

26 August 2009

# Polo Resources

**Polo Resources Limited**  
("Polo" or "the Company")

## **A\$91 million equity raising by Extract Resources**

Polo Resources (PRL), the AIM listed mining company with uranium and coal interests in Africa, Australia, Europe and Asia notes the announcement made by Extract Resources Ltd ('Extract'), in which Polo holds a 9.06% interest, that it has launched a proposed A\$91 million equity fund raising, by way of a non-renounceable pro-rata offer to eligible shareholders and a private placement to institutional investors. The proposed A\$91m fundraise at A\$7.75/share in Extract comprises; A\$40.3m of the raise to be placed with Canadian and US institutions on an underwritten basis, while A\$50.7m is to be granted to existing shareholders on a 1:35 pro-rata offer.

The proceeds of the Placement will be used to accelerate exploration activities at the Rossing South project in Namibia including accelerating and increasing the drilling programmes for Zones 1 and 2 and to extend and accelerate the regional exploration programme which will include areas of identified mineralisation located South of Zone 2.

As well as participating in the pro-rata offer for its relevant portion of new shares in Extract, Polo has, along with Extract's two other largest shareholders, Rio Tinto International Holdings Australia Pty Limited (15%) and Kalahari Minerals Limited (40%), irrevocably committed and agreed to subscribe at the issue price, for any additional New Shares not subscribed for by the other holders of shares in Extract, in the same proportion to their current holding in Extract.

Neil Herbert, Managing Director, said:

"We are very pleased to be participating in this fund raising by Extract and continuing to support further development at the Rossing South uranium project, which has clear potential to become one of the world's largest uranium mines."

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**Extract Resources Ltd announcement:**

## **A\$91 MILLION EQUITY RAISING BY EXTRACT RESOURCES**

South Perth, Western Australia – 25 August 2009: Extract Resources Ltd (“Extract” or the “Company”) (ASX / TSX: EXT) has launched a A\$91 million equity raising by way of a non-renounceable pro-rata offer to eligible shareholders and a private placement to accredited institutional investors.

The equity raising comprises:

- A one for 35 non-renounceable pro-rata offer of Extract ordinary shares ("New Shares") at an issue price of A\$7.75 per New Share, a 19.9% discount to the theoretical ex-rights price<sup>1</sup>, to raise A\$50.7 million (“Entitlement Offer”); and
- The sale on an underwritten private placement basis of 5.2 million Special Warrants (“Placement”), at an issue price of A\$7.75 per Special Warrant, for gross proceeds of A\$40.3 million. The Placement will be made outside of Australia, and is expected to be made mainly in Canada and the United States.

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

Peter McIntyre, Managing Director of Extract, said “Rossing South continues to deliver in terms of expanding an already world class resource and the equity raising is expected to allow Extract to significantly accelerate the exploration program. This equity raising, together with completion of the Rossing South Definitive Feasibility Study is expected to assist in developing Rossing South through the next phase.”

(1 Theoretical ex-rights price of \$9.67 calculated using Extract’s closing price on 25 August 2009 and assuming proceeds from the Entitlement Offer of A\$50.7 million.)

### **Entitlement Offer**

The Entitlement Offer comprises a non-renounceable pro rata offer of New Shares to eligible shareholders. Eligible shareholders will be entitled to apply for one New Share for every 35 Extract shares ("Shares") held at an issue price of A\$7.75 each per New Share. A maximum of 6.54 million New Shares will be issued under the

Offer, raising up to A\$50.7 million. The New Shares will rank equally with the Company's existing Shares on issue.

Extract's three largest shareholders Kalahari Uranium Limited (40%), Rio Tinto International Holdings Australia Pty Limited (15%) and Polo Resources Limited (10%) have each provided irrevocable commitments to apply for their full entitlements in the Entitlement Offer and each to subscribe for any shortfall from the Entitlement Offer in the same proportion as their holding in Extract as at the Record Date.

The Record Date for the Entitlement Offer will be 5.00pm (AWST) Monday, 7 September and existing Shares will be quoted on an ex-entitlement basis on Tuesday, 1 September. Further details of the Entitlement Offer will be set out in the offer document which is expected to be released to ASX on Friday 28 August and provided to eligible Extract shareholders by mid-September.

## **Placement**

The Company has entered into an agreement with underwriters led by BMO Capital Markets ("BMO") and including Haywood Securities Inc. ("Haywood") who have agreed to purchase, on an underwritten private placement basis 5.2 million Special Warrants of the Company at an issue price of A\$7.75 per Special Warrant, for gross proceeds of A\$40.3 million. Ordinary Shares to be issued upon the automatic exercise of the Special Warrants will settle only in Canada on Extract's Canadian sub-register which is typically traded on the Toronto Stock Exchange ("TSX").

Each Special Warrant will be automatically exercised for no additional consideration into one Share on a one-for-one basis. The Special Warrants shall be automatically exercised at 5:00 p.m. (Toronto time) on the earlier of the following dates: (i) the third business day after the date ("Clearance Date") on which a receipt is issued by the securities regulatory authorities in each of the provinces in Canada other than Quebec ("Qualifying Jurisdictions") for a final prospectus qualifying the Ordinary Shares to be issued on exercise of the Special Warrants; and (ii) the date which is four months and a day after the closing date ("Closing Date") of the Placement. Special Warrants will not entitle the holder to participate in the Entitlement Offer and the issue of Shares under the Entitlement Offer will not give rise to any adjustment to the number of Ordinary Shares to be issued on exercise of a Special Warrant.

The Closing Date for the Placement is expected to be on or about 15 September 2009. The proceeds of the Placement will be held in escrow, pending the earlier to occur of the time at which BMO shall be satisfied in its sole discretion, acting

reasonably, that the maximum amount of approximately A\$50.7 million will be raised in the Entitlement Offer, and the Allotment Date of the Entitlement Offer.

The Special Warrants and Ordinary Shares issuable on exercise of the Special Warrants are subject to resale restrictions in Canada for a period of for months from the closing date. Extract will use commercially reasonable best efforts to file and obtain a receipt for a prospectus in all Qualifying Jurisdictions within 30 days following the release of Placement funds from escrow. In the event the Clearance Date has not occurred by 75 days after the Closing Date, each unexercised Special Warrant will thereafter entitle the holder to acquire 1.05 Ordinary Shares.

The closing is subject to receipt of regulatory approvals, including approval of the TSX.

The Placement is also subject to an underwriting agreement to be signed with BMO and Haywood, which will contain such representations, warranties, covenants, conditions, indemnities, termination provisions and other terms and conditions that are usual for Canadian special warrant transactions.

This press release is not an offer to sell, or a solicitation of an offer to buy, any securities. The securities referred to in this press release have not been and will not be registered under the United States Securities Act of 1933, as amended, and may not be offered or sold in the United States absent registration or an applicable exemption from registration requirements.

### **Impact of the equity raising**

Extract's full year results to 30 June 2009 are still being finalised and subject to final audit review. The table below provides a preliminary assessment of the impact of the A\$50.7 million equity raising on the Company's unaudited balance sheet as at 30 June 2009.

<b>A\$m</b>	<b>Unaudited reviewed Balance Sheet as at 30 June 2009</b>	<b>Adjustments for the Entitlement Offer and the Placement</b>	<b>Pro-forma 30 June 2009</b>
Total current assets	29.0	87.5	116.5
Total non-current assets	100.6		100.6
<b>Total assets</b>	129.6	87.5	217.1

<b>Total liabilities</b>	25.8	25.8
<b>Net assets</b>	103.8	191.3
<b>Total equity</b>	103.8	191.3

Note: The unaudited reviewed pro forma balance sheet has been prepared on the basis of the unaudited balance sheet for the year ended 30 June 2009 and adjusted for the following transactions as if they occurred at 30 June 2009: equity raising of A\$91 million and offer costs estimated at A\$3.5 million.

### **Company update**

Extract has received and filed an updated Technical Report under Canadian National Policy 43-101 – Standards of Disclosure for Minerals Projects on SEDAR. The report relates to its Rossing South project in Namibia and is published in relation to a significant upgrade to the Zone 1 resource statement and an initial resource statement for resources at Zone 2 as previously advised to the ASX.

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

Rothschild is acting as Financial Adviser, Clayton Utz is acting as Australian Legal Adviser and Cassels Brock & Blackwell LLP is acting as Canadian Legal Adviser to Extract in relation to the equity raising.

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