O8
	including	7.0 m	at 0.782 kg/t U3O8
HDD017	31.0 m	at	0.170 kg/t U3O8
HDD018	11.0 m	at	0.259 kg/t U3O8
	and	14.0 m	at 0.276 kg/t U3O8

Work Program Expanded

Field mapping at the **Hildenhof Zone** was undertaken during the quarter and confirmed the presence of alaskite units that are prospective for hosting primary uranium mineralisation. Secondary uranium minerals, such as uranophane, were observed in several localities. Smokey quartz and biotite clusters, that are generally good field

indicators for identifying zones of anomalous uranium mineralisation, were also observed. This work will be used to help prioritise targets for drill testing.

The **Rossing South** target stratigraphy and anomalous uranium values have been confirmed in the field; however, most of the prospective stratigraphy is concealed by soil cover. Surface coatings of carnotite are common in calcretes developed over the interpreted position of the alaskite stratigraphy. The stratigraphic package identified as potentially hosting uranium mineralization is interpreted to extend for at least 15 kilometres within the Husab JV ground, virtually all of it unexposed and unexplored.

A drill rig has been sourced to undertake first pass regional drilling in this area to test for the prospective Rossing stratigraphy and associated uranium bearing alaskite units. Drilling is expected to commence in late January 2007.

Additional Licenses Approved

During the quarter EPL3327 and EPL3439 were granted to the company. EPL3327 is located approximately 150 kilometres north east of Swakopmund within the drainage system of the Orawab River. Both EPL3327 and EPL3328 have potential for secondary uranium deposits associated with palaeodrainages. Potential may also exist for defining primary uranium occurrences.

The local geology consists of Damara aged schists and granites which have been sporadically calcretised. Substantial contemporary drainages occur including the Orawab and Ugab Rivers, and calcretised palaeodrainages are suspected within the extensive alluvial areas. Large numbers of Sn, Ta, Nb and Li bearing pegmatites are present in the region, and also within the license areas, although large scale commercial mining operations have been confined to the now defunct Uis tin mining operations of Iscor.

Extract Namibia has also located secondary uranium minerals within the Karlowa Pegmatite located south of Namib Rock within EPL3327 (UTM WGS84 33S co-ordinates 7625798 North, 450428 East), and believe that highly radiogenic granites and pegmatites, which are common in the area, can contribute to the formation of potentially economic secondary uranium deposits within the northern licenses.



Photo 1: Yellow secondary uranium minerals coating rock specimens from the Karlowa Sn/Ta pegmatite on EPL 3327.

EPL3439 represents the southern extension of the same alaskite bearing stratigraphy being drilled at Ida Central and Ida East. The two zones are interpreted to be the limbs of a syncline with Anomaly A and Ida Central being on the west limb, and Anomaly D and Ida East being on the east limb. Collectively these zones comprise over 10 kilometres of prospective strike.

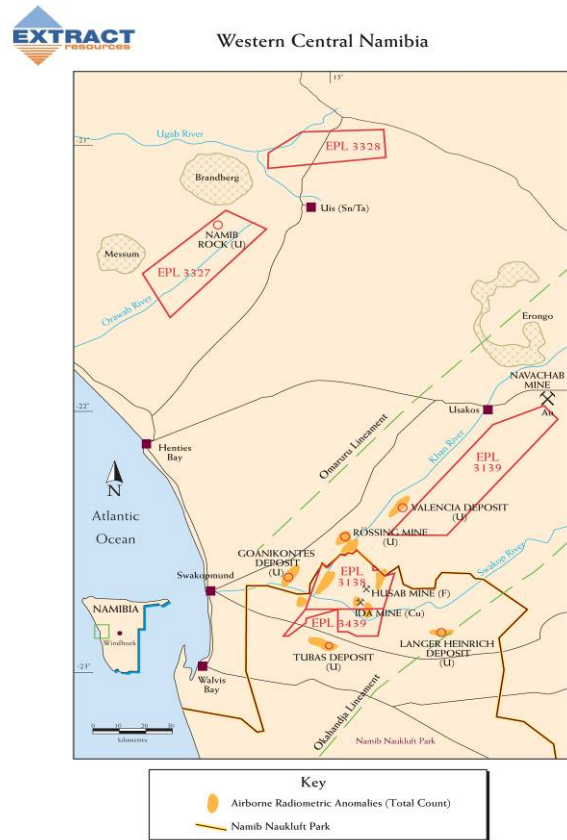


Figure 1: Uranium Project location plan.

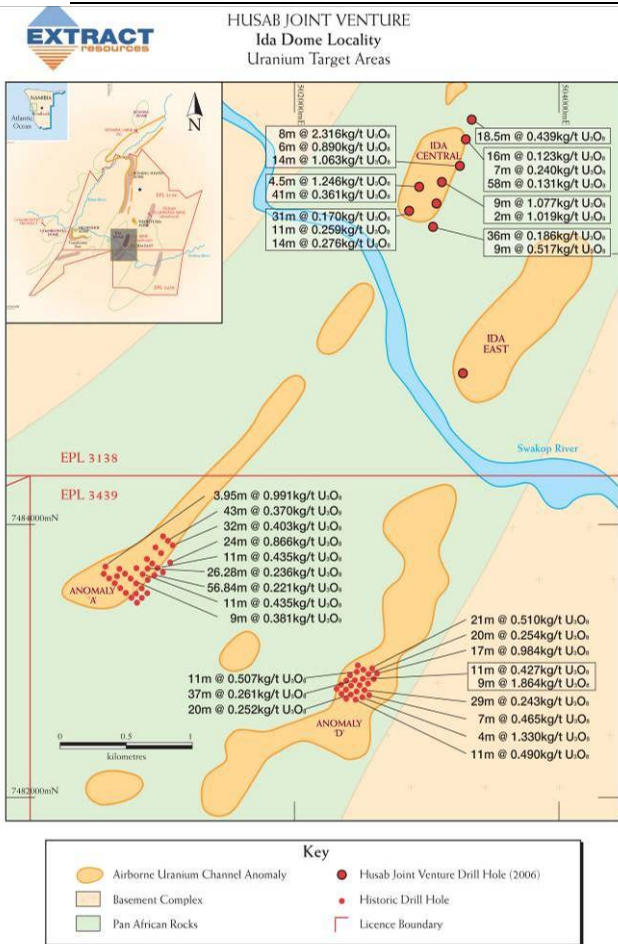


Figure 2: Ida Dome project location plan showing significant drilling results on EPL 3138 (drilling by Extract) and EPL 3439 (drilled by Anglo American).

EPL3439 was subject to exploration by Anglo American from the mid 1970's to the early 1980's. Two main zones of alaskite hosted mineralization were investigated by methods including geological mapping, scintillometer surveying, surface channel sampling, percussion and diamond drilling. Although a number of potentially ore grade intersections were obtained from this work, the project was abandoned following the multi-decade down turn in the market for uranium oxide commencing in the early 1980's.

Interpretation of the legacy Anglo American drilling data indicates that all of their reported results are located within 50 metres of surface and the primary (alaskite hosted) uranium mineralisation is open along strike and at depth. Significant results previously reported are included in Figure 2.

This information indicates there is excellent potential to define additional near surface, uranium mineralisation from which a resource can be defined. Once the company can commence drilling

in this area the reliability of the previous work completed can be confirmed, and extensions to the interpreted mineralisation tested.

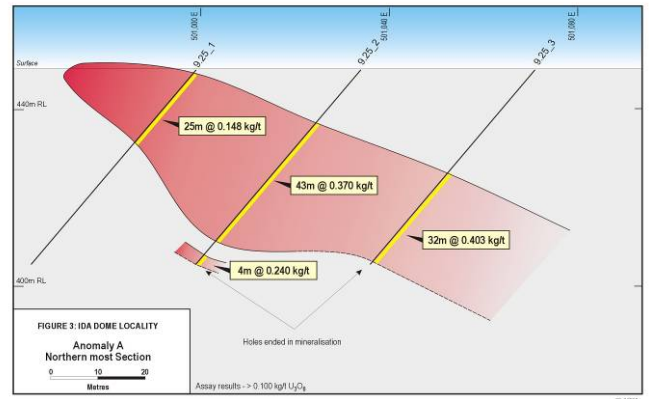


Figure 3: Northern most sectional interpretation from drilling completed by Anglo American within EPL 3439.

An environmental contract is now required to be established with the Ministry of Environment and Tourism before more extensive exploration activities can proceed.



Photo 2: Legacy Anglo American drill hole collared in alaskite unit on Anomaly A.

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 and Mr Andrew Penkethman who is a Member of the Australian Institute of Geoscientists. Mr Spivey is a consultant to the Company and is employed by Silverlode Pty Ltd. Mr Penkethman is Manager Geology of Extract Resources Limited, and is a full time employee of the company. Mr Spivey and Mr Penkethman have sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which they are 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 and Mr Penkethman consent to the inclusion in this report of the matters based on their information in the form and context in which it appears.

Burnakura Gold Project

Overview

The Burnakura Gold Project had underground mining activities suspended on December 21, in line with the mine closure plan. The mine closure plan was aimed at maximising ore production from existing underground development so that surface stockpiles could sustain profitable ore treatment through to the end of the March 2007 quarter. The mine closure plan production has exceeded expectations with 15% additional ounces mined for the quarter: 13,723 ounces mined versus the closure plan of 11,897 ounces.

The completion of this successful mining phase is expected to result in significant cash flow from the operation over the next three months.

The exploration potential, plant and infrastructure at the Burnakura Gold Project represent key assets with the remaining ore resource and reserve at NOA2 currently being quantified. Once this work has been completed future options for the project will be considered.

NOA2 Production (EXT 50%)

Stope production has seen surface stockpiles increase significantly to underpin production for the coming quarter. The operation has now been reduced to a surface crew to maintain the treatment plant. Operating costs are expected to fall with increased cash flow for the March quarter.

		December Quarter
Ore Milled	tonnes	34,218
Head Grade	g/t	8.12
Recovery	%	93.4
Gold Produced	ounces	8,395
Gold Poured	ounces	7,426
Ave Sale Price	A\$/oz	796

Unit cash operating costs still being computed by the JV Manager, but are expected to be significantly less than the previous quarter due to a 15% increase in gold production, and an overall reduction in total cost of production.

The new tails storage facility was still being commissioned during December. Tails are now being pumped to the Lewis and Reward open pits.

Milling rates were close to plan at 5% below the expected rate (34,218 tonnes actual versus 36,128 plan).

Mining

Underground production during the quarter set a new record with sustained stope production resulting in a 23% increase in ore tonnes bogged to surface, relative to the mine closure plan (actual 54,343 tonnes versus plan 44,126 tonnes).

No waste development was undertaken with only limited ore development completed. Ore development was completed on 2 Level, Lode 85, so that long hole production could commence. Some air leg development was also undertaken on the narrow, but high grade, Lode 88. This structure remains open down dip, and will form part of any future mine assessment.

Production tonnages were sourced from every level, but the majority of long hole production was focussed on 2 Level, Lode 5.

Exploration

An information memorandum was prepared as part of the project divestment strategy which highlights the prospectivity of the project for defining additional resources.

Good potential exists to define additional gold mineralisation around the NOA2 workings with the majority of the structures still open in at least one direction. Future options for the project are still being considered, including divestment.

The technical information as it relates to NOA2 is based on information compiled by Andrew Czerw, 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

The Company entered into a Heads of Agreement (“HOA”) with Kalahari Minerals Plc (“Kalahari”) (a company incorporated in the United Kingdom) whereby the companies have conditionally agreed to consolidate their respective interests in their common uranium projects in Namibia, through Extract attaining 100% of all of the rights .

The transaction will be effected by Extract issuing 667 million new fully paid ordinary shares (on a pre-reconstruction basis, or 66.7 million new fully paid ordinary shares on a post-reconstruction basis as referred to) to Kalahari. In turn, Extract will acquire Kalahari’s 49% interest in the Husab Joint Venture, and its nuclear fuel rights (under

application) in respect of EPL 3139 (Ubib).

Extract will, concurrent with the above also seek shareholder approval for 1:10 reconstruction of its issued share capital. This will reduce the issued capital of Extract to approximately 163 million shares following the issue of shares to Kalahari as referred to above and prior to the capital raising.

With the planned divestment of its interest in the Burnakura Gold Project announced on 9 October 2006, the consolidation of 100% of the uranium interests into Extract and the afore-mentioned capital raising, Extract intends to position itself as a pure uranium company.

EXTRACT RESOURCES LIMITED – ASX Code: EXT		
Directors and Management:	Issued Capital:	Company Website:
Peter MeagherChairman	At the end December 2006, quoted issued capital is 966,061,967 ordinary shares.	The Company updates its website frequently.
Peter McIntyreManaging Director	Shareholder Enquiries:	This and other reports may be easier to read in colour, and are stored on the website.
Steve Sikirich Non-executive Director	All matters relating to shareholdings, including changes in address, TFN’s, etc., should be directed to:	www.extres.com.au
Peter Ironside Company Secretary	Computershare Investor Services Pty Ltd	
Rance DorringtonJnt. Company Secretary	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	

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")

31 DECEMBER 2006

Consolidated statement of cash flows

	Current quarter	YTD
	\$A'000	\$A'000
Cash flows related to operating activities		
1.1 Receipts from product sales and related debtors	3,140	5,830
1.2 Payments for		
(a) exploration and evaluation	(485)	(839)
(b) development	-	-
(c) production	(4,407)	(8,359)
(d) administration	(452)	(696)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	7	11
1.5 Interest and other costs of finance paid	(44)	(90)
1.6 Income taxes paid	-	-
1.7 Other (provide details if material)		
- Net recharged costs recd from associates	30	30
- Foreign Exchange Movement	1	(9)
Net Operating Cash Flows	(2,210)	(4,122)
Cash flows related to investing activities		
1.8 Payment for purchases of:		
(a)prospects	-	-
(b)equity investments	-	-
(c)other fixed assets	(7)	(558)
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	(7)	(558)
1.13 Total operating and investing cash flows (carried forward)	(2,217)	(4,680)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(2,217)	(4,680)
	Cash flows related to financing activities		
1.14	Proceeds (net) from issues of shares, options, etc.	655	2,378
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings		
	- Convertible Notes		-
	- Other Loans	1,200	2,620
1.17	Repayment of borrowings	-	(750)
1.18	Dividends paid	-	-
1.19	Other (provide details if material)	-	-
	Net financing cash flows	1,855	4,248
	Net increase (decrease) in cash held	(362)	(432)
1.20	Cash at beginning of quarter/year to date	1,147	1,217
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	785	785

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	62
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 \$62K.

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

Repayment of loan to SGJ Investments from issue of Ordinary Shares - \$1.5m.
 Conversion of balance of Convertible Notes - \$1.725m

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	2,042	2,042
3.2 Credit standby arrangements	-	-

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	400
4.2 Development	-
Total	400

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	785	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)	785	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	966,061,967	966,061,967		
7.4 Changes during quarter				
(a) Increases				
- Share Placement	12,200,000	12,200,000	6.5 Cents	6.5 Cents
- Conversion of Conv. Notes	39,772,727	39,772,727	2.2 Cents	2.2 Cents
- Conversion of Conv. Notes	25,000,000	25,000,000	3.4 Cents	3.4 Cents
- Conversion of Loan to Shares	23,076,923	23,076,923	6.5 Cents	6.5 Cents
- Class C Performance Shares Change in Class to Ordinary	100,000,000	100,000,000		
(b) Decreases				
7.5 +Convertible debt securities			<i>Current conversion price</i>	<i>Final conversion date</i>
Convertible Notes				
7.6 Changes during quarter			<i>Current conversion price</i>	<i>Final conversion date</i>
(a) Increases				
(b) Decreases – Conversion of all outstanding notes	39,772,727 25,000,000	39,772,727 25,000,000	2.2 Cents 3.4 Cents	2.2 Cents 3.4 Cents
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: 22 January 2007
(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.

== == == == ==