



ASX RELEASE

19 January 2009

Company Announcements Office
Australian Stock Exchange Limited
20 Bridge St
SYDNEY NSW 2000

Dear Sir / Madam,

December 2008 - Quarterly Report

Please find attached quarterly report for the quarter ended 31 December 2008.

Yours sincerely

A handwritten signature in blue ink, appearing to read "Rance Dorrington", is positioned above the printed name.

Rance Dorrington
COMPANY SECRETARY



QUARTERLY REPORT

For the Quarter Ending 31 December 2008

Extract Resources Limited
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www.extractresources.com

Enquiries regarding this report
may be directed to:

Richard Henning
BUSINESS DEVELOPMENT
MANAGER

or

Rance Dorrington
JOINT COMPANY
SECRETARY

OVERVIEW

Namibian Uranium Exploration

- Massive zones of uranium mineralisation continue to be intersected at Rossing South.
- Zone 1 defined over 2.4 kilometres and still open along strike to the south and at depth.
- Zone 2 extended to 2 kilometres and still open along strike and at depth.
- Database compilation, geological models and grade shells completed and submitted to Coffey Mining for independent resource estimation of Zone 1.
- Resource definition drilling of Rossing South Zone 1 and Zone 2 to resume in mid January 2009.

Corporate

- Proposed merger between Extract Resources Limited and Kalahari Minerals Plc terminated by Kalahari.

Namibian Uranium Exploration

OVERVIEW

Work on the Husab Uranium Project continued to be the main focus for the Company with top priority given to advancing Rössing South.

The known extents of uranium mineralisation at Rössing South are increasing, with a steady flow of quality chemical assay results confirming the significance of this large, concealed discovery. The known strike extent of Zone 1 has been extended to 2.4 kilometres and Zone 2 has been extended to 2.0 kilometres. Both zones remain open along strike and at depth.

Standout chemical assay intersections returned during the quarter include: 105 metres assaying 1,198 ppm U_3O_8 , 87 metres assaying 491 ppm U_3O_8 , 73 metres assaying 500 ppm U_3O_8 , 58m assaying 1,372 ppm U_3O_8 , 52m assaying 857 ppm U_3O_8 and 22 metres assaying 1,789 ppm U_3O_8 .

Six drill rigs were dedicated to Rössing South resource definition work up to the Christmas break. The main focus was drilling out Zone 1 on 100 metre by 100 metre spacing with some additional holes on a 50 metre spacing in zones of geological complexity.

Resource definition drilling will resume on both Zone 1 and Zone 2 in mid January 2009. Four rigs will be dedicated to this work with a fifth rig assigned to exploration drilling of other targets on the Husab project.

Hand held spectrometer surveys of drill chips and core indicates that significant uranium mineralisation continues to be intersected at Rössing South. Drilling to date has established the presence of anomalous uranium over a strike distance of 6.2 kilometres with approximately 9 kilometres of the prospective stratigraphic trend still to be tested.

The Company has now completed approximately 244 angled resource definition drill holes for 72,428 metres at Rössing South, targeting Zone 1 and Zone 2 uranium mineralisation. The majority of this drilling was completed during 2008.

Resource estimation work, following JORC Code guidelines, for Zone 1 will be completed during

January 2009. Results will be released to the market when available. Once the initial resource has been established the Company will commence feasibility work aimed at quantifying mining and processing options with a view to establishing a profitable and sustainable mining operation at Rössing South.

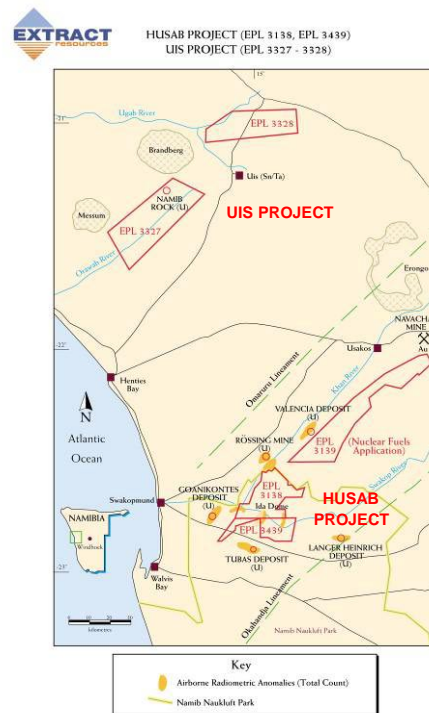


Figure 1: Extract Resources Uranium projects in Western Central Namibia.



Figure 2: RC drilling at Rössing South Zone 1.

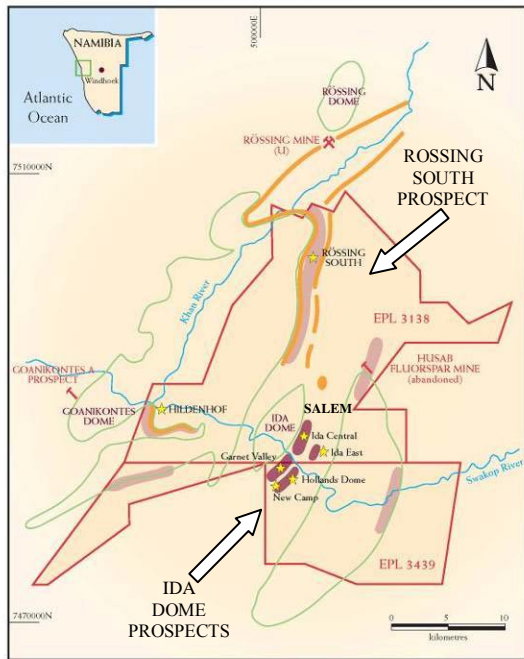


Figure 3: Husab Uranium Project area highlighting the location of the Ida Dome prospects and Rössing South exploration area.

HUSAB PROJECT - ROSSING SOUTH

Rössing South is located about 5 km south and along strike of the Rössing Mine (Rio Tinto 69%), which produces approximately 8% of the world’s annual uranium supply. The bulk of the mineralisation at the Rössing mine is hosted in uraniumiferous leucogranites (alaskites) and lithologies intercalated within the alaskites. The Rössing South area is covered by a desert plain that obscures the underlying geology; as a result, there has been no prior exploration beneath the cover sequence. The target zone at Rössing South extends for 15 km under the Namib Desert. To date the Company has completed drilling over the northern 6.2 kilometres of this target zone and intersected anomalous uranium mineralisation on every line drilled. Drilling efforts are currently concentrated on the two strongest zones of mineralisation defined thus far - Zone 1 and Zone 2 (see Figure 6).

During the quarter up to six drill rigs operated at Rössing South. Four large capacity RC rigs, capable of drilling 300 – 400m deep holes and two core rigs. Drilling will resume in mid-January 2009 with three RC rigs and one core rig.

Some of the outstanding chemical assay results received during the quarter include:

<u>RRC043</u>	73 m	at	500 ppm U3O8
<u>RRC052</u>	52 m	at	857 ppm U3O8
<u>RRC088</u>	22 m	at	1789 ppm U3O8
<u>RRC097</u>	39 m	at	1044 ppm U3O8
<u>RRC103</u>	105 m	at	1198 ppm U3O8
<u>RRC104</u>	53 m	at	670 ppm U3O8
<u>RRC106</u>	87 m	at	491 ppm U3O8
<u>RRC114</u>	58 m	at	1372 ppm U3O8
<u>RRC116</u>	69 m	at	619 ppm U3O8

Drilling at both Zone 1 and Zone 2 has intersected zones of smokey quartz, biotite and secondary uranium minerals such as betauranophane which indicates strong zones of uranium mineralisation within zones of alaskite and schist. These visual signs of uranium mineralisation are also supported by anomalously high handheld spectrometer readings taken from the bulk RC samples and trays of drill core.

The assay laboratory used by Extract is increasing sample turn-around times, enabling the Company to do fewer downhole spectrometer surveys. This generates cost savings by not having to complete both chemical assay analysis and downhole spectrometer surveys on the same hole.

Zone 1 (Rössing South)

A total of 189 drill holes for 52,625 metres have been completed at Zone 1. Of this total 174 holes for 51,632 metres were angled resource definition holes.

Zone 1 uranium mineralisation has now been defined over a strike length of 2.4 kilometres and remains open to the south and east. When drilling resumes in mid-January 2009 one RC rig will continue following the uraniumiferous granites to the south. The core rig will continue to collect samples for critical structural and geotechnical data and additional metallurgical test work.

The initial resource estimate for Zone 1, based on drilling completed in 2008, is on track and is

expected to announced by late January 2009. A validated database, geological model and grade shells have been submitted to Coffey Mining for independent verification and resource estimation.

The geological model consists of a number of parallel mineralised zones trending mainly north-east to south-west and dipping moderately to steeply to the east. Good continuity of the mineralised alaskite and sediments is apparent (see Figure 4). Any pinching of the mineralised zones tends to be related to the geometry of the dominant alaskite host rock. The zones of alaskite tend to be thickest in areas of low strain where dilational sites have allowed the passive intrusive to invade the sedimentary sequence proximal to the Khan and Rossing Formation contact. The majority of the uraniferous alaskites at Zone 1 have intruded Rossing Formation units.

The complete data set for Zone 1 that is now available suggests that the maiden resource will be at the upper end of expectations that were set early last year with the data set that existed at that time.

Feasibility work at Rossing South is expected to commence following the release of the maiden Zone 1 resource estimate.

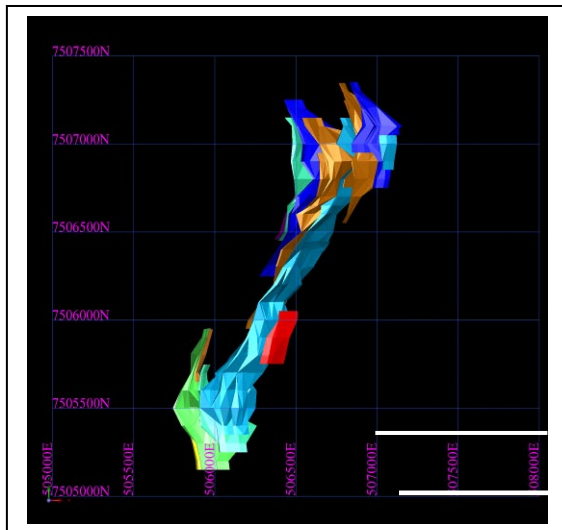


Figure 4: Rossing South Zone 1 uranium mineralisation grade shells.
Projection: UTM WGS 84 Zone 33 South.

Zone 2 (Rossing South)

A total of 208 drill holes for 30,110 metres have been completed at Zone 2. Of this total, 70 holes for 20,796 metres were angled resource definition holes.

During the Quarter, 400 metre-spaced lines of drilling were completed; this has added an additional 800 metres of prospective strike to be tested with infill resource definition drilling. Zone 2 has now been defined over a strike length in excess of 2 kilometres and is still open along strike and at depth.

Resource definition drilling on a 100 metre by 100 metre spacing will commence on Zone 2 in mid-January 2009. This drilling is aimed at defining a maiden resource estimate by August 2009.

The geological model for Zone 2 will be continually refined as more drilling is completed. Initial interpretation indicates a dominant north-south strike and flat to moderate dip.

Rossing South Exploration

Nine kilometres of the 15 kilometre target zone remain to be explored. The entire zone is prospective for uraniferous alaskites with several key dilational sites interpreted from the air borne magnetic data. This trend will be explored progressively with reconnaissance exploration drilling over the coming year.

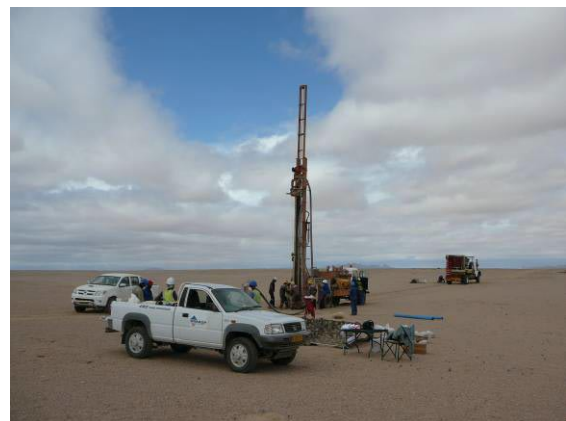
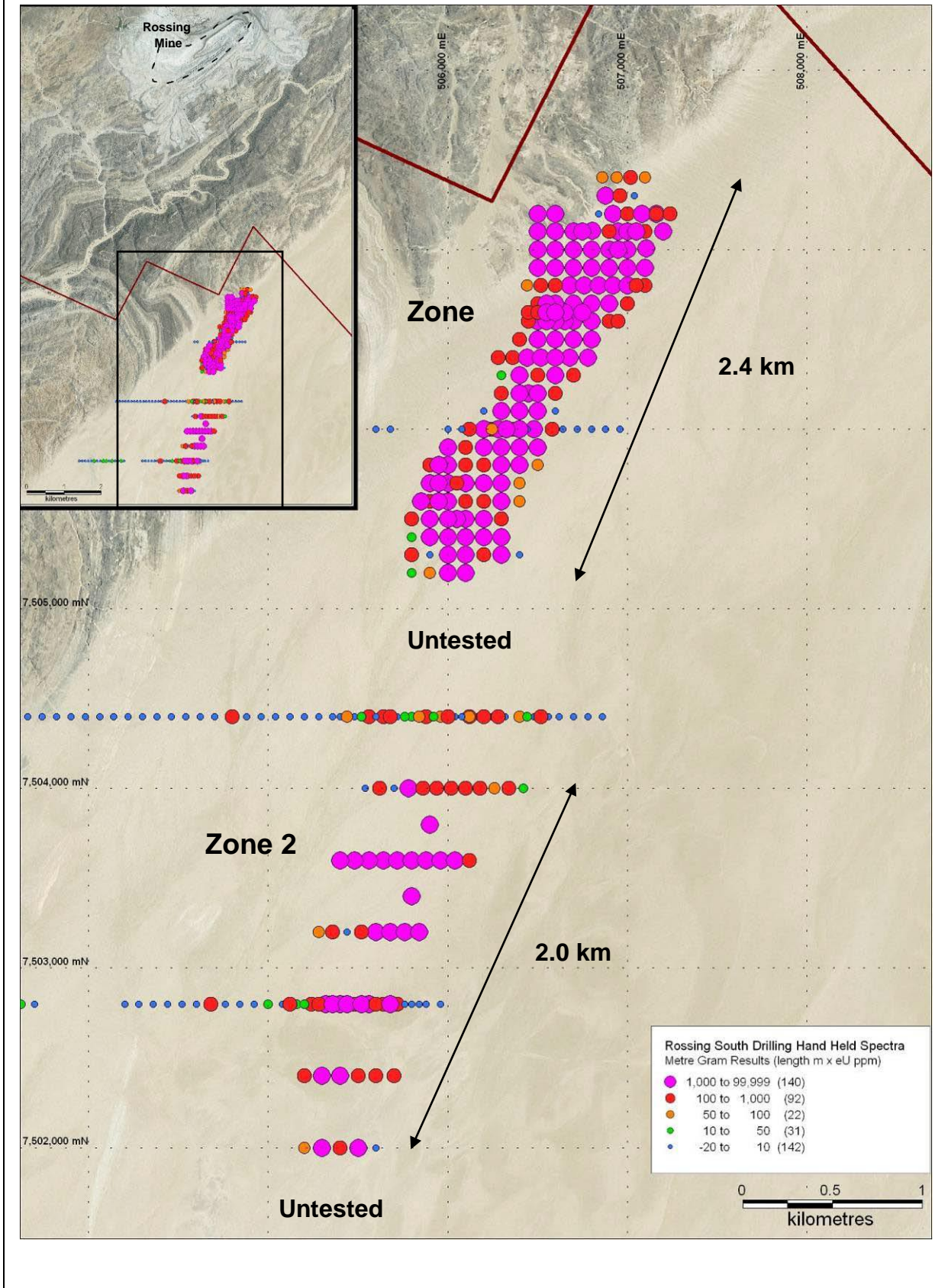


Figure 5: Reconnaissance exploration drilling on the Rossing South desert plain.

Figure 6: Rossing South Zone 1 & Zone 2 drill hole location plan. Projection: UTM WGS 84 Zone 33 South.



HUSAB PROJECT - IDA DOME

Work on the Ida Dome prospects is on hold while the Company concentrates on progressing Rossing South. Work completed to date indicates that while the Ida Dome deposits have been as expected, the uranium mineralisation identified at Rossing South is believed to be part of a much larger and higher grade system capable of supporting a lower cost and more profitable mining operation.



Figure 7: Drilling in the Garnet Valley area.

HUSAB PROJECT – REGIONAL EXPLORATION

Numerous exposed and covered uraniferous leucogranite targets are located within the Husab Project. Given that approximately 70% of the project area is obscured by Quaternary cover, extensive exploration potential remains to be tested.

In addition to the priority work being completed at Rossing South, an additional RC rig will be sourced to complete first pass exploration on some of the other targets identified on the Husab project. A brief summary of some of these targets follows.

Salem Prospect

The Salem alaskite prospect crops out at the north end of Ida Dome and is just south of the southern extent of the Rossing South trend (see Figure 3). This prospective target was identified as an air borne radiometric anomaly and has been verified in the field. Hand held spectrometer surveys across this target have confirmed the presence of anomalously high uranium values.

Hildenhof Prospect

The Hildenhof prospect is located at the south western edge of EPL3138 (See Figure 3). A 1.8 kilometre zone of alaskite is exposed at surface and trends under cover providing an extensive target for future exploration. Mapping and hand held spectrometer surveys have confirmed the presence of uraniferous alaskites in this area. Other concealed targets have also been identified in this area based on interpretation of air borne magnetic data.

UIS PROJECT

Target generation work was undertaken during the quarter with more field work and air core drilling planned for 2009.

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.

Reference to hand held spectrometer results refers to use of a Company owned Exploranium, GR-135 Plus or Terraplus RS-125, hand held spectrometer. The uranium values are recorded by placing the unit on the bulk RC sample bags or individual trays of drill core and expressed as parts per million (ppm) eU which is equivalent to ppm U. Results from these units provide an indication of uranium mineralisation; they may also be affected by uranium mobility and disequilibrium. These factors should be considered when interpreting eU information whilst waiting for confirmation chemical assay results.

Corporate

The proposed merger between Extract Resources Limited (Extract) and Kalahari Minerals Plc (Kalahari), by a recommended scheme of arrangement, was terminated on 20 November 2008. Kalahari advised Extract that it did not have the support of a number of their largest share holders and as such could not proceed.

Kalahari have requisitioned a General Meeting of Extract shareholders on 2 February 2009. Kalahari are seeking removal of Extract Chairman, Mr Bob Buchan. Details concerning the meeting have been released to the market.

DETAILS OF OWNERSHIP IN OTHER COMPANIES

ATW Venture (TSX: ATW)

- 1.95m shares (\approx \$0.50/share)
- 2.75m options (\approx \$0.87/share exercise price)

Silver Lake Resources (ASX: SLR)

- 1.67m shares (\approx \$0.25/share)

EXTRACT RESOURCES LIMITED – ASX/TSX Code: EXT

Directors and Management:

- Bob Buchan.....Non-executive Chairman
- Peter McIntyreManaging Director
- Steve SikirichNon-executive Director
- Peter MeagherNon-executive Director
- Neil MacLachlan.....Non-executive Director
- Steve Galloway.....Non-executive Director
- Peter IronsideJnt. Company Secretary
- Rance DorringtonJnt. Company Secretary

Issued Capital:

At the end December 2008, quoted issued capital is 212,720,414 ordinary shares.

Shareholder Enquiries:

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

Link Market Services Pty Ltd
Locked Bag A14
Sydney South, NSW 1235, Australia
Phone (within Australia): 1300 554 476
Phone (outside Australia): 61 2 8280 7761
Email: registrars@linkmarketservices.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