



## QUARTERLY REPORT

For the Quarter Ending 31 December 2007

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**JOINT COMPANY**  
**SECRETARY**

## OVERVIEW

### Namibian Uranium Strategy

- Outstanding drilling results continue to be returned from Garnet Valley with mineralisation open in every direction.
- Maiden resource estimate on track for Garnet Valley by end January 2008.
- MoU signed between Extract and NamWater allowing for the provision of water to underpin future production of the Ida Dome prospects.
- Drilling at Rossing South continues with wide zones of alaskite intersected, assay results are awaited.
- Resource definition drilling continues with five rigs on site and the arrival of an additional two rigs imminent.

### Project Divestments

- The divestment of the Burnakura and Tuckabianna Projects were completed.

### Corporate

- Listed on TSX 22 October 2007 (TSX: EXT).

## Namibian Uranium Exploration

### OVERVIEW

Resource definition drilling at Garnet Valley has continued to return outstanding results with the highlight to date **86m @ 0.350 kg/t (350 ppm) U3O8**. Garnet Valley is only one of seven, outcropping zones of uranium mineralisation in the Ida Dome area. Resource definition drilling continues to be focused on the Ida Dome prospects, as the Company aims to define sufficient resources to underpin a viable mining operation.

Garnet Valley will be the focus of the Company's maiden resource estimate, which is expected to be released early February. Other Ida Dome prospects will be included in subsequent resource updates once sufficient drilling has been completed. Significantly, at all prospects drilled to date, the uranium mineralisation intersected remains open both along strike and at depth.

Five drill rigs are currently on site with an additional two rigs booked to arrive by end January 2008. Once the additional rigs arrive five rigs will be dedicated to resource definition work on the Ida Dome prospects and two rigs will be allocated to advancing the Rossing South exploration project.

Resource definition drilling around Garnet Valley, New Camp and Hook remains the main priority, as these prospects are all located proximal to each other and are expected to form the focus of initial feasibility studies.

The Company has continued moving towards developing a new uranium project by signing a memorandum of understanding with the Namibian water authority, NamWater. Excellent infrastructure and a supportive geopolitical environment make Namibia a preferred location to develop a new mining project.

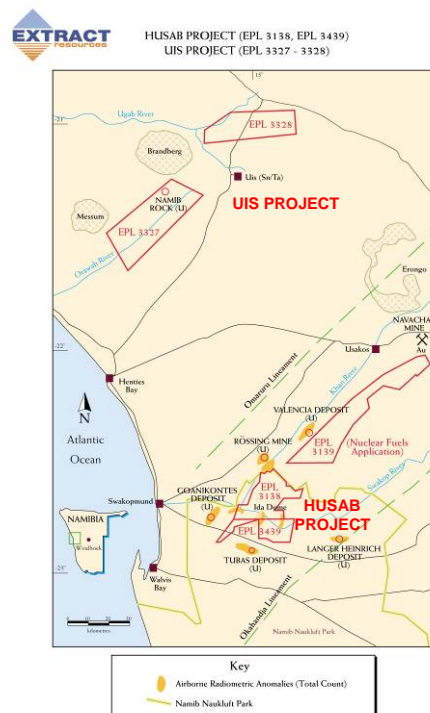


Figure 1: Extract Resources Uranium projects in Western Central Namibia.

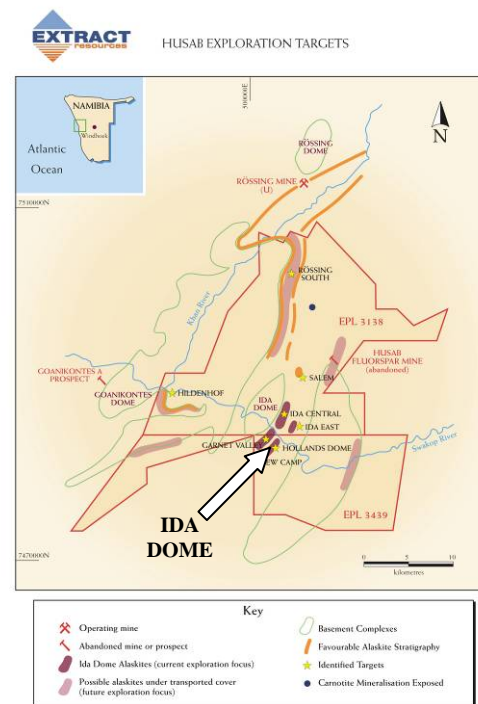


Figure 2: Husab Uranium Project area highlighting the location of the Ida Dome prospects.

## HUSAB PROJECT - IDA DOME

### Garnet Valley Prospect (Ida Dome)

12,962 metres of drilling has been completed at Garnet Valley since the Company commenced drilling at this prospect in June 2007. Highly encouraging drill hole assay and down hole spectrometer results continue to be returned. Highlights received during the quarter include:

<b>GDD004</b>	86 m at	0.350 kg/t U3O8
<b>GRC050</b>	26 m at	0.419 kg/t U3O8
<b>GRC051</b>	34 m at	0.401 kg/t U3O8
<b>GDD016</b>	263 m at	0.106 kg/t eU3O8
<b>GDD018</b>	250 m at	0.134 kg/t eU3O8
<b>GDD022</b>	86 m at	0.221 kg/t eU3O8

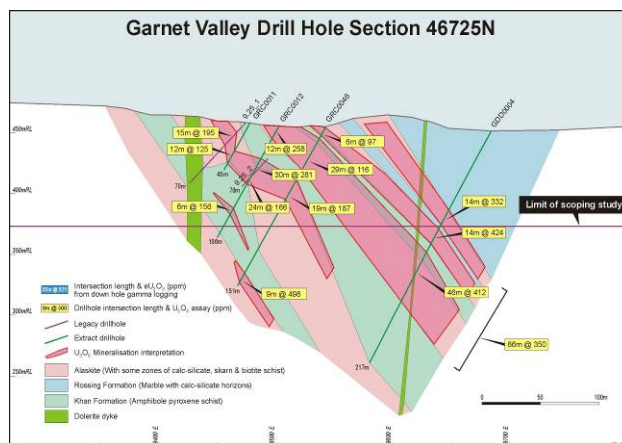
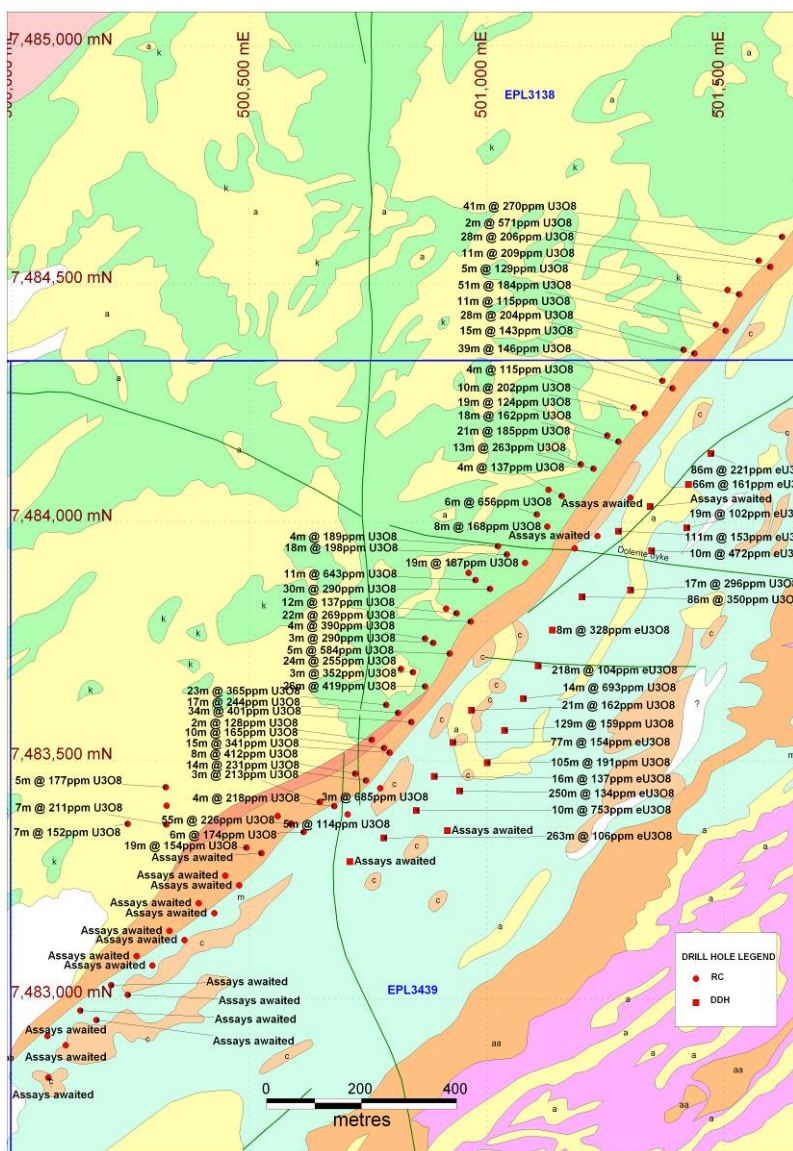


Figure 3: Garnet Valley drill hole section 46725 North.



Broad zones of uranium mineralisation continue to be intersected. Within these zones several stacked, higher grade zones can be defined. The mineralisation is predominantly hosted in alaskites and the zones of schist, calc-silicate and skarn that have been caught up in the uraniumiferous leucogranites. Higher grade zones of mineralisation tend to occur along or proximal to the alaskite and internal schist contacts.

Drilling data obtained from the deep diamond holes continues to indicate that grades and the thickness of mineralisation improve, at depth. Mineralised intersections have now been defined as deep as 300 metres below surface. Mineralisation at Garnet Valley is open in every direction with drilling ongoing to define the extents of this trend.

Figure 4: Garnet Valley drill hole location plan, as at end December 2007. The majority of holes drilled have intersected several zones of significant mineralisation, but only the most significant zone from each hole is shown.

Reverse Circulation drilling at Garnet Valley completed thus far is 74 holes for an aggregate of 7,166 metres. The RC drilling has tested shallow positions for uranium mineralisation over approximately 2.2 kilometres of strike within the Upper and Lower Garnet Valley, and the southern extensions. The bulk of this drilling has only partially tested the extent of mineralisation with most holes concentrating on the foot wall position, due to depth limitations. Larger capacity RC rigs will be utilised to help drill the resource out to depths exceeding 120 metres.

### **Resource Definition Update**

Resource work remains on track to define the Company's maiden uranium resource by early February 2008. The resource will only include drill hole data collected from the Garnet Valley prospect that is one of seven outcropping zones of uranium mineralisation in the Ida Dome area. 67% of the drilling completed over the past year occurred at Garnet Valley. The quantity of drilling, at the other prospects, does not yet allow a resource to be defined.

Approximately 1.2 kilometres of strike extent on Garnet Valley will be included in the maiden resource estimate. This zone of mineralisation is still open over a strike length of 1.8 kilometres, but the availability of drill hole assay data and the number of holes completed has influenced the quantum of data that could be used in the resource model. Subsequently, only 80% of the drilling completed at Garnet Valley will be utilised in the maiden resource. This additional information will be incorporated in subsequent resource estimates, when available.

Drilling throughout 2008 will continue to evaluate the uranium mineralisation in the Ida Dome area and is expected to increase the resource inventory that will form the basis of feasibility work expected to commence in the second half of 2008.

### **Ida Central Prospect (Ida Dome)**

First pass drilling on this prospect is nearing completion with the current core rig to be relocated to Holland's Dome. Subsequent resource estimation work will also incorporate a preliminary Ida Central resource.

### **Ida East Prospect (Ida Dome)**

No work was undertaken at Ida East during the quarter. This prospect still represents a significant target with uranium mineralisation open along

strike and at depth. Drilling will be undertaken once higher priority targets have been drilled out.

### **Holland's Dome Prospect (Ida Dome)**

A mobile core rig will commence drilling at the Holland's Dome Prospect within the next month following a campaign of track construction that has helped access to this area. Hand held spectrometer results from this prospect have been highly encouraging (ASX release 28 March 2007) with results up to 1.41% eU recorded. Spectrometer readings taken from the outcropping alaskite, calc-silicate and skarn indicate that this prospect contains particularly high grade uranium mineralisation for this style of granite hosted, primary mineralisation.

### **New Camp Prospect (Ida Dome)**

17 RC holes have been completed at the New Camp Prospect for 3,285 metres. No assay results have been received from this work. However, some encouraging zones of uranium mineralisation have been indicated from hand held spectrometer readings taken from the drill spoils.

Several of the holes intersected unexpected ground water which will prove a useful resource to assist with future water requirements.

### **Hook Prospect (Ida Dome)**

RC drilling will commence in the Hook area in January 2008. This prospect is located immediately west of the central Garnet Valley area. Economic mineralisation defined is expected to be encapsulated in Garnet Valley pit designs. Outcrop indicates that the uranium mineralisation is hosted within syn to post Damara leucogranites that tend to occur as stocks, sheets and irregular dykes. These granites tend to be pale to pink in colour and can be locally pegmatitic. Outcropping uranium occurrences tend to be characterised by zones of smokey quartz and biotite clusters. Secondary uranium, beta-uranophane, can be observed and the expected geometry is flat lode structures.

### **MOU with NAMWATER**

A Memorandum of Understanding between Extract and NamWater was executed on 4 December 2007. This undertaking will enable NamWater to develop a desalination plant and allocate at least four million cubic metres of desalinated sea water per annum to the Ida Dome Mine by March 2011. Extract will undertake to purchase a specified volume of water per annum and will continue to enter into the necessary agreements to facilitate the development of a mining operation.

## HUSAB PROJECT - ROSSING SOUTH

Rossing South is an exploration prospect located about 5km south and along strike of the Rossing Mine, which produces approximately 8% of the world's uranium. The bulk of the mineralisation at the Rossing mine is hosted in alaskites and lithologies intercalated within the uraniferous alaskites. The Rossing South area is covered by a desert plain that obscures the underlying geology. This factor has resulted in there being no prior exploration for alaskite hosted uranium mineralisation beneath the cover sequence.

33 RC holes have now been completed for 2,234 metres, at Rossing South.

RC drilling recommenced at Rossing South during the quarter. The initial priority was to drill a series of angled holes on the original drill line, to a depth of 150m, which was the depth capacity of the drill rig. This drilling was designed to follow up on the previously reported alaskite hosted uranium mineralisation (peak assay of 1m @ 188 ppm U3O8 in hole RB021) intersected in holes RB017, RB019 and RB021.

The drilling completed during the quarter incorporated holes angled to the east, as the initial geological interpretation has assumed that the geology is steeply west dipping. Three of the holes drilled mainly through alaskite, after they had penetrated the desert cover sequence at around 40m depth. This drilling suggests that the zone of alaskite intersected is approximately 200 metres wide.

Handheld spectrometer readings on the recent holes indicate that anomalous levels of uranium mineralisation continue to be detected within the zones of leucogranite (alaskite). The initial geological interpretation is shown below with assays awaited.

An orientated core hole has also been planned to drill beneath angled RC holes RBA001, 2 and 3 to confirm the geological and structural interpretation of the area. This drilling is expected to commence in January 2008.

A line of drilling also commenced 1.6km south of line 1. Alaskite has been intersected in one hole with the drill line still incomplete. Assay results are awaited. Drilling will resume in January 2008.

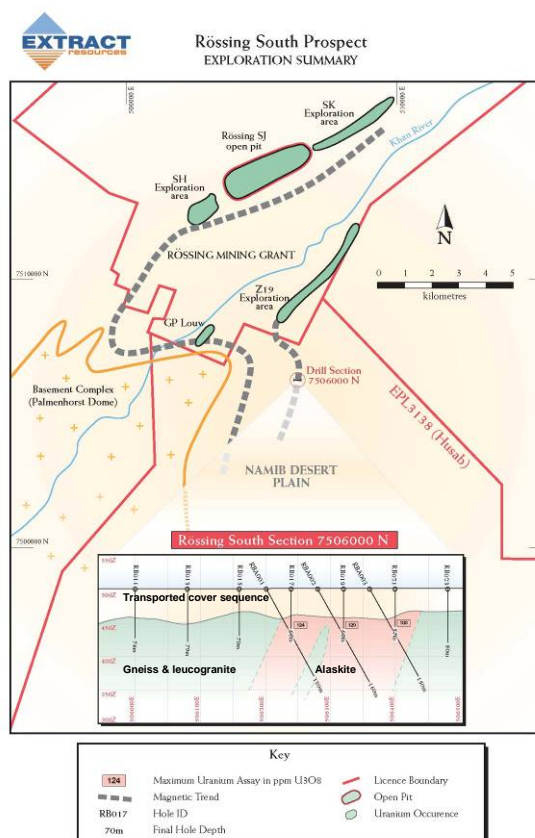


Figure 5: Rossing South Prospect plan view and section highlighting the drilling completed on line 1 and the geological interpretation for this previously unexplored area.

## UIS PROJECT

Limited work was undertaken on this project during the quarter, as personnel were focused on the exploration and resource definition work being undertaken at the Husab Uranium Project.

Drilling is planned for 2008 to follow up on the secondary uranium mineralisation (carnotite) identified in a calcrete horizon on EPL 3328.

This anomaly has been verified in the field and is related to a perched platform calcrete with dimensions of at least 700 x 400m. The calcrete is up to 4 metres thick in places, but it is not yet possible to determine if it is channelised. The calcrete horizon is located on Damara granite.

Calcrete extensions to the north, under sand cover, are thought likely. Extensions to the calcrete to the south west do not appear to be mineralized at surface, with depth potential to be tested by drilling.

There is evidence of previous exploration work, including at least 2 pits and a number of drill holes, for which the Company has no records. Handheld spectrometer readings in one of the pits, central to the airborne anomaly, averaged about 400 ppm eU over 4m vertical.

*The information in this report that relates to Exploration Results, Mineral Resources or Ore Reserves 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. Both Mr Spivey and Mr Penkethman are full time employees 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

The Burnakura Gold Project was divested to TSX Venture Exchange listed company ATW Venture Corp (TSXV: ATW) on 24 December 2007.

The divestment of the project is in line with the Company's strategy of positioning itself as a uranium focussed exploration and development group concentrating on its advanced uranium projects in Namibia.

### Tuckabianna Gold Project (EXT 50%)

The Tuckabianna Gold Project was divested to ASX listed Company Silver Lake Resources (ASX:SLR) in November 2007.

### Corporate

All resolutions were successfully passed at the Company AGM on 2 November 2007.

The Company was officially welcomed to the TSX in November 2007 with trading now occurring on the ASX and TSX.

The Company divested its Western Australian gold projects with the funds to be used to advance the Namibian uranium projects. Exposure to the gold sector can be maintained by the Company's share holding in ATW Venture Corp and Silver Lake Resources.

### EXTRACT RESOURCES LIMITED – ASX Code: EXT

#### Directors and Management:

Bob Buchan.....Non-executive Chairman  
Peter McIntyre .....Managing Director  
Steve Sikirich .....Non-executive Director  
Peter Meagher .....Non-executive Director  
Neil MacLachlan.....Non-executive Director  
Peter Ironside .....Jnt. Company Secretary  
Rance Dorrington .....Jnt. Company Secretary

#### Issued Capital:

At the end December 2007, quoted issued capital is 184,090,484 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](mailto: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.extractresources.com](http://www.extractresources.com)