EXTRACT RESOURCES LTD

ABN 61 057 337 952

AND CONTROLLED ENTITIES

HALF-YEAR REPORT

31 DECEMBER 2011

Half-year report

31 December 2011

Contents

This interim report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2011 and any public announcements made by Extract Resources Ltd during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The information in this report that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled or reviewed by Mr Andrew Penkethman who is a Fellow of The Australasian Institute of Mining and Metallurgy and a Member of the Australian Institute of Geoscientists. Mr Penkethman is a full time employee of the Company. 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 for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Penkethman consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

Company Directory

31 December 2011

Directors

Stephen Galloway	Non-Executive Chairman
Jonathan Leslie	Chief Executive Officer
Neil MacLachlan	Non-Executive Director
John Main	Non-Executive Director
Inge Zaamwani-Kamwi	Non-Executive Director
Alastair Clayton	Non-Executive Director
Ron Chamberlain	Non-Executive Director

Company Secretary

Siobhan Lancaster

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United Kingdom
Telephone: +44 (0)207 317 9220

Namibian Office

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Ausspannplatz
Windhoek, Namibia
Telephone: +264 (61) 300 220

Auditors

BDO Audit (WA) Pty Ltd
38 Station Street
SUBIACO WA 6008

Solicitors

Clayton Utz
Level 27, QV1 Building
250 St Georges Terrace
PERTH WA 6000

Share Registry

Link Market Services
Locked Bag A14
SYDNEY SOUTH NSW 1235
Telephone: 1300 554 474 or (02) 8280 7111
Facsimile: (02) 9287 0303

Stock Exchange Listings

Australian Stock Exchange
Toronto Stock Exchange
Namibia Stock Exchange

ASX/TSX/NSX: EXT

Your Directors present their report on the consolidated entity consisting of Extract Resources Ltd ("the Company" or "Extract") and the entities it controlled at the end of, or during, the half year ended December 31, 2011.

DIRECTORS

The following persons were Directors of Extract Resources Ltd during the whole of the half year and up to the date of this report:

Stephen Galloway

Jonathan Leslie

Neil MacLachlan

John Main

Inge Zaamwani-Kamwi

Alastair Clayton

Ron Chamberlain

HIGHLIGHTS

Husab Uranium Project

During the last six months the Company continued to advance the Husab Uranium Project ("Husab" or "the Project") towards development of what is expected to be one of the largest uranium mines in the world.

Several milestones were achieved during the half year ended December 31, 2011 including:

- July 2011: Approval granted by the Ministry of Environment and Tourism for the environmental impact assessment for the Project's linear infrastructure.
- August 2011: Reserve Update at Zones 1 and 2 defined Proven and Probable Reserves of 280Mt @ 518 ppm for 320M lbs U_3O_8.
- November 2011: Mining Licence (ML171) for the Husab Uranium Project issued by the Ministry of Mines and Energy.

The MORE programme continues with the focus on resource and reserve expansion, mine optimisation, and additional process test work aimed at further enhancing the process flow sheet.

Exploration

The Company maintained its active drilling programme, conducting both exploration and resource delineation drilling. Exploration drilling over the Zone 5 to Salem area remains ongoing and is mainly targeted at the Rössing South anticline. The Company has also identified several exploration targets within EPL 3439.

Corporate

Taurus Mineral Ltd ("Taurus"), an entity owned by CGNPC-URC and CADFund, will be making an unconditional downstream A$8.65 per share cash offer for Extract. The Extract offer follows a successful offer from Taurus for Kalahari Minerals Ltd ("Kalahari"), Extract's major shareholder. Offers will be despatched to Extract shareholders by no later than 1 March 2012.

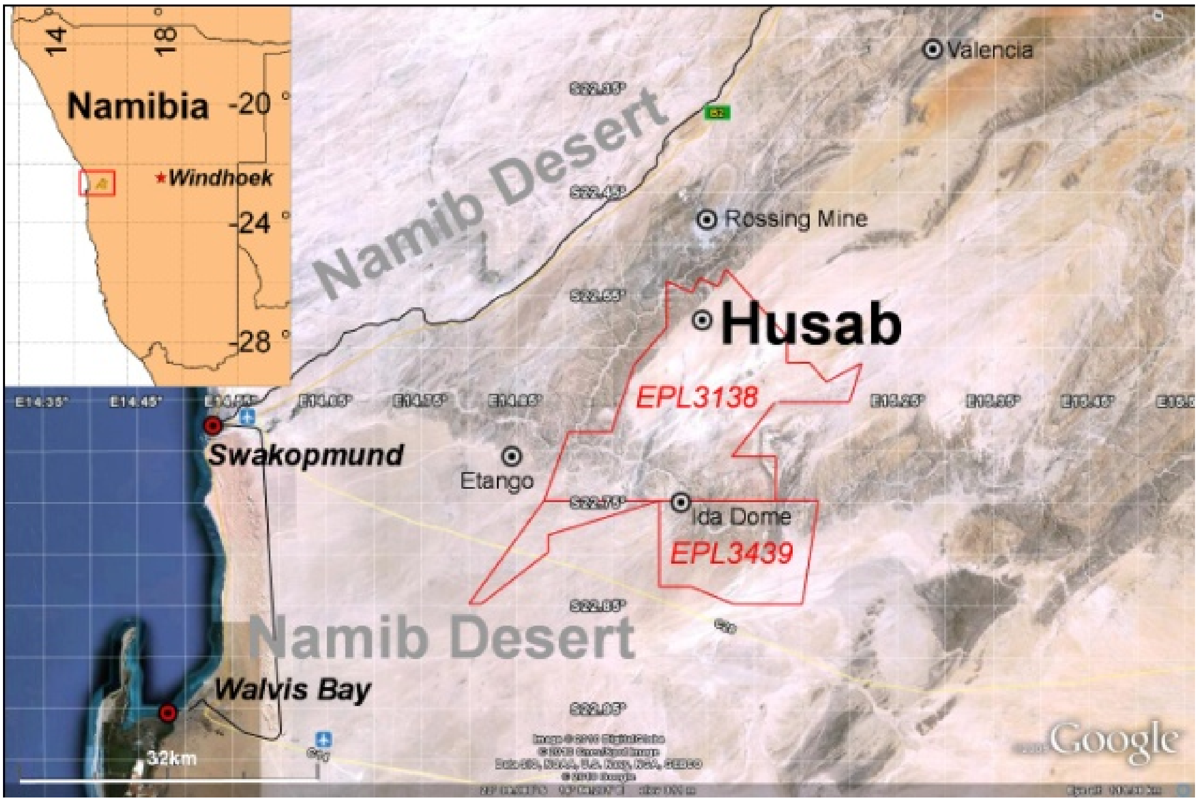
Progress continues to be made on establishing financing options for a standalone development of the Project, including engagement with potential lenders, equity providers and offtakers.

REVIEW OF OPERATIONS

Project Overview

The Husab Uranium Project is located in Namibia, the world's fourth-largest uranium-producing country, with a long history of uranium supply (Figure 1).

Figure 1: Husab Uranium Project location plan.



Since the discovery of granite-hosted uranium mineralisation at Zone 1 in February 2008, Extract has made rapid progress in advancing the Husab Project.

Resource Update

The 2011 resource update for Zones 1 – 5 (ASX release June 7, 2011) established the Husab Uranium Project as the third largest uranium only deposit in the world (Figure 2) and the largest in-situ, and highest grade granite-hosted, uranium deposit in Namibia (Figure 3).

Highlights from the June 2011 resource update include:

- 33% increase in Total Global Resource since August 2010 resource estimate.
- Maiden Measured Resources in Zones 1 and 2 of 84 M.lbs U_3O_8.
- 39% increase in Zones 1 and 2 Measured and Indicated Resources to 358 M.lbs U_3O_8 (compared to August 2010 Indicated Resources).
- 18% increase in Inferred Resources to 130M.lbs U_3O_8, including definition of a maiden Inferred Resource at Zone 5.

Figure 2: Global uranium-only deposits. Note Husab figures include Zones 1 - 5 and the Ida Dome deposits, Ida Central, Garnet Valley and New Camp. Refer to the June 7, 2011 EXT ASX resource update release for more detail.

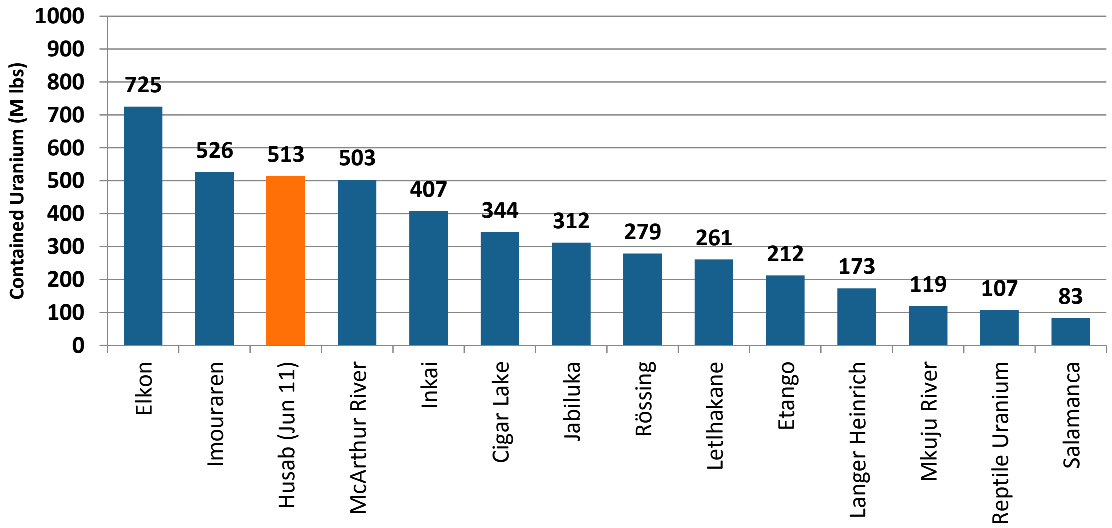
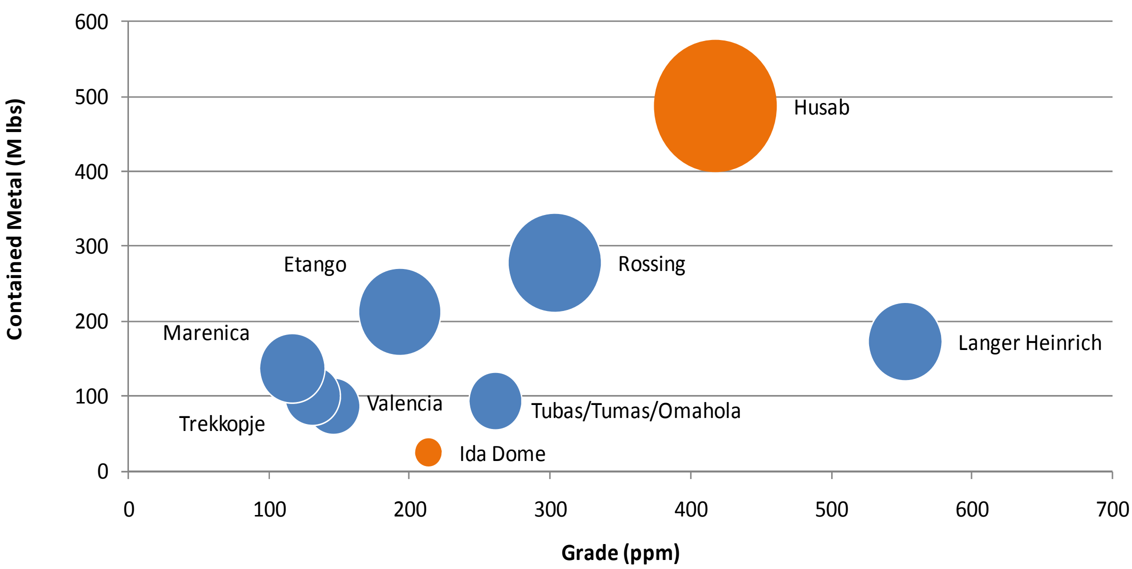


Figure 3: Major uranium deposits in Namibia. Source: Company web sites.



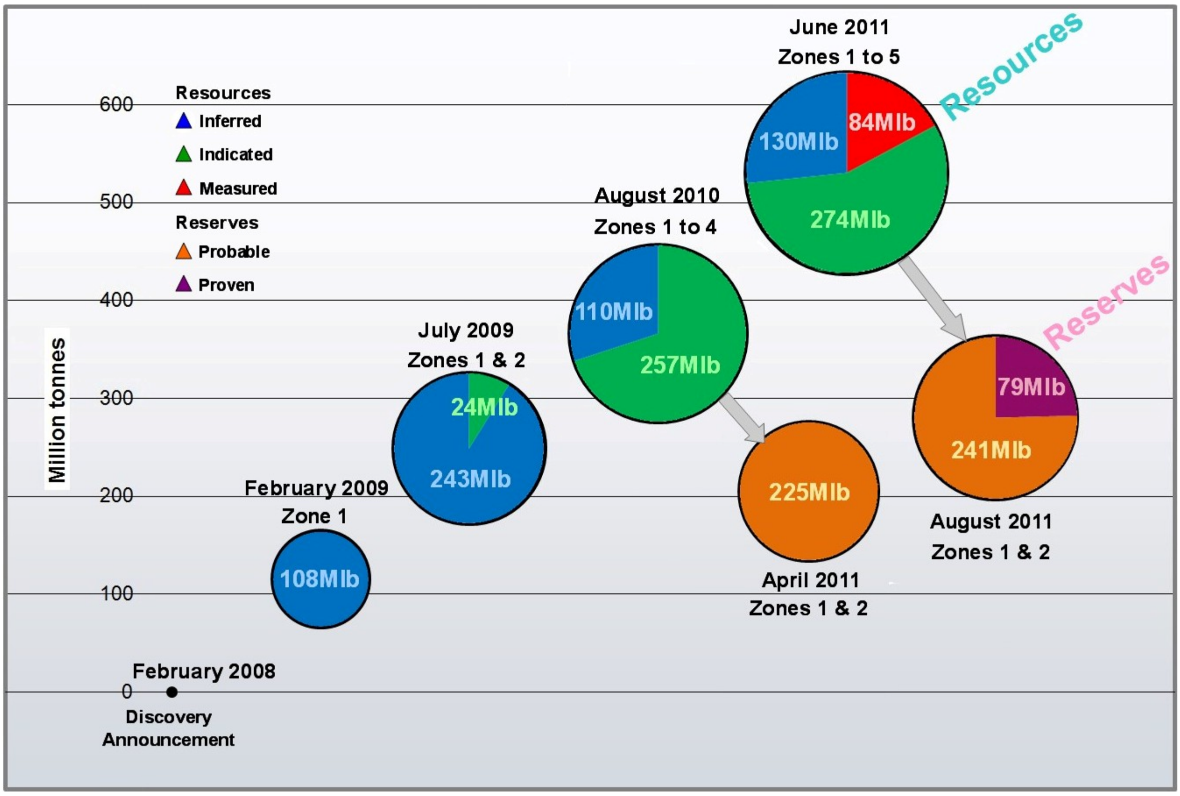
The resource update figures are summarised in the following table (Table 1).

Table 1: Husab Uranium Project Zones 1 - 5 resource estimate.			
	Tonnes (million)	Grade ($ppmU_3O_8$)	U_3O_8 (M.lbs)
Measured Resources			
Zones 1+2	74	510	84
Indicated Resources			
Zones 1+2	281	440	274
Inferred Resources			
Zones 1+2+3+4+5	175	340	130

Note: Figures have been rounded. Bottom cut 100 ppm U_3O_8.

The following figure (Figure 4) highlights the rapid progress made by the Company since uranium mineralisation was first discovered at Zone 1 in February 2008.

Figure 4: Husab, Zones 1 – 5, resource evolution.



Reserve Update

A significantly increased reserve estimate (ASX release August 10, 2011) for the Husab Uranium Project was announced following evaluation of the June 2011 resource model.

Highlights from the August 2011 reserve update include:

- 37% increase in reserves
- Increase in ore grade from 497 ppm to 518 ppm U_3O_8
- Maiden Proven Reserve equivalent to four years of full production
- 16% reduction in forecast strip ratio for the life of mine from 7.3:1 to 6.2:1

Total ore within the reserve increased to 280 million tonnes. Based on processing of 15 million tonnes of ore per year, as envisaged in the Definitive Feasibility Study ("DFS"), this equates to a 20-year plus mine life, inclusive of pre-strip. A detailed mine plan will be generated in due course.

Together with a 4% increase in forecast grade to 518 parts per million, total contained uranium has increased by 42%. The improved grade is also expected to lead to an increase in process recovery.

The previous reserve estimate was announced on April 5, 2011 in conjunction with the results of the DFS. This estimate was based on a resource model completed in July 2010. The August 2011 reserve update incorporates revised geotechnical parameters, and operating cost assumptions generated as part of the DFS. The increase in reserves arises from the identification of new resources and the upgrading of resources previously classified as Inferred to the Indicated category.

Table 2 below shows the August 2011 reserve estimate.

Table 2:
Husab Zone 1 – 2 (August 2011) Reserve Estimate

	Tonnage (Mt)	Grade (ppm U_3O_8)	Contained U_3O_8 (MLb)
Proven			
Zone 1	25.3	482	26.9
Zone 2	37.4	628	51.8
	62.7	**569**	**78.7**
Probable			
Zone 1	123.4	460	125.1
Zone 2	93.9	561	116.1
	217.3	**504**	**241.2**
Proven and Probable			
August 2011	**280.0**	**518**	**319.9**
April 2011	*205.0*	*497*	*224.8*

In addition to the increase in ore tonnes, initial analysis of the reserve model indicates a 16% reduction in the forecast life of mine strip ratio (including pre-strip) from 7.3:1 to 6.2:1. The reduction in strip ratio is expected to have a positive effect on project economics.

MORE programme

During the half year, progress was made on various work streams of the Mine Optimisation and Resource Extension programme ("MORE").

An updated resource estimate is planned to be completed by the end of Q2 2012, based on data from drilling completed since the June 2011 resource estimate database was closed-off in March 2011. The deposits and prospects that will be reviewed for the resource update that lie within the mining licence (ML 171) and is shown in Figure 5 (Zones 1 – 5, Middle Dome and Salem).

The focus of drilling for the resource update has been further infill drilling at Zones 1 and 2, aimed at converting Inferred and Indicated Resources to Indicated and Measured, and thus increase the resource inventory available for conversion to proven and probable Reserves.

A maiden resource for the Middle Dome and Salem prospects is also planned.

Work has continued on optimisation of the proposed mining operation, including possible cost reductions associated with blasting and the supply of explosives to site, and potential further optimisation of the mine plan. The MORE programme is also evaluating the potential for process enhancements to increase uranium recovery and/or lower capital and operating costs.

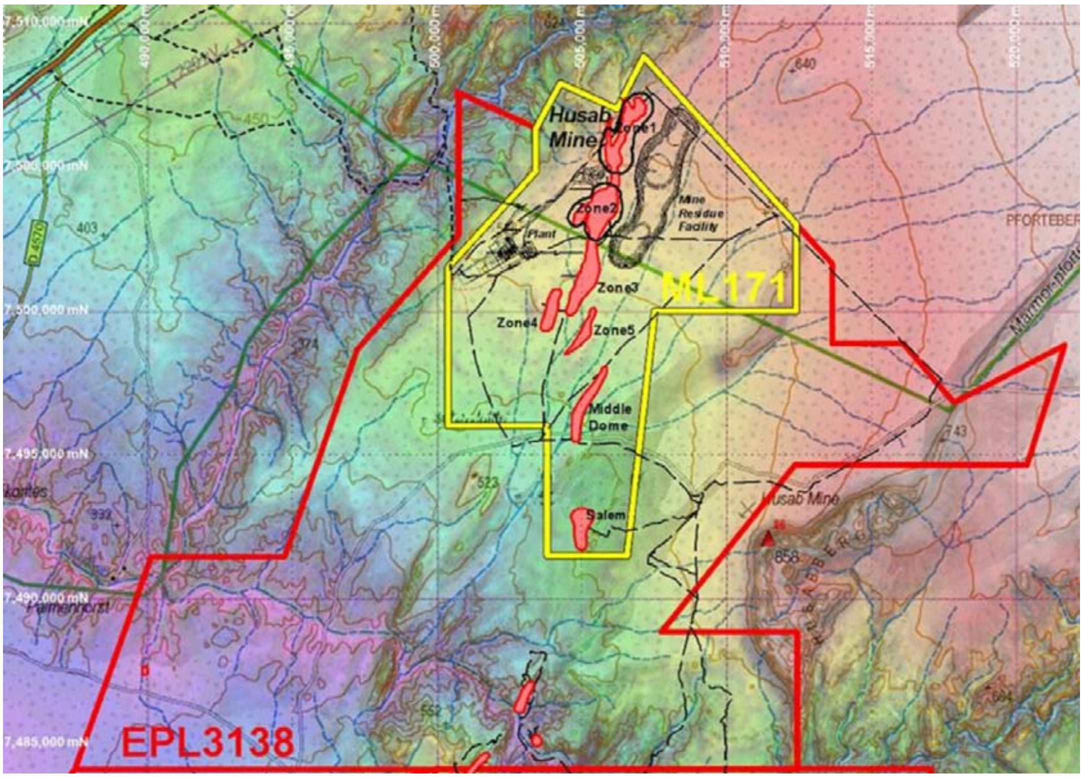
Licences

A mining licence for the Husab Project was issued to Swakop Uranium (Pty) Ltd by the Ministry of Mines and Energy of the Republic of Namibia in November 2011 (ASX releases November 30, 2011 and December 1, 2011).

The mining licence (ML171) was issued in respect of Nuclear Fuels and is valid for an initial period of 25 years.

The mining licence covers an area of 110.1km2 encompassing the main extent of granite hosted uranium mineralisation at the northern end of Exclusive Prospecting Licence 3138 (see Figure 5). The licence area includes Reserves defined at Zones 1 and 2, Resources estimated at Zones 1 to 5 and mineralisation identified at the Salem and Middle Dome prospects, as well as the footprint required for construction of the envisaged processing plant, waste rock and tailings storage facilities and other ancillary works areas.

Figure 5: ML171 location plan.



Uranium market

The UX Spot price indicator has been relatively volatile during the last six months of 2011, decreasing from $62.50/lb at the start of the half year, dropping to as low as $51/lb at the beginning of September, then rising to $54/lb before falling back to $52/lb at the end of December. Spot demand has been mostly discretionary and small changes to available supply or demand in the spot market has impacted price.

The UX Term price indicator dropped by $4/lb in the September 2011 Quarter to $64/lb. This was mainly due to increased supply and demand uncertainty from countries such as Japan and Germany. During the second quarter it has shown greater stability, decreasing by $1/lb over the period to $63/lb. There has been limited term contracting activity during this period.

CORPORATE

Taurus Offer

On 8 December 2011, Taurus, an entity owned by CGNPC-URC and CADFund, announced a recommended 243.55 UK pence per share cash offer for Kalahari. Taurus also announced that the Australian Securities and Investments Commission ("ASIC") had allowed the Kalahari Offer to proceed on the condition that Taurus make an equivalent A$8.65 per share cash offer to all Extract Shareholders if Taurus received acceptances of the Kalahari Offer in respect of more than 50% of the voting rights in Kalahari.

On 14 February 2012, Taurus announced that it had received acceptances under the Kalahari Offer in respect of 93.8% of the existing issued share capital of Kalahari and declared the Kalahari Offer wholly unconditional.

On 14 February 2012, Taurus lodged a Bidder's Statement with ASX, ASIC and delivered to Extract containing details of an unconditional A$8.65 per share cash offer for Extract.

Extract's Independent Directors are reviewing the Taurus Bidder's Statement and will provide Extract shareholders with a Target's Statement containing the Independent Directors' recommendation and all relevant information to allow shareholders to make an informed decision on the Extract Offer. Offers must be despatched to Extract shareholders by no later than 1 March 2012, at which point the Extract Offer will open for acceptance. The Extract Offer must then remain open for at least 30 days.

In the meantime, shareholders are advised to take no action and await further guidance from Extract's Independent Directors.

Epangelo

On 29 November 2011 the Company noted that discussions were well advanced between Extract and the Namibian state owned mining company Epangelo concerning the possible acquisition on commercial terms by Epangelo of a 10% interest in the Project.

Subscription for shares in Brandberg Energy by North River Resources

In September 2010, the Company entered into an agreement with North River Resources (NRR) and West Africa Gold Exploration (Proprietary) Limited (WAGE) regarding its exploration rights under EPLs 3327 and 3328 (Uis Project), and relating to the potential grant of Nuclear Fuel Rights over EPL 3139 to WAGE.

On 8 February 2012, following the satisfaction (and waiver) of the conditions precedent to the agreement, NRR Energy Minerals Limited, a wholly owned subsidiary of North River Resources, subscribed for new shares representing a 50% interest in the post-issue shares of Brandberg Energy, for subscription consideration of US$800,000. For further information on this transaction and the Uis Licences refer to ASX announcement 21 September 2010 and www.extractresources.com

FINANCE REVIEW

The Company's focus is the future development of the Husab Uranium Project in Namibia. As the Project is not yet in production, the company has no income other than limited interest received on cash balances. Exploration and evaluation costs will continue to be expensed until the decision is taken by the Board to proceed with the development.

The Company has funded recent expenditure from the proceeds of equity issuance. Since July 2008 the Company has raised a total of $152.0M through the issue of new equity shares.

As at 31 December 2011, the Company held A$ 54.7M of cash and was free of debt. In accordance with treasury policy the cash is held with strong counterparties and predominately in Australian dollars, with limited balances held in British pounds and Namibian dollars against near term costs denominated in those currencies.

The cash held is sufficient to allow the Company to complete its current resource and reserve programme, complete further value engineering and optimisation, continue pre-development work and secure the integrity of core support functions.

Consolidated Net Loss for the Half Year

	Dec 11	Dec 10
	A$'000	A$'000
Interest revenue	**1,871**	1,195
Exploration and evaluation expenditure	**(14,171)**	(31,143)
Corporate and administration expenditure	**(6,381)**	(6,644)
Income tax (expense) / benefit	**(43)**	3,043
Net loss for the half year	**(18,724)**	(33,549)

Exploration and evaluation expenditure decreased significantly to $14.1M in the period to December 2011 from $31.1M in the comparative period following a reduction in the drilling programme and completion of the Husab Uranium Project definitive feasibility study in March 2011. Exploration and evaluation expenditure in the current period was directed towards resource definition work and pre-development engineering, and has been expensed in accordance with the Company's accounting policy.

Corporate and administration expenses were broadly unchanged at A$6.4M as the Company maintained its corporate capability to support the future development and funding of the project as well as manage the continuing corporate activity. Corporate and administration expenses include A$1.5M (2010: A$2.1M) non-cash expense relating to the issue of performance rights. Financing and marketing activities to underpin the development of Husab have continued.

When the Company acquired Swakop Uranium (Pty) Ltd in 2007 a Namibian deferred tax liability was recognised in relation to acquired "exploration and evaluation assets" as required under International Financial Reporting Standards. Pursuant to offset provisions deferred tax assets have been recognised only to the extent of the deferred tax liability which was exhausted during the 2011 year. This is also reflected in the profit and loss where A$3M income tax benefit was brought to account in the 2010 half year, ceasing in the 2011 year when the deferred tax liability was fully exhausted.

Net deferred tax assets are only brought to account where the generation of sufficient future taxable income to utilise the assets is probable, and as such, subsequent tax losses arising from Namibian activities remain unrecognised.

The small tax charge for the 2011 half year relates to Non-Namibian entities.

The lower net loss for the half year of A$18.7M (2010 loss A$33.5M) was attributable to the factors mentioned above.

Consolidated Cash Flow for the Half Year

	Dec 11	Dec 10
	A$'000	A$'000
Cash at the beginning of the period	**74,890**	70,118
Exploration and evaluation payments	**(16,262)**	(31,269)
Corporate and administration payments	**(4,792)**	(4,500)
Interest received	**1,908**	1,195
Payments for capital expenditure	**(155)**	(199)
Sale of assets	**37**	-
Proceeds from issue of shares and other securities net of costs	**(5)**	50
Effects of exchange rate changes on the balance of cash held in foreign currencies	**(928)**	(66)
Cash at the end of the period	**54,693**	35,329

Cash out-flow on exploration, evaluation and corporate activities totalled A$21.1M, A$0.5M more than expensed in the profit & loss due to a A$2.9M increase in working capital, offset by non-cash costs, principally share based payments of A$1.5M and foreign exchange losses A$0.8M.

At 31 December 2011 the Company held cash of A$54.7M (2010: A$35.3M).

Consolidated Statement of financial position

	Dec 11	June 11
	A$'000	A$'000
Current assets	**58,175**	76,961
Non-current assets	**72,832**	83,396
Current liabilities	**3,795**	5,062
Non-current liabilities	**450**	533
Net Assets	**126,762**	154,762

Consolidated current assets decreased from 30 June 2011 primarily as a consequence of A$21.1M cash expenditure on exploration, evaluation and corporate activities, all of which are expensed in accordance with the Company's accounting policy, net of interest received of A$1.9M, reducing cash held at 31 December 2011 to A$54.7m.

Consolidated non-current assets in Australian dollars have decreased from 30 June 2011 as a result of the retranslation of Namibian dollar exploration and evaluation assets – exchange rate moved higher to 8.2450 N$/A$ at 31 December 2011 (N$7.1973 at June 2011).

Consolidated current liabilities are lower than 30 June 2011, predominantly due to lower exploration and evaluation expenditure.

Consolidated non-current liabilities are lower than 30 June 2011 primarily due to the devaluation of the Namibian dollar outlined above.

As a result of the factors described above, net assets reduced during the period and stand at A$126.8M at 31 December 2011 (June 2011: A$154.8M).

AUDITORS INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 29.

ROUNDING OF AMOUNTS

The Company is of a kind referred to in Class Order 98/100, issued by the Australian Securities and Investments Commission, relating to the "rounding off" of amounts in the directors' report and financial report. Amounts in the directors' report and financial report have been rounded off to the nearest thousand dollars in accordance with that Class Order.

This report is made in accordance with a resolution of directors.

Jonathan Leslie

Managing Director/Chief Executive Officer

Perth, Western Australia

22nd February 2012

Consolidated statement of comprehensive income

For the half year ended 31 December 2011

		Half-year	
		2011	2010
	Notes	**A$'000**	A$'000
Interest revenue		**1,871**	1,195
Exploration and evaluation expenditure	**3a**	**(14,171)**	(31,143)
Corporate and administration expenditure	**3b**	**(6,381)**	(6,644)
Loss before income tax		**(18,681)**	(36,592)
Income tax (expense) / benefit		**(43)**	3,043
Loss after income tax from continuing operations		**(18,724)**	(33,549)
Net loss for the half year		**(18,724)**	(33,549)
Other comprehensive income			
Exchange differences on translation of foreign operations		**(10,755)**	(3,155)
Other comprehensive loss for the half year, net of tax		**(10,755)**	(3,155)
Total comprehensive loss for the half year		**(29,479)**	(36,704)
Loss attributable to the owners of Extract Resources Limited		**(18,724)**	(33,549)
Total comprehensive loss for the half-year attributable to the owners of Extract Resources Limited		**(29,479)**	(36,704)
		A$ Cents	A$ Cents
Loss per share attributable to the ordinary equity holders of the company:			
Basic loss per share		**(7.46)**	(13.78)
Diluted loss per share		**N/A**	N/A

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

Consolidated statement of financial position

31 December 2011

	Note	31 December 2011 A$'000	30 June 2011 A$'000
ASSETS			
Current assets			
Cash and cash equivalents		**54,693**	74,890
Trade and other receivables		**3,482**	2,071
Total current assets		**58,175**	76,961
Non-current assets			
Property, plant and equipment		**736**	846
Exploration and evaluation expenditure		**72,049**	82,547
Deferred tax asset		**47**	3
Total non-current assets		**72,832**	83,396
Total assets		**131,007**	160,357
LIABILITIES			
Current liabilities			
Trade and other payables		**2,768**	3,855
Provision for employee entitlements		**1,027**	1,207
Total current liabilities		**3,795**	5,062
Non-current liabilities			
Rehabilitation provision		**420**	500
Provision for employee entitlements		**30**	33
Total non-current liabilities		**450**	533
Total liabilities		**4,245**	5,595
Net assets		**126,762**	154,762
EQUITY			
Contributed equity	**4**	**342,027**	342,032
Reserves		**(14,081)**	(4,810)
Accumulated losses		**(201,184)**	(182,460)
Total equity		**126,762**	154,762

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

Consolidated statement of changes in equity

For the half-year ended 31 December 2011

Consolidated	Contributed equity	Foreign currency translation reserve	Share based payments reserve	Accumulated Losses	Total Equity
	A$'000	A$'000	A$'000	A$'000	A$'000
Balance at 1 July 2010	**281,000**	**(7,682)**	**7,306**	**(127,375)**	**153,249**
Exchange differences on translation of foreign operations	-	(3,155)	-	-	(3,155)
Loss for the half year	-	-	-	(33,549)	(33,549)
Total comprehensive income for the half year	**-**	**(3,155)**	**-**	**(33,549)**	**(36,704)**
Transactions with owners in their capacity as owners:					
Share based payments – value of director and employee services	-	-	2,203	-	2,203
Contributions of equity, net of transaction costs	8	-	-	-	8
Balance at 31 December 2010	**281,008**	**(10,837)**	**9,509**	**(160,924)**	**118,756**
Balance at 1 July 2011	**342,032**	**(15,253)**	**10,443**	**(182,460)**	**154,762**
Exchange differences on translation of foreign operations	-	(10,755)	-	-	(10,755)
Loss for the half year	-	-	-	(18,724)	(18,724)
Total comprehensive income for the half year	**-**	**(10,755)**	**-**	**(18,724)**	**(29,479)**
Transactions with owners in their capacity as owners:					
Share based payments – value of director and employee services	-	-	1,484	-	1,484
Transaction costs	(5)	-	-	-	(5)
Balance at 31 December 2011	**342,027**	**(26,008)**	**11,927**	**(201,184)**	**126,762**

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

Consolidated statement of cash flows

For the half-year ended 31 December 2011

	Half-year	
	2011	2010
	A$'000	A$'000
CASHFLOWS FROM OPERATING ACTIVITIES		
Payments to suppliers and employees	**(21,054)**	(35,769)
Interest received	**1,908**	1,195
Net cash outflow from operating activities	**(19,146)**	(34,574)
CASHFLOWS FROM INVESTING ACTIVITIES		
Payments for property, plant and equipment	**(155)**	(199)
Sale of assets	**37**	-
Net cash outflow from investing activities	**(118)**	(199)
CASHFLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares and other equity securities	**-**	50
Share issue costs	**(5)**	-
Net cash (outflow) / inflow from financing activities	**(5)**	50
Net decrease in cash held	**(19,269)**	(34,723)
Cash and cash equivalents at beginning of period	**74,890**	70,118
Effects of exchange rate changes on the balance of cash held in foreign currencies	**(928)**	(66)
Cash and cash equivalents at end of reporting period	**54,693**	35,329

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

1 Basis of preparation of half-year report

This general purpose financial report for the interim half-year reporting period ended 31 December 2011 has been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001.*

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2011 and any public announcements made by Extract Resources Ltd during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001.*

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period.

The main accounting policy applied to expenditure for the half year relates to exploration and evaluation costs and is consistent with the previous financial year and corresponding interim reporting period.

Exploration and evaluation costs

Exploration and evaluation costs are allocated separately to specific areas of interest. Each area of interest is limited to a size related to a known or probable Mineral Resource capable of supporting a mining operation. Such costs comprise net direct costs and an appropriate portion of related overhead expenditure directly related to activities in the area of interest.

Exploration and evaluation costs incurred in the normal course of operations are written off immediately.

Exploration and evaluation costs are capitalised where they are the result of an acquisition from a third party. These capitalised costs are only carried forward to the extent that they are expected to be recouped through the successful development of the area or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.

When a decision to proceed to development is made the exploration and evaluation costs capitalised to that area are transferred to mine development within property, plant and equipment. All costs subsequently incurred to develop a mine prior to the start of mining operations within the area of interest are capitalised. These costs include expenditure to develop new ore bodies within the area of interest, to define further mineralisation in existing areas of interest, to expand the capacity of a mine and to maintain production.

2 Segment information

The consolidated entity currently operates in the one operating segment of uranium exploration and evaluation. Discrete financial information is available for this operating segment and the results of this business activity are regularly reviewed by the entity's chief operating decision maker. Project locations are all within one geographical area, being Namibia.

	Half year	
	2011	2010
Uranium exploration and evaluation segment - Namibia	**A$'000**	A$'000
Segment loss before income tax	**(14,063)**	(31,143)
Reconciliation of segment loss before income tax:		
Segment loss before income tax	**(14,063)**	(31,143)
Corporate and administration expenditure	**(6,381)**	(6,644)
Corporate interest revenue	**1,763**	1,195
Loss before income tax	**(18,681)**	(36,592)

	31 Dec 2011	30 June 2011
Uranium exploration and evaluation segment - Namibia	**A$'000**	A$'000
Segment assets	**76,780**	91,259
Segment liabilities	**1,890**	3,248
Reconciliation of segment assets:		
Segment current assets	**4,075**	7,961
Corporate and administration current assets	**54,100**	69,000
Segment non-current assets	**72,705**	83,298
Corporate and administration non-current assets	**127**	98
Total assets	**131,007**	160,357
Reconciliation of segment liabilities		
Segment current liabilities	**1,440**	2,715
Corporate and administration current liabilities	**2,355**	2,347
Segment non-current liabilities	**450**	533
Total liabilities	**4,245**	5,595

3 Loss for the half year

Loss for the half year includes items that are unusual of their nature, size or incidence:	Half year	
	2011	2010
	A$'000	A$'000
3 (a) Exploration and evaluation expenditure		
Feasibility study costs	**6,137**	11,134
Drilling expenses	**2,752**	12,299
Assay sample costs	**927**	2,039
Employee benefits expenses	**1,952**	1,875
Share based payments	**244**	211
Other expenses	**2,159**	3,585
Total exploration and evaluation expenditure	**14,171**	31,143

Exploration and evaluation expenditure decreased significantly to $14.1M in the period to December 2011 from $31.1M in the comparative period following a reduction in the drilling programme and completion of the Husab Uranium Project definitive feasibility study in March 2011. Exploration and evaluation expenditure in the current period was directed towards resource definition work and pre-development engineering.

	Half year	
	2011	2010
	A$'000	A$'000
3 (b) Corporate and administration expenditure		
Corporate expenses	**2,153**	1,727
Directors fees	**404**	551
Employee benefits expenses	**2,150**	1,881
Administration expenses	**433**	502
Share based payments	**1,241**	1,983
Total corporate and administration expenditure	**6,381**	6,644

4 Equity securities issued

	Half year		Half year	
	2011	2010	**2011**	2010
	Shares	Shares	**A$'000**	A$'000
Ordinary shares				
Issued and fully paid	**251,159,163**	243,302,298	**342,027**	281,008
Opening balance 30 June	**251,014,044**	243,150,558	**342,032**	281,000
Issues of ordinary shares during the half-year				
Exercise of employee options	**-**	50,000	**-**	50
Class A Performance Rights vested	**145,119**	101,740	**-**	-
Share issue costs incurred	**-**	-	**(5)**	(42)
Closing balance 31 December	**251,159,163**	243,302,298	**342,027**	281,008

5 Related parties

No change has occurred in the related parties for the Company from those reported in the Annual Report for the year ended 30 June 2011.

No significantly different related party transactions have occurred during the half year ended 31 December 2011 from those reported in the Annual Report for the year ended 30 June 2011.

6 Contingencies

The Company had no contingent assets or liabilities at 31 December.

7 Events occurring after the balance sheet date

Since *the end of the financial period*, the directors are not aware of any other matter or circumstance not otherwise dealt with in the financial report, that has significantly or may significantly affect the operations of the consolidated entity, the results of those operations or the state of affairs of the consolidated entity in subsequent years with the exception of the following, the financial effects of which have not been provided for in the financial report for the interim half-year reporting period ended 31 December 2011:

Offer for Extract Resources

On 3 February 2012, Taurus Mineral Limited declared its offer for Kalahari Minerals plc unconditional in all respects, and announced its intention to make an unconditional A$8.65 per share cash offer for Extract. A Bidder's Statement containing details of the offer was published on 14 February 2012, and will be despatched to Extract shareholders no later than 1 March 2012.

Subscription for shares in Brandberg Energy by North River Resources

In September 2010, the Company entered into an agreement with North River Resources (NRR) and West Africa Gold Exploration (Proprietary) Limited (WAGE) regarding its exploration rights under EPLs 3327 and 3328 (Uis Project), and relating to the potential grant of Nuclear Fuel Rights over EPL 3139 to WAGE.

On 8 February 2012, following the satisfaction (and waiver) of the conditions precedent to the agreement, NRR Energy Minerals Limited, a wholly owned subsidiary of North River Resources, subscribed for new shares representing a 50% interest in the post-issue shares of Brandberg Energy, for subscription consideration of US$800,000. For further information on this transaction and the Uis Licences refer to ASX announcement 21 September 2010.

Directors' declaration

31 December 2011

In the directors' opinion:

(a) the financial statements and notes set out on pages 17 to 25 are in accordance with the *Corporations Act 2001,* including:

   i. complying with Accounting Standard AASB 134, Interim Financial Reporting and Corporations Regulations 2001, and

   ii. giving a true and fair view of the consolidated entity's financial position as at 31 December 2011 and of its performance for the half-year ended on that date; and

(b) there are reasonable grounds to believe that Extract Resources Ltd will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the directors.

Jonathan Leslie
Managing Director/Chief Executive Officer

Perth, Western Australia

22nd February 2012

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Australia

INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF EXTRACT RESOURCES LIMITED

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Extract Resources Limited, which comprises the consolidated statement of financial position as at 31 December 2011, and the consolidataed statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes comprising a statement of accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the disclosing entity and the entities it controlled at the half-year's end or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

The directors of the disclosing entity are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2011 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Extract Resources Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001,* which has been given to the directors of Extract Resources Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Extract Resources Limited is not in accordance with the *Corporations Act 2001* including:

(a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2011 and of its performance for the half-year ended on that date; and

(b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

BDO Audit (WA) Pty Ltd

BDO

Brad McVeigh
Director

Perth, Western Australia
Dated this 22nd day of February 2012

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38 Station Street
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PO Box 700 West Perth WA 6872
Australia

22 February 2012

To The Directors
Extract Resources Limited
30 Charles Street
SOUTH PERTH WA 6151

Dear Sirs,

DECLARATION OF INDEPENDENCE BY BRAD MCVEIGH TO THE DIRECTORS OF EXTRACT RESOURCES LIMITED

As lead auditor for the review of Extract Resources Limited for the half-year ended 31 December 2011, I declare that to the best of my knowledge and belief, there have been:

- no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Extract Resources Limited and the entities it controlled during the period.

Brad McVeigh
Director

BDO Audit (WA) Pty Ltd
Perth, Western Australia