# Extract Resources

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## Extract Resources CEO predicts higher uranium price

by Lawrence Williams, Mineweb.com

As Extract Resources (ASX: EXT) progresses the big Rossing South (Husab) project in Namibia the prospect is for rising uranium prices ahead.

In a presentation to the Africa Downunder conference in Perth, Extract Resources CEO, Jonathan Leslie was predicting higher uranium prices as burgeoning demand and shortage of supply would see it moving up from its current trading range.

Given the company is exploring, and developing, what is already estimated to be the world's fifth largest uranium resource at Rossing South in Namibia - and it is still growing - a degree of price optimism doesn't go amiss, but Leslie's views are echoed by uranium analysts around the world.

The latest resource estimate from Extract of 367 million pounds of contained U3O8 includes 110 million pounds of inferred material from Rossing South Zones 3 and 4 for the first time. Zones 3 and 4 are continuations along strike from Zones 1 and 2. It also showed a major transfer of resource in Zones 1 and 2 from the Inferred category to the better Indicated category as infill drilling has enabled this to be recalculated. Now the Indicated resource is put at 257 million pounds of U3O8, a tenfold increase from this category as last reported a year earlier.

Indeed on current plans Rossing South (which will be known as the Husab mine) would be the world's second largest uranium producer and would be coming on stream in 2014 and while the mine would be low cost and should be able to operate profitably at current prices in the $40+ range, a boost to say $70/lb - which many feel is on the cards - would make Extract a highly profitable operator. Anticipated output from Husab would be some 15 million lb/y U3O8 concentrate (yellowcake).

### Share Information

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| **Code:** | EXT |
| **Listing:** | ASX, TSX |
| **Sector:** | **General Mining - Uranium** |
| **Website:** | **www.extractresources.com** |

**Company Synopsis:**
*Extract Resources (ASX: EXT) is a Perth-based, Africa-focused uranium explorer that has a large land position of 2653km2 over several licences in Namibia.*

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Extract - and London-based Kalahari Resources which owns just over 41% of Extract - have been the subject of major interest in the markets. As we reported here last month, the likelihood is that they will be bought out at some stage by a major mining group - Rio Tinto has a significant stake in both Kalahari and Extract (12.5% and 14.7% respectively) - but there are a number of other significant minority holdings in both companies and there has been much jockeying for positionin these holdings over the past couple of years as the significance of the deposit being exposed becomes more apparent.

A Japanese trading house, Itochu, has built/is building, an important stake in both companies - it holds 14.9% of Kalahari and is buying 10.1% of Extract through wholly-owned Australian subsidiary Nippon Uranium Resources - and one assumes Rossing South - or Husab - is on China's radar too given that country's huge nuclear power expansion plans.

Leslie said "The scoping studies to date suggest low cash costs and attractive economics for Husab with the definitive feasibility study due to commence in the forthcoming December quarter.

"We anticipate at this stage that project development will continue through to the end of 2013 with commissioning and first production underway over 2014-2015."

Mr Leslie said Rossing South's path to maiden output would benefit from the deposit's high grades and conventional, low risk open pit mine development, with testwork to date generating good recoveries from conventional agitated acid leach operations.

Internal studies by Extract in March this year suggested a production throughput of 40,000 tonnes per day at a head grade of 487 parts per million and production costs of around US$23.60 per pound.

The Husab development has an estimated capital cost of US$704 million and an estimated mine life of 20 plus years.