

Form 603
Corporations Act 2001
Section 671B

Notice of initial substantial holder

To Company Name/Scheme EXTRACT RESOURCES LIMITED

ACN/ARSN 057 337 952

1. Details of substantial holder (1)

Name TAURUS MINERAL LIMITED (a company incorporated in Hong Kong).

This notice is also given on behalf of each associate of Taurus Mineral Limited, which as at the date of this notice are listed in Annexure "A".

ACN/ARSN (if applicable) _____

The holder became a substantial holder on 19/01/2012

2. Details of voting power

The total number of votes attached to all the voting shares in the company or voting interests in the scheme that the substantial holder or an associate (2) had a relevant interest (3) in on the date the substantial holder became a substantial holder are as follows:

Class of securities (4)	Number of securities	Person's votes (5)	Voting power (6)
Taurus Mineral Limited	107,342,087	107,342,087	42.74%

3. Details of relevant interests

The nature of the relevant interest the substantial holder or an associate had in the following voting securities on the date the substantial holder became a substantial holder are as follows:

Holder of relevant interest	Nature of relevant interest (7)	Class and number of securities
Taurus Mineral Limited	Taurus Mineral Limited has a relevant interest in the 107,342,087 fully paid ordinary shares in Extract Resources Limited held by Kalahari Minerals plc, pursuant to section 608(3)(a) of the <i>Corporations Act 2001</i> .	107,342,087 fully paid ordinary shares in Extract Resources Limited.

4. Details of present registered holders

The persons registered as holders of the securities referred to in paragraph 3 above are as follows:

Holder of relevant interest	Registered holder of securities	Person entitled to be registered as holder (8)	Class and number of securities
Taurus Mineral Limited	Kalahari Minerals plc	Kalahari Minerals plc	107,342,087 fully paid ordinary shares in Extract Resources Limited.

5. Consideration

The consideration paid for each relevant interest referred to in paragraph 3 above, and acquired in the four months prior to the day that the substantial holder became a substantial holder is as follows:

Holder of relevant interest	Date of acquisition	Consideration (9)		Class and number of securities
		Cash	Non-cash	
Taurus Mineral Limited	19/01/2012	Acquisition of a relevant interest in 30.75% of the issued fully paid ordinary shares in Kalahari Minerals plc pursuant to section 608(8) of the <i>Corporations Act 2001</i> , with the proposed acquisition of those shares in Kalahari Minerals plc at a price of 243.55 UK pence per share		107,342,087 fully paid ordinary shares in Extract Resources Limited.

6. Associates

The reasons the persons named in paragraph 3 above are associates of the substantial holder are as follows:

Name and ACN/ARSN (if applicable)	Nature of association
Refer to Annexure "A"	Refer to Annexure "A"

7. Addresses

The addresses of persons named in this form are as follows:

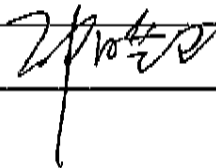
Name	Address
Taurus Mineral Limited	Room 1901, CC Wu Building, 302 Hennessy Road, Wanchai, Hong Kong
For associates of Taurus Mineral Limited, refer to Annexure "A"	Refer to Annexure "A"

Signature

print name 郑晓卫

capacity Director

sign here



date 20/1/12

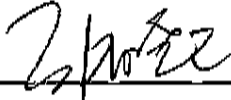
DIRECTIONS

- (1) If there are a number of substantial holders with similar or related relevant interests (eg, a corporation and its related corporations, or the manager and trustee of an equity trust), the names could be included in an annexure to the form. If the relevant interests of a group of persons are essentially similar, they may be referred to throughout the form as a specifically named group if the membership of each group, with the names and addresses of members is clearly set out in paragraph 7 of the form.
- (2) See the definition of "associate" in section 9 of the Corporations Act 2001.
- (3) See the definition of "relevant interest" in sections 608 and 671B(7) of the Corporations Act 2001.
- (4) The voting shares of a company constitute one class unless divided into separate classes.
- (5) The total number of votes attached to all the voting shares in the company or voting interests in the scheme (if any) that the person or an associate has a relevant interest in.
- (6) The person's votes divided by the total votes in the body corporate or scheme multiplied by 100.
- (7) Include details of:
 - (a) any relevant agreement or other circumstances by which the relevant interest was acquired. If subsection 671B(4) applies, a copy of any document setting out the terms of any relevant agreement, and a statement by the person giving full and accurate details of any contract, scheme or arrangement, must accompany this form, together with a written statement certifying this contract, scheme or arrangement; and
 - (b) any qualification of the power of a person to exercise, control the exercise of, or influence the exercise of, the voting powers or disposal of the securities to which the relevant interest relates (indicating clearly the particular securities to which the qualification applies).

See the definition of "relevant agreement" in section 9 of the Corporations Act 2001.
- (8) If the substantial holder is unable to determine the identity of the person (eg, if the relevant interest arises because of an option) write "unknown."
- (9) Details of the consideration must include any and all benefits, moneys and other, that any person from whom a relevant interest was acquired has, or may, become entitled to receive in relation to that acquisition. Details must be included even if the benefit is conditional on the happening or not of a contingency. Details must be included of any benefit paid on behalf of the substantial holder or its associate in relation to the acquisitions, even if they are not paid directly to the person from whom the relevant interest was acquired.

ANNEXURE "A"

This is Annexure "A" of 2 pages referred to in the Form 603 signed by me and dated **20 JANUARY 2012**



郑晓卫 Zheng Xiaowei
Director, Taurus Mineral Limited

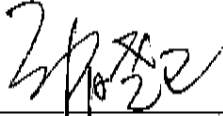
Date: **20 JANUARY 2012**

ASSOCIATES OF TAURUS MINERAL LIMITED		
Name	Address	Nature of Association
Miraculum Mineral Limited (a company incorporated in Hong Kong)	Room 1901 CC Wu Building 302 Hennessy Road Wanchai Hong Kong	100% shareholder in Taurus Mineral Limited
Thesaurus Mineral Limited (a company incorporated in Hong Kong)	Room 1901 Jicheng Center Hennessy Avenue No. 302 Wanchai Hong Kong	60% shareholder in Miraculum Mineral Limited
Golden Core Investment Holding Co. Ltd (a company incorporated in Hong Kong)	21 / F Edinburgh Tower The Landmark 15 Queen's Road Central Hong Kong	40% shareholder in Miraculum Mineral Limited
China Uranium Development Co. Ltd (a company incorporated in Hong Kong)	Room 1901 CC Wu Building 302 Hennessy Road Wanchai Hong Kong	100% shareholder in Thesaurus Mineral Limited
China-Africa Industrial Investment Co. Ltd (a company incorporated in Hong Kong)	21 / F Edinburgh Tower The Landmark 15 Queen's Road Central Hong Kong	100% shareholder in Golden Core Investment Holding Co. Ltd
CGNPC Uranium Resources Co. Ltd (a company in the People's Republic of China)	30/F, Bldg. A The International Center of Times No 101 Shaoyaoju Beili Chaoyang Dist. Beijing 100029 China	100% shareholder in CGNPC Uranium Resources Co. Ltd
The China-Africa Development Fund (a body incorporated in the People's Republic of China)	Tower C, Floor 10 & 11 Chemsunny World Trade Center No 28 Fuxingmennei Street Xicheng District Beijing 100031 China	100% shareholder in China-Africa Industrial Investment Co. Ltd
China Guangdong Nuclear Power Holding Corporation (a company incorporated in the People's Republic of China)	30/F, Bldg. A The International Center of Times No 101 Shaoyaoju Beili	100% shareholder in CGNPC Uranium Resources Co. Ltd

	Chaoyang Dist. Beijing 100029 China	
China Development Bank Corporation (a company incorporated in the People's Republic of China)	29 Fuchengmenwai Street Xicheng District Beijing 100037 China	100% shareholder in The China-Africa Development Fund
Epangelo Mining Company (a company incorporated in Namibia)	Old Mutual Platz 2nd Floor Post Street Mall Windhoek Namibia	Has entered into an in principle agreement with CGNPC Uranium Resources Co. Ltd (being a 'relevant agreement' under the <i>Corporations Act 2001</i>) for the purpose of controlling or influencing the conduct of the affairs of Extract Resources Limited (refer to Annexure "B")

ANNEXURE "B"

This is Annexure "B" of 29 pages referred to in the Form 603 signed by me and dated **20 JANUARY 2012**.



郑晓卫 Zheng Xiaowei
Director, Taurus Mineral Limited

Date: **20 JANUARY 2012**



EXECUTION VERSION

AGREEMENT

by and between

CGNPC URANIUM RESOURCES COMPANY LIMITED

and

EPANGELO MINING COMPANY (PROPRIETARY) LIMITED

I hereby certify that this is a true copy of the original document.

[Handwritten Signature]
 2012.1.13

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 Johannesburg South Africa
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[Handwritten Signature]

[Handwritten Signature]

JN/SY
20112011/EPAN18533.1
Agreement - Epangelo - CGNPC - Execution Version/ #1347592v14



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AGREEMENT

by and between

CGNPC URANIUM RESOURCES COMPANY LIMITED

and

EPANGELO MINING COMPANY (PROPRIETARY) LIMITED

1 INTERPRETATION

In this Agreement, clause headings are used for convenience only and shall not be used in its interpretation and, unless the context clearly indicates a contrary intention -

- 1.1 a word or an expression that denotes -
 - 1.1.1 any gender, includes the other genders;
 - 1.1.2 a natural person, includes an artificial or juristic person and *vice versa*; and
 - 1.1.3 the singular, includes the plural and *vice versa*;
- 1.2 the following words and expressions shall bear the meanings assigned to them below, and cognate words and expressions shall bear corresponding meanings, -
 - 1.2.1 "ASX"- Australian Stock Exchange;
 - 1.2.2 "AUD" – Australian Dollars;
 - 1.2.3 "Agreement" - this document, as amended from time to time;

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- 1.2.4 "**Business Day**" - any day that is not a Saturday, a Sunday or an official public holiday in Namibia;
- 1.2.5 "**CGNPC-URC**" - CGNPC Uranium Resources Company Limited, a legal entity established and operating in accordance with the laws of the People's Republic of China, with its principal place of business at: 30/F, Building A, The International Center of Times, No. 101 Shaoyaoju Beili, Chaoyang District, Beijing, 100029, P.R. China;
- 1.2.6 "**CGNPC-URC Offer**" - shall bear the meaning assigned to that term in 2.1.4;
- 1.2.7 "**Confidential Information**" - of a Party, means any information disclosed by that Party to the Receiving Party prior to the conclusion of this Agreement, in terms of this Agreement or otherwise in connection with this Agreement;
- 1.2.8 "**Epangelo**" - Epangelo Mining Company (Proprietary) Limited (registration number 2008/0556), a private company duly incorporated and registered in accordance with the laws of Namibia;
- 1.2.9 "**Epangelo Shares**" - shall bear the meaning assigned to that term in 3.1.1;
- 1.2.10 "**Extract**" - Extract Resources Ltd (registration number ABN 61057337952), a public company duly incorporated and registered in accordance with the laws of Australia;
- 1.2.11 "**Kalahari**" - Kalahari Minerals plc, a public company duly incorporated and registered in accordance with the laws of England & Wales;
- 1.2.12 "**LIBOR**" - the six month London Interbank Offer Rate;
- 1.2.13 "**Long-Form Agreements**" - shall bear the meaning assigned to that term in 6.1;

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- 1.2.14 **"Mining License"** - the mining license that has been applied for by Swakop over a portion of EPL3138 as evidenced by the area marked in red on Annexure "A" hereto and which includes Zones 1 to 5, as well as middle dome;
- 1.2.15 **"MoU"** - shall bear the meaning ascribed to such term in 2.1.9;
- 1.2.16 **"Namibia"** - the Republic of Namibia;
- 1.2.17 **"Parties"** - collectively, CGNPC-URC and Epangelo and **"Party"** means either of them, as the context may require;
- 1.2.18 **"Project"** - the Husab Uranium Project in the Erongo region in western-central Namibia, which incorporates the entire EPL 3138 and EPL 3439 which are held by Swakop;
- 1.2.19 **"Proposed Transaction"** - shall bear the meaning assigned to that term in 3.1.1;
- 1.2.20 **"Reserved Matter"** - shall bear the meaning assigned to that term in 6.2.4;
- 1.2.21 **"Signature Date"** - the date of signature of this Agreement by the Party which signs it last;
- 1.2.22 **"Subscription Consideration"** - shall bear the meaning assigned to that term in 4.1.3;
- 1.2.23 **"Subscription Date"** - shall bear the meaning assigned to that term in 4.1.2;
- 1.2.24 **"Subscription Loan"** - shall bear the meaning assigned to that term in 4.1.5;
- 1.2.25 **"Swakop"** - Swakop Uranium (Proprietary) Limited (registration number 2006/471), a private company duly incorporated and registered in accordance with the laws of Namibia;



- 1.2.26 **"Swakop Valuation"** shall have the meaning assigned to that term in 4.1.3.2;
- 1.2.27 **"Trading Days"** – days on which ASX is open for trading; and
- 1.2.28 **"USD"** – United States of America Dollars;
- 1.3 any reference to any statute, regulation or other legislation shall be a reference to that statute, regulation or other legislation as at the Signature Date, and as amended or substituted from time to time;
- 1.4 if any provision in a definition is a substantive provision conferring a right or imposing an obligation on either Party, then, notwithstanding that it is only in a definition, effect shall be given to that provision as if it were a substantive provision in the body of this Agreement;
- 1.5 where any term is defined within a particular clause other than this 1, that term shall bear the meaning assigned to it in that clause wherever it is used in this Agreement;
- 1.6 where any number of days is to be calculated from a particular day, that number shall be calculated as excluding that particular day and commencing on the next day. If the last day of the number to be so calculated falls on a day that is not a Business Day, the last day will be deemed to be the next succeeding Business Day;
- 1.7 any reference to days (other than a reference to Business Days or Trading Days), months or years shall be a reference to calendar days, months or years, as the case may be, according to the Gregorian calendar;
- 1.8 the use of the words **"including"**, **"includes"** or **"include"**, followed by a specific example/s, shall not be construed as limiting the meaning of the general wording preceding it and the *elusdem generis* rule shall not be applied in the interpretation of that general wording or those specific examples; and



- 1.9 the terms of this Agreement having been negotiated, the *contra proferentem* rule shall not be applied in the Interpretation of this Agreement.

2 INTRODUCTION

- 2.1 It is recorded that -
- 2.1.1 Swakop is developing the Project and holds an exploration licence over the Husab project area, and has applied for the Mining License;
- 2.1.2 Extract holds 100% of the issued share capital of Swakop;
- 2.1.3 Kalahari holds approximately 42.7% of the issued share capital of Extract;
- 2.1.4 CGNPC-URC is considering making an offer to acquire, through a subsidiary of CGNPC-URC, the entire issued share capital of Kalahari and, thereafter, an offer to acquire the issued share capital of Extract not held by Kalahari (each such offer, being a "**CGNPC-URC Offer**");
- 2.1.5 If the acquisitions referred to in 2.1.4 are implemented, CGNPC-URC will acquire a significant indirect stake in the Project;
- 2.1.6 Epangelo is the state-owned mining company established by the Government of Namibia to ensure national participation in the discovery, exploitation and beneficiation of Namibia's mineral resources, whilst developing and consolidating a portfolio of high quality assets and services for the benefit of its stakeholders;
- 2.1.7 Epangelo wishes to acquire a 10% equity interest in Swakop, which objective is supported by the Parties and the Government of Namibia and the Government of the People's Republic of China;
- 2.1.8 the Parties have, accordingly, entered into negotiations regarding the terms of the participation of Epangelo in Swakop; and

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- 2.1.9 pursuant to such negotiations, CGNPC-URC and Epangelo signed a memorandum of understanding on 9 September 2011 ("**MoU**") to set out key principles regarding such participation.
- 2.2 The Parties are entering into this Agreement to elaborate on the MoU and to set out -
- 2.2.1 the certain key terms and conditions upon which Epangelo is to participate in Swakop;
- 2.2.2 the various binding agreements which will need to be concluded to give effect to such participation;
- 2.2.3 the assistance which Epangelo is prepared to give CPNPC-URC; and
- 2.2.4 the support which CGNPC-URC is prepared to give to Epangelo.

3 STATUS OF AGREEMENT

- 3.1 This Agreement -
- 3.1.1 sets out the agreed key terms and conditions upon which Epangelo will subscribe for and be allotted and issued that number of shares (the "**Epangelo Shares**") in the issued share capital of Swakop that will result in Epangelo holding 10% of the enlarged share capital of Swakop after the issue of the Epangelo Shares and participate in the Project thereafter ("**Proposed Transaction**"); and
- 3.1.2 shall form the basis on which the Parties will negotiate, in good faith, the Long-Form Agreements that will contain the full terms and conditions relating to the Proposed Transaction.
- 3.2 For the avoidance of doubt, the provisions of this Agreement shall constitute legally binding obligations on the Parties with effect from the Signature Date.

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4 TERMS OF THE PROPOSED TRANSACTION

4.1 The Proposed Transaction will be implemented on the following terms -

4.1.1 Epangelo will acquire or procure the incorporation of a wholly-owned subsidiary, which will be used by Epangelo as a special purpose vehicle ("**SPV**") for the purposes of the Proposed Transaction. Accordingly, any reference to "Epangelo" in this Agreement will include a reference, where appropriate, to such SPV;

4.1.2 Epangelo will subscribe for, and be allotted and issued the Epangelo Shares on a date ("**Subscription Date**") that is not later than 10 Business Days after the date on which the CGNPC-URC Offer for Extract becomes or is declared unconditional;

4.1.3 the subscription consideration ("**Subscription Consideration**") payable by Epangelo for the Epangelo Shares will be an arms' length commercial price, it being agreed that such price shall be determined on the basis of the 'see through' valuation for Swakop Implied by the volume-weighted average price ("**VWAP**") of the shares in Extract for the twenty Trading Days prior to the Signature Date and, in accordance with this principle, -

4.1.3.1 the Subscription Consideration will be equal to $10\% * \text{the Swakop Valuation} / (1 - 10\%)$;

4.1.3.2 the "**Swakop Valuation**" will be determined in accordance with the following formula -

$$A = (B + C - D - E) / R_{AUD:USD}$$

where -

A = the Swakop Valuation being calculated, expressed in USD;

B = the fully diluted market capitalisation of Extract, expressed in AUD, calculated using the VWAP for the twenty Trading Days prior to the Signature Date;

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Handwritten signature of a representative of CGNPC.



C = the audited net debt of Extract, expressed in AUD, as reflected in the audited consolidated Balance Sheet of Extract as at the Signature Date;

D = the net assets of Extract (other than shares in Swakop and the inter-company loan owed to Extract by Swakop), expressed in AUD, as reflected in the audited unconsolidated Balance Sheet of Extract as at the Signature Date;

E = the net indebtedness of Swakop (other than the inter-company loan owed by Extract to Swakop), expressed in AUD, as reflected in the audited Balance Sheet of Swakop as at the Signature Date; and

$R_{AUD:USD}$ = the WM/Reuters AUD/USD Fix exchange rate at 16:00 Sydney time on the Signature Date.

- 4.1.3.3 The Parties shall procure that Extract and Swakop shall, as soon as possible after the Signature Date, procure the preparation of an audited Balance Sheet for each of Extract and Swakop as at the Signature Date and provide a copy of such audited Balance Sheets to the Parties.
- 4.1.4 Extract will sell to Epangelo, and Epangelo will purchase, 10% of the total existing outstanding inter-company loan outstanding as at the Signature Date between Extract and Swakop for USD1 ("**Epangelo Inter-company Loan**");
- 4.1.5 CGNPC-URC shall procure that Epangelo is lent and advanced the funding necessary ("**Subscription Loan**") to enable Epangelo to pay the Subscription Consideration on the due date therefore on the basis that -
- 4.1.5.1 the funding will be provided by a third-party funder or by Swakop, with Swakop obtaining the funding from a third-party funder;
- 4.1.5.2 the interest rate for the Subscription Loan shall be LIBOR + 600bps;

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- 4.1.5.3 the Subscription Loan shall be drawn down in full on the Subscription Date with interest being calculated from the Subscription Date;
- 4.1.5.4 Epangelo shall utilise 100% of the dividends received from Swakop in respect of the Epangelo Shares and 100% of funds received in the settlement of the interest and capital of the Epangelo Inter-company Loan to settle the interest and capital on the Subscription Loan, until it is fully repaid, it being agreed that if no dividends or repayment are received, no repayment of interest and capital of the Subscription Loan shall be required to be made;
- 4.1.5.5 Epangelo shall utilise any proceeds realised on the disposal of the Epangelo Shares and/or the settlement of the Epangelo Inter-company Loan to first settle the Subscription Loan;
- 4.1.5.6 Epangelo shall at any time after the 15th anniversary of the Subscription Date have the right and option ("**Put Option**") to sell to Extract/Swakop, which shall be obliged to purchase, the Epangelo Shares at a "see through valuation" calculated, *mutatis mutandis*, in accordance with the principles set out in 4.1.3, if Extract or Kalahari are not listed on any Stock Exchange, the Parties shall seek to agree a price, or failing agreement, the fair value thereof will be determined by a third party expert; provided that Epangelo may only exercise the Put Option if the Subscription Loan (including all interest accrued thereon) has been settled or will be settled by Epangelo immediately prior to implementation of the sale arising from the Put Option;
- 4.1.5.7 Epangelo will pledge the Epangelo Shares and the Epangelo Inter-company Loan and all rights attached thereto as security for its obligations to repay the Subscription Loan, but otherwise the funding will be provided on a non-recourse basis (i.e. the funder will not have recourse to the assets of Epangelo, other than the Epangelo Shares, on any breach of the terms of the Subscription

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Loan). Epangelo will procure the consent of the Minister of Mines and Energy for the pledge of such shares to the funder.

- 4.2 The signature of the Long-Form Agreements will be subject to obtaining the approval of the Long-Form Agreements from the boards of directors of each of Epangelo, Swakop and Extract.

5 OBLIGATIONS OF EPANGELO

Epangelo shall use its reasonable endeavours to assist Swakop to obtain the Mining License and all other regulatory approvals required for the Project as soon as possible after the Signature Date. The Parties acknowledge that CGNPC-URC would like the Mining License to be issued at least a day prior to the 8 December 2011 to facilitate necessary approvals required ahead of submitting "its firm intention to make an offer".

6 LONG-FORM AGREEMENTS

- 6.1 The Parties shall, as soon as is practically possible after the Signature Date, negotiate in good faith the terms of the written agreements required to give effect to the Proposed Transaction, it being agreed that such agreements ("**Long-Form Agreements**") shall comprise, *inter alia*, -
- 6.1.1 a subscription agreement for the subscription by Epangelo for the Epangelo Shares; and
- 6.1.2 a shareholders agreement, which will govern the relationship of the Epangelo and Extract as shareholders of Swakop;
- 6.1.3 new articles of association of Swakop which will be amended to reflect the terms of the shareholders agreement;
- 6.1.4 a loan agreement between the funder and Epangelo in respect of the Subscription Loan;
- 6.1.5 a pledge of shares agreement in terms of which Epangelo will pledge the Epangelo Shares and the Epangelo Inter-company Loan in favour of the funder.

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- 6.2 The Parties shall procure that the shareholders agreement will set out, among other things -
- 6.2.1 the rights of shareholders to appoint directors, it being agreed that Epangelo shall be entitled to appoint one director to the board of Swakop;
- 6.2.2 a dividend policy pursuant to which Swakop will be required pay 100% or as much as is legally possible of Free Cash Flow as a dividend to shareholders. For this purpose, "Free Cash Flow" shall mean, in respect of any financial year of Swakop, the total cash flow received by Swakop during that financial year after payment of, or provision for, its costs, expenses, taxes and royalties (including payment of capital, interest and other funding obligations (eg cash sweep, funding of debt service, debt service reserves) and a reasonable provision for Swakop's anticipated working capital requirements and capital expenditure requirements within the Mining Licence on the area marked in red on Annexure A;
- 6.2.3 a resolution of the board of Swakop will be passed if it is supported by a majority of the votes cast on that resolution (unless such matter is a Reserved Matter (as defined below));
- 6.2.4 minority protections that will require the unanimous approval of all shareholders before certain actions may be undertaken by Swakop, including -
- 6.2.4.1 any variation to the rights of the shares of Swakop;
- 6.2.4.2 any material changes to the constitutional documents of Swakop;
- 6.2.4.3 the allotment or issue of any shares or the grant, or any agreement to grant any option or interest (in the form of convertible obligations) over any shares or any uncalled capital of Swakop, to any shareholder other than Extract or Epangelo, which (i) could result in a dilution of Epangelo's stake in Swakop or a variation of any Epangelo rights in terms of the articles of association of Swakop or the shareholders agreement; (ii) CGNPC-URC ceasing to indirectly



hold the majority of the issue share capital of Swakop; or (iii) is not effected at fair value;

- 6.2.4.4 the relocation of Swakop's place of incorporation to a jurisdiction other than Namibia;
- 6.2.4.5 any change in the description of the social projects to be performed in respect of the economic and social development of local communities;
- 6.2.4.6 the development or acquisition by Swakop of an interest in any project other than (i) development of the area that is the subject of the Mining License; or (ii) a joint development with the Rossing project, it being agreed that in respect of this 6.2.4.6, Epangelo shall not unreasonably withhold its consent; and
- 6.2.4.7 entering into any contract or agreement with any party other than on arm's length terms,

(all such matters collectively referred to as "**Reserved Matters**").

- 6.2.5 in addition to the Reserved Matters, the shareholders agreement shall provide that Extract shall consult with Epangelo on -
 - 6.2.5.1 the issue by Swakop or disposal by Extract of any shares or other securities to any third parties;
 - 6.2.5.2 any decision that relates to the approval and/or change in the budget or in the business plan;
 - 6.2.5.3 any decision that relates to the powers, fees or compensation of the members of the board of Swakop;
 - 6.2.5.4 the appointment of the chief executive officer, chief operations officer and the financial director;
 - 6.2.5.5 the terms of any third party financing agreements; and



6.2.5.6 any additional capital expenditure outside of the area covered by the Mining Licence.

provided that, if Epangelo objects to any such decision, there will be a process whereby senior representatives of the Parties will meet in order to attempt to agree on the way forward and that, if no such agreement is reached, the decision of the board of Swakop will be binding on the Parties.

6.2.6 funding provisions that will provide that -

6.2.6.1 the board of Swakop will endeavour to fund the Project using third-party debt (on reasonable commercial terms);

6.2.6.2 if the board of Swakop is unable to raise all of its funding requirements from third party sources, it shall be entitled to resolve to raise funding from its shareholders;

6.2.6.3 the form of the funding (ie debt or equity) will be agreed in writing between the shareholders; provided that if no agreement is reached, the funding will be provided by way of shareholders' loan account;

6.2.6.4 If the funding is to be provided to Swakop by the shareholders -

6.2.6.4.1 by way of a subscription for equity, such subscription will be at a price per Swakop share calculated using the same principles used to determine the Subscription Consideration in 4.1.3 or if any holding company of Swakop is no longer listed, at a fair value agreed between the parties or failing agreement, as determined by an independent expert; or

6.2.6.4.2 on loan account, such loan accounts will bear interest at a rate to be agreed between the Parties in the Long-form Agreements; and



- 6.2.6.5 if Epangelo is unable, after using its reasonable endeavours, to raise its portion of the funding on commercially reasonable terms, Extract or Swakop shall be required to fund Epangelo for its portion of such funding on, *mutatis mutandis*, the same principles that apply to the Subscription Loan; it being agreed that the failure by Epangelo to contribute all or any part of its portion of the funding will not entitle Extract to require the dilution of Epangelo's shareholding in Swakop or to charge a rate on the funding that it provides to Epangelo that is above market related rates;
- 6.2.7 restrictions on issues of shares and transfers of shares in, and claims against, Swakop, including -
- 6.2.7.1 no transfer or issue of any shares to any third party unless that third party agrees to become bound by the shareholders agreement;
- 6.2.7.2 pre-emptive rights on the issue of shares, which will require that before any shares are issued to any third party, such shares are first offered to the existing shareholders pro rata to their then shareholding;
- 6.2.7.3 pre-emptive rights, which will require that before any shareholder may sell its shares in, and claims, against Swakop, it must (i) obtain a bona fide third party offer for such shares and claims; (ii) offer to sell such shares and claims to the other shareholder on the same terms as the third party offer; and (iii) such shareholder will have a thirty business days to accept such offer;
- 6.2.7.4 tag along rights in favour of Epangelo, in terms of which Extract will not be entitled to dispose of its shares in Swakop to a third party, unless the third party also offers to purchase Epangelo's shares on the same terms and conditions; and
- 6.2.7.5 a right, in terms of which Epangelo will be able to exchange its shares in Swakop for shares in Extract, in the circumstances where Extract will become subject to a direct or indirect change of control (other than (i) pursuant to the CGNPC-URC Offers; (ii) a



restructuring whereby Kalahari and Extract are collapsed and the ultimate controlling shareholders of Swakop do not change) without the prior consent of Epangelo, at a price implied by the transaction pursuant to which there is expected to be a direct or indirect change of control of Extract.

- 6.3 The Long-Form Agreements will be subject to, *inter alia*, the following suspensive conditions –
- 6.3.1 the written approval by Epangelo's shareholder of the Proposed Transaction;
 - 6.3.2 to the extent necessary, the written approval by the Namibian Competition Authorities of the Proposed Transaction;
 - 6.3.3 receipt by CGNPC-URC of all Chinese government approvals;
 - 6.3.4 receipt by Extract and Swakop of any regulatory or other applicable approvals required under applicable laws in respect of Extract and Swakop;
 - 6.3.5 Swakop receiving the Mining License and all other regulatory approvals required for the Project.
- 6.4 The Parties shall use their reasonable endeavours to procure the preparation and distribution of the first drafts of the Long Form Agreements by no later than 2 December 2011.
- 6.5 The Parties shall use their best endeavours to sign the Long-Form Agreements within thirty-five Business Days of the date on which CGNPC-URC releases its "firm intention to make an offer" announcement in respect of the CGNPC-URC Offer for Kalahari under the terms of the UK Takeover Code.

7 NO PARTNERSHIP

Nothing in this Agreement and no action taken by the Parties under this Agreement shall constitute a partnership, joint venture or agency relationship among any of



the Parties. Neither Party shall have the authority to bind the other Party or shall hold itself out as having the authority to bind the other Party.

8 CO-OPERATION

- 8.1 The Parties shall co-operate with one another and take all such steps, do all such things and sign all such documents as may be necessary or desirable to give effect to the Proposed Transaction.
- 8.2 The Parties shall report to their respective authorities on the progress of the negotiation on a timely basis, and where necessary get some support and directives from their respective Governments.
- 8.3 The Parties designate the following authorized representatives to be in charge of further steps and coordination -
- 8.3.1 CGNPC-URC - Mr. Yang Gang, Senior Manager;
- 8.3.2 Epangelo - Mr. Eliphaz Hawala, Managing Director.

9 STANDSTILL

Epangelo confirms that it does not hold any shares in Kalahari or Extract and agrees that it shall not at any time after the Signature Date until six months subsequent to the closing of the CGNPC-URC Offers purchase, directly or indirectly, or to become interested in any shares or other securities in Kalahari or Extract.

10 PUBLICITY

- 10.1 Neither Party shall, subject to 10.2, issue any press release or any public document or make any public statement relating to, or connected with, or arising out of, this Agreement without obtaining the prior written approval of the other Party to its contents and the manner of its presentation and publication, provided that such approval shall not be unreasonably withheld or delayed.

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- 10.2 If either Party is required by law (including for the purposes of this clause, pursuant to an order, rule, regulation or policy of any authority or any stock exchange) to disclose or divulge any information regarding this Agreement to any third party or to make any press release or other public document or public statement relating to, or connected with, or arising out of, this Agreement or the Proposed Transaction, that Party shall, if at all reasonably practicable, give the other Party an opportunity to comment on its content and form prior to disclosing, divulging, releasing or making public that information or document.
- 10.3 It is the Parties' intention that no announcement in relation to the Proposed Transaction will be released until the Long Form Agreements have been signed.

11 CONFIDENTIALITY

- 11.1 Subject to the provisions of 11.2, neither Party shall, at any time after the Signature Date, disclose to any person or use in any manner whatsoever the other Parties' Confidential Information or the existence and contents of this Agreement.
- 11.2 Notwithstanding the provisions of 11.1, Confidential Information (including the terms of the Proposed Transaction) may be disclosed by a Party ("**Disclosing Party**") -
- 11.2.1 to Kalahari, Extract and Swakop, if they agree to keep such Confidential Information confidential);
- 11.2.2 to third party funders to the extent to which such disclosure is required to procure the funding for the Subscription Loan;
- 11.2.3 to the extent to which prior written consent for such disclosure has been obtained from the other Party;
- 11.2.4 to the extent to which disclosure is required by law (excluding contractual obligations) or by the rules of any stock exchange by which it (or any of its affiliates) is bound, in which event the Disclosing Party shall, unless

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prohibited from doing so by any such law, obtain the other Party's written consent, not to be withheld unreasonably, for the manner of such disclosure, provided that the Disclosing Party shall not be obliged to obtain the written consent of the other Party if such disclosure is required before the approval can reasonably be obtained, but the Disclosing Party shall, in these circumstances, promptly notify the other Party of the full details of such disclosure, including the reasons why time did not permit such consent to be obtained; and

- 11.2.5 to the directors, responsible employees and professional advisers of that Party, who require such disclosure for the purpose of such Party implementing or enforcing this Agreement or obtaining professional advice or for the purpose of complying with any law. Any conduct by any such director, employee or professional adviser, which would, if that person had been party to this 11, have been a breach of this 11, will be deemed to be a breach of this 11 by the Party that disclosed or permitted disclosure to such person;
- 11.2.6 to the extent to which it -
- 11.2.6.1 becomes generally available to the public other than as a result of any breach of this Agreement or any other agreement;
- 11.2.6.2 corresponds in substance to information disclosed and/or made available by a third party to that Party at any time without any obligation not to disclose such information, unless that Party knows that the third party from whom it received that information is prohibited from transmitting the information to that Party by a contractual, fiduciary or legal obligation to any other Party; and
- 11.2.6.3 is in respect of information that was already in the possession of that Party prior to its disclosure by the other Party to that Party or is independently developed by that Party without reference to the Confidential Information.



12 BREACH

Should either Party breach any essential provision of this Agreement and fail to remedy such breach within seven days after receiving written notice requiring such remedy from the other Party, then the Party giving such notice shall by further written notice be entitled, without prejudice to its other rights in law including any right to claim damages, to cancel this Agreement or to claim immediate specific performance of all of the defaulting Party's obligations.

13 DOMICILIUM AND NOTICES

13.1 The Parties choose *domicilium citandi et executandi* ("**Domicilium**") for all purposes relating to this Agreement, including the giving of any notice and the serving of any process, at the physical addresses and facsimile numbers set out below -

13.1.1 CGNPC-URC physical - 30/F, Building A
International Center of Times
No. 101 Shaoyaoju Beili,
Chaoyang Dist. Beijing 100029,
P.R. China

facsimile - +86 1057321800

attention: Mr Yang Gang

13.1.2 Epangelo physical - Old Mutual Platz
2nd Floor
Post Street Mall
Windhoek
Namibia

facsimile - +264 61 415 701

attention: Mr E Hawala

with a copy to:



Investec Bank Limited

facsimile - +27 11 291 1594

attention: Mr George Nakos

- 13.2 Either Party shall be entitled, from time to time, by giving written notice to the other, to vary its physical Domicilium to any other physical address (not being a post office box or *poste restante*) and to vary its facsimile Domicilium to any other facsimile number.
- 13.3 Any notice given by either Party to the other ("**Addressee**"), which is delivered by hand or courier between the hours of 09:00 and 17:00 on any Business Day (other than any weekend or public holiday in P. R. China) to the Addressee's physical Domicilium for the time being, will be deemed (unless the contrary is proved by the Addressee) to have been received by the Addressee at the time of delivery.
- 13.4 Any notice given by either Party to the other, which is successfully transmitted by facsimile to the Addressee's facsimile Domicilium for the time being, will be deemed (unless the contrary is proved by the Addressee) to have been received by the Addressee on the Business Day immediately succeeding the date of successful transmission thereof.
- 13.5 This 13 shall not operate so as to invalidate the giving or receipt of any written notice, which is actually received by the Addressee other than by a method referred to in this 13.
- 13.6 Any notice in terms of, or in connection with, this Agreement shall be valid and effective only if in writing and if received or deemed to have been received by the Addressee.

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A handwritten signature in black ink, appearing to be 'G. Nakos'.



14 DISPUTES

- 14.1 Any dispute shall be finally resolved in accordance with the rules of the International Chamber of Commerce ("ICC") by an arbitrator agreed to in writing by the Parties or, failing such agreement within seven days after it is requested by either Party, appointed by ICC.
- 14.2 The arbitration shall be held in Stockholm, Sweden. The language of the arbitration shall be English.
- 14.3 Any order or award that may be made by the arbitrator -
- 14.3.1 shall be final and binding on the Parties in the absence of clerical or manifest error;
- 14.3.2 shall be carried into effect by the Parties; and
- 14.3.3 may be made an order of any competent court by any of the Parties.
- 14.4 Notwithstanding anything to the contrary contained in this 14, either Party shall be entitled to apply for an interdict or other urgent relief from any competent court having jurisdiction.
- 14.5 For the purposes of 14.4 and for the purposes of having any award made by the arbitrator being made an order of court, each of the Parties hereby submits itself to the non-exclusive jurisdiction of High Court of Namibia.
- 14.6 This 14 is severable from the rest of this Agreement and shall remain in full force and effect notwithstanding any cancellation or termination of this Agreement.
- 14.7 If any arbitrator's charges and any other costs have to be paid before that arbitrator has made his award in respect of those charges and costs, the Parties shall bear and pay those charges and costs equally, pending any determination as to liability therefor by that arbitrator.



15 GOVERNING LAW

This Agreement shall, in all respects (including its existence, validity, interpretation, implementation, termination and enforcement), be governed by the laws of Namibia.

16 SEVERABILITY

Each provision of this Agreement is, notwithstanding the grammatical relationship between that provision and the other provisions of this Agreement, severable from the other provisions of this Agreement. Any provision of this Agreement that is or becomes invalid, unenforceable or unlawful in any jurisdiction shall, in such jurisdiction only, be treated as *pro non scripto* to the extent that it is so invalid, unenforceable or unlawful, without invalidating or affecting the remaining provisions of this Agreement, which shall remain of full force and effect. The Parties declare that it is their intention that this Agreement would have been executed without that invalid, unenforceable or unlawful provision if they were aware of that invalidity, unenforceability or unlawfulness at the time of the execution of this Agreement.

17 CESSION, DELEGATION AND ASSIGNMENT

Save as otherwise expressly provided for in this Agreement, neither Party shall be entitled to cede, delegate or otherwise assign or transfer any of its rights, obligations and/or interest in, under or in terms of this Agreement to any third party without the prior written consent of the other Party.

18 GENERAL

- 18.1 This Agreement constitutes the sole record of the *bona fide* understanding among the Parties in relation to the subject matter hereof. Neither Party shall be bound by any express, tacit or implied term, representation, warranty, promise or the like not recorded herein. This Agreement accordingly supersedes and replaces all prior commitments, representations or undertakings, whether oral or written, among the Parties in respect of the subject matter hereof, including the MoU.

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- 18.2 No addition to, variation, novation or agreed cancellation of, any provision of this Agreement shall be binding upon the Parties unless reduced to writing and signed by or on behalf of all Parties.
- 18.3 No indulgence or extension of time, which either Party ("grantor") may grant to the other, nor any election or failure by the grantor to enforce, whether completely or partially, or delay the enforcement of, any of its existing or future rights, shall constitute a waiver of, or, whether by estoppel or otherwise, limit any of, the existing or future rights of the grantor in terms hereof, save in the event and to the extent that the grantor has signed a written document expressly waiving or limiting that right.
- 18.4 Without prejudice to any other provision of this Agreement, any successor-in-title, including any business rescue practitioner, curator, executor, heir, judicial manager, liquidator or trustee of either Party shall be bound by this Agreement.
- 18.5 The signature by either Party of a counterpart of this Agreement shall be as effective as if that Party had signed the same document as the other Parties.

19 COSTS

Each Party shall bear and pay its own costs in relation to the negotiation, drafting, finalisation and implementation of this Agreement and the Long Form Agreements.

Signed at *WINDHOLE*

on *25 November* 2011

for CGNPC Uranium Resources Company
Limited

who warrants that he is duly
authorised hereto

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Signed at *WINDHOEK*

on *25 November* 2011

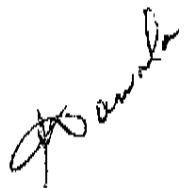
for Epangelo Mining Company (Proprietary)
Limited

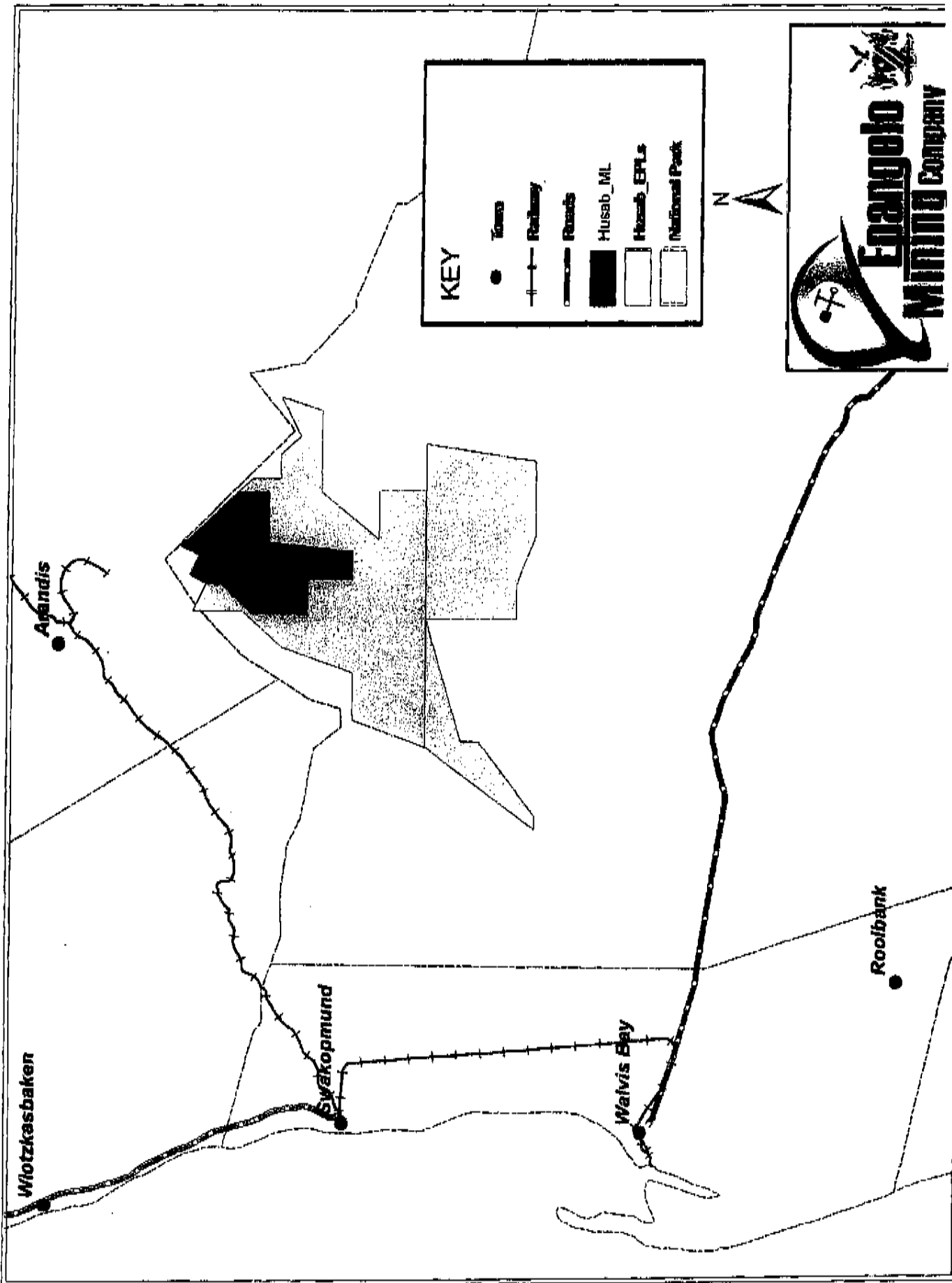
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who warrants that he is duly
authorised hereto

A handwritten signature in black ink, appearing to read 'W. Hoek', located at the bottom left of the page.

ANNEXURE A

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