

## SECOND FORTUNE PROJECT METALLURGICAL TESTWORK RESULTS CONFIRM HIGH GOLD RECOVERIES

February 2017

Exterra Resources Limited ("Exterra" or "the Company") (ASX:EXC) is pleased to provide an update on recent metallurgical testwork carried out on Second Fortune (underground ore) samples and Mullock Dump samples (historic ore stockpiles).

### SUMMARY:

- All Second Fortune samples demonstrated very high gold recoveries, in the range of 94-98% and averaging ~95%, at a grind size of ~150 microns. Gravity recoveries were also high averaging 69%.
- The Second Fortune tests demonstrated that low cyanide consumptions, ~0.28kg per tonne, can be expected and the ore contains very low levels of deleterious elements.
- The Mullock Dump samples demonstrated high gold recoveries, averaging ~96%, at a grind size of ~150 microns. Gravity recoveries were also high averaging 71%.
- The metallurgical tests confirm historic data and are an important milestone in securing ore purchase/tolling agreements.
- The combination of excellent metallurgical and ore sorting results continue to enhance the Second Fortune project potential. The company is currently mobilising the sorting plant at the Second Fortune site in preparation to commission the system on the Mullock dumps. It is expected this commissioning and pre mining phase will generate saleable sorted gold concentrates.
- Mining contract discussions are ongoing and site surface works advancing well.

**Exterra Resources Limited**  
ACN 138 222 705

**ASX Code:** EXC

[www.exterraresources.com.au](http://www.exterraresources.com.au)

#### Issued Capital:

Ordinary Shares: 336.2m  
Options: 87.1m

#### Directors and Management:

**John Davis**  
Executive Chairman

**Geoff Laing**  
Executive Director

**Justin Brown**  
Non-Executive Director

**Dennis Wilkins**  
Company Secretary

A metallurgical leach programme was carried out on both Second Fortune samples and Mullock Dump samples to confirm previous leaching results. The programme was designed to provide variability data with respect to the Second Fortune deposit, including tests on sorted concentrates. In addition, the programme included tests on concentrates derived from bulk sorting tests on the Mullock dumps.

The programme focussed on demonstrating gravity and total leach recoveries at a grind size typical of local operations. It also demonstrated that both Second Fortune and dump material have low levels of impurities and refractory compounds including sulphides and organic carbon. All samples tested showed that low cyanide consumptions can be expected.

Completion of the testwork is not only a key deliverable for the completion of the ore purchase/tolling contract but an important milestone in confirming the potential of the Second Fortune project. The combination of good metallurgical and sorting recoveries ensures that the maximum benefit can be derived from an ore sale/toll arrangement.

	Head g/t	Gravity Recovery %	Total Recovery %	Residue g/t	CN kg/t	Lime addition
Second Fortune North drill core	13.22	81.19	98.49	0.20	0.30	6.49
Second Fortune South drill core	13.59	65.44	93.97	0.82	0.31	6.19
Second Fortune Sorter Concentrate	10.13	70.14	94.23	0.59	0.24	2.23
Second Fortune Sorter Reject	0.99	61.16	94.97	0.05	0.28	6.97
<b>Second Fortune Average</b>	<b>9.48</b>	<b>69.49</b>	<b>95.41</b>	<b>0.41</b>	<b>0.28</b>	<b>5.47</b>
Mullock Dumps 1 Sorted Concentrate	13.83	71.37	95.88	0.57	0.35	5.97
Mullock Dumps 2 Sorted Mid	5.49	70.40	96.63	0.19	0.35	7.91

**Table 1: Leach Testwork Results for Second Fortune and Mullock Dumps**

The immediate focus will be the commissioning of the sorting and sampling facility at the Second Fortune site. This will be undertaken using material sourced from Mullock Dumps at Second Fortune and numerous Mullock Dumps to the north of Second Fortune. High grading of the Mullock Dumps is expected to generate positive cash-flow for the company through this initial development phase.

Previously disclosed ore sorting results including material sourced from the Second Fortune deposit and Mullock Dumps.

Campaign #1 Second Fortune Ore	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 Mullock Dump	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%

Table 2: Second Fortune and Mullock Dump sorting results

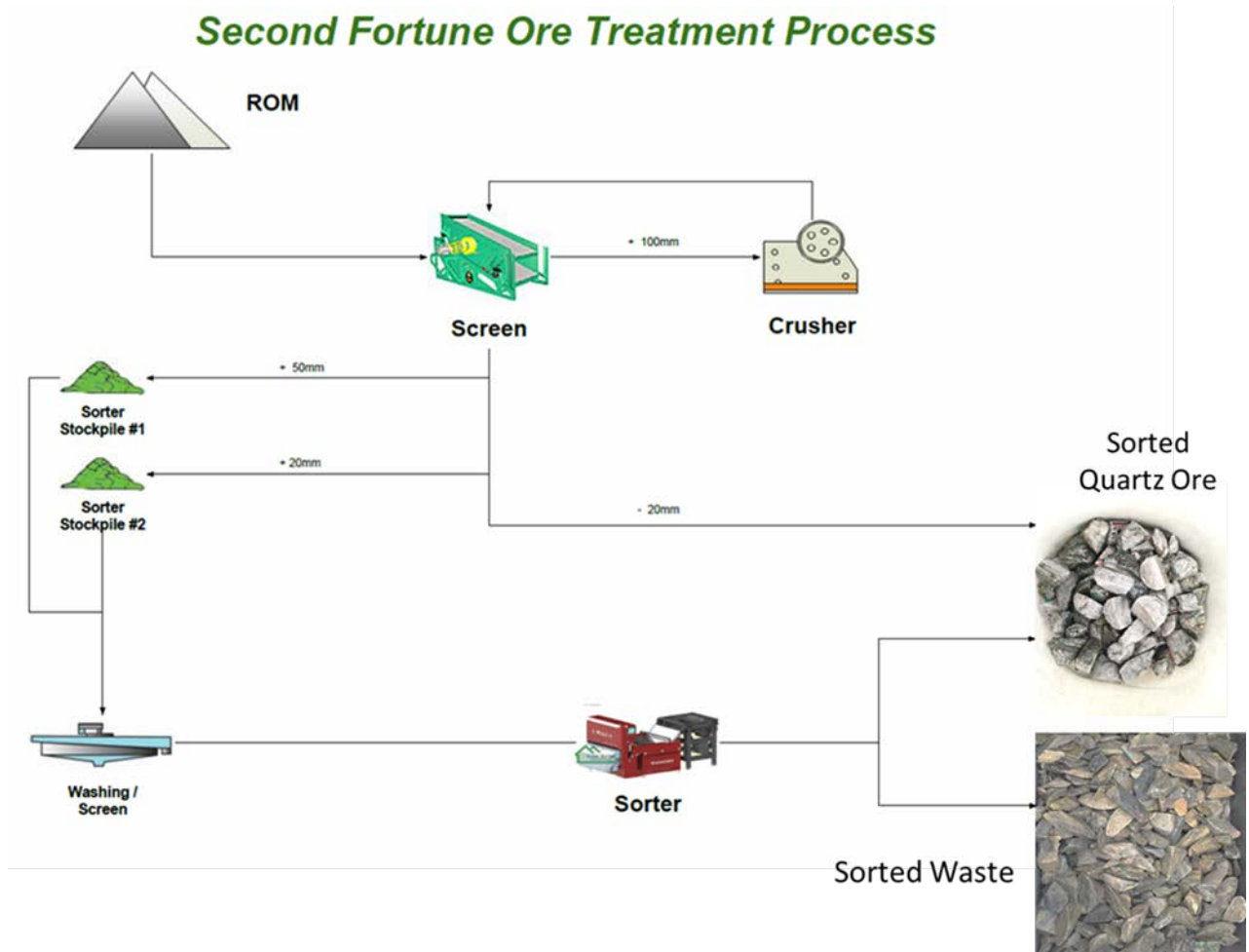


Figure 1: Sorting Flow Sheet

**For further information:**

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**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.