



## ASX RELEASE

27 August 2009

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

Dear Sir / Madam,

### Rights Issue

Please find attached the following documents related to the 1 for 35 rights issue as announced on 25 August 2009:-

- Offer Document
- Section 708AA(2)(f) Cleansing Notice
- Appendix 3B
- Letter to Option Holders

Yours sincerely

A handwritten signature in blue ink, appearing to read "Rance Dorrington".

**Rance Dorrington**  
**COMPANY SECRETARY**

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# EXTRACT RESOURCES LTD

ABN 61 057 337 952

## OFFER DOCUMENT

For a non-renounceable pro rata offer of New Shares at an issue price of \$7.75 each on the basis of one New Share for every 35 Shares held at the Record Date to raise approximately \$50.7 million before costs.

The Offer opens on 10 September 2009 and will close at 5.00 pm (AWST) on 24 September 2009. Valid acceptances must be received before that time.

**This document contains important information and requires your immediate attention. If you are in any doubt as to how to deal with this document, you should consult your broker or your legal, financial or other professional adviser as soon as possible.**

**Please read the instructions in this Offer and on the accompanying Entitlement and Acceptance Form regarding the acceptance of your Entitlement.**

**This document is not a prospectus and does not contain all of the information that an investor would find in a prospectus or which may be required in order to make an informed investment decision or about the rights attaching to the New Shares offered by this Offer Document.**

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## IMPORTANT INFORMATION

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This Offer Document is issued pursuant to section 708AA of the Corporations Act for the offer of New Shares without disclosure to investors under Part 6D.2 of the Corporations Act. This Offer was lodged with ASX on 27 August 2009.

This Offer Document is not a prospectus or any other form of disclosure document regulated by the Corporations Act and has not been lodged with ASIC. The information in this Offer Document does not constitute a securities recommendation or financial product advice.

This Offer Document is important and should be read in its entirety before deciding to participate in the Offer. The Offer does not take into account, and this Offer Document has been prepared without taking into account, the investment objectives, financial or taxation situation or particular needs of any Applicant.

Before making any investment in the Company, each Applicant should consider whether such an investment, and the information contained in this Offer Document, is appropriate to his or her particular needs, and considering his or her individual risk profile for speculative investments, investment objectives and individual financial circumstances. If you are in any doubt as to how to deal with this Offer Document, you should consult your professional adviser as soon as possible. Some of the risk factors that should be considered by potential investors are outlined in Section 5.

By returning an Entitlement and Acceptance Form or lodging an Entitlement and Acceptance Form with your broker, you acknowledge that you have received and read this Offer Document and you have acted in accordance with the terms of the Offer detailed in this Offer Document.

### Eligibility

Applications for New Shares by Eligible Shareholders can only be made on an original Entitlement and Acceptance Form, as sent with this Offer Document. The Entitlement and Acceptance Form sets out an Eligible Shareholder's entitlement to participate in the Offer.

### Overseas shareholders

This Offer Document does not, and is not intended to, constitute an offer or invitation in the United States, or to any person acting for the account or benefit of a person in the United States, or in any other place or jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer or invitation.

No offer is being made to Shareholders with a registered address outside Australia, New Zealand, certain jurisdictions in Canada (outlined below), Isle of Man, Monaco, United Kingdom, Singapore, Malta, the British Virgin Islands, Thailand and Switzerland. The distribution of this Offer Document and the Entitlement and Acceptance Form (including electronic copies) outside of those jurisdictions may be restricted by law and therefore persons who come into possession of this Offer Document should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws. Please refer to Section 1.7.

### United States

The Offer is not being made to, and neither the rights nor New Shares will be issued to persons in the United States. Persons in the United States are not Eligible Shareholders and cannot participate in the Offer.

The Offer does not constitute an offer of securities for sale in the United States or to "U.S. persons" (as defined in Regulation S under the United States Securities Act of 1933, as amended (the **Securities Act**))(U.S. Person) and may not be sent or disseminated in, directly or indirectly, the United States or to any U.S. Person or any person acting for the account or benefit of any U.S. Person in any place. The Company's Shares have not been and will not be registered under the Securities Act or the securities laws of any state of the United States and may not be offered, sold or otherwise transferred in the United States or to or for the account or benefit of any U.S. Person except in compliance with the registration requirements of the Securities Act and any other applicable state securities laws or in a transaction exempt from, or not subject to, the registration requirements of the Securities Act and applicable state securities laws.

### Canada

In Canada, the Offer is available to persons resident in British Columbia, Alberta and Ontario. As a shareholder of the Company in Canada you may participate in the Offer only through your broker, securities dealer or other intermediary that holds your Shares on your behalf. If you wish to participate, please contact your broker, securities dealer or other intermediary from whom you received this Offer Document. They will subscribe for New Shares on your behalf, and will obtain from you the information necessary to do so. Please ensure that you contact your broker, securities dealer, or other intermediary sufficiently in advance of the expiry of the Offer, being 24 September 2009, so that they will have the time necessary to complete and file the necessary documents on your behalf.

## Notice Regarding Canadian Securities Laws

The Company is a "designated foreign issuer" as such term is defined in Canadian Securities Administrators' National Instrument 71-102 *Continuous Disclosure and Other Exemptions Relating to Foreign Issuers*. The Company is subject to the foreign regulatory requirements of ASX and ASIC.

## New Zealand

The New Shares are not being offered or sold to the public within New Zealand other than to existing shareholders of the Company with registered addresses in New Zealand to whom the offer of New Shares is being made in reliance on the Securities Act (Overseas Companies) Exemption Notice 2002 (New Zealand).

This Offer Document has not been registered, filed with or approved by any New Zealand regulatory authority under the Securities Act 1978 (New Zealand). This Offer Document is not an investment statement or prospectus under New Zealand law and is not required to, and may not, contain all the information that an investment statement or prospectus under New Zealand law is required to contain.

## Singapore

This Offer Document and any other materials relating to the New Shares have not been, and will not be, lodged or registered as a prospectus in Singapore with the Monetary Authority of Singapore. Accordingly, this Offer Document and any other document or materials in connection with the offer or sale, or invitation for subscription or purchase, of New Shares, may not be issued, circulated or distributed, nor may the New Shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore except pursuant to and in accordance with exemptions in Subdivision (4) Division 1, Part XIII of the Securities and Futures Act, Chapter 289 of Singapore (the **SFA**), or as otherwise pursuant to, and in accordance with the conditions of any other applicable provisions of the SFA.

This Offer Document has been given to you on the basis that you are (i) an existing holder of the Company's Shares or (ii) an "institutional investor" (as defined under the SFA). In the event that you are not an investor falling within any of the categories set out above, please return this Offer Document immediately. You may not forward or circulate this Offer Document to any other person in Singapore.

The Offer is not made to you with a view to the New Shares being subsequently offered for sale to any other party. There are on-sale restrictions in Singapore that may be applicable to investors who acquire New Shares. As such, investors are advised to acquaint themselves with the SFA provisions relating to on-sale restrictions in Singapore and comply accordingly.

## United Kingdom

Neither the information in this Offer Document nor any other document relating to the Offer has been delivered for approval to the Financial Services Authority in the United Kingdom and no prospectus (within the meaning of section 85 of the Financial Services and Markets Act 2000, as amended (**FSMA**)) has been published or is intended to be published in respect of the New Shares. This Offer Document is issued on a confidential basis to fewer than 100 persons (other than "qualified investors" (within the meaning of s.86(7) FSMA) in the United Kingdom, and the New Shares may not be offered or sold in the United Kingdom by means of this Offer Document, any accompanying letter or any other document, except in circumstances which do not require the publication of a prospectus pursuant to s.86(1) FSMA. This Offer Document should not be distributed, published or reproduced, in whole or in part, nor may its contents be disclosed by recipients to any other person in the United Kingdom.

Any invitation or inducement to engage in investment activity (within the meaning of s.21 FSMA) received in connection with the issue or sale of the New Shares has only been communicated or caused to be communicated and will only be communicated or caused to be communicated in the United Kingdom in circumstances in which s.21(1) FSMA does not apply to the Company.

In the United Kingdom, this Offer Document is being distributed only to, and is directed at, persons (i) who fall within Article 43 of the Financial Services and Markets Act 2000 (Financial Promotions) Order 2005 (members of certain bodies corporate), or (ii) to whom it may otherwise be lawfully communicated (together **relevant persons**). The investments to which this Offer Document relates are available only to, and any invitation, offer or agreement to purchase will be engaged in only with, relevant persons. Any person who is not a relevant person should not act or rely on this Offer Document or any of its contents.

## Malta

This Offer Document is not, and under no circumstances is it to be construed as, a prospectus as defined in the Companies Act (Chapter 386 of the Laws of Malta), and the offering contemplated in this Offer Document is not, and under no circumstances is it to be construed as, a public offering of the Shares. Accordingly this Offer Document will not be registered or lodged at the Registry of Companies in Malta.

## Switzerland

The New Shares may not be publicly offered, sold or distributed (directly or indirectly) in Switzerland. No solicitation for investment in the New Shares may be made in Switzerland in any way that could constitute a public offering within the meaning of article 652a of the Swiss Code of Obligations (CO). New Shares may only be offered to certain existing shareholders of the Company in circumstances such that there is no public offering.

This Offer Document does not constitute a public offering prospectus within the meaning of article 652a CO and may not comply with the information standards required thereunder. The Company has not applied for a listing of the New Shares on the SIX Swiss Exchange or any other regulated securities market in Switzerland and, consequently, the information presented in this Offer Document does not necessarily comply with the information standards set out in the listing rules of the SIX Swiss Exchange. This Offer Document is personal to the recipient only and not for general circulation in Switzerland.

### No representations other than as set out in this Offer Document

No person is authorised to give any information or make any representation in connection with the Offer other than as contained in this Offer Document. Any information or representation in connection with the Offer not contained in this Offer Document is not, and may not, be relied upon as having been authorised by the Company or any of its officers.

### Forward looking statements

Certain statements, specifically those relating to the impact of the Offer on the Company's financial position constitute "forward looking information" (including as defined in applicable Canadian securities legislation) that is based on expectations, estimates and projections as of the date of this Offer Document. These statements are subject to risks and uncertainties.

The forward looking information related to the impact on the Company's balance sheet in Section 4.1 includes the risk that the Placement is not completed or is completed for a lesser amount, that the Offer is not fully subscribed for, that the commitments by the Substantial Shareholders are not fulfilled or that the price in the Placement or the Offer is less than \$7.75. This forward looking information is based on a number of assumptions which may prove to be incorrect, including, that the Offer is fully subscribed for, that the commitments by the Substantial Shareholders are fulfilled, that the price in the Placement or the Offer is \$7.75 and that all necessary regulatory approvals are obtained in respect of the Placement and the Offer.

The Company has no intention to update this forward looking information, except as required by applicable securities laws. This forward looking information should not be relied upon as representing the views as of the Company at any date subsequent to the date of this Offer Document. The Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those current expectations described in forward looking information. However, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended and that could cause actual actions, events or results to differ materially from current expectations. There can be no assurance that forward looking information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward looking information. These factors are not intended to represent a complete list of the factors that could affect the forward looking information.

### Information publicly available

Information about the Company is publicly available and can be obtained from ASIC and ASX (including its website [www.asx.com.au](http://www.asx.com.au)). The contents of any website or ASIC or ASX filing by the Company are not incorporated into this Offer Document and do not constitute part of the Offer. This Offer Document is intended to be read in conjunction with the publicly available information in relation to the Company which has been notified to ASX. Investors should therefore have regard to other publicly available information in relation to the Company before making a decision whether or not to invest in New Shares or the Company.

### No rights trading

The Offer is non-renounceable and Entitlements cannot be traded on ASX or any other exchange, nor can they be privately transferred.

### Privacy

The Company collects information about each Applicant provided on an Entitlement and Acceptance Form for the purposes of processing the Application and, if the Application is successful, to administer the Applicant's security holding in the Company.

By submitting an Entitlement and Acceptance Form, you will be providing personal information to the Company (directly or by the Share Registry) that may be personal information for the purpose of the Privacy Act 1988 (Cth).

The Company (and the Share Registry on its behalf) collects, holds and will use that information to assess your Application, to process and administer your investment in the Company and to provide related services to you. If you do not complete the Entitlement and Acceptance Form in full, the Company may reject your Application for New Shares. The Company may disclose your personal information for purposes related to your investment, including to the Share Registry, the Company's related bodies corporate, agents, contractors and third party service providers, including mailing houses and professional advisers, and to ASX and regulatory bodies. You can obtain access to personal information that the Company holds about you. To make a request for access to your personal information held by (or on behalf of) the Company, please contact the Company through the Share Registry.

#### **Competent Person Statement**

The information in this Offer Document which relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Mr Andrew Penkethman who is a full time employee of the Company and a Member of the Australian Institute of Geoscientists. Mr Penkethman 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 of Reporting of Exploration Results, Minerals Resources and Ore Reserves". Mr Penkethman consents to the inclusion in this Offer Document of the matters based on this information in the form and context in which it appears.

#### **Entire Agreement**

The terms contained in this Offer Document constitute the entire agreement between the Company and you as to the Offer and your participation in the Offer to the exclusion of all prior representations, understandings and agreements between the Company and you.

#### **Governing law**

This Offer Document, the Offer and the contracts formed on acceptance of Applications are governed by the law applicable in Western Australia. Each Applicant submits to the exclusive jurisdiction of the courts of Western Australia.

#### **Definitions**

Definitions of certain terms and abbreviations used in this Offer Document are contained in Section 7. All references to currency are to Australian dollars unless expressly specified otherwise.

## SUMMARY OF KEY INFORMATION

### The Offer

This Offer Document contains an Offer of New Shares in the Company. The following table summarises the key information in relation to the Offer.<sup>1</sup> Details of the Offer are set out in full in Section 1.

Issue price	\$7.75 per New Share is payable in full on application
Eligible Shareholder entitlements	One New Share for every 35 Shares held at the Record Date
Approximate amount to be raised under the Offer (before costs of the Offer)	\$50.7 million
New Shares to be issued under the Offer	6.5 million
Number of Shares on issue following the Offer	235.6 million
Number of Shares to be issued under the Placement	5.2 million
Number of Shares on issue following the Offer and Placement	240.8 million

### Key Dates

Announcement of Offer	25 August 2009
Rights Issue Notice, Offer Document and Appendix 3B lodged with ASX	27 August 2009
Notice to Shareholders containing information required by Appendix 3B	31 August 2009
Existing Shares quoted on an 'ex' basis	1 September 2009
Record Date	7 September 2009 at 5.00 pm (AWST)
Offer Document and Entitlement and Acceptance Form despatched to Shareholders, and announce completion of despatch	10 September 2009
Opening Date of Offer	10 September 2009
Closing Date for acceptances and payments	24 September 2009 at 5.00 pm (AWST)
Shares quoted on deferred settlement basis	25 September 2009
Company to notify ASX of under-subscriptions (if any)	29 September 2009
Allotment of New Shares and despatch of transaction confirmation statements Deferred settlement trading ends	2 October 2009
Commencement of trading of the New Shares	6 October 2009

The above dates are indicative only and subject to change. The Directors reserve the right to vary these dates, including the Closing Date, without prior notice but subject to the Corporations Act and the Listing Rules. The Directors also reserve the right not to proceed with the whole or part of the Offer at any time prior to allotment. In that event, the relevant Application Money will be returned without interest. See Section 1.5 for further details.

### Enquiries

If you have any enquiries in relation to the Entitlement and Acceptance Form or your Entitlement, please contact the Company Secretary by telephone on +61 8 9367 2111 or the Company's Offer Information Line on 1300 880 732 (local call cost within Australia) or +61 2 8280 7496 (from outside Australia) at any

<sup>1</sup> Excluding options. Actual numbers may differ due to rounding. Assuming the maximum number of New Shares are issued under the Offer and the Placement, and that no Additional Shares are issued. Shares to be issued upon conversion of special warrants under the Placement are subject to a number of conditions and termination events, see Section 6.1 for details.

time from 8:30 am to 5:00 pm (AWST) Monday to Friday prior to the Closing Date, visit the Company's website at [www.extractresources.com](http://www.extractresources.com) or consult your broker or other professional adviser.

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## LETTER FROM THE COMPANY

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### EXTRACT RESOURCES LIMITED

27 August 2009

Dear Shareholder

On behalf of the Board of Extract Resources Ltd (**Extract** or the **Company**), I am pleased to invite you to participate in this non-renounceable pro-rata offer to raise a total of up to approximately \$50.7 million (**Offer**). Participation is open to all Eligible Shareholders at the Record Date (being 5.00 pm (AWST) on 7 September 2009).

The Offer comprises a one for 35 pro-rata non-renounceable offer of Extract ordinary shares (**New Shares**) at an issue price of \$7.75 per New Share, a 19.9% discount to the theoretical ex-rights price.<sup>2</sup>

Extract is also undertaking a private placement to accredited institutional investors of special warrants at an issue price of \$7.75 per special warrant to raise \$40.3 million (**Placement**). The Placement is expected to be made mainly in Canada (other than Quebec) and the United States. The closing of the Placement and release of funds from the Placement to the Company are subject to certain conditions (further information is set out in Section 6.1). Each special warrant shall be automatically converted into one ordinary Share. This automatic conversion will occur either after receiving a receipt for a prospectus or no later than four months and one day after the closing of the Placement.

Proceeds of the Offer and the Placement will be used to accelerate exploration activities at the Rossing South project in Namibia including accelerating and increasing the drilling programmes for Zones 1 and 2 and to extend and accelerate the regional exploration programme which will include areas of identified mineralisation located South of Zone 2. Proceeds will also be used for the Definitive Feasibility Study and for working capital and general corporate purposes.

Extract's three largest shareholders Kalahari Uranium (40.0%), Rio Tinto (15.1%) and Polo Resources (10.1%)<sup>3</sup> (**Substantial Shareholders**) have each provided irrevocable commitments to apply for their full Entitlements in the Offer and subscribe for any Shortfall from the Offer in the same relative proportions as their holdings in Extract as at the Record Date. Please refer to Section 1.8 for further information.

The Offer is non-renounceable, which means you cannot transfer your Entitlement to anyone else and you cannot sell it. New Shares issued under the Offer will rank equally with existing ordinary Shares.

**The closing date for the receipt of Entitlement and Acceptance Forms and Application Money is 5:00 pm (AWST) on Thursday, 24 September 2009.** If you decide to take this opportunity to increase your investment in Extract please ensure that, before this time, your completed Entitlement and Acceptance Form and your Application Money are received by our share registry, Link Market Services Limited, or you have paid your Application Money via BPAY® pursuant to the instructions set out in the enclosed Entitlement and Acceptance Form. Please refer to Section 2 for further information.

Further details of the Offer, as well as the risks associated with investing in the Offer, are set out in this Offer Document which you should read carefully. If you require further assistance, please do not hesitate to contact Extract's Offer Information Line on 1300 880 732 (local call cost within Australia) or +61 2 8280

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<sup>2</sup> Theoretical ex-rights price of \$9.67 calculated using Extract's closing price on 25 August 2009 and assuming proceeds from the Offer of \$50.7 million.

<sup>3</sup> Includes the interests of associates of Polo Resources.

7496 (from outside Australia) at any time from 8:30 am to 5:00 pm (AWST) Monday to Friday prior to the Closing Date or visit Extract's website at [www.extractresources.com](http://www.extractresources.com).

On behalf of the Board of Extract, I thank you for your continued support.

Yours faithfully



**Stephen Galloway**  
**Chairman**

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## 1. Details of the Offer

### 1.1 The Offer

The Company is making a non-renounceable pro rata offer of New Shares to Eligible Shareholders. Eligible Shareholders who are on the Company's share register at 5.00 pm (AWST) on 7 September 2009, being the Record Date, will be entitled to apply for one New Share for every 35 Shares held at an issue price of \$7.75 per New Share. The issue price is payable in full on application.

The Company has 229.1 million Shares on issue as at the date of this Offer Document. A maximum of approximately 6.5 million<sup>4</sup> New Shares will be issued under the Offer, raising up to approximately \$50.7 million before costs. The New Shares will be fully paid and will rank equally with the Company's existing Shares on issue.

The Substantial Shareholders, being the Company's three largest Shareholders, have each irrevocably committed to apply for their full Entitlement under the Offer and subscribe for any Shortfall which arises under the Offer in the same relative proportions as their holdings in the Company as at the Record Date. Further details of these commitments are set out in Sections 1.8 and 4.3.

In addition to the Offer, the Company announced on 25 August 2009 that it is undertaking an underwritten private placement to accredited institutional investors of special warrants at an issue price of \$7.75 per special warrant to raise \$40.3 million and is expected to be made mainly in Canada (other than Quebec) and the United States. Special warrants issued under the Placement will be automatically exercised for no additional consideration into Shares on the occurrence of certain events. The closing of the Placement and release of funds from the Placement to the Company are subject to certain conditions (further information is set out in Section 6.1). Further details of the Placement and the special warrants are set out in Section 6.1.

The allotment and issue of New Shares under the Offer will not result in any adjustment to the number of Shares to be issued on exercise of a special warrant and holding special warrants does not cause such holder to be an Eligible Shareholder or to be entitled to participate in the Offer.

Completion of the Offer is not conditional on the Company raising the full amount of \$40.3 million under, and otherwise completing, the Placement and the subsequent issue of Shares on exercise of the special warrants (**Placement Completion**). If Placement Completion does not occur, the Offer will not be affected and will still proceed.

An indicative timetable in respect of the Offer is set out at page vi of this Offer Document.

### 1.2 Entitlements and acceptance

Every Shareholder who is registered as the holder of Shares at the Record Date and who is not an Excluded Shareholder is entitled to participate in the Offer. The number of Shares to which you are entitled is shown on your Entitlement and Acceptance Form accompanying this Offer Document.

You may accept all, or only part, of your Entitlement by completing the Entitlement and Acceptance Form and sending it to the Company so that it is received prior to 5.00 pm (AWST) on the Closing Date. Acceptances must not exceed your Entitlement as shown on the Entitlement and Acceptance Form. If your acceptance exceeds your Entitlement, acceptance

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<sup>4</sup> This number assumes that existing option holders do not exercise their 2,582,000 options prior to the Record Date.

will be deemed to be for your maximum Entitlement and any surplus Application Money will be returned to you.

As a result of this Offer, Shareholders who do not take up all of their Entitlement will have their percentage shareholding in the Company diluted.

In determining Entitlements, any fractional Entitlement will be rounded down to the nearest whole number of New Shares.

### **1.3 Opening and Closing Dates**

The Offer will open for receipt of acceptances on the Opening Date, being 10 September 2009.

The Company will accept Entitlement and Acceptance Forms until 5.00 pm (AWST) on the Closing Date, being 24 September 2009, subject to the Directors, in their absolute discretion, varying the Closing Date in accordance with the Corporations Act and the Listing Rules.

### **1.4 No Entitlements trading**

The Offer is non-renounceable. This means that Eligible Shareholders are unable to sell or transfer their Entitlements to subscribe for New Shares. Any New Shares not subscribed for by Eligible Shareholders who take up their Entitlement will form part of the Shortfall. Further details about the allocation of any Shortfall are set out in Section 1.8.

### **1.5 Issue of New Shares**

The Company expects that the New Shares will be issued and transaction confirmation statements despatched on the dates specified in the Timetable.

Application Money will be held in trust in a subscription account until allotment and issue of the New Shares. If necessary, Application Money will be refunded as soon as reasonably practicable, without interest. This account will be established and kept by the Company on behalf of each Applicant. The Company will be entitled to retain any interest paid on the money so held, even if the Offer does not proceed.

It is the responsibility of Applicants to determine their allocation prior to trading in the New Shares. The sale by Applicants of New Shares prior to receiving their transaction confirmation statements is at the Applicant's own risk.

### **1.6 ASX Listing**

The Company has made an application to ASX for Official Quotation of the New Shares. If ASX does not grant Official Quotation for the New Shares, the Company will not allot any New Shares and will refund all Application Money without interest.

The fact that ASX may grant Official Quotation of the New Shares is not to be taken in any way as an indication of the merits of the Offer or the New Shares under this Offer Document.

Trading of the New Shares will, subject to ASX approval, occur on or about the date specified in the Timetable.

### **1.7 Overseas Shareholders**

The Company will not make an Offer to Excluded Shareholders, being those Shareholders with a registered address outside Australia, New Zealand, certain jurisdictions in Canada (British Columbia, Alberta and Ontario), Isle of Man, Monaco, United Kingdom, Singapore, Malta, the British Virgin Islands, Thailand and Switzerland (**Eligible Jurisdictions**). The Company has decided that it is unreasonable to extend the Offer to Excluded Shareholders having regard to:

- the number of Shareholders outside the Eligible Jurisdictions;
- the number and value of New Shares that would be offered to Shareholders outside the Eligible Jurisdictions; and
- the cost of complying with the legal requirements and requirements of regulatory authorities in the overseas jurisdictions.

The Offer is being made to all Eligible Shareholders. The Company is not required to determine whether or not any registered Eligible Shareholder is holding Shares on behalf of persons who are resident outside the Eligible Jurisdictions (including nominees, custodians and trustees) or the identity or residence of any beneficial owners of Shares. Any Eligible Shareholders holding Shares on behalf of persons who are resident outside Eligible Jurisdictions are responsible for ensuring that any dealing with New Shares issued does not breach the laws and regulations in the relevant overseas jurisdiction, and should seek independent professional advice and observe any applicable restrictions relating to the taking up of Entitlements or the distribution of this Offer Document or the Entitlement and Acceptance Form.

Any person in the United States or any person that is, or is acting for the account or benefit of, a "U.S. person" (as defined in Regulation S under the United States Securities Act of 1933, as amended (the **Securities Act**)) (**U.S. Person**), with a holding through a nominee may not participate in the Offer and the nominee must not take up any Entitlement or send this Offer Document or any other materials relating to the Offer into the United States or to any person that is, or is acting for the account or benefit of, a U.S. Person. The Company is not able to advise on foreign laws.

This Offer Document does not, and is not intended to, constitute an offer or invitation in the United States, or to any person acting for the account or benefit of a person in the United States, or in any other place or jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer or invitation.

The distribution of this Offer Document and the Entitlement and Acceptance Form (including electronic copies) outside the Eligible Jurisdictions may be restricted by law and therefore persons who come into possession of this Offer Document should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

## **1.8 Allocation of Shortfall**

The Offer is not underwritten. To the extent that Eligible Shareholders elect not to take up their Entitlement, there will be a Shortfall.

The Substantial Shareholders, being the Company's three largest Shareholders, have committed to take up their full Entitlement under the Offer. The Substantial Shareholders have also committed to take up any Shortfall which arises under the Offer in the same relative proportions as their holding in the Company as at the Record Date as set out in the table below.<sup>5</sup>

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<sup>5</sup> Approximate based on number of Shares held by each Substantial Shareholder as at 25 August 2009. Actual proportion of Shortfall will be based on number of Shares held by each Substantial Shareholder as at the Record Date.

Shareholder	Proportion of Shortfall
Kalahari	62.3%
Rio Tinto	23.6%
Polo Resources	14.1%

Directors have agreed to provide those Substantial Shareholders who do subscribe for their respective portion of the Shortfall with an opportunity to take up any Shortfall not subscribed for by another Substantial Shareholder. Any Shortfall not subscribed for by the Substantial Shareholders may be allotted and issued by the Directors to other investors in their absolute discretion.

Details of the potential effect of the Shortfall Commitments on the voting power and control of the Company are contained in Section 4.3.

## 1.9 Risk factors

An investment in the Company involves many risks and should be regarded as being a speculative investment. The risks associated with an investment in the Company are set out throughout this Offer Document and, in particular, in Section 5 of this Offer Document. Before making an investment decision, potential Applicants should read the Offer Document in its entirety and consult their professional advisers.

## 1.10 Taxation considerations

You should be aware that there may be taxation implications associated with participating in the Offer and receiving New Shares. The Directors do not consider that it is appropriate to give Shareholders advice regarding the taxation consequences of subscribing for New Shares under this Offer Document or the disposal of any New Shares allotted and issued under this Offer Document.

The Company, its advisers and its officers do not accept any responsibility or liability for any such taxation consequences. The Directors recommend that all Eligible Shareholders should consult their own professional tax advisers in connection with subscribing for, and disposal of, New Shares allotted and issued under this Offer Document.

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## **2. Action required by Eligible Shareholders**

### **2.1 Entitlement and Acceptance Form**

The number of New Shares to which you are entitled is shown on the Entitlement and Acceptance Form accompanying this Offer Document. All Applications for New Shares must be made on the Entitlement and Acceptance Form. By returning the Entitlement and Acceptance Form you offer to acquire the New Shares on the terms and conditions set out in this Offer Document. The Directors reserve the right to reject any Applications for New Shares that are not made in accordance with the terms of this Offer Document or the instructions on the Entitlement and Acceptance Form.

### **2.2 Taking up all of your Entitlement**

If you wish to take up all of your Entitlement, please complete the Entitlement and Acceptance Form in accordance with the instructions set out on the reverse of the Entitlement and Acceptance Form and arrange for payment of the applicable amount of Application Money in accordance with Section 2.5.

### **2.3 Allow all or part of your Entitlement to lapse**

If you decide not to accept all of your Entitlement, or fail to accept by the Closing Date, your Entitlement will lapse. The Offer is non-renounceable, which means that Eligible Shareholders who do not wish to accept some or all of their Entitlement may not sell or trade all or part of their rights to subscribe for New Shares.

The New Shares not subscribed for will form part of the Shortfall. If you do nothing, although you will continue to own the same number of Shares, your percentage shareholding in the Company will be diluted.

### **2.4 Taking up part of your Entitlement and allowing the balance to lapse**

If you wish to take up part of your Entitlement and allow the balance to lapse, please complete the Entitlement and Acceptance Form for the number of New Shares you wish to take up in accordance with the instructions set out on the reverse of the Entitlement and Acceptance Form and arrange for payment of the applicable amount of Application Money in accordance with Section 2.5.

### **2.5 Payment and return of Entitlement and Acceptance Form**

The consideration for the New Shares is payable in full on application by a payment of \$7.75 per New Share. The Entitlement and Acceptance Form must be accompanied by a cheque, bank draft or money order for the Application Monies. Payment will only be accepted in Australian currency and cheques, bank drafts and money orders must be drawn on or payable at an Australian bank. Cheques should be made payable to **'Extract Resources Ltd – Offer Account'** and crossed 'Not Negotiable'.

Alternatively, you may arrange for payment of the Application Monies through BPAY® in accordance with the instructions on the Entitlement and Acceptance Form.

Eligible Shareholders must not forward cash by mail. Receipts for payment will not be issued.

### **2.6 Entitlement and Acceptance Form is binding**

A completed and lodged Entitlement and Acceptance Form constitutes a binding offer to acquire New Shares on the terms and conditions set out in this Offer Document and, once lodged, cannot be withdrawn. The Entitlement and Acceptance Form does not need to be signed to be binding.

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If the Entitlement and Acceptance Form is not completed correctly it may still be treated as a valid application for New Shares. The Directors' decision whether to treat an acceptance as valid and how to construe, amend or complete the Entitlement and Acceptance Form is final.



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### **3. Overview of the Company and use of proceeds of the Offer**

#### **3.1 Overview**

The Company is an Australian based uranium mine development and exploration company whose primary focus is in the African nation of Namibia. The Company's principal asset is its 100% owned Husab Uranium Project which contains two known uranium deposit areas: Rossing South and Ida Dome. Extensive exploration potential also exists for new uranium discoveries, in addition to the already known occurrences.

The Company's recent focus has been on exploration and resource definition of the Rossing South project, and it recently announced an upgrade for the Rossing South Zone 1 resource and the maiden resource estimate for Rossing South Zone 2.

The Inferred and Indicated Mineral Resource for Rossing South (Zones 1 & 2) (following JORC Code guidelines) is 249 Mt @487 ppm for 267 M.lbs U<sub>3</sub>O<sub>8</sub>. This estimate positions Rossing South as the highest grade primary granite hosted uranium deposit in Namibia and one of the world's largest uranium deposits.

The Company has commenced a feasibility study on the Rossing South project and recently announced preliminary capital and operating cost estimates for the project. Work completed to date on the feasibility study has incorporated a preliminary level of design and cost estimation to establish the general economic viability of a new development, with work continuing on the resource definition programme and the metallurgical characteristics of the uranium mineralization.

Rossing South's potential to be one of the world's largest uranium mines has been recognised by a number of global uranium industry players, many of which have expressed interest in participating in the future development of the project. The Company continues to review various corporate and business options aimed at bringing Rossing South into production in the most effective manner. A wide range of development options and funding alternatives are currently being evaluated but no decisions have been taken yet. The Company has held, or intends to hold, discussions with a number of industry participants in respect of potential partnering or business combination scenarios that have the potential to add value to the project and to Shareholders.

#### **3.2 Board and Management**

The Company announced on 16 June 2009, that Mr Peter McIntyre had advised his intention to resign from his position as Managing Director of the Company with effect from 15 September 2009. The Board is currently undertaking a search for a suitably qualified replacement to ensure a smooth transition during the Company's next phase of growth.

The Company is also well advanced in the process for appointing a CEO of the Company's Namibian subsidiary, Swakop Uranium, and a local executive team to accelerate the development of the Rossing South deposit.

The current Board of the Company is comprised as follows:

Mr Stephen Galloway (Non Executive Chairman)  
Mr Peter McIntyre (Managing Director)  
Mr Stephen Dattels (Non Executive Director)  
Mr Neil MacLachlan (Non Executive Director)  
Mr John Main (Non Executive Director)  
Mr Chris McFadden (Non Executive Director)  
Ms Inge Zaamwani-Kamwi (Non Executive Director)

Certain Directors of the Company are, and may continue to be, involved in the mining and mineral exploration industry through their direct and indirect participation in corporations, partnerships or joint ventures which are potential competitors of the Company.

The Company has established protocols setting out:

- the structures and procedures which are in place to ensure that the consideration by the Board and management of the Company's business and the business of its subsidiaries is undertaken free from any actual, or the appearance of any, conflict of interest; and
- the requirement and process for each Director to declare any interest he or she has in the matter being considered by the Board and appropriate measures to be taken upon that declaration.

### **3.3 ASX Announcements**

The Company is listed on ASX and the TSX and is subject to regular reporting and disclosure obligations under the Corporations Act and the Listing Rules. These obligations require the Company to notify ASX of information about specific events and matters as they arise as well as the lodgement of yearly and half-yearly financial statements and audit or review reports, and quarterly reports.

The Company has recently lodged a number of announcements with the ASX including its June Quarterly Cashflow and Activities Reports on 29 July 2009, its Preliminary Cost Estimates for Rossing South on 3 August 2009, the Rossing South NI 43-101 Technical Report on 25 August 2009 and the announcement of the Offer and Placement on 25 August 2009.

These announcements and financial reports of the Company are available for inspection at ASX and may be viewed on the ASX website at [www.asx.com.au](http://www.asx.com.au) or on the Company's website at [www.extractresources.com](http://www.extractresources.com). From time to time, the Company makes announcements in respect of various matters. The Directors encourage Shareholders to refer to the Company's website and the ASX website to ensure they are kept fully informed.

### **3.4 Proposed use of the proceeds of the Offer**

Proceeds of the Offer and the Placement will be used to accelerate exploration activities at the Rossing South project in Namibia including accelerating and increasing the drilling programmes for Zones 1 and 2 and to extend and accelerate the regional exploration programme which will include areas of identified mineralisation located South of Zone 2. Proceeds will also be used for the Definitive Feasibility Study and for working capital and general corporate purposes.

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## **4. Effects of the Offer on the Company**

### **4.1 Financial effects of Offer**

The reviewed pro-forma consolidated balance sheet has been prepared to provide Shareholders with information on the pro-forma consolidated assets and liabilities of the Company. The pro-forma financial information is presented in an abbreviated form, insofar as it does not include all of the disclosures required by Australian Accounting Standards applicable to annual financial statements.

The accounting policies upon which the pro-forma information in this Section has been prepared are set out in the Company's audited financial statements for the year ended 30 June 2008 which can be viewed on the ASX website at [www.asx.com.au](http://www.asx.com.au) or on the Company's website at [www.extractresources.com](http://www.extractresources.com).

The reviewed pro forma balance sheet set out below has been prepared for illustrative purposes to show the pro-forma impact on the Company's consolidated balance sheet as at 30 June 2009 of:

- Gross proceeds of the Offer of approximately \$50.7 million; and
- Gross proceeds of the Placement of \$40.3 million.

The pro-forma consolidated balance sheet is not represented as being indicative of the Company's views on its future financial position. The pro-forma consolidated balance sheet is presented on the assumption, after adjusting for the impact of changes set out above, that the Offer and the Placement took place on 30 June 2009 and, except as stated in the pro-forma adjustments, does not take account of the financial performance, cash flows or other movements in the consolidated balance sheet items of the Company for the period from 30 June 2009 to the date of this Offer Document.

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**Pro-forma Reviewed Consolidated Balance Sheet – (000's)**

	Reviewed as at 30 June 2009	Pro-forma Adjustments for the Offer	Pro-forma Adjustments for the Placement	Pro-forma 30 June 2009
<b>ASSETS</b>				
<b>Current assets</b>				
Cash and cash equivalents	28,941	49,700	37,800	116,441
Trade and other receivables	46			46
Total current assets	<u>28,987</u>			<u>116,487</u>
<b>Non-current assets</b>				
Property, plant and equipment	1,309			1,309
Exploration, evaluation and development expenditures	99,331			99,331
Total non-current assets	<u>100,640</u>			<u>100,640</u>
Total assets	<u>129,627</u>			<u>217,127</u>
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Trade and other payables	2,110			2,110
Provisions	265			265
Total current liabilities	<u>2,375</u>			<u>2,375</u>
<b>Non-current liabilities</b>				
Deferred tax liabilities	23,045			23,045
Rehabilitation provision	367			367
Total non-current liabilities	<u>23,412</u>			<u>23,412</u>
Total liabilities	<u>25,787</u>			<u>25,787</u>
<b>Net assets</b>	<u>103,840</u>			<u>191,340</u>
<b>EQUITY</b>				
Contributed equity	191,358	49,700	37,800	278,858
Reserves	4,294			4,294
Accumulated losses	(91,812)			(91,812)
<b>Total equity</b>	<u>103,840</u>			<u>191,340</u>

**Notes to the pro forma consolidated balance sheet**

The pro forma consolidated balance sheet has been prepared on the basis of the reviewed consolidated balance sheet as at 30 June 2009 and adjusted for the following transactions as if they occurred at 30 June 2009:

- Offer to raise \$50.7 million and Offer costs estimated at \$1 million; and
- Placement to raise \$40.3 million and Placement costs estimated at \$2.5 million.

The figures in the above pro forma consolidated balance sheet have been reviewed by the Company's external auditors, but have not yet been audited.

## 4.2 Effects of the Offer on the capital structure of the Company

The capital structure of the Company following the issue of New Shares under the Offer, will be as follows:<sup>6</sup>

Shares on issue as at 27 August 2009	229.1 million
New Shares to be issued under the Offer	6.5 million
Shares on issue after the Offer	235.6 million
Shares to be issued on conversion of the special warrants in respect of the Placement <sup>7</sup>	5.2 million
Shares on issue following completion of the Offer and Placement	240.8 million

No new options will be issued under the Offer. The Company currently has the following options on issue.

Class	Number
Employee Share Options expiring 11 June 2010 (Exercisable @ A\$1.00)	200,000
Employee Share Options expiring 1 November 2010 (Exercisable @ A\$1.00)	75,000
Employee Share Options expiring 9 December 2010 (Exercisable @ A\$1.05)	7,000
Employee Share Options expiring 30 April 2011 (Exercisable @ A\$1.25)	1,050,000
Contractors Options expiring 1 July 2010 (Exercisable @ A\$1.00)	250,000
Director's incentive options expiring 7 August 2010 (Exercisable @ A\$1.00)	1,000,000

## 4.3 Effects of the Offer on control of the Company

The Offer is not expected to materially impact the control of the Company. Below is some information on the impact that the Offer may have on the control of the Company.

The current relevant interests of the Substantial Shareholders, being the three largest Shareholders of the Company, are as follows:<sup>8</sup>

Substantial Shareholder	Shares	% of Total Shares
Kalahari and its associates	91.6 million	40.0%
Rio Tinto and its associates	34.6 million	15.1%
Polo Resources and its associates	23.2 million	10.1%

<sup>6</sup> Excluding options. Actual numbers may differ due to rounding. Assuming the maximum number of New Shares are issued under the Offer and the Placement, and that no Additional Shares are not issued under the Placement.

<sup>7</sup> Shares to be issued upon conversion of special warrants under the Placement are subject to a number of conditions and termination events, see Section 6.1 for details.

<sup>8</sup> Approximate based on number of Shares held by each Substantial Shareholder as at 25 August 2009.

The Substantial Shareholders have each committed to take up all their Entitlements as Eligible Shareholders with respect to their combined Entitlement to approximately 4.3 million New Shares. Further, the Substantial Shareholders have provided the Company with the Shortfall Commitments. The Substantial Shareholders will not participate in the Placement.

An analysis of the potential changes in control of the Company has been undertaken to indicate the effect on the total relevant interests of the Substantial Shareholders and their respective associates in the Company under various scenarios following completion of the Offer and the Placement. The results are detailed below.

(a) **Following completion of the Offer<sup>9</sup>**

Shareholder		% of Total Shares			
	Before Offer	Take up of Entitlements by Eligible Shareholders other than the Substantial Shareholders			
		100%	75%	50%	0%
Kalahari and associates	40.1%	40.1%	40.1%	40.3%	40.6%
Rio Tinto and associates	15.1%	15.1%	15.2%	15.2%	15.3%
Polo Resources and associates	10.1%	10.1%	10.2%	10.2%	10.3%
<b>Total</b>	<b>65.2%</b>	<b>65.2%</b>	<b>65.5%</b>	<b>65.7%</b>	<b>66.2%</b>

(b) **Following completion of the Offer and the Placement<sup>10</sup>**

Shareholder		% of Total Shares			
	Before Offer	Take up of Entitlements by Eligible Shareholders other than the Substantial Shareholders			
		100%	75%	50%	0%
Kalahari and associates	40.1%	39.1%	39.3%	39.4%	39.7%
Rio Tinto and associates	15.1%	14.8%	14.8%	14.9%	15.0%
Polo Resources and associates	10.1%	9.9%	10.0%	10.0%	10.1%
<b>Total</b>	<b>65.2%</b>	<b>63.8%</b>	<b>64.1%</b>	<b>64.3%</b>	<b>64.8%</b>

<sup>9</sup> Approximate based on number of Shares held by each Substantial Shareholder as at 25 August 2009. The figures set out in the table have been prepared on the assumption that the maximum number of Shares are issued under the Offer and Substantial Shareholders subscribe for their full Entitlements and take up any Shortfall in accordance with the commitments outlined in Section 1.8.

<sup>10</sup> Approximate based on number of Shares held by each Substantial Shareholder as at 25 August 2009. The figures set out in the table have been prepared on the assumption that the maximum number of Shares are issued under the Offer and the Placement, that no Additional Shares are issued and that Substantial Shareholders subscribe for their full Entitlements and take up any Shortfall in accordance with the commitments outlined in Section 1.8.

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## **5. Risk Factors**

### **5.1 General**

Activities in the Company and its controlled entities, as in any business, are subject to risks, which may impact on the Company's future performance. There are a number of factors, both specific to the Company and of a general nature, which may affect the future operating and financial performance and position of the Company and the outcome of an investment in the Company. Some of these risks can be adequately mitigated by the use of safeguards and appropriate systems but many are beyond the control of the Company and its Directors and cannot be mitigated.

The Directors consider that the following summary represents the principal risk factors of which Shareholders need to be aware in evaluating the Company and deciding whether to increase their investment in the Company, but is not intended to be an exhaustive list.

Prior to deciding whether to take up their Entitlement, Shareholders should read the entire Offer Document and, in particular, should consider the risk factors that could affect the operating and financial performance or position of the Company. You should carefully consider these factors in light of your personal circumstances and seek professional advice before deciding whether to apply for New Shares pursuant to this Offer.

### **5.2 Risk factors**

#### **Sovereign risk**

There are risks associated with investments in any country. The particular nature of those risks is dependent upon the political, social and economic characteristics of a country. The Company's material operations are in Namibia. While Namibia is regarded as politically stable, it may nevertheless be subject to risks over which the Company has no control. Such risks include economic, political and social instability, civil unrest, the sovereignty of assets held in those foreign countries, subsequent legislative or administrative actions, the ability to repatriate funds from those countries and the dynamics of their particular legal and commercial systems.

The Company's activities are subject to extensive laws and regulations controlling not only the mining of and exploration for mineral properties, but also the possible effects of such activities upon the environment and upon interests of native and/or indigenous peoples. Permits from a variety of regulatory authorities are required for many aspects of mine operation and reclamation. Failure to comply with applicable laws and regulations relating to mining exploration, tenements or licences, or a change in the laws pertaining to tenure of title, or the introduction of Transformational Economic and Social Empowerment Framework laws or regulations could slow the activities of the Company or render them uneconomical, or affect its financial performance and the value of its assets. Future legislation and regulations could also cause additional expense, capital expenditures, restrictions and delays, the extent of which cannot be predicted.

#### **Uranium prices and exchange rates**

Movements in uranium prices may have a positive or negative effect on the Company's exploration and project development plans and activities, together with the ability to fund those plans and activities. Movements in exchange rates can have a similar impact, as international prices of uranium are denominated in US dollars and the operational expenditure of the Company is largely incurred in Australian and Namibian local currencies.

Uranium prices fluctuate and are affected by numerous factors beyond the control of the Company. These factors include world-wide and regional supply and demand for uranium, general world economic conditions and the outlook for interest rates, inflation and other economic factors on both a regional and global basis. Similarly, demand and supply of capital

and currencies, forward trading activities, relative interest rates and exchange rates and relative economic conditions can impact exchange rates.

These factors may have a positive or negative effect on the Company's project development and production plans and activities together with the ability to fund those plans and activities.

### **Exploration and operational risk**

The Company's primary business is exploration for, and commercial development of mineral deposits and mines, which are activities that carry significant risks. The Company's projects are still in the exploration phase.

Current and future operations of the Company such as exploration, appraisal and possible production activities may be affected by a range of factors, including the following:

- adverse weather conditions over a prolonged period which might adversely affect exploration, mining and development activities;
- operational and technical difficulties encountered during exploration and mining activities including unexpected geological formations, rock falls, flooding and dam wall failures;
- inability for whatever reason to secure and maintain title to tenements and comply with the terms of those tenements;
- failure to obtain or maintain all consents and approvals necessary for the conduct of exploration, drilling, mining and processing;
- inability to successfully conclude a bankable feasibility study and secure adequate capital on acceptable terms for project development;
- access to infrastructure such as power or water;
- failure to design and construct mining and transport infrastructure within capital expenditure budgets;
- difficulties in commissioning, and operating, plant and equipment;
- mechanical failure or breakdown of operating plant and equipment;
- unanticipated metallurgical problems which may affect extraction costs;
- industrial and environmental accidents, industrial disputes or other force majeure events;
- unexpected shortages or increases in the costs of consumables, spare parts, plant and equipment;
- financial failure or default by a participant in any joint ventures or other contractual relationships to which the Company is, or may become, a party; and
- limited access to competent operational management and prudent financial administration, including the availability and reliability of appropriately skilled and experienced employees, contractors and consultants.

Whether or not income will result from projects undergoing exploration depends on identifying economically viable mineral deposits, securing necessary mining and other approvals, the development of mine and transport infrastructure and the establishment of mining operations.



Factors including costs, actual mineralisation, consistency and reliability of ore grades, commodity prices and exchange rates all affect the commercial success of a project.

No assurances can be given that the Company will achieve commercial viability through the successful exploration and/or mining of its mining tenements. Until the Company is able to realise value from its projects it is likely to incur ongoing operating losses.

### **Resource estimates**

Resource estimates (including those contained in this Offer Document) are expressions of judgement based on knowledge, experience and industry practice. These estimates were appropriate when made, but may change significantly when new information becomes available.

There are risks associated with such estimates, including that the uranium deposits may be of a different quality from the resource estimates. Resource estimates are necessarily imprecise and depend to some extent on interpretations, which may ultimately prove to be inaccurate and require adjustment. Adjustments to resources could affect the Company's future plans and ultimately its financial performance and value.

### **Environmental**

The operations of the Company are primarily located within the Namib Naukluft National Park in Namibia and subject to laws and regulation concerning the environment. The Company is required to submit and adhere to environmental plans lodged in relation to all its license areas as well as comply with all regulations applicable to the national park area as a whole. As with most exploration projects and mining operations, the Company's activities are expected to have an impact on the environment, particularly if mine development proceeds.

The Company seeks to conduct its activities to the highest standard of environmental obligation, including compliance with all environmental laws, policies, regulations and plans and conducts extensive on-going operations, including track maintenance and drilling operation cleanups to keep any environmental impacts to a minimum and to rectify or rehabilitate those that necessarily occur as part of the exploration programmes conducted. The Company's compliance with environmental plans and regulations is reviewed annually by an independent consultant.

The Company requires permission from the Ministry for Environment and Tourism and Ministry for Mines and Energy to develop a uranium mine in the Namib Naukluft National Park. The Company will seek this permission once the Environmental Impact Assessment and Environmental Management Plan have been completed and is not currently aware of any reason why this permission should not be granted. Failure to obtain such approvals will prevent the Company from undertaking the mining activities and may impact the Company's future possible revenue and Share price. 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. However, 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 which could have material adverse effect on the Company's business, financial condition and performance.

### **Tenement title risk**

Interests in tenements in Namibia are governed by the respective Namibian legislation and are evidenced by the granting of prospecting licences and mining leases. Each licence or lease is for a specific term and carries with it annual expenditure and reporting commitments, as well as other conditions requiring compliance. The renewal of the term of each tenement is subject to applicable legislation and where commitments are met, renewal periods are required to be extended under statute. Where renewal extensions reach or approach limits (7 years in total),

alternative license categories are expected to be applied for and granted to replace existing licenses. A failure to comply with expenditure or other conditions on which the tenements are held exposes the tenements to forfeiture. Consequently the Company could lose title to, or its interest in, tenements if licence conditions are not met or if insufficient funds are available to meet expenditure commitments or other conditions or alternative licence categories are not available to replace existing licences.

All of the tenements in which the Company has an interest will be subject to application for renewal from time to time and some of these are required to be renewed within the next 12 months. If a tenement is not renewed for any reason, the Company may suffer significant damage through loss of the opportunity to discover and develop any mineral resources on that tenement. However, the Directors expect to meet all commitments and conditions of the current licenses as granted and are not aware of any reason why the renewal of the term of any current tenement should not be granted.

The Company has not yet applied for a mining licence in Namibia. The granting of a mining licence will be at the discretion of the relevant Ministries in Namibia following the completion of an economic feasibility study. The Company will work with the Namibian Government to obtain the necessary permits and licences to enable the mine to be developed but no assurance can be given that the Company will be able to secure the licence on terms satisfactory to it.

### **Development risk**

To date, the Company's projects are still in the exploration phase and it has not recorded any revenues from its operations nor has it commenced any development or commercial production. The commercial viability of a mineral deposit, once discovered, is dependent upon a number of factors, including the size, grade and proximity to infrastructure, metal prices and government regulations, including regulations relating to royalties, allowable production, importing and exporting of minerals, and environmental protection.

Pursuant to Namibian law, the Company may not commence development or any commercial production until it has been issued a mining licence and various permits including environmental approvals by the Namibian Government. The Company has completed a preliminary cost estimate into developing mining operations and is currently undertaking a feasibility study but there is a risk that these development projects do not proceed or progress as currently planned.

### **Future capital requirements**

The Company's ongoing activities may require substantial further financing in the future for its business activities, in addition to amounts raised pursuant to the Offer and the Placement. Any additional equity financing may be dilutive to Shareholders, may be undertaken at lower prices than the current market price (or Offer price) or may involve restrictive covenants which limit the Company's operations and business strategy. Debt financing, if available, may involve restrictions on financing and operating activities.

Although the Directors believe that additional capital can be obtained, no assurances can be made that appropriate capital or funding, if and when needed, will be available on terms favourable to the Company or at all. If the Company is unable to obtain additional financing as needed, it may be required to reduce, delay or suspend its operations and this could have a material adverse affect on the Company's activities and could affect the Company's ability to continue as a going concern.

### **Operating history**

While members of the Company's management team possess significant experience and have previously carried out or been exposed to exploration and production activities, the Company has a limited operating history with respect to uranium projects. Its ability to achieve its

objectives depends on the ability of its Directors and officers to implement current plans and respond to any unforeseen circumstances that require changes to those plans.

### **Economic factors**

The operating and financial performance of the Company is influenced by a variety of general economic and business conditions, including levels of consumer spending, oil prices, inflation, interest rates and exchange rates, supply and demand, industrial disruption, access to debt and capital markets and government fiscal, monetary and regulatory policies. Changes in general economic conditions may result from many factors including government policy, international economic conditions, significant acts of terrorism, hostilities or war or natural disasters. A prolonged deterioration in general economic conditions, including an increase in interest rates or a decrease in consumer and business demand, could be expected to have an adverse impact on the Company's operating and financial performance and financial position.

The Company's future possible revenues and Share prices can be affected by these factors, which are beyond the control of the Company.

### **Reliance on Key Personnel**

A number of key personnel are important to attaining the business goals of the Company. One or more of these key employees could leave their employment, and this may adversely affect the ability of the Company to conduct its business and, accordingly, affect the financial performance of the Company and its Share price. In particular, the Company announced on 16 June 2009, that Mr Peter McIntyre had advised his intention to resign from his position as Managing Director of the Company with effect from the 15 September 2009. The Board is undertaking a search for a suitably qualified replacement however this process has not yet concluded.

### **Market conditions**

As with all stock market investments, there are risks associated with an investment in the Company. The market price of Shares and New Shares may fall as well as rise and may be subject to varied and unpredictable influences on the market for equities in general and mining stocks in particular. Over the last twelve months, there has been dramatic volatility in global share markets and the market price of Shares has been volatile over this period. Factors influencing the price of Shares may include movements on international stock markets, interests rates and exchange rates, together with domestic and international economic conditions, inflation rates, commodity supply and demand, government taxation and royalties, war, global hostilities and acts of terrorism. The past performance of the Company is not necessarily an indication as to future performance of the Company as the trading price of Shares can go up or down. Neither the Company nor the Directors warrant the future performance of the Company or any return on an investment in the Company.

### **Liquidity risk**

There can be no guarantee that there will continue to be an active market in the Shares or that the price of the Shares will increase. There may be relatively few buyers or sellers of the Shares on ASX or the TSX at any given time. This may affect the volatility of the market price of the Shares. It may also affect the prevailing market price at which Shareholders are able to sell their Shares. This may result in Shareholders receiving a market price for their Shares that is less or more than the price paid under the Offer.

### **Competition**

The Company competes with other companies, including major mining companies in Australia and internationally. Some of these companies have greater financial and other resources than the Company and, as a result, may be in a better position to compete for future business opportunities. There can be no assurance that the Company can compete effectively with these companies.

## **Insurance risks**

The Company will endeavour to maintain insurance within ranges of coverage in accordance with industry practice. However, in certain circumstances the Company's insurance may not be of a nature or level to provide adequate cover. The occurrence of an event that is not covered or fully covered by insurance could have a material adverse effect on the business, financial condition and results of the Company.

Insurance of risks associated with minerals exploration and production is not always available and, where available, the costs can be prohibitive. There is a risk that insurance premiums may increase to a level where the Company considers it is unreasonable or not in its interests to maintain insurance cover or not to a level of coverage which is in accordance with industry practice. The Company will use reasonable endeavours to insure against the risks it considers appropriate for the Company's needs and circumstances. However, no assurance can be given that the Company will be able to obtain such insurance coverage in the future at reasonable rates or that any coverage it arranges will be adequate and available to cover claims.

## **Volatility of Metal Prices**

The mining industry is competitive and there is no assurance that, even if commercial quantities of a mineral resource are discovered, a profitable market will exist for the sale of the same. There can be no assurance that metal prices will be such that the Company's properties can be mined at a profit. Factors beyond the control of the Company may affect the marketability of any minerals discovered. Metal prices are subject to volatile price changes from a variety of factors including international economic and political trends, expectations of inflation, global and regional demand, currency exchange fluctuations, interest rates and global or regional consumption patterns, speculative activities and increased production due to improved mining and production methods.

Uranium prices are and will continue to be affected by numerous factors beyond the Company's control. Such factors include, among others, the demand for nuclear power; political and economic conditions in uranium producing and consuming countries such as Canada, the U.S., Russia and other former Soviet republics; reprocessing of used reactor fuel and the re-enrichment of depleted uranium tails; sales of excess civilian and military inventories (including from the dismantling of nuclear weapons) by governments and industry participants; and production levels and costs of production in countries such as Russia and former Soviet republics, Africa and Australia.

The international uranium industry is highly competitive. Any future marketing of uranium to utilities will be in direct competition with supplies available from a relatively small number of mining companies, from excess inventories, including inventories made available from the decommissioning of nuclear weapons, from reprocessed uranium and plutonium derived from used reactor fuel and from the use of excess enrichment capacity to re-enrich depleted uranium tails. The supply of uranium is also, to some extent, impeded by a number of international trade agreements and policies. These agreements and any future agreements, governmental policies or trade restrictions are beyond the control of the Company and may affect the supply of uranium available to the market.

Nuclear energy competes with other sources of energy, including oil, natural gas, coal and hydroelectricity. These other energy sources are to some extent interchangeable with nuclear energy, particularly over the longer term. Sustained lower prices of oil, natural gas, coal and hydro-electricity may result in lower demand for uranium concentrates. Furthermore, growth of the uranium and nuclear power industry will depend upon continued and increased acceptance of nuclear technology as a means of generating electricity. Because of the unique political, technological and environmental factors that affect the nuclear industry, the industry is subject to public opinion risks which could have an adverse impact on the demand for nuclear power and increase the regulation of the nuclear power industry. An accident at a nuclear reactor anywhere in the world could impact the continuing acceptance of nuclear energy and the

future prospects for nuclear power generation, which may have a material adverse effect on the Company.

### **Placement of special warrants**

Under the terms and conditions of the special warrants, the Company will grant to each holder of a special warrant a contractual right of rescission which will entitle the holder of a special warrant to rescind the contract under which it acquired the special warrants and be entitled to a refund of the monies paid to the Company for the special warrants. Please refer to Section 6.1 for further details of the contractual right of rescission.

In connection with, and as a condition of, the Placement, the Company and the Underwriters are required to enter into the Underwriting Agreement. If the Company and the Underwriters do not enter into the Underwriting Agreement, the Placement will not be completed and the Company will not receive any proceeds under the Placement.

The Underwriting Agreement is expected to contain customary representations, warranties and agreements of the Company, conditions to closing, indemnification rights and obligations of the parties and termination provisions, including in the case of a material change or change in a material fact which, in the reasonable opinion of either of the Underwriters, would be expected to have a significant adverse effect on the market price or value of the Shares.

While the termination provisions are expected to be typical, there can be no assurance that the Underwriters will not seek to terminate their obligations under the Underwriting Agreement. The Company may disagree with the purported termination by the Underwriters. If the Underwriters exercise their rights to terminate, the Placement will not be completed and the Company will not receive any proceeds under the Placement.

In addition to entering into the Underwriting Agreement, the Placement is anticipated to be conditional on a number of matters, including, but not limited to, the provision of legal opinions, satisfactory due diligence and the receipt of all necessary approvals including the approval of the TSX. If any condition to the closing of the Placement is not met and not waived by the Underwriters (if so capable), the Placement will not be completed and the Company will not receive any proceeds under the Placement.

In the event that the Company has not obtained a receipt for a final prospectus in Canada (other than in Quebec) qualifying the Shares to be issued on exercise of the special warrants within 75 days of the issuance of the special warrants, each unexercised special warrant will thereafter entitle the holder to acquire 1.05 Shares rather than one Share. This will result in additional dilution to Shareholders.

As described in more detail in Section 6.1, the net proceeds of the Placement will be held in escrow to be issued on allotment of New Shares under the Offer for the full gross proceeds as set out in Section 6.1. There can be no assurance that this will occur.

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## 6. Additional Information

### 6.1 Placement of special warrants

The Company announced on 25 August 2009 that it had entered into an agreement with underwriters led by BMO Nesbitt Burns Inc. and including Haywood Securities Inc. (**Underwriters**) in respect of an underwritten private placement to accredited institutional investors of special warrants at an issue price of \$7.75 per special warrant to raise gross proceeds of \$40.3 million. The Placement is expected to be made mainly in Canada (other than Quebec) and the United States .

In connection with, and as a condition of, the Placement, the Company and the Underwriters are required to enter into an underwriting agreement pursuant to which the Underwriters will agree to purchase severally and not jointly or jointly and severally, as principal, in their respective committed percentages, all of the special warrants for aggregate gross proceeds of \$40.3 million (**Underwriting Agreement**).

The Underwriting Agreement is expected to contain customary representations, warranties and agreements of the Company, conditions to closing, indemnification rights and obligations of the parties and termination provisions, including in the case of a material change or change in a material fact which, in the reasonable opinion of either of the Underwriters, would be expected to have a significant adverse effect on the market price or value of the Shares, and will provide for the payment to the Underwriters of a cash underwriting fee.

In addition to entering in to the Underwriting Agreement, the Placement is anticipated to be conditional on a number of matters, including, but not limited to, the provision of legal opinions, satisfactory due diligence and the receipt of all necessary approvals including the approvals of the TSX.

Each special warrant issued under the Placement will be automatically exercised for no additional consideration into one Share (subject to the adjustment referred to below and additional customary adjustments) at 5.00 pm (in Toronto, Canada) on the earliest of:

- (a) the third business day after a receipt is issued by the securities regulatory authorities in each of the provinces of Canada (other than Quebec) (**Qualifying Jurisdictions**) for a final prospectus qualifying the Shares to be issued on exercise of the special warrants (**Special Warrant Prospectus**); and
- (b) the date that is four months and one day following the date on which the special warrants are issued,

(either date is referred to as the **Automatic Exercise Date**). Special warrants may not be exercised for Shares prior to the Automatic Exercise Date.

The funds raised under the Placement will be held in escrow pending the earlier to occur of (a) the time at which the lead Underwriter shall be satisfied in its sole discretion, acting reasonably, that gross proceeds of approximately \$50,725,000 will be raised under the Offer and (b) the date New Shares are allotted under the Offer for gross proceeds of approximately \$50,725,000. In the event that gross proceeds from the Offer of approximately \$50,725,000 are not realised by the time of allotment under the Offer, the special warrants will be cancelled and the purchase price returned to subscribers.

The Company has agreed, and will commit in the Underwriting Agreement, to use commercially reasonable best efforts to file and obtain a receipt for the Special Warrant Prospectus in all Qualifying Jurisdictions within 30 days following the release of Placement funds from escrow. In the event that such receipt has not been obtained within 75 days after the issuance of the special warrants on closing of the Placement, each unexercised special warrant will thereafter entitle the holder to acquire 1.05 Shares rather than one Share. This could result in the issuance of an additional 260,000 Shares under the Placement.

The allotment and issue of new Shares under the Offer will not result in any adjustment to the number of Shares to be issued on exercise of a special warrant and holding special warrants does not cause such holder to be an Eligible Shareholder or to be entitled to participate in the Offer. Under the terms and conditions of the special warrants, the Company will grant to each holder of a special warrant a contractual right of rescission of the transaction under which the special warrant is acquired. The contractual right of rescission provides that if a holder of a special warrant who acquires a Share on exercise of the special warrant as provided for in the Special Warrant Prospectus is, or becomes, entitled under the securities legislation of a jurisdiction to the remedy of rescission because of the Special Warrant Prospectus or an amendment to the Special Warrant Prospectus containing a misrepresentation, the holder is entitled to:

- (a) rescission of both the holder's exercise of its special warrant and the transaction under which the special warrant was initially acquired;
- (b) in connection with the rescission, a full refund of all consideration paid to the Underwriters or the Company, as the case may be, on the acquisition of the special warrant; and
- (c) if the holder of the special warrant is a permitted assignee of the interest of the original subscriber of the special warrant, exercise the above rights of rescission and refund as if the holder was the original subscriber.

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## 7. Definitions and Interpretation

### 7.1 Definitions

In this Offer Document and in the Entitlement and Acceptance Form, unless the context otherwise requires:

**Additional Shares** means the approximately 260,000 Shares which could be issued under the Placement if the Company fails to receive a receipt for a prospectus relating to the issuance of Shares on exercise of the special warrants within 75 days of the closing date of the Placement and issuance of the special warrants as set out in Section 6.1.

**Applicant** means a person who has applied to subscribe for New Shares by submitting an Entitlement and Acceptance Form.

**Application** refers to the submission of an Entitlement and Acceptance Form.

**Application Money** means the aggregate amount of money payable for New Shares applied for in a duly completed Entitlement and Acceptance Form.

**ASIC** means the Australian Securities and Investments Commission.

**ASX** means ASX Limited ABN 98 008 624 691 trading as the Australian Securities Exchange.

**AWST** means Australian Western Standard Time.

**Board** means the Directors meeting as a board.

**Closing Date** means the last day for payment and return of Entitlement and Acceptance Forms, being 24 September 2009.

**Company** means Extract Resources Ltd ABN 61 057 337 952.

**Company Secretary** means the company secretary of the Company.

**Corporations Act** means the Corporations Act 2001 (Cth).

**Directors** means the directors of the Company.

**Eligible Jurisdictions** means Australia, New Zealand, Canada (British Columbia, Alberta and Ontario), Isle of Man, Monaco, United Kingdom, Singapore, Malta, the British Virgin Islands, Thailand and Switzerland.

**Eligible Shareholder** means a Shareholder as at the Record Date who is not an Excluded Shareholder.

**Entitlement** means the entitlement to subscribe for New Shares pursuant to the Offer.

**Entitlement and Acceptance Form** means the Entitlement and Acceptance Form accompanying this Offer Document.

**Excluded Shareholder** means a Shareholder as at the Record Date whose registered address is not situated in an Eligible Jurisdiction.

**Kalahari** means Kalahari Uranium Limited, a company incorporated in the Isle of Man, whose principal office is at 15-19 Athol Street, Douglas, Isle of Man, and a wholly owned subsidiary of Kalahari Minerals plc.

**Listing Rules** means the official listing rules of ASX.



**New Share** means a new Share to be issued under the Offer.

**Offer** means a non-renounceable pro rata offer to Eligible Shareholders to subscribe for New Shares on the basis of one New Share for every 35 Shares of which the Eligible Shareholder is the registered holder as at the Record Date at an issue price of \$7.75 per New Share pursuant to this Offer Document.

**Offer Document** means this offer document and, where applicable, includes any supplementary offer document or replacement offer document issued by the Company in relation to the Offer and the Application to subscribe for the New Shares.

**Official Quotation** means the grant by ASX of "Official Quotation" (as that term is used in the Listing Rules) of all of the New Shares when allotted which, if conditional, may only be conditional on customary pre-quotation conditions.

**Opening Date** means 10 September 2009 or such other date as may be determined by the Directors.

**Placement** means the underwritten private placement to accredited institutional investors of special warrants mainly in Canada (other than Quebec) and the United States to raise \$40.3 million.

**Polo Resources** means Polo Resources Limited (Registered number 1406187), a company incorporated in the British Virgin Islands whose principal office is at Craigmuir Chambers, Road Town, Tortola, British Virgin Islands and related entities.

**Record Date** means 5.00 pm (AWST) on 7 September 2009 or such other date as may be determined by the Directors.

**Rights Issue Notice** means the notice given to ASX in accordance with section 708AA of the Corporations Act.

**Rio Tinto** means Rio Tinto International Holdings Australia Pty Limited ABN 80 007 070 582, a wholly owned subsidiary of Rio Tinto Limited ABN 96 004 458 404.

**Share** means a fully paid ordinary share in the capital of the Company.

**Share Registry** means Link Market Services Limited ABN 54 083 214 537.

**Shareholder** means a holder of Shares in the Company.

**Shortfall** means the number of New Shares offered under the Offer for which Applications have not been received before 5.00 pm (AWST) on the Closing Date.

**Shortfall Commitments** means the commitments provided by the Substantial Shareholders to take up Shortfall as described in Section 1.8.

**Substantial Shareholders** means Kalahari, Rio Tinto and Polo Resources.

**Timetable** means the indicative timetable set out on page vi of the Offer Document.

**TSX** means the Toronto Stock Exchange.

**Underwriters** has the meaning given in Section 6.1.

**Underwriting Agreement** has the meaning given in Section 6.1.

## 7.2 Interpretation

In this Offer Document and in the Entitlement and Acceptance Form, unless the context otherwise requires:

- (a) words and phrases have the same meaning (if any) as given to them by the Corporations Act;
- (b) words importing one gender include other genders;
- (c) words (including defined terms) importing the plural include the singular and vice versa;
- (d) a reference to a person includes a reference to a corporation;
- (e) headings are for ease of reference only and do not affect the interpretation of this Offer Document;
- (f) references to Sections are to Sections of this Offer Document;
- (g) all references to currency are references to Australian currency (unless otherwise stated); and
- (h) all references to time in this Offer Document are to Australian Western Standard Time (AWST) (unless otherwise stated).

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[Entitlement and Acceptance Form to be inserted]

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## Corporate information

### Company

EXTRACT RESOURCES LIMITED

ABN 61 057 337 952

30 Charles Street

South Perth WA Australia 6951

Telephone: +61 (08) 9367 2111

[www.extractresources.com](http://www.extractresources.com)

### Share Registry

Link Market Services

Level 12, 680 George Street

Sydney NSW Australia 2000

Telephone: 1300 880 732

### Legal Adviser

Clayton Utz

Level 27, QV1 Building

250 St George's Terrace

Perth WA Australia 6000

### Financial Adviser

Rothschild Australia Limited

Level 16, 1 O'Connell Street

Sydney NSW Australia 2000



27 August 2009

### Section 708AA(2)(f) Cleansing Notice

On 25 August 2009, Extract Resources Limited (**Extract**) (ASX Code: EXT) announced a non-renounceable entitlement offer (**Offer**) of 1 ordinary share in Extract (**New Share(s)**) for every 35 ordinary shares in Extract (**Share(s)**) held as at 5.00 pm (AWST) on 7 September 2009 (**Record Date**) to shareholders with a registered address in Australia, New Zealand, Canada (British Columbia, Alberta and Ontario), Isle of Man, Monaco, United Kingdom, Singapore, Malta, the British Virgin Islands, Thailand and Switzerland (**Eligible Shareholders**) to raise a maximum of approximately A\$50.7 million before costs at an offer price of A\$7.75 per New Share.

On 25 August 2009, Extract also announced a private placement to accredited institutional investors of special warrants (**Special Warrants**) at an issue price of \$7.75 per Special Warrant to raise \$40.3 million (**Placement**). The Placement is expected to be made mainly in Canada (other than Quebec) and the United States. The closing of the Placement and release of funds from the Placement to the Company are subject to certain conditions. Each special warrant shall be automatically converted into one Share. This automatic conversion will occur either after receiving a receipt for a prospectus or no later than four months and one day after the closing of the Placement (expected to be on or about 15 September 2009).

Special Warrants will not entitle the holder to participate in the Offer and the issue of New Shares under the Offer will not give rise to any adjustment to the number of Shares to be issued on exercise of a Special Warrant.

This notice is given by Extract under section 708AA(2)(f) of the Corporations Act 2001 (Cth) (**Act**) as modified by the Australian Securities and Investments Commission Class Order 08/35 (**CO 08/35**).

Extract advises that:

1. the New Shares will be offered for issue without disclosure to investors under Part 6D.2 of the Act;
2. this notice is being given under section 708AA(2)(f) of the Act as notionally modified by CO 08/35;
3. as a disclosing entity, Extract is subject to regular reporting and disclosure obligations;
4. as at the date of this notice, Extract has complied with:
  - i) the provisions of Chapter 2M of the Act as they apply to Extract; and
  - ii) section 674 of the Act as it applies to Extract;
5. as at the date of this notice, there is no excluded information of the type referred to in sections 708AA(8) and 708AA(9) of the Act as notionally modified by CO 08/35; and
6. the potential effect that the issue of the New Shares under the Offer and Placement will have on the control of Extract, and the consequences of that effect, will depend on a number of factors, including investor demand.

The maximum number of New Shares to be issued pursuant to the Offer is 6.5 million New Shares<sup>1</sup>.

<sup>1</sup> This number may increase by up to 2,582,000 New Shares in the event that existing option holders exercise their employee share options, director incentive options and other options prior to the Record Date.

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Under the Placement, Extract will allot and issue 5.2 million Special Warrants.

If each Eligible Shareholder elects to subscribe for all of the New Shares, the issued capital of Extract will comprise 235.6 million Shares.<sup>2</sup> Following the Placement, if all of the Special Warrants convert into ordinary shares in the issued capital of Extract, the issued capital of Extract will comprise 240.8 million Shares.

Kalahari Uranium Ltd (**Kalahari**), Extract's largest shareholder with 40.0%, as well as Rio Tinto Limited (**Rio Tinto**) (15.1%) and Polo Resources Limited (**Polo**) (10.1%) (together, **Substantial Shareholders**), have each provided irrevocable commitments to apply for their full entitlements in the Offer by collectively subscribing for 4.3 million New Shares (contributing A\$33.1 million). The balance of the Offer will contribute A\$17.6 million.

Further, the Substantial Shareholders have each committed to subscribe for any shortfall from the Offer in the same proportion as their holding in Extract as at the Record Date.

Below is a summary of the effect on the Substantial Shareholders' total relevant interests in Extract under different take up scenarios, following the issue of New Shares under the Offer and the Placement. The Substantial Shareholders will not participate in the Placement.

The current relevant interests of the Substantial Shareholders are as follows<sup>3</sup>:

Shareholder	Shares	% of Total Shares
Kalahari and its associates	91.6 million	40.0%
Rio Tinto and its associates	34.6 million	15.1%
Polo Resources and its associates	23.2 million	10.1%

Following completion of the Offer<sup>4</sup>, the Substantial Shareholders will have the following interests:

Shareholder	Before Offer	Take up of Entitlements by Eligible Shareholders other than the Substantial Shareholders			
		100%	75%	50%	0%
Kalahari and associates	40.1%	40.1%	40.1%	40.3%	40.6%
Rio Tinto and associates	15.1%	15.1%	15.2%	15.2%	15.3%
Polo Resources and associates	10.1%	10.1%	10.2%	10.2%	10.3%
<b>Total</b>	<b>65.2%</b>	<b>65.2%</b>	<b>65.5%</b>	<b>65.7%</b>	<b>66.2%</b>

<sup>2</sup> Assuming that existing option holders do not exercise their options and no options are issued and subsequently exercised pursuant to Extract's employee incentive scheme.

<sup>3</sup> Approximate based on number of Shares held by each Substantial Shareholder as at 25 August 2009.

<sup>4</sup> Approximate based on number of Shares held by each Substantial Shareholder as at 25 August 2009. The figures set out in the table have been prepared on the assumption that the maximum number of Shares are issued under the Offer and Substantial Shareholders subscribe for their full entitlements and take up any shortfall in accordance with their commitments.

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Following completion of the Offer and the Placement<sup>5</sup>, the Substantial Shareholders will have the following interests:

Shareholder	% of Total Shares				
	Before Offer	Take up of Entitlements by Eligible Shareholders other than the Substantial Shareholders			
		100%	75%	50%	0%
Kalahari and associates	40.1%	39.1%	39.3%	39.4%	39.7%
Rio Tinto and associates	15.1%	14.8%	14.8%	14.9%	15.0%
Polo Resources and associates	10.1%	9.9%	10.0%	10.0%	10.1%
<b>Total</b>	<b>65.2%</b>	<b>63.8%</b>	<b>64.1%</b>	<b>64.3%</b>	<b>64.8%</b>

It is not expected that any change in the total relevant interest of the Substantial Shareholders will have any material consequences on the control of Extract.



**Peter McIntyre**  
**Managing Director**

<sup>5</sup> Approximate based on number of Shares held by each Substantial Shareholder as at 25 August 2009. The figures set out in the table have been prepared on the assumption that the maximum number of Shares are issued under the Offer and the placement, that no additional Shares are issued and that Substantial Shareholders subscribe for their full entitlements and take up any shortfall in accordance with their commitments.

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# Appendix 3B

## New issue announcement, application for quotation of additional securities and agreement

Information or documents not available now must be given to ASX as soon as available. Information and documents given to ASX become ASX's property and may be made public.

Introduced 1/7/96. Origin: Appendix 5. Amended 1/7/98, 1/9/99, 1/7/2000, 30/9/2001, 11/3/2002, 1/1/2003.

Name of entity

Extract Resources Limited

ABN

61 057 337 952

We (the entity) give ASX the following information.

### Part 1 - All issues

You must complete the relevant sections (attach sheets if there is not enough space).

- |   |  |                 |
|---|--|-----------------|
| 1 | +Class of +securities issued or to be issued   | Ordinary Shares |
| 2 | Number of +securities issued or to be issued (if known) or maximum number which may be issued  | 6,545,160       |
| 3 | Principal terms of the +securities (eg, if options, exercise price and expiry date; if partly paid +securities, the amount outstanding and due dates for payment; if +convertible securities, the conversion price and dates for conversion) | Fully Paid      |

+ See chapter 19 for defined terms.

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<p>4 Do the +securities rank equally in all respects from the date of allotment with an existing +class of quoted +securities?</p> <p>If the additional securities do not rank equally, please state:</p> <ul style="list-style-type: none"> <li>• the date from which they do</li> <li>• the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment</li> <li>• the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment</li> </ul>	<p>Ordinary shares rank equally with all other issued ordinary shares.</p>				
<p>5 Issue price or consideration</p>	<p>A\$7.75 per Ordinary Share</p>				
<p>6 Purpose of the issue (If issued as consideration for the acquisition of assets, clearly identify those assets)</p>	<p>The Ordinary Shares are being issued pursuant to a non-renounceable entitlement offer to raise funds to accelerate exploration activities at the Rossing South project in Namibia including accelerating and increasing the drilling programmes for Zones 1 and 2 and to extend and accelerate the regional exploration programme which will include areas of identified mineralisation located South of Zone 2. Proceeds will also be used for the Definitive Feasibility Study and for working capital and general corporate purposes.</p>				
<p>7 Dates of entering +securities into uncertificated holdings or despatch of certificates</p>	<p>2 October 2009</p>				
<p>8 Number and +class of all +securities quoted on ASX (including the securities in clause 2 if applicable)</p>	<table border="1"> <thead> <tr> <th data-bbox="718 1411 1021 1456">Number</th> <th data-bbox="1021 1411 1313 1456">+Class</th> </tr> </thead> <tbody> <tr> <td data-bbox="718 1456 1021 1552">235,625,765</td> <td data-bbox="1021 1456 1313 1552">Ordinary fully paid shares</td> </tr> </tbody> </table>	Number	+Class	235,625,765	Ordinary fully paid shares
Number	+Class				
235,625,765	Ordinary fully paid shares				

	Number	+Class
9 Number and +class of all +securities not quoted on ASX (including the securities in clause 2 if applicable)	200,000	Employee Share Options expiring 11 June 2010 (Exercisable @ A\$1.00)
	75,000	Employee Share Options expiring 1 November 2010 (Exercisable @ A\$1.00)
	7,000	Employee Share Options expiring 9 December 2010 (Exercisable @ A\$1.05)
	1,050,000	Employee Share Options expiring 30 April 2011 (Exercisable @ A\$1.25)
	250,000	Options expiring 1 July 2010 (Exercisable @ A\$1.00)
	1,000,000	Director's incentive options expiring 7 August 2010 (Exercisable @ A\$0.80)

10 Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests)	N/A
---	-----

## Part 2 - Bonus issue or pro rata issue

11 Is security holder approval required?	No
12 Is the issue renounceable or non-renounceable?	Non-renounceable
13 Ratio in which the +securities will be offered	1 for 35
14 +Class of +securities to which the offer relates	Ordinary Shares
15 +Record date to determine entitlements	7 September 2009
16 Will holdings on different registers (or sub-registers) be aggregated for calculating entitlements?	No
17 Policy for deciding entitlements in relation to fractions	Rounding down
18 Names of countries in which the entity has +security holders who will not be sent new issue documents  <small>Note: Security holders must be told how their entitlements are to be dealt with. Cross reference: rule 7.7.</small>	Only security holders with registered addresses in Australia, New Zealand, Canada (British Columbia, Alberta, Ontario), Isle of Man, Monaco, United Kingdom, Singapore, Malta, the British Virgin Islands, Thailand or Switzerland will be eligible to participate in the entitlement offer.
19 Closing date for receipt of acceptances or renunciations	24 September 2009

+ See chapter 19 for defined terms.

20	Names of any underwriters	N/A
21	Amount of any underwriting fee or commission	N/A
22	Names of any brokers to the issue	N/A
23	Fee or commission payable to the broker to the issue	N/A
24	Amount of any handling fee payable to brokers who lodge acceptances or renunciations on behalf of +security holders	N/A
25	If the issue is contingent on +security holders' approval, the date of the meeting	N/A
26	Date entitlement and acceptance form and prospectus or Product Disclosure Statement will be sent to persons entitled	10 September 2009
27	If the entity has issued options, and the terms entitle option holders to participate on exercise, the date on which notices will be sent to option holders	28 August 2009
28	Date rights trading will begin (if applicable)	N/A
29	Date rights trading will end (if applicable)	N/A
30	How do +security holders sell their entitlements <i>in full</i> through a broker?	N/A
31	How do +security holders sell <i>part</i> of their entitlements through a broker and accept for the balance?	N/A
32	How do +security holders dispose of their entitlements (except by sale through a broker)?	N/A

---

+ See chapter 19 for defined terms.

33 +Despatch date

2 October 2009

### Part 3 - Quotation of securities

*You need only complete this section if you are applying for quotation of securities*

34 Type of securities  
(tick one)

(a)  Securities described in Part 1

(b)  All other securities

Example: restricted securities at the end of the escrowed period, partly paid securities that become fully paid, employee incentive share securities when restriction ends, securities issued on expiry or conversion of convertible securities

#### Entities that have ticked box 34(a)

##### Additional securities forming a new class of securities

*Tick to indicate you are providing the information or documents*

35  If the +securities are +equity securities, the names of the 20 largest holders of the additional +securities, and the number and percentage of additional +securities held by those holders

36  If the +securities are +equity securities, a distribution schedule of the additional +securities setting out the number of holders in the categories  
1 - 1,000  
1,001 - 5,000  
5,001 - 10,000  
10,001 - 100,000  
100,001 and over

37  A copy of any trust deed for the additional +securities

---

+ See chapter 19 for defined terms.

**Entities that have ticked box 34(b)**

38 Number of securities for which +quotation is sought 

--

39 Class of +securities for which quotation is sought 

--

40 Do the +securities rank equally in all respects from the date of allotment with an existing +class of quoted +securities?

If the additional securities do not rank equally, please state:

- the date from which they do
- the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment
- the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment

--

41 Reason for request for quotation now

Example: In the case of restricted securities, end of restriction period

(if issued upon conversion of another security, clearly identify that other security)

--

	Number	+Class
42	Number and +class of all +securities quoted on ASX (including the securities in clause 38)	

+ See chapter 19 for defined terms.

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**Quotation agreement**

1 +Quotation of our additional +securities is in ASX’s absolute discretion. ASX may quote the +securities on any conditions it decides.

2 We warrant the following to ASX.


- The issue of the +securities to be quoted complies with the law and is not for an illegal purpose.
- There is no reason why those +securities should not be granted +quotation.
- An offer of the +securities for sale within 12 months after their issue will not require disclosure under section 707(3) or section 1012C(6) of the Corporations Act.

Note: An entity may need to obtain appropriate warranties from subscribers for the securities in order to be able to give this warranty

- Section 724 or section 1016E of the Corporations Act does not apply to any applications received by us in relation to any +securities to be quoted and that no-one has any right to return any +securities to be quoted under sections 737, 738 or 1016F of the Corporations Act at the time that we request that the +securities be quoted.
- We warrant that if confirmation is required under section 1017F of the Corporations Act in relation to the +securities to be quoted, it has been provided at the time that we request that the +securities be quoted.
- If we are a trust, we warrant that no person has the right to return the +securities to be quoted under section 1019B of the Corporations Act at the time that we request that the +securities be quoted.

3 We will indemnify ASX to the fullest extent permitted by law in respect of any claim, action or expense arising from or connected with any breach of the warranties in this agreement.

4 We give ASX the information and documents required by this form. If any information or document not available now, will give it to ASX before +quotation of the +securities begins. We acknowledge that ASX is relying on the information and documents. We warrant that they are (will be) true and complete.

Sign here:   
(Company secretary)

Date: 27 August 2009

Print name: Rance Dorrington

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+ See chapter 19 for defined terms.

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28 August 2009

Dear Optionholder

## PARTICIPATION IN PRO-RATA NON-RENOUNCEABLE ENTITLEMENT OFFER

### Overview

Extract Resources Limited (**Extract**) wishes to advise that it intends to proceed with a non-renounceable entitlement offer of 1 ordinary share in Extract (**New Share(s)**) for every 35 ordinary shares in Extract (**Shares(s)**) at an offer price of A\$7.75 per Share to raise a maximum of approximately A\$50.7 million before costs (**Offer**).

On 25 August 2009, Extract announced the sale, on an underwritten private placement basis, of 5.2 million special warrants of Extract (**Special Warrants**) at an issue price of A\$7.75 per Special Warrant, for gross proceeds of approximately A\$40.3 million (**Placement**). The Placement will be made to accredited institutional investors. The Placement will be made outside Australia, and is expected to be made mainly in Canada and the United States. Special Warrants will not entitle the holder to participate in the Offer, and the issue of Shares under the Offer will not give rise to any adjustment to the number of Shares to be issued on exercise of a Special Warrant.

Only shareholders who are registered at 5.00 pm (AWST) on 7 September 2009 (**Record Date**) will be eligible to participate in the Offer. There is no inherent right in your options to participate in the Offer. The purpose of this letter is to give you notice prior to the Record Date in which you may exercise your options should you wish to participate in the Offer.

Accordingly, if you wish to participate in the Offer (to the extent of any Shares which would be issued upon exercise of your options) you must exercise your options in time for Shares to be allotted to you before the Record Date. To ensure that your Shares are allotted and issued before the Record Date, your notice of exercise of option (**Notice of Exercise**) together with your cheque for the necessary amount must be received by Extract no later than 5.00 pm (AWST) on 2 September 2009. Any Shares to be issued in relation to a Notice of Exercise received after this date cannot be assured of being allotted and issued before the Record Date.

If you do not wish to participate in the Offer (in respect of your options) you do not need to take any action.

Before deciding whether to exercise all or any of your options, you should consider the terms of the Offer carefully and consult with your professional advisor if necessary.

### Key Dates

The new Shares will be offered via the Offer without disclosure to eligible shareholders under Part 6D.2 of the Corporations Act 2001 (Cth) (**Corporations Act**) in accordance with the following timetable:

Announce Offer	Prior to commencement of trade on Wednesday, 26 August 2009
Lodge Offer Document, Rights Issue cleansing notice pursuant to paragraph 708AA(2)(f) of the Corporations Act with ASX, and	Prior to commencement of trade on Friday, 28 August 2009

Extract Resources Limited (ABN 61 057 337 952)

30 Charles Street, South Perth, Western Australia, 6151 • P.O. Box 752 South Perth WA 6951

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Appendix 3B Notification to option holders	
Notice to Shareholders containing information required by Appendix 3B	Monday, 31 August 2009
Existing Shares quoted on an 'ex' basis	Tuesday, 1 September 2009
Record Date	Monday, 7 September 2009
Offer Document and Entitlement and Acceptance Form despatched to Shareholders and announce completion of despatch Offer period opens	Thursday, 10 September 2009
Offer period closes ( <b>Closing Date</b> )	Thursday, 24 September 2009
Securities quoted on deferred settlement basis	Friday, 25 September 2009
Company to notify ASX of under-subscriptions (if any)	Tuesday, 29 September 2009
Allotment date of new Shares Despatch holding statements Deferred settlement trading ends Lodge updated Appendix 3B	Friday, 2 October 2009
Commencement of trading of the New Shares	Tuesday, 6 October 2009 <sup>1</sup>

The timetable outlined above is indicative only and subject to change. The Directors reserve the right to vary these dates, including the Closing Date, without prior notice but subject to the Corporations Act and the ASX Listing Rules. The Directors also reserve the right not to proceed with the whole or part of the Offer at any time prior to allotment.

In that event, the relevant application money (being the amount paid for new Shares applied for in a duly completed Entitlement and Acceptance Form) will be returned without interest.

#### Further Details

Full details of the Offer are contained in the Offer Document which has been lodged with the ASX and is available at their website: [www.asx.com.au](http://www.asx.com.au). The Offer Document is also available on Extract's website: [www.extractresources.com](http://www.extractresources.com).

If you have any questions, please do not hesitate to contact Extract on (+61 8) 9367 2111.

Yours sincerely



Rance Dorrington  
**Company Secretary**

<sup>1</sup> Although 5 October 2009 is an ASX trading day, it is not an ASX business day. ASX has confirmed that the earliest date that the New Shares would be tradeable is 6 October 2009.

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