



Extract Resources Limited
ACN 057 337 952

Target's Statement

ACCEPT

Taurus Mineral Limited's
unconditional offer to acquire all of your Extract Shares

The Independent Directors of Extract unanimously recommend that you **ACCEPT** the Taurus Offer, in the absence of a superior proposal.

This is an important document and requires your immediate attention. If you are in doubt as to how to deal with this document, you should consult your financial or other professional adviser immediately.

Financial Adviser

 **ROTHSCHILD**

Legal Adviser

CLAYTON UTZ

Important notices

Nature of this document

This document is a Target's Statement issued by Extract Resources Ltd ACN 057 337 952 (**Extract or the Company**) in accordance with the Corporations Act in response to the Bidder's Statement dated 14 February 2012 issued by Taurus Mineral Limited (**Taurus**) in respect of the Taurus Offer.

Defined terms and interpretation

Capitalised terms used in this Target's Statement are defined in Section 11 of this Target's Statement (Definitions and interpretation). That Section also sets out some rules of interpretation which apply to this Target's Statement. In addition, unless the contrary intention appears or the context requires otherwise, words and phrases used in the Corporations Act have the same meaning and interpretation as in the Corporations Act.

Investment decision

The Directors recommend that you read this Target's Statement and the Bidder's Statement in full and seek independent advice if you have any queries in respect of the Taurus Offer. This Target's Statement does not take into account the individual investment objectives, financial situation and particular needs of any Extract Shareholder. You should seek independent financial, taxation and legal advice before making a decision whether or not to accept the Taurus Offer.

Forward-looking statements

This Target's Statement may contain forward-looking statements, which include statements other than statements of historical fact. Extract Shareholders should note that such statements are subject to inherent risks and uncertainties in that they may be affected by a variety of known and unknown risks, variables and other factors, many of which are beyond the control of Extract. Actual results, values, performance or achievements may differ materially from results, values, performance or achievements expressed or implied in any forward-looking statement.

None of Extract, its Directors, officers or advisers, nor any other person, gives any representation, warranty, assurance or guarantee that the occurrence of the events expressed or implied in any forward-looking statements in this Target's Statement will actually occur. Accordingly, you are cautioned not to place undue reliance on these forward-looking statements.

The forward-looking statements in this Target's Statement only reflect views held as at the date of this Target's Statement.

ASIC, ASX and SEDAR

A copy of this Target's Statement was lodged with ASIC on 1 March 2012 and provided to the ASX on 1 March 2012. Neither ASIC nor ASX, nor any of their respective officers, takes any responsibility for the content of this Target's Statement. A copy of this Target's Statement will be filed on the Canadian Securities Administrators' System for Electronic Document Analysis and Retrieval (**SEDAR**) and can be viewed at www.sedar.com under Extract's profile.

Information on Taurus

The information on Taurus contained in this Target's Statement has been prepared by Extract from publicly available information, and has not been independently verified by Extract. Accordingly, Extract does not, subject to the Corporations Act, make any representation or warranty, express or implied, as to the accuracy or completeness of such information.

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Key Dates

▶ Date of Taurus Offer	1 March 2012
▶ Date of this Target's Statement	1 March 2012
▶ Scheduled close of Taurus Offer (unless extended)	2 April 2012

Further information

Further information relating to the Taurus Offer can be obtained from Extract's website at www.extractresources.com.

Chairman's Letter



1 March 2012

Dear Shareholder,

YOUR INDEPENDENT DIRECTORS UNANIMOUSLY RECOMMEND THAT YOU ACCEPT TAURUS' UNCONDITIONAL CASH TAKEOVER OFFER OF A\$8.65 PER SHARE, IN THE ABSENCE OF A SUPERIOR PROPOSAL

The Extract Board is proud of the success that Extract has enjoyed since the initial discovery of granite hosted uranium at the Husab Uranium Project in February 2008 and the substantial shareholder value that has been created since this date.

In only 4 years the Extract team has not only delineated a resource for Husab that is now ranked as the third largest uranium-only deposit in the world but also progressed the Project to the stage where it is now ready to proceed to financing and development, with a completed Definitive Feasibility Study (**DFS**) and all material permits in place.

These achievements have created substantial value for all of our shareholders and led to Extract's rapid rise from a junior explorer to an ASX 100 company with a market capitalisation of more than A\$2 billion.

In particular, the last 12 months have seen the achievement of a number of key project milestones, including:

- completion of the DFS demonstrating the economic and technical viability of the Project;
- announcement of significant increases in Husab's resources and reserves, securing the Project's position as a world-class uranium deposit; and
- grant of the Mining Licence and receipt of the environmental clearances to allow for the development of the Husab Uranium Project.

In addition, the Company has continued to build the Project team and to establish structures and systems in preparation for project development and operation. Significant progress has also been made on establishing financing options for a standalone development of the Project, including discussions with potential lenders, equity providers and offtakers.

In parallel with the announcement of the DFS, the Company initiated a Mine Optimisation and Resource Extension Programme (**MORE Programme**) to investigate opportunities that may add additional value to the Project. Work on this optimisation programme is continuing.

The strategic significance of the Project has been demonstrated repeatedly since Husab's discovery. Both Rio Tinto Ltd and ITOCHU Corporation have made significant investments into Extract and discussions have been held with a wide range of potential strategic partners around potential transactions involving Husab and Extract. The current offer from Taurus, a CGNPC-URC backed investment vehicle, further validates the strategic nature of the deposit and the value that has been created in taking the Project to its current advanced stage.

Background to the Taurus Offer

The Taurus Offer for Extract follows a protracted period of negotiations between CGNPC-URC and Kalahari Minerals Ltd (**Kalahari**), Extract's 42.74% shareholder, around the terms of a possible offer for Kalahari.

While Extract has not been party to these negotiations, your Independent Directors have proactively sought to protect the interests of all Extract Shareholders at all times and, in particular, ensure that an equivalent downstream offer would be made to all Extract Shareholders in the event of an offer being made for Kalahari. This included Extract making submissions to the Australian Securities and Investments Commission (**ASIC**) around the potential requirement for, and terms and conditions of, a downstream offer for Extract.

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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 (**Kalahari Offer**). Taurus also announced that 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 (**Taurus Offer**) if Taurus received acceptances of the Kalahari Offer in respect of more than 50% of the voting rights in Kalahari.

Your Independent Directors believe that this ASIC ruling represents a favourable outcome for all Extract Shareholders in the circumstances as it ensured that Extract Shareholders would not be disadvantaged in any way and would have as much certainty as possible around the proposed terms and conditions of the Taurus Offer for Extract.

Taurus has since announced that it has received valid acceptances of the Kalahari Offer representing 98% of the existing issued share capital of Kalahari and declared the Kalahari Offer closed. Taurus has also announced its intention to compulsorily acquire the remaining issued capital in Kalahari and to delist Kalahari.

You will now have received the Bidder's Statement from Taurus, dated 14 February 2012, which contains details of the unconditional Taurus Offer, and includes the intentions of Taurus in relation to the Husab Uranium Project.

The Directors are pleased to note that Taurus' primary current objective in acquiring Extract is to pursue the development and commissioning of the Husab Uranium Project in Namibia generally in accordance with the Definitive Feasibility Study completed by Extract in April 2011, including the timeframe outline in the Project schedule developed as part of the Definitive Feasibility Study.

The Directors are also pleased to note Taurus' intentions in the Bidder's Statement confirming that Taurus does not currently foresee any changes to employee roles or responsibilities in Extract.

The Directors note Taurus' intentions in the Bidder's Statement, that it is conducting a review of information available to it in relation to Extract's operations, assets, structure, strategy and employees, and are pleased to note that Taurus does not currently foresee any changes to employee roles or responsibilities in Extract.

Are there any alternative proposals?

Following the receipt of a number of unsolicited approaches from third parties seeking to participate in the development of Husab, Extract initiated a formal Partnership Process in 2009 in order to co-ordinate an investigation of the various strategic options available to the Company. Through this process Extract has held discussions with a wide range of sector participants, including CGNPC-URC as well as other global mining groups, utilities, offtakers and strategic investors. These discussions led to engagement around and consideration of a range of potential transactions, including possible strategic partnerships, joint ventures and corporate transactions and included discussions with Rio Tinto Ltd around a possible joint development of the Rössing Uranium Mine and the Husab Uranium Project.

The announcement of a possible offer for Kalahari led Extract to accelerate discussions with other third parties in order to thoroughly investigate available alternatives which could maximise value for all Extract Shareholders.

Your Independent Directors advise that, after a lengthy and exhaustive process, as at the date of this Target's Statement, no alternative and superior proposal to the Taurus Offer has been received, nor are there any discussions underway with third parties that your Independent Directors believe are likely to lead to any superior proposal being made.

Although it remains possible that a superior proposal might still be made, this appears unlikely, particularly if Taurus achieves effective control of more than 50% of Extract Shares.

With a number of short-term investors now holding significant positions in Extract Shares, your Independent Directors note the likelihood that Taurus will receive the requisite number of additional acceptances of the Taurus Offer to deliver it effective control of Extract, when combined with the 42.74% relevant interest in Extract that Taurus already holds through Kalahari.

Rio Tinto Ltd and ITOCHU Corporation, Extract's other major shareholders, are yet to indicate their intentions regarding the Taurus Offer, but shareholders may wish to note that they have both accepted the offer from Taurus for their respective interests in Kalahari. Extract Shareholders may also wish to note that, as at the date of this Target Statement, the Offer Price of A\$8.65 represents a premium to the implied value of the Taurus offer for Kalahari, being A\$8.34 per Extract Share at current exchange rates.

What do your Independent Directors recommend?

Having carefully considered the terms of the Taurus Offer for Extract against all available alternatives, your Independent Directors unanimously recommend that you ACCEPT the Taurus Offer, in the absence of a superior proposal.

The Independent Directors' support of the Taurus Offer follows careful consideration of the options available to Extract, including proceeding with the development of the Husab Uranium Project on a standalone basis. Amongst others, the Independent Directors' recommendation is based on the following reasons:

- the value and certainty of the cash offer from Taurus is considered to be attractive when weighed against the value of the standalone development of the Husab Uranium Project;
- in the absence of the Taurus Offer, your Independent Directors believe that the Extract Share price could fall materially. Since the Fukushima disaster in March 2011, the share prices of other listed uranium companies (including developers and producers) have, on average, fallen by more than 50%. While the Extract Share price has remained strong during this time, it is reasonable to assume that it would have declined further in the absence of the ongoing speculation around a possible takeover offer from CGNPC-URC;
- the Taurus Offer will remove any exposure to the not inconsequential risks associated with financing, marketing uranium product and developing a major greenfields project of this nature, particularly against a backdrop of uncertainty within global financial markets and within the uranium sector after last year's nuclear disaster in Fukushima; and
- the likelihood that you will become a minority shareholder in a controlled subsidiary of Taurus when the Taurus offer for Extract closes.

Next steps

All of your Independent Directors intend to accept the Taurus Offer with respect to the Extract Shares that they own or control, in the absence of a superior proposal. In addition, Neil MacLachlan and Alastair Clayton intend to accept the Taurus Offer with respect to the Extract Shares that they own or control, in the absence of a superior proposal.

If you wish to accept the Taurus Offer, you should follow the instructions in Section 3 of Part 2 of the Bidder's Statement.

We strongly encourage you to read this Target's Statement in its entirety and in conjunction with the Taurus Bidder's Statement. You should also seek independent financial and taxation advice before you decide whether or not to accept the Taurus Offer, having regard to your own investment objectives, financial situation and tax position.

The Independent Directors of Extract will continue to keep Extract Shareholders informed of any material developments in relation to the Taurus Offer, including through releases on the ASX and on SEDAR as well as the Extract website (www.extractresources.com).

On behalf of the Extract Board, I would like to take this opportunity to personally thank you for being a shareholder in Extract and for your support.

Yours sincerely,



Stephen Galloway
Chairman

1. What do the Independent Directors recommend?

The Independent Directors of Extract unanimously recommend that you ACCEPT the Taurus Offer, in the absence of a superior proposal.

1.1 Who are the Independent Directors?

The Extract Board is made up of 7 directors:

- Mr Stephen Galloway (Non-Executive Chairman);
- Mr Jonathan Leslie (Managing Director);
- Mr John Main (Non-Executive Director);
- Ms Inge Zaamwani-Kamwi (Non-Executive Director);
- Mr Ron Chamberlain (Non-Executive Director);
- Mr Neil MacLachlan (Non-Executive Director); and
- Mr Alastair Clayton (Non-Executive Director).

Mr Neil MacLachlan and Mr Alastair Clayton are both representatives of Kalahari (Extract's major shareholder) on the Extract Board. Mr Neil MacLachlan is also a Non-Executive Director of Kalahari. Because of their association with Kalahari (the holder of 42.74% of the Extract Shares), which was the subject of a separate recommended takeover offer from Taurus, Mr Neil MacLachlan and Mr Alastair Clayton have decided not to make a recommendation to Extract Shareholders in connection with the Taurus Offer.

The other directors on the Extract Board, being:

- Mr Stephen Galloway;
- Mr Jonathan Leslie;
- Mr John Main;
- Ms Inge Zaamwani-Kamwi; and
- Mr Ron Chamberlain,

are referred to as the Independent Directors in this Target's Statement.

This Target's Statement sets out the formal response of the Independent Directors to the Taurus Offer, including the reasons why the Independent Directors unanimously recommend that you ACCEPT the Taurus Offer, in the absence of a superior proposal.

You should note that each of the Independent Directors intends to accept the Taurus Offer in respect of all of the Extract Shares they own or control (including Extract Shares issued as a result of the vesting of any Extract Performance Rights), in the absence of a superior proposal. In addition, Neil MacLachlan and Alastair Clayton intend to accept the Taurus Offer with respect to the Extract Shares that they own or control, in the absence of a superior proposal.

2. Why you should ACCEPT the Taurus Offer

This Section 2 summarises the key reasons why the Independent Directors unanimously recommend to Extract Shareholders that they ACCEPT the Taurus Offer, in the absence of a superior proposal.

The Taurus Offer is unconditional and comprises A\$8.65 cash per Extract Share, which is the see through value of the original offer to Kalahari shareholders set at the date of the Kalahari Offer.

2.1 The Taurus Offer is supported by your Independent Directors

Having carefully considered the terms of the Taurus Offer against all available alternatives, your Independent Directors unanimously recommend that you ACCEPT the Taurus Offer, in the absence of a superior proposal emerging.

Furthermore, all of your Independent Directors confirm that they intend to accept the Taurus Offer with respect to the Extract Shares that they own or control, in the absence of a superior proposal.

2.2 The Extract Share price is likely to fall in the absence of the Taurus Offer

In the absence of the Taurus Offer your Independent Directors believe that it is likely that the Extract Share price would trade at levels materially below the A\$8.65 per share Offer Price.

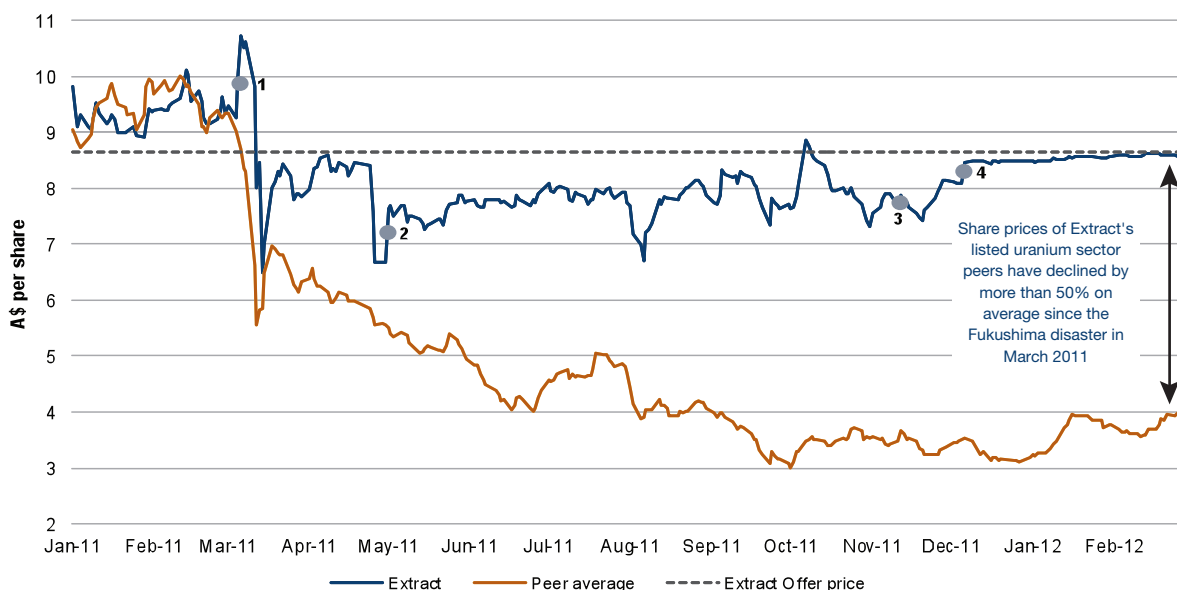
The Offer Price of A\$8.65 per share represents a premium of 10% to Extract's VWAP in the one month prior to the announcement of the Kalahari Offer. Without the ongoing speculation regarding a possible takeover offer from CGNPC-URC, your Independent Directors believe that the undisturbed Extract Share price would have been significantly lower at the time of the announcement of the proposed Taurus Offer, resulting in a higher implied takeover premium.

Importantly, your Independent Directors note that since the Fukushima disaster in March 2011, the share prices of other listed uranium companies (including developers and producers) have fallen by more than 50% on average.

Your Independent Directors believe that in the absence of the Taurus Offer, it is likely that your Extract Shares would fall and trade at a material discount to the Offer Price.

The historical closing price of Extract Shares compared to its listed peers is illustrated in Figure 1 below.

FIGURE 1: EXTRACT SHARE PRICE PERFORMANCE



Source: Bloomberg, IRESS

Key

1. **8 March 2011:** Announcement of CGNPC-URC possible offer for Kalahari of 290 UK pence per Kalahari share.
2. **4 May 2011:** Announcement of revised CGNPC-URC possible offer price for Kalahari of 270 UK pence per Kalahari share.
3. **10 November 2011:** Announcement that CGNPC-URC remain in discussions with Kalahari around a possible offer of 243.55 UK pence per Kalahari share.
4. **9 December 2011:** Announcement of recommended Taurus offer for Kalahari of 243.55 UK pence per Kalahari share and possible offer for Extract of A\$8.65 per Extract Share.

Notes

- a. Listed companies in peer average comprised of developers and producers including Bannerman Resources Limited, Cameco Corporation, Deep Yellow Limited, Denison Mines Corporation, Energy Resources of Australia Ltd, Forsys Metals Corporation, Laramide Resources Ltd, Mega Uranium Ltd, Paladin Energy Ltd, Toro Energy Limited and Uranium One Inc.
- b. Peer average has been rebased to Extract Share price at 4 January 2011.

2.3 The Taurus Offer provides Extract Shareholders with the certainty of cash at an attractive value compared to the risks associated with remaining a shareholder in Extract

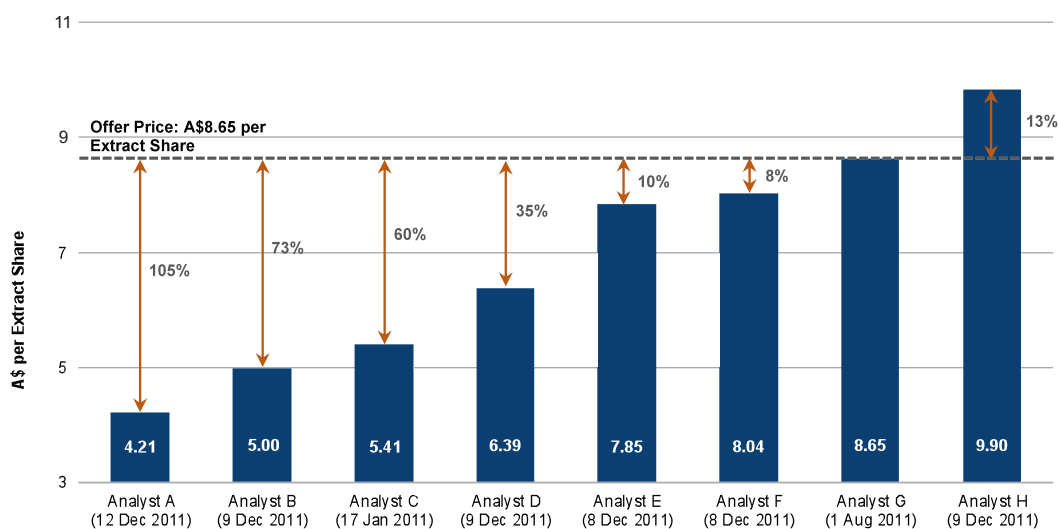
The unconditional Taurus Offer provides you with an opportunity to crystallise A\$8.65 per share in cash in return for each Extract Share that you hold.

The Taurus Offer values Extract (on a fully diluted basis) at A\$2.18 billion, which is attractive when compared to the value of Extract as assessed by the Independent Directors based on a range of relevant valuation measures, including (but not limited to) discounted cash flow analysis (taking into account all of the expected costs to develop the Husab Uranium Project), valuations of comparable uranium companies and comparable uranium sector transactions and analyst valuations of Extract.

This assessment included consideration of the full spectrum of possible value enhancements that may be deliverable under the MORE Programme plus the potential resource upside as well a range of development scenarios for the Project and valuation sensitivities.

As depicted in Figure 2, the Offer Price of A\$8.65 per Extract Share represents a premium to nearly all analysts' valuations of Extract.

FIGURE 2: PREMIUM TO ANALYST NET ASSET VALUATION (A\$ PER EXTRACT SHARE)



Source: Analyst research

2. Why you should ACCEPT the Taurus Offer continued

The Taurus Offer has already received all necessary approvals in China, Australia and Namibia and has been declared unconditional by Taurus. Extract Shareholders who accept the Taurus Offer will receive cash payment for their Extract Shares within the earlier of:

- one month after you accept the Taurus Offer; and
- 21 days after the end of the Offer Period.

By accepting the Taurus Offer you will avoid any exposure to the risks and uncertainties associated with retaining your Extract Shares. These risks include:

- successfully raising the necessary financing to develop the Husab Uranium Project on commercially acceptable terms within the current financial climate;
- the likelihood that you will be asked to contribute towards a capital raising as part of the overall Project funding plan at a discounted price to the current share price;
- constructing and developing one of the world's largest uranium mines in Namibia without any material cost overruns or delays;
- securing marketing arrangements for Husab's production on commercially attractive terms; and
- ongoing exposure to operational, industry, economic, market, regulatory and other risks that Extract may face in future and which would impact upon the value of the business.

Conversely, by accepting the Taurus Offer, you will also forego your exposure to any positive uranium market or financial market effects.

Rio Tinto Ltd and ITOCHU Corporation, Extract's other major shareholders, are yet to indicate their intentions regarding the Taurus Offer, but shareholders may wish to note that they have both accepted the offer from Taurus for their respective interests in Kalahari. Extract Shareholders may also wish to note that, as at the date of this Target Statement, the Offer Price of A\$8.65 represents a premium to the implied value of the Taurus offer for Kalahari, being A\$8.34 per Extract Share at current exchange rates.

You are encouraged to read Section 9 of this Target's Statement for a detailed discussion of these, and other, key risk factors relating to Extract's business and the Husab Uranium Project.

2.4 No superior proposal has emerged

Following the receipt of a number of unsolicited approaches from third parties seeking to participate in the development of Husab, Extract initiated a formal Partnership Process in 2009 in order to co-ordinate an investigation of the strategic options available to the Company. Through this ongoing process Extract held discussions with a wide range of sector participants, including CGNPC-URC as well as other global mining groups, utilities, offtakers and strategic investors. These discussions led to engagement around and consideration of a range of potential transactions, including strategic partnerships, joint ventures and corporate transactions and included discussions with Rio Tinto Ltd around a possible joint development of the Rössing Uranium Mine and the Husab Uranium Project.

The initial announcement by CGNPC-URC of a possible offer for Kalahari led Extract to accelerate discussions with other third parties in order to thoroughly investigate the available alternatives which could maximise value for all Extract Shareholders.

Your Independent Directors advise that, after a lengthy and exhaustive process, as at the date of this Target's Statement, no alternative and superior proposal to the Taurus Offer has been received, nor are there any discussions underway with third parties that your Independent Directors believe are likely to lead to any superior proposal being made.

Although it remains possible that a superior proposal might still be made, this appears unlikely, particularly if Taurus achieves effective control of more than 50% of Extract Shares.

2.5 There are risks in not accepting the Taurus Offer

At the date of this Target's Statement, Taurus holds a relevant interest in Extract of 42.74%, acquired through its successful takeover of Kalahari.

With a number of short-term investors having acquired significant positions in Extract Shares, your Independent Directors note the likelihood that Taurus will receive the requisite number of additional acceptances of the Taurus Offer to deliver it effective control of Extract, when combined with the 42.74% relevant interest in Extract that Taurus already holds.

Consequently, if you do not accept the Taurus Offer, you are likely to become a shareholder in a company controlled by Taurus. This will have a number of possible implications, including:

- Taurus will be in a position to cast the majority of votes at a general meeting of Extract Shareholders. This will enable Taurus to control the composition of the Extract Board and senior management, as well as the strategic direction of the Company;
- if Taurus acquires control over more than 75% of Extract's Shares it will be able to pass a special resolution at a general meeting of Extract Shareholders. This would enable Taurus to, among other things, change Extract's constitution;
- Taurus may become entitled to acquire your Extract Shares through the implementation of compulsory acquisition procedures in accordance with section 661B of the Corporations Act. If this occurs, you will be compelled to sell your Extract Shares to Taurus but may not receive your consideration for a number of months;
- the Extract Share price may fall immediately following the end of the Taurus Offer period;
- liquidity of Extract Shares may be lower than at present, potentially impacting upon your ability to dispose of your Extract Shares;
- there is a risk that Extract could be fully or partially removed from certain S&P/ASX market indices due to lack of free float and/or liquidity; and
- if the number of Extract Shareholders is less than that required by the ASX Listing Rules to maintain a listing on the ASX then Taurus may seek to have Extract removed from the official list of the ASX. If this occurs, Extract Shares will not be able to be acquired or sold on the ASX. Similarly, Taurus may seek to have Extract de-listed from the TSX and/or NSX. If this occurs, Extract Shares will not be able to be acquired or sold on the TSX and/or the NSX.

Extract Shareholders should note that there are also risks associated with accepting the Taurus Offer. Details on the risks associated with accepting and not accepting the Taurus Offer are contained in the Bidder's Statement and Sections 2.6 and 9 of this Target's Statement.

2. Why you should ACCEPT the Taurus Offer^{continued}

2.6 Other considerations and risks in deciding whether to accept the Taurus Offer

(a) **You may wish to remain a shareholder in Extract**

If you accept the Taurus Offer, you will no longer be entitled to participate in the future financial performance of Extract or exercise the rights of being an Extract Shareholder.

Section 5 of this Target's Statement contains detailed information about Extract and the Husab Uranium Project, which you should consider in making your decision.

(b) **You will not be able to sell your Extract Shares on-market**

If you accept the Taurus Offer, you will no longer be able to trade your Extract Shares on-market. There is a possibility that the Extract Share price may exceed the price under the Taurus Offer.

(c) **There may be tax consequences from accepting the Taurus Offer**

If you accept the Taurus Offer, it may result in taxation consequences for you, including exposure to capital gains tax. See Section 6 of Part 1 of the Bidder's Statement and Section 8 of this Target's Statement for further information.

(d) **You may consider that there is potential for a superior proposal to emerge**

You may believe that a superior proposal for all Extract Shares could emerge in the foreseeable future.

If a superior proposal is announced, Extract Shareholders who have accepted the Taurus Offer will not be able to withdraw their acceptance in order to accept a superior proposal unless the Taurus Offer is withdrawn. If however Taurus varies the Taurus Offer to increase the consideration it is offering for your Extract Shares, you will be entitled to receive the increased consideration even if you have already accepted the Taurus Offer.

However, you should note that as at the time this Target's Statement was finalised, no superior proposal had been received and there can be no assurances that any will emerge, particularly if Taurus achieves effective control over more than 50% of Extract's Shares.

2.7 Other matters

In considering whether to accept the Taurus Offer, the Directors encourage you to:

- (a) read both this Target's Statement and the Bidder's Statement in their entirety;
- (b) consider the future prospects of Extract;
- (c) have regard to your individual risk profile, portfolio strategy, tax considerations and financial circumstances; and
- (d) obtain independent financial advice from your own broker or financial adviser regarding the Taurus Offer and obtain taxation advice on the effect of accepting the Taurus Offer.

3. Your choices as an Extract Shareholder

If you are an Extract Shareholder, you have 3 choices available to you:

- accept the Taurus Offer;
- sell your Extract Shares on-market; or
- do nothing and remain an Extract Shareholder.

The Directors encourage you to consider your personal risk profile, investment strategy, tax position and financial circumstances before making any decision in relation to your Extract Shares.

The Independent Directors unanimously recommend that you ACCEPT the Taurus Offer, in the absence of a superior proposal.

Each of the Independent Directors intends to accept the Taurus Offer in respect of all of the Extract Shares they own or control (including Extract Shares issued as a result of the vesting of any Extract Performance Rights), in the absence of a superior proposal.

3.1 Accept the Taurus Offer

Details of how to accept the Taurus Offer are set out in Section 3 of Part 2 of the Bidder's Statement.

If you accept the Taurus Offer, you will not be able to sell your Extract Shares to anyone else, or accept any superior proposal that might emerge.

The taxation implications of accepting the Taurus Offer depend on a number of factors and will vary according to your particular circumstances, including your jurisdiction. A general outline of the Australian tax consequences of accepting the Taurus Offer is set out in Section 6 of Part 1 of the Bidder's Statement and Section 8 of this Target's Statement. You should seek your own specific professional advice regarding the taxation consequences of accepting the Taurus Offer.

The Bidder's Statement states that no brokerage or stamp duty will be payable by you on acceptance of the Taurus Offer.

3.2 Sell your Extract Shares on-market

Extract Shareholders remain free to sell their Extract Shares on-market on the ASX, TSX or NSX at any time, provided they have not already accepted the Taurus Offer.

The latest price for Extract Shares on the ASX may be obtained from ASX's website www.asx.com.au under the code "EXT". A price may also be obtained from the TSX website www.tmx.com under the code "EXT".

Extract Shareholders who sell their Extract Shares on-market:

- will lose the ability to accept the Taurus Offer, or to participate in any other superior proposal that may emerge;
- may receive more or less for their Extract Shares than the consideration under the Taurus Offer of A\$8.65 cash per Extract Share;
- are likely to incur a brokerage charge; and
- will be paid the net proceeds of sale sometime after the third business day after the date of trade.

Extract Shareholders who wish to sell their Extract Shares on-market should contact their stockbroker on how to effect that sale.

The taxation implications of selling your Extract Shares on-market depend on a number of factors and will vary according to your particular circumstances, in the same way as if you accept the Taurus Offer. You should seek your own specific professional advice regarding the taxation consequences for you of selling your Extract Shares on-market.

3. Your choices as an Extract Shareholder continued

3.3 Do nothing and retain your Extract Shares

If you do not wish to accept the Taurus Offer and wish to retain your Extract Shares, you do not need to take any action.

If you do not accept the Taurus Offer and Taurus becomes entitled to compulsorily acquire your Extract Shares under the Corporations Act (as it intends to do, as discussed in Section 5.2 of Part 1 of the Bidder's Statement), you may receive your consideration later than Extract Shareholders who choose to accept the Taurus Offer. Refer to Section 7.10 of this Target's Statement for details on compulsory acquisition.

Further, if Taurus does not become entitled to compulsorily acquire your Extract Shares, you will become a minority shareholder in Extract, with potential adverse implications, including those described in Section 2.5 of this Target's Statement.

3.4 TSX and NSX Extract Shareholders

If your Extract Shares are held on the Canadian sub or branch register of Extract, including through a nominee or depositary identified on such register, you will need to move your Extract Shares to a CHES Holding or Issuer Sponsored Holding and thereafter accept the Taurus Offer as set out in Section 3 of Part 2 of the Bidder's Statement. The process of moving your Extract Shares to a CHES Holding or Issuer Sponsored Holding will take several days and you are urged to consult your broker as soon as possible if you wish to accept the Taurus Offer. You are also encouraged to consult your tax adviser.

There are currently no Extract Shares traded on the NSX.

4. Frequently asked questions

This Section answers some commonly asked questions about the Taurus Offer. It is not intended to address all relevant issues for Extract Shareholders. This Section should be read together with all other parts of this Target's Statement and the Bidder's Statement.

Question	Answer
Who is offering to purchase my Extract Shares?	<p>Taurus Mineral Limited is the company making the Taurus Offer.</p> <p>Taurus is a Hong Kong incorporated body formed at the direction of CGNPC-URC and CADFund.</p> <p>Taurus is beneficially owned by CGNPC-URC as to 60% and by CADFund as to 40%.</p> <p>Information in relation to Taurus can be obtained in Section 6 of this Target's Statement and from the Bidder's Statement.</p>
What is Taurus offering for my Extract Shares?	<p>The consideration under the Taurus Offer is A\$8.65 cash per Extract Share.</p>
What is the Bidder's Statement?	<p>The Bidder's Statement contains information on the Taurus Offer. The law requires Taurus to send it to you. Taurus lodged its Bidder's Statement with ASIC on 14 February 2012.</p>
What is the Target's Statement?	<p>This booklet comprises the Target's Statement. Extract is required by law to produce this Target's Statement in response to the Taurus Offer. The Target's Statement contains information to help you decide whether to accept the Taurus Offer for your Extract Shares.</p>
What choices do I have as an Extract Shareholder?	<p>As an Extract Shareholder, you have the following choices in respect of your Extract Shares:</p> <ul style="list-style-type: none">• accept the Taurus Offer, in which case you should follow the instructions in the Bidder's Statement;• sell your Extract Shares on-market (unless you have previously accepted the Taurus Offer and have not validly withdrawn your acceptance); or• do nothing and retain your Extract Shares. <p>There are several implications in relation to each of the above choices. A summary of these implications is set out in Section 3 of this Target's Statement.</p> <p>You should seek legal, financial or taxation advice from your professional adviser regarding the action that you should take in relation to the Taurus Offer.</p>
What are the Directors of Extract recommending?	<p>The Independent Directors unanimously recommend that you ACCEPT the Taurus Offer, in the absence of a superior proposal.</p> <p>The reasons for the Independent Directors' recommendation are set out in Section 2 of this Target's Statement.</p> <p>The Kalahari representatives on the Extract Board have refrained from making a recommendation to Extract Shareholders.</p>

4. Frequently asked questions continued

Question	Answer
Will I be forced to sell my Extract Shares?	<p>You cannot be forced to sell your Extract Shares unless Taurus receives acceptances giving Taurus a Relevant Interest in at least 90% of all Extract Shares during or at the end of the Offer Period and acquires at least 75% of the Extract Shares that it offers to acquire under the Taurus Offer.</p> <p>If this occurs, Taurus will be entitled to proceed to compulsory acquisition of Extract Shares held by Extract Shareholders who did not accept the Taurus Offer, in which case you will receive the same consideration for your Extract Shares that you would have received under the Taurus Offer.</p> <p>Taurus may be entitled to proceed to compulsory acquisition in any event, should it receive acceptances giving Taurus a Relevant Interest in at least 90%. Taurus has stated that it intends to exercise those compulsory acquisition rights if they become available. Please refer to Section 7.10 of this Target's Statement for more information.</p>
What do the Independent Directors intend to do with their Extract Shares?	<p>The Independent Directors intend to accept the Taurus Offer, in the absence of a superior proposal.</p> <p>The Independent Directors' interests in the Extract Shares are set out in Section 10.13 of this Target's Statement.</p>
When does the Taurus Offer close?	<p>The Offer is currently scheduled to close at 7:00pm (Sydney time) on 2 April 2012 but can be extended in certain circumstances.</p> <p>The Independent Directors will keep you informed if there are any material developments in relation to the Taurus Offer. Extract Shareholders are also encouraged to monitor the Extract website at www.extractresources.com for any updates on the Taurus Offer.</p>
Can the Offer Period be extended?	<p>Taurus may extend the Offer Period at any time before the end of the Offer Period. The maximum Offer Period is 12 months.</p> <p>There will be an automatic extension if, within the last 7 days of the Offer Period, Taurus increases the consideration being offered. If that happens, the Taurus Offer is automatically extended so that it ends 14 days after that event.</p>
How do I accept the Taurus Offer?	<p>Instructions on how to accept the Taurus Offer are set out in Section 3 of Part 2 of the Bidder's Statement and on the Acceptance Form which accompanies the Bidder's Statement. If you want to accept the Taurus Offer, you should follow the instructions carefully to ensure that your acceptance is valid.</p>
What are the consequences of accepting the Taurus Offer now?	<p>If you accept the Taurus Offer you will be obliged to sell your Extract Shares to Taurus and you will receive the Offer Consideration.</p>

Question	Answer
What happens if there is a superior proposal from a third party?	<p>If there is a superior proposal from a third party, the Independent Directors will reconsider their recommendation in light of that and advise Extract Shareholders accordingly.</p> <p>If you have already accepted the Taurus Offer at such time, you will not be permitted to withdraw your acceptance.</p>
Can Taurus withdraw the Taurus Offer once I have accepted?	No.
Can I accept the Taurus Offer for only some of my Extract Shares?	Yes. You may accept the Taurus Offer in respect of any or all of your Extract Shares.
What will happen if Taurus increases its offer?	If you accept the Taurus Offer and Taurus subsequently increases the Offer Consideration, you will receive the increased consideration for your Extract Shares.
What are the conditions of the Taurus Offer?	The Taurus Offer is unconditional.
What interest does Taurus already have in Extract?	As a result of acquiring Kalahari's interest in Extract, Taurus holds a relevant interest in Extract of 42.74%.
When will I receive the Offer Consideration if I accept the Taurus Offer?	<p>If you accept the Taurus Offer Taurus will pay the Offer Consideration that you are entitled to under the terms of the Taurus Offer on or before the earlier of:</p> <ul style="list-style-type: none"> • one month after the date you validly accept the Taurus Offer; and • 21 days after the end of the Offer Period.
Will I need to pay brokerage or stamp duty if I accept the Taurus Offer?	You will not pay any brokerage or stamp duty if you accept the Taurus Offer.
What are the tax implications of accepting the Taurus Offer?	<p>This depends on your personal tax position and the price at which you originally acquired and when you acquired your Extract Shares. If you are an Australian resident shareholder, a general outline of the tax implications of accepting the Taurus Offer is set out in Section 6 of Part 1 of the Bidder's Statement and in Section 8 of this Target's Statement.</p> <p>You should consult with your taxation adviser for detailed taxation advice before making a decision whether or not to accept the Taurus Offer.</p>

5. Information relating to Extract

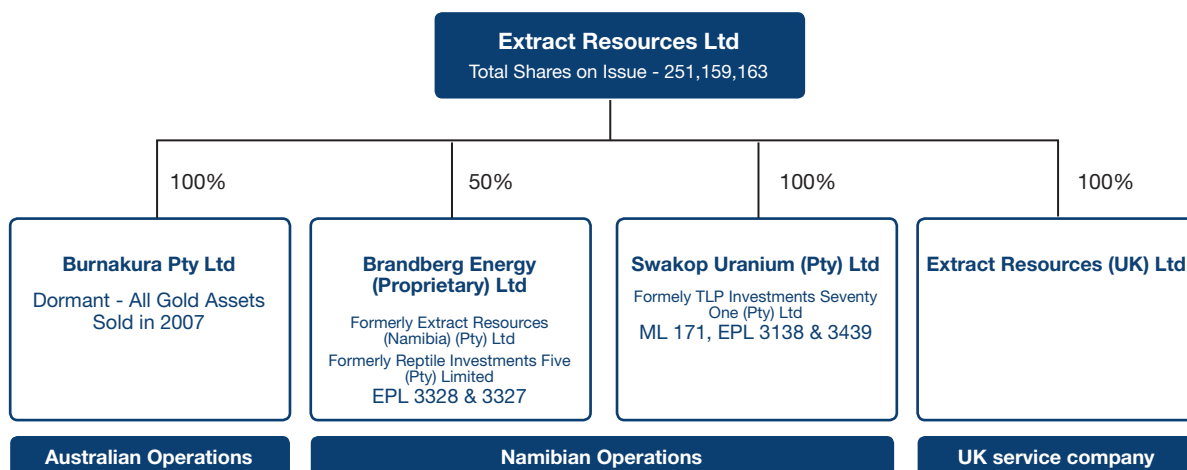
5.1 Overview

Extract is an international uranium exploration and development company headquartered in Perth, Western Australia. It has been listed on the ASX since 4 August 2000, and is also listed on the TSX and NSX.

Extract’s principal asset is its 100% interest in the Husab Uranium Project in Namibia. The Company also holds interests in exploration rights elsewhere in Namibia.

5.2 Organisation

Extract’s interest in the Husab Uranium Project is held through its wholly owned Namibian subsidiary, Swakop Uranium. The Company also holds a 50% interest in Brandberg Energy, which holds further exploration rights in Namibia, a 100% interest in Extract Resources (UK) Limited, which provides management services to the group, and wholly owns Burnakura Pty Ltd, a dormant entity.



5.3 Husab Uranium Project

The Husab Uranium Project envisages exploitation of the Husab uranium deposit, located approximately 70km northeast of the major deepwater port of Walvis Bay in Namibia. Since the announcement of the discovery of the Husab deposit in February 2008, the Company has conducted an intensive drilling programme, resulting in definition of the third largest uranium-only deposit in the world, has completed a Definitive Feasibility Study for the Project, and has received all material permits required for development of the Project.

Location

The Husab Uranium Project incorporates the area covered by the Company’s Mining Licence (ML 171) and two Exclusive Prospecting Licences (EPL 3138 and 3439), which are located in the Namib Desert, approximately 50km east of Swakopmund, and 70km northeast of Walvis Bay, in central western Namibia.

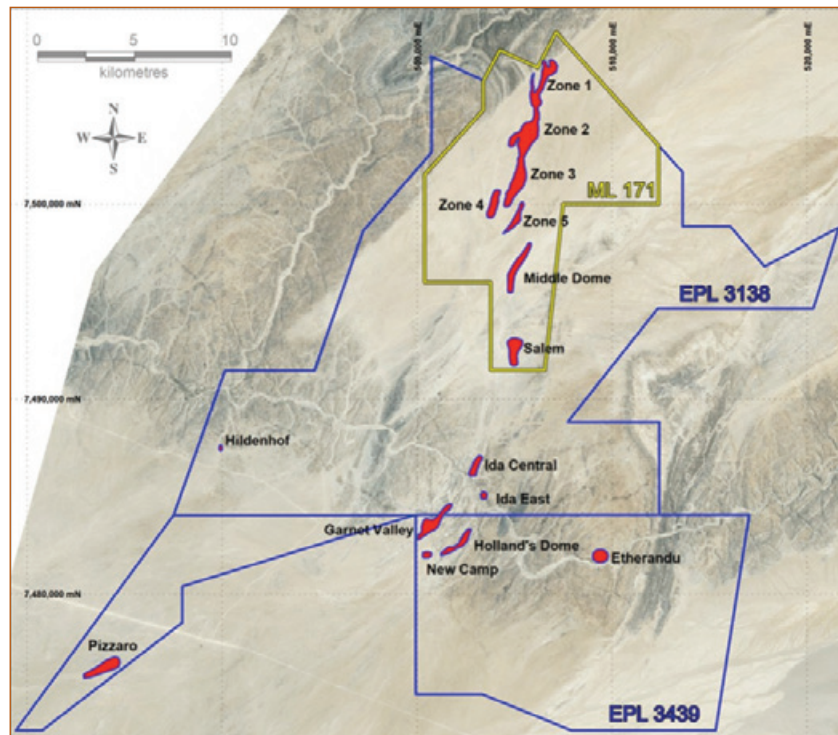
Namibia is the world’s fourth largest uranium producing country, with a long history of stable uranium supply. The Husab Uranium Project is approximately 8km south of the Rössing Uranium Mine.

Geology and Mineralisation

The Husab Uranium Project area contains primary uranium mineralisation hosted in uraniferous leucocratic granites (alaskites) within the highly prospective Central Zone of the Damara Orogeny. The mineralised alaskites occur mainly within the Rössing Formation, but locally also intrude the Khan and Chuos Formations, proximal to the Rössing Formation contact.

The Company has defined resources in several mineralised zones including Zone 1 - 5 of the Husab Uranium Project, and at Ida Dome. In addition, the Company has identified advanced exploration prospects including Salem and Middle Dome. Figure 1 shows the Husab Uranium Project location plan. The Project's deposits and main exploration prospects are shown in red.

Figure 1: Project Location Plan



Mineral Resource Estimates

Since the discovery of granite hosted uranium mineralisation announced in February 2008, Extract has completed more than 650,000 metres of drilling, making it one of the largest resource drilling programs in the world. The Company has rapidly defined a significant uranium resource. Figure 2 shows the Husab Resource Evolution.

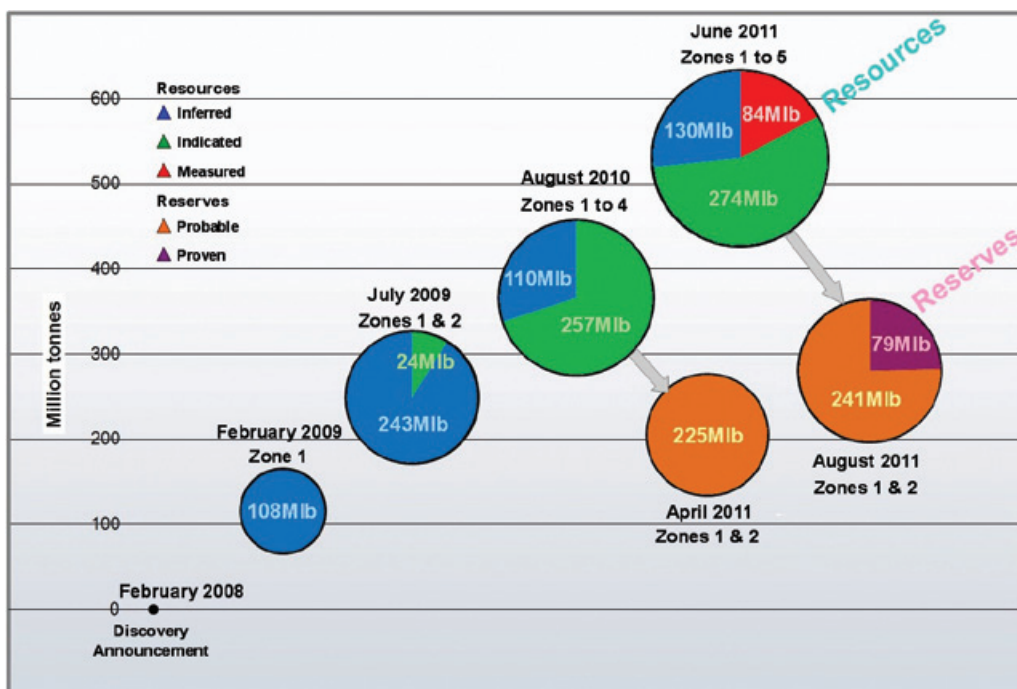
The Husab Uranium Project deposits (including Ida Dome) currently rank as the third largest uranium-only deposit in the world, and the largest in-situ and highest grade granite-hosted uranium deposit in Namibia. Figure 3 shows the International uranium-only resources.

The current resource estimate for the Husab Uranium Project is set out in Table 1 below.

There remains scope to grow the resource base through continued exploration activities. With this in mind, Extract has maintained an active drilling programme conducting both exploration and resource delineation drilling. Exploration drilling over the Zone 5 to Middle Dome area remains ongoing and is targeted at the Rössing South anticline. The Company has also identified several exploration targets within EPL 3439.

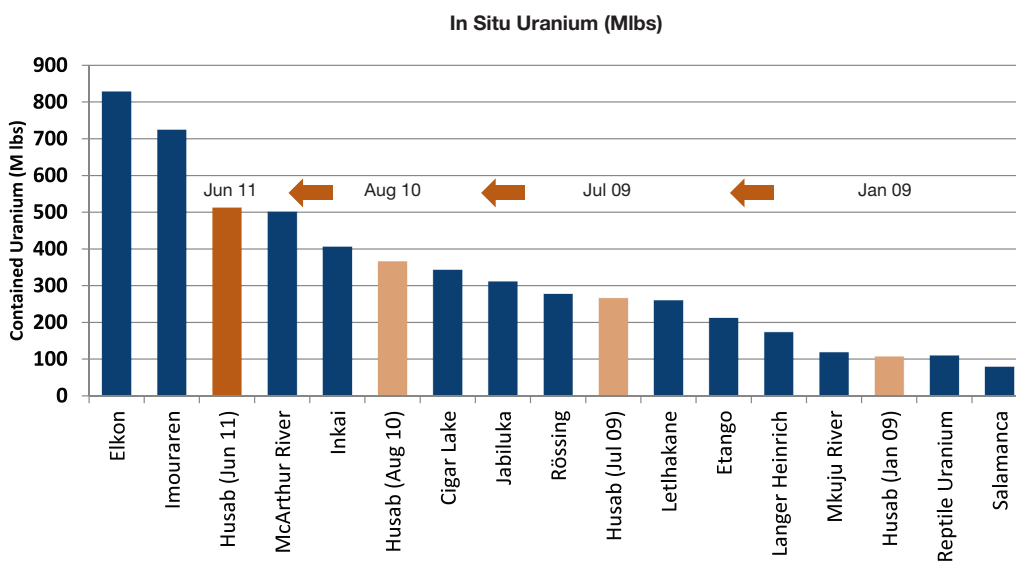
5. Information relating to Extract continued

Figure 2: Husab Zones 1 -5 Resource Evolution



Resources stated in this figure exclude resources defined at Ida Dome.

Figure 3: International uranium-only resources



**Table 1:
Husab Uranium Project Zone 1 – 5 (June 2011) and Ida Dome (August 2008) Resource Estimate**

	Tonnage (Mt)	Grade (ppm U₃O₈)	Contained U₃O₈ (MLb)
Measured			
Zone 1	32.1	420	29.4
Zone 2	42.3	580	54.4
Total Tonnage & Contained U₃O₈	74.4	510	83.8
Indicated			
Zone 1	170.5	400	148.6
Zone 2	110.0	520	125.4
Ida Dome	0.6	246	0.3
Total Tonnage & Contained U₃O₈	281.1	440	274.3
Measured and Indicated			
Total Tonnage & Contained U₃O₈	355.5	460	358.1
Inferred			
Zone 1	37.7	370	30.9
Zone 2	39.1	370	31.8
Zone 3	46.1	240	24.1
Zone 4	19.8	560	24.5
Zone 5	32.3	260	18.7
Ida Dome	52.7	213	24.8
Total Tonnage & Contained U₃O₈	227.7	310	154.8

Note: Figures have been rounded. Resources stated inclusive of reserves, and stated at a 100ppm U₃O₈ cut off. Refer to the 7 June 2011 resource update and 10 August 2011 reserve update ASX releases for full details.

5. Information relating to Extract continued

Mineral Reserve Estimate

A reserve estimate was initially announced in April 2011 for Zones 1 and 2 of the Husab Uranium Project, in parallel with completion of the Definitive Feasibility Study, which demonstrated the technical and economic viability of developing the Project. An updated reserve estimate was prepared in August 2011 that forecast a mine life in excess of 20 years, inclusive of pre-stripping. Table 2 shows total proven and probable reserves of 320Mlbs contained U₃O₈ based on the August 2011 reserve update.

Table 2:
Husab Uranium Project Zone 1 – 2 (August 2011) Reserve Estimates

	Tonnage (Mt)	Grade (ppm U₃O₈)	Contained U₃O₈ (MLb)
Proven			
Zone 1	25.3	482	26.9
Zone 2	37.4	628	51.8
Total Tonnage & Contained U₃O₈	62.7	569	78.7
Probable			
Zone 1	123.4	460	125.1
Zone 2	93.9	561	116.1
Total Tonnage & Contained U₃O₈	217.3	504	241.2
Proven and Probable			
Total Tonnage & Contained U₃O₈	280.0	518	319.9

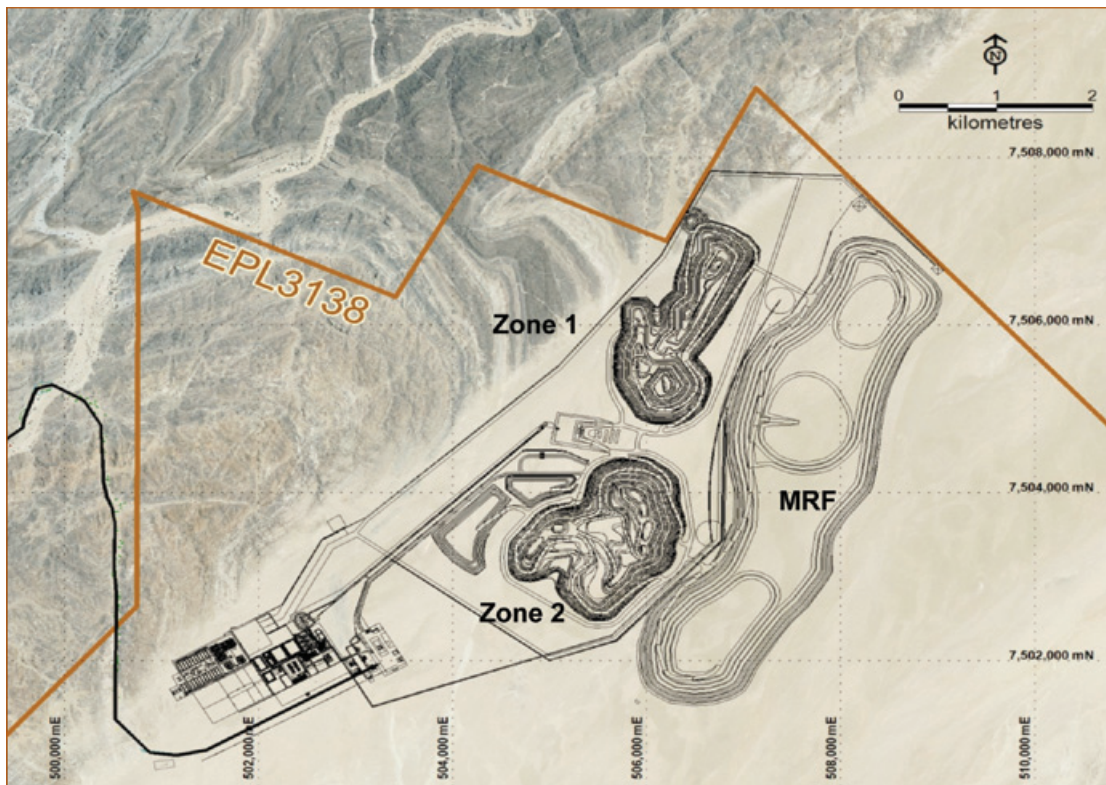
Note: Figures have been rounded. Resources stated inclusive of reserves, and stated at 100ppm cut off.

Definitive Feasibility Study

The Company has completed a DFS for Zones 1 and 2 of the Project, the results of which were announced in April 2011. Based on the results of the DFS, the Husab Uranium Project has the potential to become one of the largest uranium mines in the world.

The DFS was based on the August 2010 resource model. The base case assumes open pit mining by truck and shovel from two separate pits, and processing of 15 million tonnes of ore per year to produce approximately 15 million pounds of uranyl peroxide (UO_4) per year. Figure 4 shows the layout of mine, mine residue facility (MRF) and plant envisaged in the DFS.

Figure 4: Husab Uranium Project DFS Mine Layout.



The processing plant defined in the DFS is built around a conventional process flow sheet, employing milling, leaching, ion exchange, solvent extraction and precipitation. A waste and plant tailings storage facility is expected to be built adjacent to the pits.

The DFS envisages connection to Namibia's existing power, communications and road infrastructure, and contribution to the cost of construction of a new water pipeline from the coast to the mine site.

5. Information relating to Extract continued

MORE Programme

In parallel with the announcement of the DFS, the Company initiated a Mine Optimisation and Resource Extension Programme (**MORE Programme**) to investigate opportunities to add additional value to the Project, beyond that defined in the DFS.

The first stage of the MORE Programme focussed on updating the resource and reserve estimates for the Project. This stage was completed with resource and reserve updates announced in June 2011 and August 2011, respectively.

The June 2011 resource update reported a 33% increase in the total global resource. The August 2011 reserve update saw total ore tonnes at Zones 1 and 2 increase by 37% to 280 million tonnes, adding 5 years to the mine life forecast in the DFS. The reserve update also forecast a 16% reduction in the strip ratio from 7.3:1 to 6.2:1, and an increase in ore grade from 497 ppm to 518 ppm U₃O₈. Total contained uranium increased by 42% to 320 million lbs.

A further update of the resource estimate is planned to be completed by the end of the second quarter of 2012. The focus of drilling for the resource update has been further infill drilling at Zones 1 and 2 aimed at converting Indicated Resources to Measured Resources and Inferred Resources to Indicated and/or Measured Resources to increase the resource inventory available for conversion to 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. Testwork to date has indicated that grinding ore more finely prior to leaching is likely to lead to an increase in uranium recovery, and to bring additional benefits through improved operability of the plant. However, the benefit of higher uranium recovery is expected to be substantially offset by higher operating and capital costs, thereby limiting any potential increase in value from the possible modification of the process design.

The production of acid on-site is expected to add further incremental value to the Project and the impact on capital and operating costs is being assessed in detail.

The Company continues to evaluate further possible process enhancements, including nanofiltration and using oxygen rather than pyrolsute as an oxidising agent. These initiatives continue to show potential for a reduction in operating costs, although this has yet to be proven.

Testwork has indicated that there is limited incremental benefit in leaching at an elevated temperature, and given the cost, complexity and risk that this would introduce to the process design, this potential enhancement is not being progressed.

Capital and Operating Cost Estimates

Based on the DFS, the capital cost for the Project was estimated at US\$1.480 billion, including initial mine fleet, process plant and supporting infrastructure. Inclusive of pre-strip and other pre-production operating costs of US\$179 million, the Project cost was estimated at US\$1.659 billion. This estimate excluded allowance for finished goods inventory in transit and held at conversion facilities, debtor payment terms, creditor payment terms, escalation, and financing costs (including fees and interest during construction). Table 3 shows the breakdown of the expected Project capital cost as set out in the DFS.

Production costs were estimated at US\$28.5/lb, excluding royalties, marketing and transport and cost escalation. Operating costs including royalties, marketing and transport were estimated at US\$32.0/lb. Table 4 outlines the line item costs for the operating costs as set out in the DFS.

**Table 3:
Project Capital Cost Estimate¹**

	US\$ Million ²
Initial mine fleet & Infrastructure	407
Processing plant	529
Mine Residue Facility	71
Infrastructure & temporary facilities	210
Indirect costs	158
Contingency	105
Total Capital Cost	1,480
Pre-strip & Pre-production opex	179
Total Project Cost	1,659

1 Cost estimate excludes escalation, financing costs and working capital.

2 Presented in real terms of 1 January 2011.

**Table 4:
Project Operating Cost Estimate**

	US\$ / lb U ₃ O ₈ ¹
Mining	13.9
Processing	13.4
G&A	1.2
Cost of production	28.5
Royalties ²	2.0
Transport & Marketing	1.5
Total operating cost	32.0

1 Presented in real terms of 1 January 2011. Note that operating cost estimates presented in the DFS do not take into account initiatives developed in the MORE Programme, in particular the August 2011 reserve update.

2 Royalty payment estimate based on prevailing market prices.

Project Timeline

Based on the DFS, the Project will take 33 months to develop once development has commenced. Development is expected to commence once the Project has received funding and the Extract Board has approved the Project's development.

Licences & permitting

The Company has obtained all material permits required to commence development of the Husab Uranium Project.

A mining licence for the Husab Uranium Project was issued to Swakop Uranium in November 2011 by the Ministry of Mines and Energy of the Republic of Namibia. Mining Licence (ML171) was issued in respect of nuclear fuels, covering an area of 110.1 km², and is valid for an initial period of 25 years.

5. Information relating to Extract continued

The Mining Licence covers the main extent of granite hosted uranium mineralisation, at the northern end of EPL 3138 (see Figure 5), and 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 work areas.

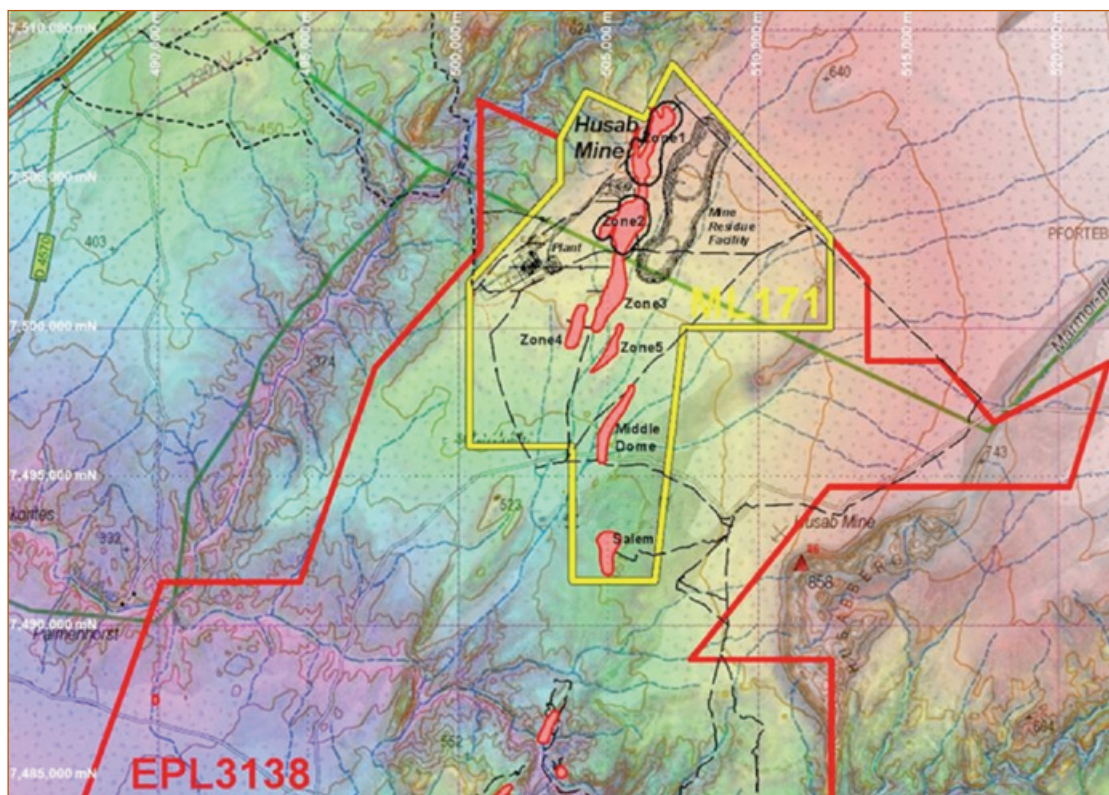
The Company also holds exploration licences covering the adjacent areas, EPL 3138 and 3439. The Company owns a 50% interest in Brandberg Energy, which holds two additional exploration licences EPL 3327 and 3328.

Table 5 sets out the current licence holdings held by the Extract Group.

Table 5:
Mining and Exclusive Prospecting Licences held by the Extract Group

Licence	Description	Holder	Interest	Expiry
ML 171	Mining Licence for Husab Uranium Project	Swakop Uranium	100%	28 Nov 2036
EPL 3138	EPL for Husab Uranium Project	Swakop Uranium	100%	19 Apr 2013
EPL 3439	EPL at southern end of Husab Uranium Project	Swakop Uranium	100%	2 Nov 2013
EPL 3327	EPL for Uis Project	Brandberg Energy	50%	2 Nov 2013
EPL 3328	EPL for Uis Project	Brandberg Energy	50%	2 Oct 2012

Figure 5: ML171 location plan.



Environmental Studies & Social and Community Impact

The Company has prepared two environmental impact assessments (**EIA**) and environmental management plans (**EMP**) for the Husab Uranium Project itself, and for the Linear Infrastructure associated with the Project. The original EMP that accompanied the Husab Mine EIA, was updated with requirements from the Linear Infrastructure and approved by the authorities.

The final EIAs and the combined EMP were reviewed by an independent body, the Southern African Institute of Environmental Assessors, prior to their submission to the Namibian Ministry of Environment and Tourism. Full consultation took place throughout the EIA process. The Namibian Government, regional authorities, and local industries as well as the public were consulted, and given opportunities to provide input to the Project. The EIAs and EMP were prepared in accordance with the requirements of the Equator Principles.

The Namibian Ministry of Environment and Tourism granted Environmental Clearance Certificates for the Husab Mine EIA and for the associated Linear Infrastructure EIA in January and July 2011 respectively.

Funding of the Project

The DFS estimated a cost of US\$1.659 billion to develop the Project. The Project cost excludes allowance for finished goods inventory in transit and held at conversion facilities, debtor payment terms, creditor payment terms, escalation, and financing costs (including fees and interest during construction).

While the Company recognises the risks involved in raising the necessary financing to develop the Husab Uranium Project on commercially acceptable terms within the current financial climate, as set out in Section 9, Extract believes that the inherent qualities underlying the Project would support standalone financing:

- attractive fundamentals of the long term uranium market;
- supportive government allowing for an investment grade rating and Namibia's access to the international capital markets;
- experienced management team and engineering support;
- long life of mine;
- competitive cost structure; and
- planned utilisation of proven metallurgical and mining technologies.

The Company has approached a number of financing institutions including multilateral and bilateral international financial institutions, export credit, import credit, commercial bank lenders and equipment manufacturers with relevant industry and regional experience.

Discussions have been held with several prospective offtakers who it is envisaged would enter into long term and sizeable offtake contracts and potentially other partnership arrangements supportive of equity and debt financing.

5. Information relating to Extract continued

Exploration

Exploration has continued and towards the end of 2011, 3 lines of exploration holes were drilled over targets on the Husab – Salem trend (refer to Figure 6):

- Section 7498800N – approximately 2km east of Zone 5, targeting a radiometric anomaly in rocks of the prospective Chuos and Rössing Formations.
- Section 7494400N – approximately mid-way between Salem and Middle Dome which targets the Husab-Salem trend as it approaches the Ida Dome.
- Section 7493200N – northwest of the Salem mineralisation and targeting a radiometric anomaly, apparently offset from the main Salem anomaly.

Recently received assay results from this drilling were mixed with some encouraging mineralisation intersected on each line. The best results are shown in the table below.

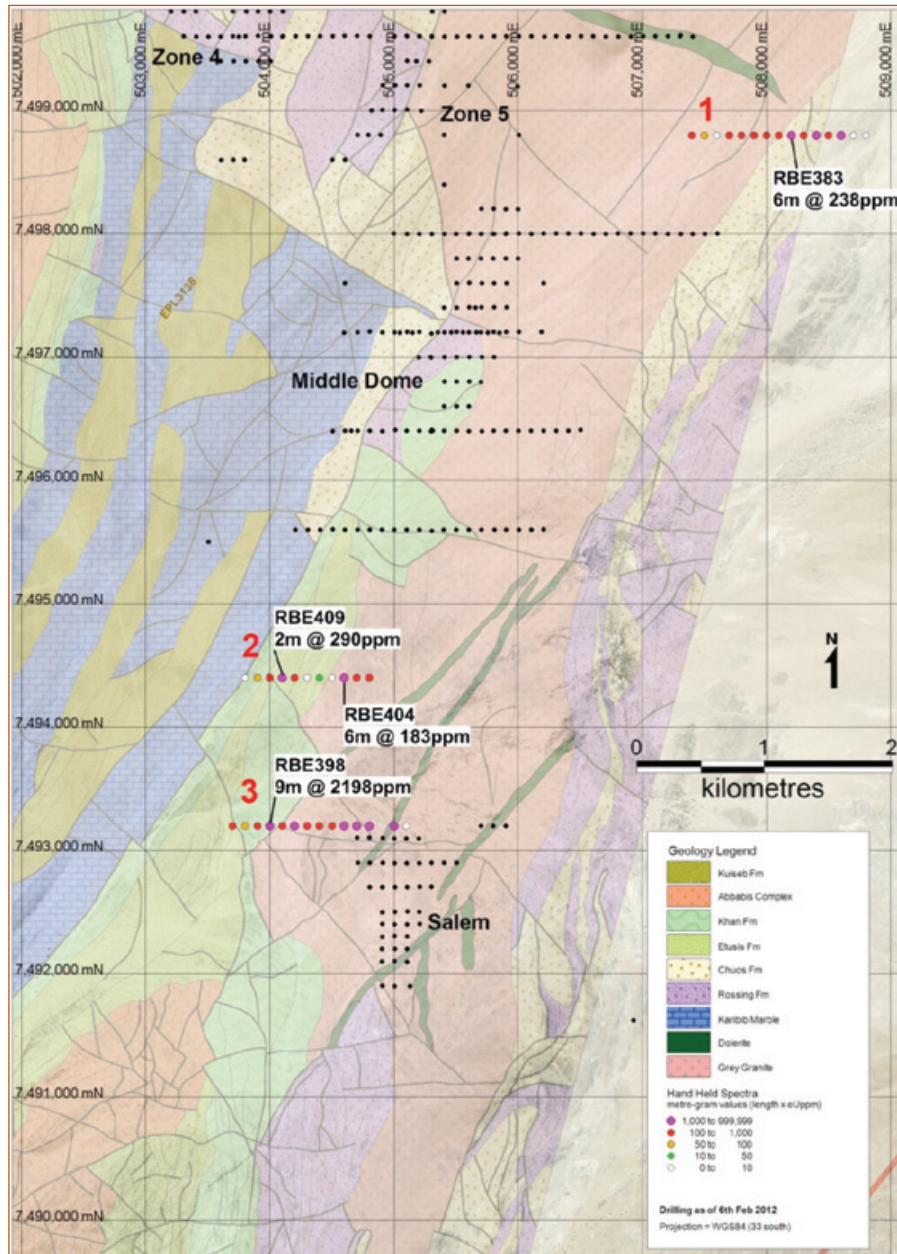
Hole ID	From (m)	To (m)	Mineralised Zones (U ₃ O ₈)
<i>Section 7498800</i>			
RBE383	80	86	6m @ 238 ppm
RBE383	65	72	7m @ 126 ppm
<i>Section 7494400</i>			
RBE404	80	86	6m @ 183 ppm
RBE409	66	68	2m @ 290 ppm
<i>Section 7493200</i>			
RBE398	0	9	9m @ 2198 ppm
RBE398	64	76	12m @ 343 ppm

Results from section 7498800N indicate the prospectivity of the Rössing Formation rocks that lie to the east of the Husab-Salem trend.

The result from RBE398 (9m @ 2198ppm U₃O₈), on the line of drilling north west of Salem, is primary mineralisation hosted in granite. It demonstrates that the ground to the west of Salem is prospective for the discovery of further uranium.

Follow-up exploration drilling has been planned for both of these areas and is currently being completed. Once additional information is available an assessment on the significance of these anomalies can be made with further work planned, as appropriate.

Figure 6: Location of recent exploration drilling at Husab, overlain on bedrock geology interpreted from aeromagnetic data.



5. Information relating to Extract^{continued}

5.4 Other Prospects

In September 2010, the Company entered into an agreement with North River 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 recent satisfaction (and waiver) of the conditions precedent to that agreement, North River Resources Energy Minerals Limited, a wholly owned subsidiary of North River, subscribed for shares in Brandberg Energy representing a 50% interest in the post-issue shares of the Company, following the payment of US\$800,000 by North River to Brandberg Energy. North River Resources Energy Minerals Limited is the manager of the Uis Project, and intends to shortly commence a drilling program on those EPLs. For further information on this transaction and the Uis Project licences (including EPL 3139) refer to ASX announcement 21 September 2010, and Extract's website, www.extractresources.com.

5.5 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 Husab Uranium Project.

Discussions to date envisage subscription by Epangelo for new shares in Swakop Uranium, for consideration based on the value of Swakop Uranium implied by the trading price of Extract prior to the completion of the transaction. Extract envisages that it would provide assistance to Epangelo to secure financing to fund its subscription.

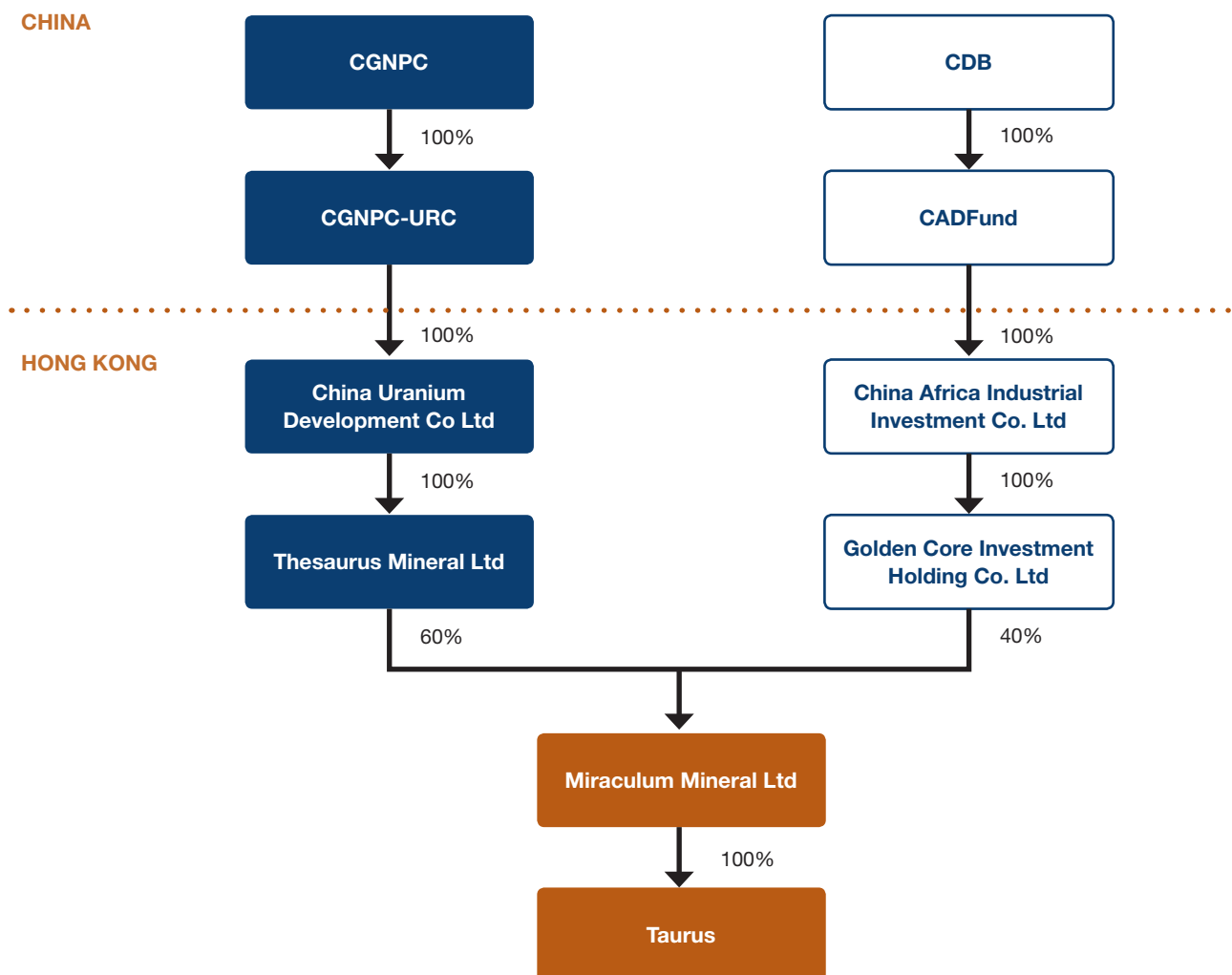
Extract notes that CGNPC-URC has disclosed that it has entered into an in-principle agreement with Epangelo, as described in Section 5.3(f) of Part 1 of the Bidder's Statement. A copy of the agreement between Epangelo and CGNPC-URC was annexed to ASIC Form 603 (notice of initial substantial holder) published on 20 January 2012, and is available for viewing on the websites of Kalahari and CGNPC-URC. Extract notes that neither it nor Swakop Uranium is a party to this agreement.

5.6 Additional Information

For further information regarding Extract, please refer to the Annual Report, Half-Yearly Report, Quarterly Report and Extract's other announcements to the ASX. These documents are available on Extract's website at www.extractresources.com, the ASX website at www.asx.com.au, on SEDAR at www.sedar.com or by contacting Extract on +61 8 9367 2111 between 8.30am and 5.00pm (WST) Monday to Friday, or the shareholder information line on 1300 554 474 (for calls made from within Australia) or +61 2 8280 7111 (for calls made from outside Australia).

6. Information relating to Taurus

Taurus is a Hong Kong entity incorporated by CGNPC-URC and CADFund as an investment vehicle for the purpose of acquiring Kalahari and Extract under the Kalahari Offer and Taurus Offer respectively and is a wholly owned subsidiary of Miraculum.



Investment and operation decisions of Taurus will be made by the board of directors of Taurus based on the laws of Hong Kong. Under arrangements between CADFund and CGNPC-URC's parent company, CGNPC, CGNPC-URC and CADFund have nominated members to the board of directors of Taurus and have agreed to provide management assistance to Taurus.

Taurus has not traded since incorporation, nor has it entered into any obligations, other than in connection with the Kalahari Offer and Taurus Offer and the financing of both offers.

Miraculum is a Hong Kong entity incorporated by CGNPC-URC as the 100% parent company of Taurus and for the purpose of enabling CADFund to acquire an equity interest in Taurus. Miraculum is 60% owned by one of CGNPC-URC's wholly owned subsidiaries (Thesaurus Mineral Limited) and 40% owned by one of CADFund's wholly owned subsidiaries (Golden Core Investment Holding Co. Limited).

Section 1 of Part 1 of the Bidder's Statement provides background and financial information regarding Taurus, CGNPC-URC, CADFund and Miraculum.

7. Important information about the Taurus Offer

7.1 Taurus Offer Consideration

Taurus announced an unconditional takeover offer on 14 February 2012 for all Extract Shares. The consideration under the Taurus Offer is A\$8.65 cash per Extract Share.

7.2 Taurus' intentions with respect to the Taurus Offer and Extract

You should read Section 5 of Part 1 of the Bidder's Statement which details Taurus' intentions in respect of the businesses, assets and employees of Extract.

7.3 Offer Period

The Taurus Offer will be open for acceptance from 1 March 2012 until 7:00pm (Sydney time) on 2 April 2012, unless extended or withdrawn.

The circumstances in which Taurus may extend or withdraw the Taurus Offer are set out in Sections 7 and 8 of Part 2 of the Bidder's Statement.

7.4 Extension of the Offer Period

Taurus may extend the Offer Period at any time before the end of the Offer Period.

In addition, there will be an automatic extension of the Offer Period if, within the last 7 days of the Offer Period, Taurus improves the consideration offered under the Taurus Offer. If this occurs, the Offer Period is automatically extended so that it ends 14 days after the relevant event occurs.

7.5 Withdrawal of Taurus Offer

Before you accept the Taurus Offer, Taurus may withdraw the offer with the written consent of ASIC and subject to any conditions specified in such consent.

7.6 Effect of acceptance

If you accept Taurus' Offer, subject to the withdrawal rights set out in Section 7.5 of this Target's Statement, you will give up your right to sell your Extract Shares on ASX, TSX or NSX or to any competing bidder or to deal with them in any manner. The effect of acceptance is set out in detail in Section 5 of Part 2 of the Bidder's Statement. This Section describes the rights attached to your Extract Shares that you will be giving up, the representations and warranties that you will be making and the irrevocable authorities and appointments that you will be giving Taurus if you accept the Taurus Offer. Please note that the Directors do not take any responsibility for the contents of the Bidder's Statement and are not endorsing any of the statements contained in it.

7.7 Withdrawal of your acceptance

Once you accept the Taurus Offer you will not be able to sell or otherwise deal with your Extract Shares.

Extract Shareholders may not withdraw their acceptance of the Taurus Offer.

7.8 When you will receive payment

If you accept the Taurus Offer, Taurus will pay the Offer Consideration to which you are entitled on or before the earlier of:

- (a) one month after you accept the Taurus Offer; and
- (b) 21 days after the end of the Offer Period.

7.9 Effect of an improvement in the Offer Consideration

If Taurus improves the Offer Consideration under the Taurus Offer, all Extract Shareholders, whether or not they had accepted Taurus' Offer before that improvement in the Offer Consideration, would otherwise be entitled to the benefit of the improved Offer Consideration.

7.10 Compulsory acquisition

Taurus has stated in Section 5.2 of Part 1 of the Bidder's Statement that it intends to compulsorily acquire all outstanding Extract Shares if it is entitled to do so.

There are 2 types of compulsory acquisition under Chapter 6A of the Corporations Act as discussed below.

Compulsory acquisition after takeover bid

Under Part 6A.1 of the Corporations Act, if, at the end of the Offer Period, Taurus has (together with its associates):

- (a) a Relevant Interest in at least 90% (by number) of Extract Shares; and
- (b) acquired at least 75% (by number) of Extract Shares for which it has made an offer,

then Taurus will be entitled to compulsorily acquire any outstanding Extract Shares for which it did not receive acceptances, on the same terms as the Taurus Offer.

As stated in Section 5.2 of Part 1 of the Bidder's Statement, for the purposes of the 75% calculation referred to in paragraph (b) above, Taurus will rely on ASIC Class Order 01/1544 which provides for the exclusion of the securities in which Taurus has a Relevant Interest as at the date of the first offer under the Taurus Offer from the number of securities Taurus has offered to acquire under the Taurus Offer.

Accordingly, the 107,342,087 Extract Shares held by Kalahari in which Taurus already has a Relevant Interest will be excluded for the purposes of the 75% calculation.

Based on Taurus' Relevant Interest of 42.74% of Extract Shares, subject to any modification by ASIC of the Corporations Act or an order of a court, Taurus must achieve an additional Relevant Interest of 47.26% in Extract Shares before it can proceed to compulsory acquisition.

If these thresholds are met, Taurus will have up to one month after the end of the Offer Period within which to give compulsory acquisition notices to Extract Shareholders who have not accepted the Taurus Offer. Extract Shareholders have statutory rights to challenge the compulsory acquisition, but a successful challenge will require the relevant Extract Shareholders to establish to the satisfaction of a court that the terms of the Taurus Offer do not represent "fair value".

Extract Shareholders should be aware that if they do not accept the Taurus Offer and their Extract Shares are compulsorily acquired, those Extract Shareholders will face a delay in receiving the Offer Consideration compared with Extract Shareholders who have accepted the Taurus Offer, however they will be paid the last price offered by Taurus for Extract Shares before compulsory acquisition began.

Taurus must offer to buy out remaining Extract Shares held by Extract Shareholders if Taurus (and its associates) has a Relevant Interest in at least 90% of Extract Shares (by number) at the end of the Offer Period.

7. Important information about the Taurus Offer continued

General compulsory acquisition

Extract Shareholders should also be aware that if Taurus does not become entitled to compulsorily acquire Extract Shares in accordance with Part 6A.1 of the Corporations Act, Taurus may nevertheless become entitled to exercise general compulsory acquisition rights under Part 6A.2 of the Corporations Act.

Under Part 6A.2, Taurus will be entitled to compulsorily acquire Extract Shares if Taurus holds full beneficial interests in at least 90% (by number) of Extract Shares (i.e. Taurus becomes a “90% holder”).

If this threshold is met, Taurus will have 6 months after Taurus becomes a 90% holder within which to give compulsory acquisition notices to Extract Shareholders.

The compulsory acquisition notices sent to Extract Shareholders must be accompanied by an independent expert’s report and an objection form.

The independent expert’s report must set out whether the terms of the compulsory acquisition give “fair value” for the Extract Shares and the independent expert’s reasons for forming that opinion.

If Extract Shareholders with at least 10% of Extract Shares covered by the compulsory acquisition notice object to the acquisition before the end of the objection period (which must be at least one month), Taurus may apply to a court for approval of the acquisition of the Extract Shares covered by the notice.

Extract Shareholders should be aware that if they do not accept the Taurus Offer and their Extract Shares are compulsorily acquired under Part 6A.2 of the Corporations Act, those Extract Shareholders will face delay in receiving the consideration for their Extract Shares compared with Extract Shareholders who have accepted the Taurus Offer.

8. Taxation

The taxation consequences of accepting the Taurus Offer depend on a number of factors and will vary depending on your particular circumstances including your tax jurisdiction.

Section 6 of Part 1 of the Bidder's Statement contains a discussion of certain possible tax implications for Extract Shareholders. It is not intended to be an authoritative or complete statement of the tax position applicable to any given Extract Shareholder.

The following are general comments made in relation to Extract Shareholders who are Australian resident taxpayers who hold their Extract Shares on capital account. These comments do not apply to Extract Shareholders who are not Australian resident taxpayers, such as Namibian or Canadian shareholders. Extract Shares held on capital account are Extract Shares that are generally held with the intention of making a long term gain.

If you accept the Taurus Offer, you will trigger an Australian Capital Gains Tax (**CGT**) event. This may result in an Australian CGT liability.

Since this is a cash offer only, there is no CGT rollover relief for Extract Shareholders in respect of the cash they receive in relation to the Extract Shares that they own.

Your income tax and CGT liabilities depend on your personal circumstances and the decisions you make. It is strongly recommended that you seek independent taxation advice in regard to your personal situation.

Neither Extract nor any of its officers or advisers accepts any liability or responsibility in respect of any statement concerning taxation consequences, or in respect of the taxation consequences themselves.

9. Risk Factors

In considering this Target's Statement and the Taurus Offer, Extract Shareholders should be aware that there are a number of risks which may affect the future operating and financial performance of Extract. Some of these risks can be adequately mitigated by the use of safeguards and appropriate systems but many are beyond the control of Extract and its Directors and cannot be mitigated. The principal risks you should consider, when deciding whether to maintain your investment in Extract, in the present circumstances include the following matters set out below.

Sovereign risk

Extract's material operations are in Namibia. While Namibia is regarded as politically stable, it may nevertheless be subject to risks over which Extract has no control. Such risks include economic, political and social instability, civil unrest, the sovereignty of assets held in foreign countries, subsequent legislative or administrative actions, changes to taxation, the ability to repatriate funds from foreign countries and the dynamics of their particular legal and commercial systems.

Extract'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, taxation, or the introduction of the New Equitable Economic Empowerment Framework (or other Black Economic Empowerment) laws or regulations could slow the activities of Extract 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 price and foreign exchange risk

Movements in uranium prices may have a positive or negative effect on Extract's exploration, evaluation 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 United States dollars and the operational expenditure of Extract is largely incurred in Namibian local currency.

Uranium prices fluctuate and are affected by numerous factors beyond the control of Extract. These factors include worldwide 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 Extract's Project evaluation, development and production plans and activities, together with the ability to fund its plans and activities.

Following construction and commissioning of the Husab Uranium Project, substantially all of Extract's revenue and cash flows are expected to be derived from the sale of uranium. As a result, the future financial performance of Extract will be exposed to fluctuations in the uranium price or changes in exchange rates.

Resource and reserve estimates

Resource and reserve estimates (including those contained in this Target's Statement) 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, or that the uranium price may increase or decrease. Resource and reserve estimates are necessarily imprecise and depend to some extent on interpretations, which may ultimately prove to be inaccurate and require adjustment. Adjustments to resource and reserve estimates could affect Extract's future plans and ultimately its financial performance and value.

Exploration

There may be additional or undiscovered uranium deposits within the mineral titles held by Extract. These may or may not be discovered or developed.

Environmental

All phases of Extract's exploration and mining operations are subject to extensive environmental regulation in Namibia. The operations of Extract are primarily located within the Namib Naukluft National Park in Namibia and subject to laws and regulation concerning the environment. Extract is required to submit and adhere to environmental plans lodged in relation to all its licence 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, Extract's activities are expected to have an impact on the environment, particularly if mine development proceeds.

Extract has received all necessary material environmental approvals for the Husab Uranium Project but there cannot be any assurance that future changes in environmental regulation, if any, will not adversely affect Extract's operations, including in relation to pre-existing environmental hazards unknown to Extract at present. Reclamation costs are uncertain and planned expenditure may differ from the actual expenditure required.

Mining and exploration licences

Extract has been granted the Mining Licence in Namibia for the Husab Uranium Project (ML171). The granting of the Mining Licence was at the discretion of the relevant Ministries in Namibia following the completion of an economic feasibility study. Extract worked with the Namibian Government to obtain the necessary permits and licences to enable the mine to be developed. The Mining Licence covers an area of 110.1 km² within Extract's existing exploration concession, EPL 3138, and is issued in respect of nuclear fuels including reserves defined to date within Zones 1 and 2 of the Project, mineral resources defined within Zones 1 to 5, and the Middle Dome and Salem prospects. The Mining Licence is valid for a period of 25 years from the date of issue, unless abandoned, cancelled or extended in compliance with the Minerals (Prospecting and Mining) Act, 1992. The Directors are not aware of, nor do they foresee, any reason why ML171 will not be maintained, however, any such event could have a material impact upon Extract's business.

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 licence categories are expected to be applied for and granted to replace existing licences. A failure to comply with expenditure or other conditions on which the tenements are held exposes the tenements to forfeiture. Consequently, Extract 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 Extract has an interest will be subject to application for renewal from time to time and EPL 3328 (part of the Uis Project) is required to be renewed within the next 12 months. If a tenement is not renewed for any reason, Extract 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 licences as granted and are not aware of any reason why the renewal of the term of any current tenement should not be granted.

Development risk

There can be no assurance that Extract will be able to complete development of the Husab Uranium Project on time or to budget due to, among other things, changes in the scope of the Project, delays in the installation of the plant and equipment and cost overruns, escalation of prices, issues in securing supply of inputs such as tyres, reagents or personnel (including employees and contractors), issues in securing supply of services such as power and water, metallurgical extraction issues, or that Extract's personnel, systems, procedures and controls will be adequate to support the operation.

9. Risk Factors continued

Funding risk

Extract's development activities will require substantial financing, as discussed in Section 5.3 of this Target's Statement. Any additional equity financing may be dilutive to Extract Shareholders, may be undertaken at lower prices than the current market price or may involve restrictive covenants which limit Extract'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 Extract or at all. If Extract 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 Extract's activities and could affect Extract's ability to continue as a going concern.

Operating history

While members of Extract's management team possess significant experience and have previously carried out or been exposed to exploration, commissioning and production activities, Extract has a limited operating history with respect to uranium projects. The Company's 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 and Extract's ability to attract and retain contractors and a competent work force.

Economic factors

The operating and financial performance of Extract 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, 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 Extract's operating and financial performance and financial position.

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

Reliance on key personnel

A number of key personnel are important to attaining the business goals of Extract. One or more of these key employees could leave their employment, and this may adversely affect the ability of Extract to conduct its business and, accordingly, affect the financial performance of Extract and the Extract Share price.

Market conditions

As with all stock market investments, there are risks associated with an investment in Extract. The market price of Extract 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 12 months, there has been dramatic volatility in global share markets and the market price of Extract Shares has been volatile over this period. Factors influencing the price of Extract Shares may include movements on international stock markets, interest 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 Extract is not necessarily an indication as to future performance of Extract as the trading price of Extract Shares can go up or down. Neither Extract nor the Directors warrant the future performance of Extract or any return on an investment in Extract.

Liquidity risk

There can be no guarantee that there will continue to be an active market in Extract Shares or that the price of Extract Shares will increase. There may be relatively few buyers or sellers of Extract Shares on the ASX, NSX or the TSX at any given time. This may affect the volatility of the market price of Extract Shares. It may also affect the prevailing market price at which Extract Shareholders are able to sell their Extract Shares.

Insurance risks

Insurance of risks associated with minerals exploration and mining operations 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 Extract considers it is unreasonable or not in its interests to maintain insurance cover or a level of coverage which is in accordance with industry practice. Extract will use reasonable endeavours to insure against the risks it considers appropriate for Extract's needs and circumstances. However, no assurance can be given that Extract 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.

Nuclear industry risks

Nuclear energy competes with other sources of energy, including oil, natural gas, coal and hydro-electricity. 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, amongst other things, depend upon continued and increased acceptance of nuclear technology as a means of generating electricity.

The nuclear industry is subject to certain public opinion risks as a result of the unique political, technological and environmental factors that impact upon it and which could have an adverse impact on the demand for nuclear power and increase the regulation of the nuclear power industry.

In March 2011, following a natural disaster, there was a serious incident at a nuclear power plant in Fukushima, Japan. These events led to intense worldwide coverage of the nuclear industry and its regulation. Any decrease in demand for uranium as a result of these events, or any future accidents at any nuclear power plants anywhere in the world, may impact the continuing acceptance of nuclear energy and the future prospects for nuclear power generation, and may substantially influence future government policy and legislation, uranium market supply and demand, and therefore movements in global uranium spot prices, which may have a material adverse effect on Extract.

10. Additional information

10.1 Issued capital

As at the date of this Target's Statement, Extract's issued capital comprises:

- (a) 251,159,163 Extract Shares; and
- (b) 1,277,766 Extract Performance Rights, set out as follows.

Number of Extract Performance Rights	Class of Extract Performance Rights
157,605	Class A
1,005,975	Class B
114,186	Class C

10.2 Substantial holders

As at the date of this Target's Statement, based on the substantial shareholding notices provided to Extract, the substantial shareholders of Extract are:

Shareholder	Extract Shares	Relevant Interest
Kalahari Minerals plc*	107,342,087	42.74%
Rio Tinto Ltd	35,705,693	14.22%
ITOCHU Corporation	25,107,278	10.30%

* As at 28 February 2012, Taurus held 98% of the shares in Kalahari Minerals plc.

10.3 Notice of Taurus' voting power

As at 29 February 2012 (being the day before the date of this Target's Statement), Taurus held a Relevant Interest of 42.74% in Extract's issued capital. Taurus is required to notify the ASX and Extract before 9.30am on each trading day during the Offer Period where there is a movement of at least 1% in its holding of Extract Shares.

10.4 Consents

Other persons

Clayton Utz has given, and has not withdrawn before lodgement of this Target's Statement with ASIC, its written consent to be named in this Target's Statement as Extract's Australian legal adviser in the form and context in which it is named.

Rothschild has given, and has not withdrawn before lodgement of this Target's Statement with ASIC, its written consent to be named in this Target's Statement as Extract's financial adviser in the form and context in which it is named.

Link Market Services Limited has given, and has not withdrawn before lodgement of this Target's Statement with ASIC, its written consent to be named in this Target's Statement as Share Registry in the form and context in which it is named.

Each person named in this Section 10.4 as having given its consent to the inclusion of a statement or being named in this Target's Statement:

- (a) does not make, or purport to make, any statement in this Target's Statement or any statement on which a statement in this Target's Statement is based other than those statements which have been included in this Target's Statement with the consent of that person; and
- (b) to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any part of this Target's Statement, other than a reference to its name and any statements or report which have been included in this Target's Statement with the consent of that person.

Directors

The Directors have given and have not, before the date of issue of this Target's Statement, withdrawn their consent to be named in this Target's Statement in the form and context in which they appear.

Competent persons statements

The information in this Target's Statement 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' and a Qualified Person under 'Canadian National Instrument 43-101 Standards of Disclosure for Mineral Projects'. Mr Penkethman consents to the inclusion in this Target's Statement of the matters based on his information in the form and context in which it appears.

Public information

ASIC has published various Class Orders that modify, or exempt parties from compliance with, the operation of various provisions of Chapter 6 of the Corporations Act. Extract has relied on this Class Order relief.

As permitted by ASIC Class Order 01/1543, this Target's Statement contains statements which are made, or based on statements made, in documents lodged with ASIC or given to a securities exchange (including the ASX). Pursuant to ASIC Class Order 01/1543, the consent of persons to whom such statements are attributed is not required for the inclusion of these statements in this Target's Statement.

Extract Shareholders are entitled to obtain from Extract free of charge any document which contains such a statement. If you would like to receive a copy of any of those documents, or the relevant part of the documents containing the statements (free of charge) during the Offer Period, please contact Extract on +61 8 9367 2111 between 8.30 am and 5.30 pm (WST) Monday to Friday.

As permitted by ASIC Class Order 03/635, this Target's Statement may include or be accompanied by certain statements:

- (a) fairly representing a statement by an official person; or
- (b) from a public official document or a published book, journal or comparable publication.

Pursuant to ASIC Class Order 03/635, the consent of such persons to whom statements are attributed is not required for the inclusion of those statements in this Target's Statement.

This Target's Statement includes references to the Bidder's Statement. Taurus has not consented to these references being included in, or referred to, in the form and context in which they are included.

In addition, as permitted by ASIC Class Order 07/429, this Target's Statement contains share price trading data sourced from Bloomberg without its consent.

10. Additional information continued

10.5 Continuous disclosure

Extract is a disclosing entity under the Corporations Act and is subject to regular reporting and disclosure obligations under the Corporations Act and the Listing Rules. These obligations require Extract to notify the ASX of information about specified matters and events as they occur for the purpose of making that information available to the market. In particular, Extract has an obligation (subject to limited exceptions) to notify the ASX immediately on becoming aware of any information which a reasonable person would expect to have a material effect on the price or value of Extract Shares.

Copies of the documents filed with the ASX may be obtained from the ASX website at www.asx.com.au and Extract's website at www.extractresources.com.

Copies of documents lodged with ASIC in relation to Extract may be obtained from, or inspected at, an ASIC office. Extract Shareholders may obtain a copy of:

- (a) the Annual Report;
- (b) the Half-Yearly Report;
- (c) Extract's constitution; and
- (d) any document lodged by Extract with the ASX between the release of the Annual Report and the date of this Target's Statement,

free of charge upon request by contacting Extract or from the ASX website at www.asx.com.au. The Annual Report, and this Target's Statement are also available on Extract's website at www.extractresources.com or on SEDAR at www.sedar.com.

Extract Shareholders are also encouraged to monitor the Extract website at www.extractresources.com for any updates on the Taurus Offer.

10.6 Insurance and indemnities

Extract has entered into standard form of deeds of indemnity with certain Directors and officers against all liabilities which they may incur in the performance of their duties as Directors or officers of Extract, except liability to Extract or a related body corporate, liability for a pecuniary penalty or compensation order under the Corporations Act, and liabilities arising from conduct involving a lack of good faith. Extract is obliged to meet the full amount of all such liabilities in accordance with the terms of the deeds of indemnity.

In addition, each Director and officer is indemnified, as authorised by Extract's constitution, against personal liability arising from their respective positions within Extract and its related bodies corporate.

Extract holds a Directors' and Officers' Liability Insurance Policy on behalf of current Directors and officers of Extract and its controlled entities. The period of the current policy extends from 11 March 2011 to 10 April 2012, and will be renewed monthly on a rolling basis while the Taurus Offer remains open. The Extract Board has agreed that in the event of a change of control the current insurance policy would move to a state of runoff which would cover the acts of the Directors and officers prior to the acquisition. The period of this policy extends forward 7 years from the change of control. The Company would simultaneously purchase a new renewable annual Directors' and Officers' Liability Insurance Policy on behalf of current Directors and officers of Extract and its controlled entities.

10.7 Impact on Extract employee incentive plans and securities issued under those plans

Extract Performance Rights

The Taurus Offer extends to all Extract Shares that are issued during the Offer Period, which includes those issued as a result of the vesting of Extract Performance Rights.

Under the Performance Rights Plan, if a party acquires a Relevant Interest in Extract of more than 50%, all outstanding Extract Performance Rights will vest unless otherwise determined by the Extract Board.

The Extract Board has confirmed that any unvested Extract Performance Rights existing at the date of a change of control of Extract will automatically vest in full in accordance with the following table, and the associated Extract Shares will be issued to the holders of those Extract Performance Rights. Further, the table describes the number of Class B and C Extract Performance Rights that are due to vest on 1 March 2012 as a result of reaching the end of the performance period. There are a number of Extract Performance Rights that will be cancelled.

	Number of outstanding Extract Performance Rights	Number of Extract Performance Rights that will vest automatically on change of control	Number of Extract Performance Rights that are due to vest during the bid period because it is the end of the performance period	Number of Extract Performance Rights that will not vest and will be cancelled
Class A – General employee Extract Performance Rights	157,605	142,694	N/A	14,911
Class B – Extract Performance Rights for Jonathan Leslie	1,005,975	536,520	268,260	201,195
Class C – Extract Performance Rights for Norman Green	114,186	57,092	57,094	0

Accelerated Maximum Short Term Awards

All employees will receive an accelerated payment equivalent to the maximum amount of the Short Term Awards upon change of control. This payment will be made instead of the payments that are due at the end of the 30 June 2012 performance period.

Retention Payments

Jonathan Bevan, Sashi Davis, Siobhan Lancaster, Andrew Penkethman and Grant Marais will receive retention payments equivalent to 3 months of their total fixed remuneration for remaining employed with Extract until the change of control.

Benefits in connection with termination

No person has or will be given any benefit other than a benefit which can be given without member approval under the Corporations Act in connection with the retirement of that person, or someone else from a board or managerial office of Extract or a related body corporate of Extract.

10. Additional information continued

10.8 Litigation

There is no current litigation of a material nature against Extract or any controlled entity of Extract. The Directors have no knowledge of any potential material litigation.

10.9 Regulatory Approval

On 14 February 2012 ASIC granted Extract relief from s640(1) of the Corporations Act, which would otherwise require the Target's Statement to be accompanied by an Independent Expert's Report, since Taurus' voting power in Extract at the time the offer is sent to Extract shareholders will be greater than 30%, as a result of the sequencing of Taurus' upstream offer for Kalahari and its offer for Extract.

The Independent Directors believe the grant of the relief constituted a recognition by ASIC of Extract's independence from Taurus.

A copy of Extract's announcement relating to this relief is available on Extract's website at www.extractresources.com and the ASX website at www.asx.com.au.

Unless expressed in this Target's Statement, Extract has not been granted any modifications or exemptions by ASIC from the Corporations Act in connection with the takeover bid. Nor has Extract been granted any waivers from the ASX in relation to the takeover bid.

The Directors understand that the Namibian Competition Commission (**NCC**) has approved without conditions the potential acquisition of control of Extract by Taurus. Further details regarding the NCC consent can be found at Section 16 of the Kalahari Offer document as annexed to Extract's ASX announcement dated 9 December 2011.

10.10 No material change to the financial position of Extract

The financial position of Extract has not, so far as is known by the Directors, materially changed since 31 December 2011, being the date to which the Half-Yearly Report relates, other than:

- in respect of the incurring of actual and contingent transaction costs (including legal and financial advisory fees) associated with the Taurus Offer, estimated to be in the region of A\$13 million; and
- in the normal course of business; and
- as described elsewhere in this Target's Statement.

10.11 Effect of the Taurus Offer on Extract's material contracts

Other than disclosed in this Target's Statement, Extract is not a party to any contract which would be materially affected by the Taurus Offer.

10.12 No other material information

This Target's Statement is required to include all the information that Extract Shareholders and their respective professional advisers would reasonably require to make an informed assessment whether to accept the Taurus Offer, but only to the extent to which it is reasonable for Extract Shareholders and their respective professional advisers to expect to find this information in this Target's Statement, and only if the information is known to any Director.

The Directors are of the opinion that the information that Extract Shareholders and their respective professional advisers would reasonably require to make an informed assessment whether to accept the Taurus Offer is in:

- (a) the Bidder's Statement (to the extent that the information is not inconsistent or superseded by information in this Target's Statement);
- (b) Extract's annual reports and releases to the ASX before the date of this Target's Statement;
- (c) documents lodged by Extract with ASIC before the date of this Target's Statement; and
- (d) the information contained in this Target's Statement.

The Directors have assumed, for the purposes of preparing this Target's Statement, that the information in the Bidder's Statement is accurate. However, the Directors and their advisers do not take any responsibility for the contents of the Bidder's Statement, and are not to be taken as endorsing, in any way, any or all of the statements contained in it.

In deciding what information should be included in this Target's Statement, the Directors have had regard to:

- the nature of Extract Shares;
- the matters that Extract Shareholders may reasonably be expected to know;
- the fact that certain matters may reasonably be expected to be known to the professional advisers of Extract Shareholders; and
- the time available to Extract to prepare this Target's Statement.

10.13 Directors' interests in Extract Shares and Extract Performance Rights

At the date of this Target's Statement, the Directors have the following interests in Extract Shares and Extract Performance Rights:

Director	Number of Extract Shares	Number of Extract Performance Rights
Stephen Galloway	15,524	0
Jonathan Leslie	134,130	1,005,975 (Class B)
John Main	25,422	0
Inge Zaamwani-Kamwi	4,851	0
Ron Chamberlain	1,037	0
Neil MacLachlan ¹	231,137	0
Alastair Clayton	1,808	0
Total	413,909	1,005,975

¹ Neil MacLachlan is a Non-Executive Director of Kalahari, which holds voting rights to 42.74% of Extract.

10. Additional information continued

In addition to the above interests in Extract Shares, both Neil MacLachlan and Stephen Galloway held options in Kalahari, 2,050,000, and 800,000 respectively. These options automatically vested and converted to shares on the premise that both Stephen Galloway and Neil MacLachlan accepted the Kalahari Offer at 243.55 UK pence, which was an offer price equivalent to the see through value of the Taurus Offer for Extract on the date that the Kalahari Offer was announced. In the absence of accepting the Kalahari Offer, both Stephen Galloway and Neil MacLachlan would have foregone all rights in connection with those options. Consequently both Stephen Galloway and Neil MacLachlan accepted the Kalahari Offer with respect to their options.

10.14 Recent dealings in Extract securities by Directors

There have been no acquisitions or disposals of Extract securities by any of the Directors or any of their respective associates in the 4 months preceding the date of this Target's Statement.

On 19 January 2012, John Main transferred 4,851 Extract Shares which he held directly to Tanekaha Pty Ltd (the corporate trustee of the J and B Main Superannuation Fund) an entity in respect of which he has an indirect interest.

Please refer to Section 10.13 of this Target's Statement for dealings by Directors in relation to Kalahari shares.

10.15 No agreement with any Director in connection with the Taurus Offer

Except as described in this document, there is no agreement or arrangement made between any Director and any other person in connection with or conditional on the outcome of the Taurus Offer.

10.16 No interest in contracts

No Director has any interest in any contract entered into by Taurus.

10.17 Benefits

Mr Neil MacLachlan will receive a bonus payment from Kalahari of £1,000,000 within 35 days of 3 February 2012, being the date the Kalahari Offer became unconditional.

Other than as stated above, and in this Target Statement, no Director has agreed to receive, or is entitled to receive, any benefit from Taurus which is conditional on, or is related to the Taurus Offer, other than in their capacity as a holder of Extract Shares.

Extract does not propose and, except as otherwise disclosed in this Target's Statement, is not aware of any proposal in connection with the Taurus Offer that will confer a benefit:

- (a) on any person in connection with the retirement of that person from a board or managerial office of Extract or related body corporate of Extract; or
- (b) that will or may be given to any person in connection with the transfer of the whole or any part of Extract's undertaking or property.

11. Definitions and interpretation

11.1 Definitions

A\$ means Australian dollars, being the lawful currency of Australia.

Acceptance Form means an acceptance form enclosed within the Bidder's Statement.

AIM means AIM market of the London Stock Exchange plc.

Annual Report means Extract's 2011 Annual Report.

ASIC means the Australian Securities and Investments Commission.

ASX means ASX Limited ACN 008 624 691 or, as the context requires, the financial market known as the Australian Securities Exchange operated by it.

ASX Settlement means ASX Settlement Pty Limited ACN 008 504 532, the body which administers the CHES system in Australia.

ASX Settlement Operating Rules means the settlement operating rules of ASX Settlement.

Bidder's Statement means Taurus' bidder's statement dated 14 February 2012.

Bloomberg means the Bloomberg professional service data product owned and distributed by Bloomberg Finance LP.

Brandberg Energy means Brandberg Energy (Namibia) (Proprietary) Ltd.

CADFund means China-Africa Development Fund, a body corporate incorporated in China.

CDB means China Development Bank Corporation, which has a 100% beneficial interest in CADFund.

CGT means Capital Gains Tax.

CGNPC means China Guangdong Nuclear Power Holdings Corporation, a body corporate incorporated in China.

CGNPC-URC means CGNPC Uranium Resources Co. Limited, a wholly owned subsidiary of CGNPC and a body corporate incorporated in China.

CHES means Clearing House Electronic Subregister System, which provides for electronic security transfer in Australia.

CHES Holding means a holding of Extract Shares on the CHES sub register of Extract (a CHES Holding is managed through a Controlling Participant).

Controlling Participant means, in relation to Extract Shares in a CHES Holding, the participant with whom the holder may have a sponsorship agreement as defined in the ASX Settlement Operating Rules (usually, your broker).

Corporations Act means Corporations Act 2001 (Cth).

Definitive Feasibility Study or DFS means the Definitive Feasibility Study completed in April 2011 and announced to the ASX on 5 April 2011.

Director means a director of Extract.

Epangelo means Epangelo Mining Company (Pty) Ltd, a body corporate incorporated in Namibia, being a wholly state owned Namibian enterprise.

Equator Principles are the voluntary set of social and environmental guidelines for project finance lending, based on the International Finance Corporation's standards and procedures.

Extract means Extract Resources Ltd ACN 057 337 952.

Extract Board means the board of directors of Extract.

Extract Group means Extract and each of its Subsidiaries.

11. Definitions and interpretation continued

Extract Performance Rights means the Class A, Class B and Class C performance rights granted under the Performance Rights Plan.

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

Extract Shareholder means a holder of Extract Shares.

Half-Yearly Report means Extract's half-yearly financial report for the period ended 31 December 2011.

Husab means the Husab Uranium Project.

Husab Uranium Project means Extract's principal asset, the 100% owned Husab uranium project in Namibia.

Independent Directors means Stephen Galloway, Jonathan Leslie, John Main, Inge Zaamwani-Kamwi, Ron Chamberlain (but does not include Neil MacLachlan, who is a Non-Executive Director and representative of Kalahari and Alastair Clayton, who is a representative of Kalahari).

Issuer Sponsored Holding has the meaning given to that term in the ASX Settlement Operating Rules.

ITOCHU Corporation means ITOCHU Corporation and its wholly owned subsidiary Nippon Uranium Resources (Australia) Pty Ltd.

Kalahari means Kalahari Minerals plc Company No. 05294388, a company incorporated in the UK and listed on AIM, whose principal office is at 1b, 38 Jermyn Street, London SW1Y 6DN, and, for the purposes of Section 10.2 of this Target's Statement, includes its wholly owned subsidiary Kalahari Uranium Limited, a company incorporated in the Isle of Man, whose principal office is at 15-19 Athol Street, Douglas, Isle of Man.

Kalahari Offer means the recommended Taurus offer to acquire Kalahari for 243.55 UK pence per Kalahari share which is the equivalent see through value of the Taurus Offer for Extract.

Listing Rules means the official listing rules of ASX, as amended from time to time.

Mining Licence means the mining licence issued in respect of nuclear fuels, valid for an initial period of 25 years.

Miraculum means Miraculum Mineral Limited, a body incorporated in Hong Kong.

MORE Programme means the Mine Optimisation and Resource Extension Programme.

North River means North River Resources Plc.

NSX means the Namibian Stock Exchange.

Offer Consideration means the consideration to be provided to Extract Shareholders under the terms and conditions of the Bidder's Statement as stated in Section 7.1 of this Target's Statement.

Offer Period means the period from 1 March 2012 until 7:00pm (Sydney time) on 2 April 2012, unless the Taurus Offer is extended.

Offer Price means A\$8.65 for every Extract Share held.

Partnership Process means the process initiated by Extract in 2009, with the assistance of Rothschild, whereby interested parties were invited to submit proposals for their potential partnership in the development of the Husab Uranium Project.

Performance Rights Plan means Extract's employee performance rights plan approved by Extract Shareholders at a general meeting held on 22 June 2010.

Project means Husab Uranium Project.

Quarterly Report means Extract's latest quarterly activities report for the period ended 31 December 2011.

Relevant Interest has the meaning given in section 9 of the Corporations Act.

Rio Tinto Ltd means Rio Tinto Ltd and its subsidiaries, Rio Tinto International Holdings Australia Pty Ltd and Rio Tinto plc and its subsidiaries.

Rothschild means Rothschild Australia Limited ACN 008 591 768.

SEDAR means the Canadian Securities Administrators' System for Electronic Document Analysis and Retrieval.

Subsidiary has the meaning set out in Division 6 of Part 1.2 of the Corporations Act.

Swakop Uranium means Swakop Uranium (Pty) Ltd, a body corporate incorporated in Namibia, being a wholly owned subsidiary of Extract.

Target's Statement means this document, being Extract's Target's Statement.

Taurus means Taurus Mineral Limited, a body corporate incorporated in Hong Kong.

Taurus Offer means the unconditional offer by Taurus to acquire Extract Shares for A\$8.65 per share as expressed in the Bidder's Statement.

TSX means the Toronto Stock Exchange.

UK means the United Kingdom of Great Britain and Northern Ireland.

Uis Project means exploration on EPLs 3327 and 3328, being held by Brandberg Energy, a company in which Extract has a 50% interest.

US\$ means United States dollars, being the lawful currency of the United States of America.

WVAP means volume weighted average price calculated as the total dollar value of Extract Shares traded divided by the total number of Extract Shares traded during the relevant period.

WAGE means West Africa Gold Exploration (Proprietary) Limited.

WST means Australian Western Standard Time.

11.2 Interpretation

In this Target's Statement, unless the context requires otherwise:

- (a) all words and phrases in this Target's Statement have the meaning given to them, if any, in the Corporations Act;
- (b) the singular includes the plural and vice versa;
- (c) a gender includes all genders;
- (d) a reference to a person includes a corporation, other body corporate, unincorporated body, partnership, joint venture or association and vice versa;
- (e) headings are for ease of interpretation and do not affect meaning or interpretation;
- (f) where a term is defined, its other grammatical forms have a corresponding meaning; and
- (g) a reference to a statute, ordinance, code or other law includes regulations and other instruments under it and consolidations, amendments, re-enactments or replacements of any of them.

12. Approval of Target's Statement

This Target's Statement is dated 1 March 2012 (being the date on which this Target's Statement was lodged with ASIC) and has been approved by a resolution of the Directors of Extract.

Signed for and on behalf of **Extract Resources Limited**:

A handwritten signature in black ink, appearing to read 'Galloway', written in a cursive style.

Stephen Galloway
Chairman

Corporate Directory

Directors

Mr Stephen Galloway
Mr Jonathan Leslie
Mr John Main
Ms Inge Zaamwani-Kamwi
Mr Ron Chamberlain
Mr Neil MacLachlan
Mr Alastair Clayton

Company Secretary

Ms Siobhan Lancaster

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