

SUCCESSFUL ORE SORTING TRIAL COMPLETE – A KEY MILESTONE IN THE DEVELOPMENT OF THE SECOND FORTUNE GOLD MINE

26 September 2016

HIGHLIGHTS

- Optical ore sorting trials successfully completed.
- Results confirm significant potential to pre-concentrate Second Fortune ore and improve project economics.

Exterra Resources Limited (“Exterra” or “the Company”) (ASX:EXC) is pleased to confirm that trials involving the processing of multiple bulk samples of Second Fortune ore have been successfully completed using a Tomra ore sorting plant. The test work has demonstrated the effectiveness of the technology in pre-concentrating the gold bearing quartz by eliminating waste material and thereby improving project economics.

Ore sorting technology is currently used in numerous mining operations to pre-concentrate ore prior to processing. Recent work undertaken by Exterra has utilised optical (colour) technology which has proved to be highly effective in recovering quartz from the host waste rock. The impact of effective sorting is significant, not only with respect to the reduction of haulage and treatment costs but also with respect to the mining operation. The results show that in excess of 60% of “ore mass” can be rejected on site prior to haulage and processing.

Demonstration Ore Sorting Results

Campaign #1	kg	Au g/t	Mass Yield	Au Department
Feed	33.3	4.3		
Product	14.3	9.6	43%	96%
Reject	19	0.34	57%	4%
Campaign #2	kg	Au g/t	Mass Yield	Au Department
Feed	372.5	3.9		
Product	113	11.8	30%	92%
Reject	259.5	0.4	70%	8%

Exterra Resources Limited
ACN 138 222 705

ASX Code: EXC

www.exterraresources.com.au

Issued Capital:

Ordinary Shares: 275.7m
Options: 45.7m

Directors and Management:

John Davis
Executive Chairman

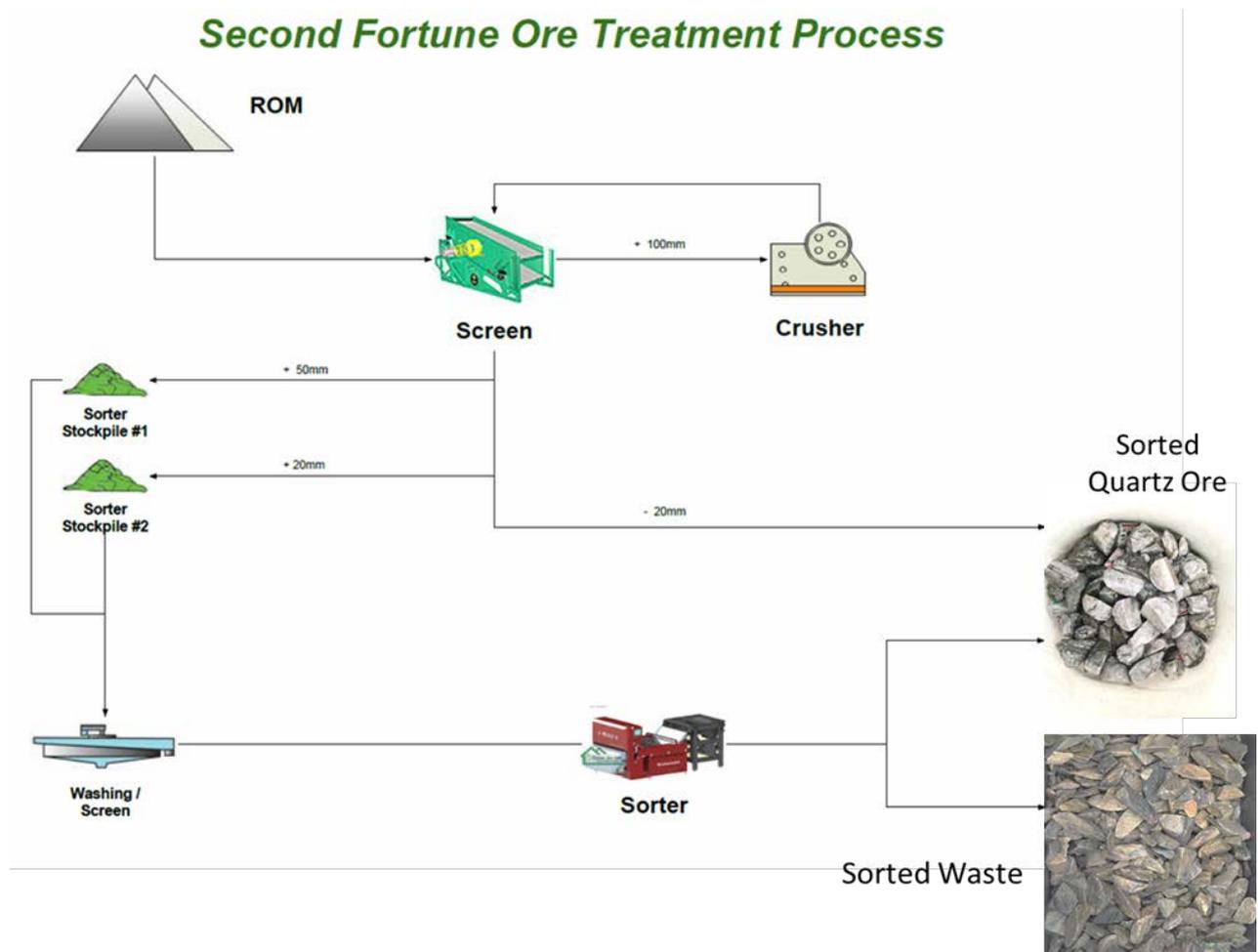
Geoff Laing
Executive Director

Justin Brown
Non-Executive Director

Peter Cole
Non-Executive Director

Dennis Wilkins
Company Secretary

It is anticipated that a sorting circuit will be located at the mine site to process run of mine (ROM) material. ROM ore will be crushed and screened prior to sorting. The significantly upgraded sorted product will be dispatched to third party processing facilities while the waste will be stockpiled at site.



The Linden project is expected to generate in excess of 56 000oz of gold over two and a half years from the high grade Second Fortune Mine. The underground mine will extract ore from below the existing pit, and surface infrastructure requirements are limited as ore will be treated by third parties. The Mine Feasibility Study demonstrated the project is robust, generating free cash of \$34M at current gold prices, with pre-production costs of \$5M. The inclusion of sorting to the project will likely provide a significant benefit to the project operating costs. The potential to remove waste from ore also has a significant impact on the potential to mine narrow vein ore by removing mining dilution at low cost, therefore reducing the mine cut-off grade, reducing the mining risk of unplanned dilution and allowing greater conversion of resources to reserves.

Exterra's Executive Chairman, John Davis said: "We are very pleased with the outcome of the sorting programmes and the potential benefits the technology delivers to the project. We look forward to advancing the development of the project through to production over coming months.

For further information:

Mr Geoff Laing
Executive Director
T +61 417178012
E Geoffl@mitchellrivergroup.com

About Exterra Resources Limited

Exterra Resources Limited (ASX:EXC) is a gold exploration and development company based in Perth, Western Australia, with a focus on high grade, high margin gold projects with near term production potential to fund the future growth of the company.

The Company's projects are all located in the Archaean Yilgarn Craton in WA, a world class gold province which has been a prolific producer of gold since the late 1880's and includes the Kalgoorlie "Golden Mile" deposit which has produced over 50 million ounces of gold since discovery in 1893.

Exterra's focus is on the Linden gold project in the North Eastern Goldfields region, within the Laverton Tectonic Zone, which hosts multi million ounce deposits including Sunrise Dam (Anglo Gold) and Granny Smith/Wallaby (Barrick Gold).

The Second Fortune gold mine, at Linden, 220km by road, NNE of Kalgoorlie, is currently the subject of a development study, with all Regulatory approvals received to commence project development of an underground mining operation.

Competent Persons Statement

The information in this report that relates to database compilation, sampling processes, geological interpretation and mineralisation, project parameters and costs and overall supervision and direction of Mineral Resource is based on and fairly represents, information and supporting documentation compiled under the overall supervision and direction of John Davis (Member of the Australasian Institute of Mining and Metallurgy and the AIG). Mr Davis has sufficient experience which is relevant to the style of mineralisation and type of deposits under consideration and to the activities undertaken to qualify as Competent Persons as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Davis consents to the inclusion in the release of the statements based on their information in the form and context in which they appear.

Information in this report that relates to estimation, depletion and reporting of Mineral Resources is based on and fairly represents, information and supporting documentation compiled by Mike Job who is a Member of the Australasian Institute of Mining and Metallurgy and a full time employee of QG Consulting Pty Ltd. Mike Job has sufficient experience 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 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mike Job consents to the inclusion in the report of the matters based on the information in the form and context in which it appears.

The information in this report that relates to Ore Reserves has been compiled by Stephen O'Grady, Principal of Intermine Engineering Consultants, who is a Member of the Australasian Institute of Mining and Metallurgy. Mr O'Grady has had sufficient experience in Ore Reserve estimation relevant to the style of mineralisation and type of deposit under consideration to qualify as Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Mineral Resources and Ore Reserves. Mr O'Grady consents to the inclusion in this announcement in the form and context in which it appears.

Please note with regard to exploration targets, the potential quantity and grade is conceptual in nature, that there has been insufficient exploration to define a Mineral Resource and that it is uncertain if further exploration will result in the determination of a Mineral Resource.

Forward Looking Statements

Certain statements made during or in connection with this communication, including, without limitation, those concerning the economic outlook for the mining industry, expectations regarding gold prices, exploration costs and other operating results, growth prospects and the outlook of Exterra Resources' operations contain or comprise certain forward looking statements regarding Exterra Resources' exploration operations, economic performance and financial condition. Although Exterra Resources believes that the expectations reflected in such forward-looking statements are reasonable, no assurance can be given that such expectations will prove to have been correct.

Accordingly, results could differ materially from those set out in the forward looking statements as a result of, among other factors, changes in economic and market conditions, success of business and operating initiatives, changes that could result from future acquisitions of new exploration properties, the risks and hazards inherent in the mining business (including industrial accidents, environmental hazards or geologically related conditions), changes in the regulatory environment and other government actions, risks inherent in the ownership, exploration and operation of or investment in mining properties in foreign countries, fluctuations in gold prices and exchange rates and business and operations risks management, as well as generally those additional factors set forth in our periodic filings with ASX. Exterra Resources undertakes no obligation to update publicly or release any revisions to these forward-looking statements to reflect events or circumstances after today's date or to reflect the occurrence of unanticipated event.