

March 2015 Quarterly Activities Report

29 April 2015

Exterra Resources Limited
ACN 138 222 705

ASX Code: EXC

www.exterraresources.com.au

Issued Capital:

Ordinary Shares: 181.2m
Options: 500,000

Cash (31 March 2015): \$400,000

Directors and Management:

John Davis
Managing Director

Justin Brown
Non-Executive Director

Peter Cole
Non-Executive Director

Dennis Wilkins
Company Secretary

Exterra Resources Limited (“Exterra” or “the Company”) is pleased to present a summary of activities undertaken by the Company during the March 2015 quarter.

Activities completed during the March 2015 Quarter included:

- **Negotiating a Project Sale Agreement (PSA) for the Linden Gold Project (Linden) with Fortuna SL Mining Pty Ltd (Fortuna) for a consideration of \$7,000,000 cash.**
- **Planning of an RC, Diamond, Air core drilling and geochemical sampling programme over the Linden project area, as per the PSA to be funded and managed by Fortuna and overseen by Exterra.**
- **Ongoing discussions with the West Australian Mint with respect to a Processing Agreement for the Linden State Battery Tailings.**

1.0 LINDEN GOLD PROJECT, Western Australia (100% interest)

1.1 Linden Project Sale Agreement

As announced on 13 April 2015, Exterra has entered into a Project Sale Agreement (PSA) for the Linden Project with Fortuna SL Mining Pty Ltd ("**Fortuna**").

Pursuant to the PSA:

- (1) Exterra shall receive consideration of **\$7,000,000** cash in tranches as follows:
 - \$100,000 on the execution date (payment received);
 - \$150,000 on Monday, 13 April 2015 (currently pending); and
 - \$6,750,000 on or before Wednesday, 5 August 2015.
- (2) Fortuna shall grant Exterra a 2% gross royalty on the Mining Property (as detailed in Schedule 1);
- (3) Fortuna shall grant Exterra a 1% gross royalty on the Fortitude Tenements (as detailed in Schedule 2), which are currently under an Option to Purchase Agreement; and
- (4) Fortuna shall:
 - (i) undertake a resource and regional drilling program, at their expense, to be completed by 30 May 2015; and,
 - (ii) complete an updated JORC compliant resource and reserve for the Second Fortune deposit by 15 July 2015.

In addition to the other requirements set out in the Project Sale Agreement, the work programs must be carried out in compliance with all legislation, guidelines and conditions attached to any approval to carry out such work.

Completion of the Transaction is subject to certain conditions, including Exterra shareholder approval.

The Company is currently in discussions with Fortuna with respect to the non-receipt of the second tranche payment under the PSA of \$150,000. This payment was due on 13 April 2015.

Rationale for the Transaction

The directors of Exterra believe the Transaction represents the best available opportunity for Exterra to recover value from its investment in the Project to-date, and that the advantages of the Transaction outweigh the disadvantages.

Exterra considered a number of financing models to develop the Second Fortune Underground Mine however the directors had been unable to conclude a transaction that they considered was in the best interests of all shareholders.



Figure 1: Linden Gold Project Location and Local Access

1.2 Linden Gold Project Proposed Exploration Programme

During the period up to the Completion of the sale of the Linden project in August 2015, Fortuna has an obligation under the PSA to complete a Reverse Circulation (RC), diamond and air core (AC) drilling programme and a soil geochemical sampling programme over the Linden project area.

This programme is currently being planned, with input from Fortuna and Exterra and aims to extend the Resource base at Second Fortune, advance the understanding of known prospects and anomalies over the Linden project area, and provide geochemical targets for ongoing exploration.

(a) Second Fortune Diamond Drilling

This programme will focus on the West and Hangingwall lodes to confirm their extent, upgrade their current Inferred classification and provide further ounces to support the Second Fortune underground mining project.

The programme will include approximately 1,800 metres of combined RC and diamond drilling.

(b) Regional Air core drilling

Drilling will be on a regional basis over the broader tenement package focussing on targets outlined on Figure 2 below and will include approximately 6,500 metres of drilling.

(c) Regional Soil Geochemistry

Soil geochemical sampling will focus on two main areas where there is little previous information and will provide a basis for infill sampling and/or follow-up drilling, as outlined in Figure 3.

This programme will include approximately 1,800 samples.

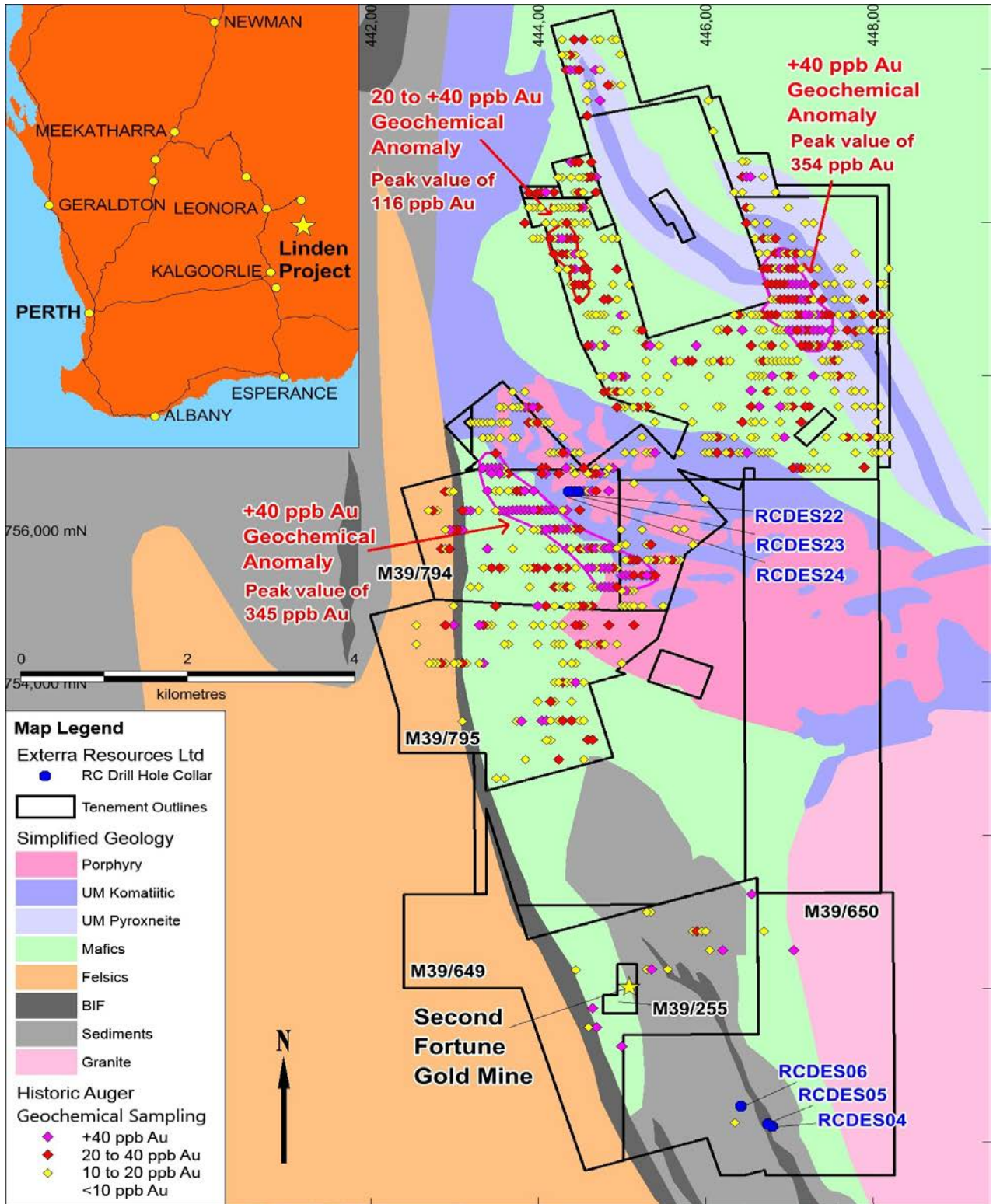


Figure 2: Linden Project Regional Geology, Auger Soil Geochemistry and RC Drill Hole Location

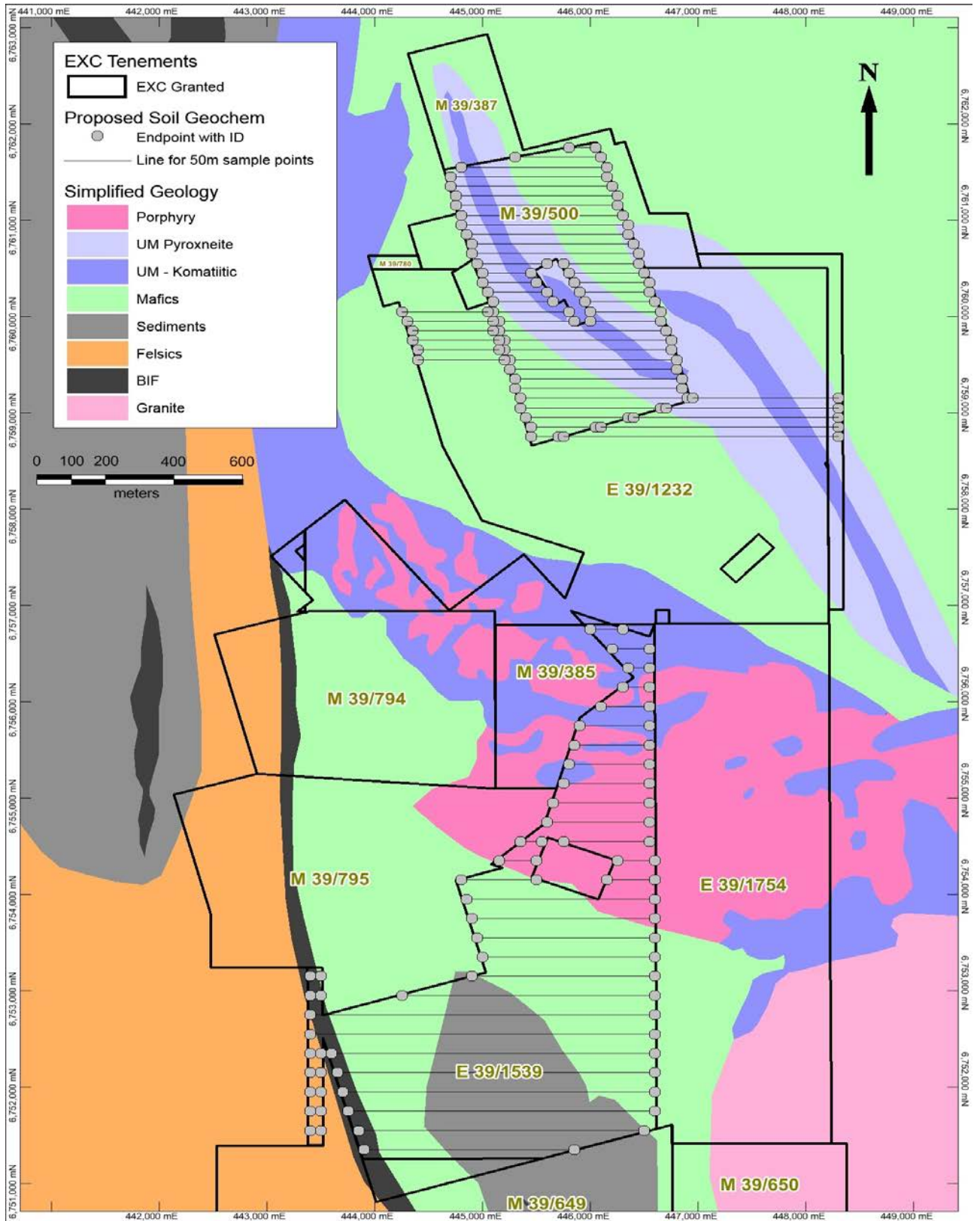


Figure 3: Linden Geochemical Soil Program Location Plan

2.0 MALCOLM GOLD PROJECT, Western Australia (100% interest)

The Malcolm Project consists of granted Mining Lease M37/1164 (105 ha), over 2.0km in strike, and contains the historic North Star and Richmond Gem gold mines which produced 40,000 oz of gold at an average grade of 21.03 g/t Au and 28.00 g/t Au respectively between 1894 and 1915. The project is located 18km to the east of Leonora and 70km to the NW of Zelica/Eucalyptus in the NE Goldfields of WA.

During the Quarter Exterra commenced a review of the drilling required to extend the known resources at North Star and Richmond Gem and to test the area between both historic mines which has been poorly explored in the past.

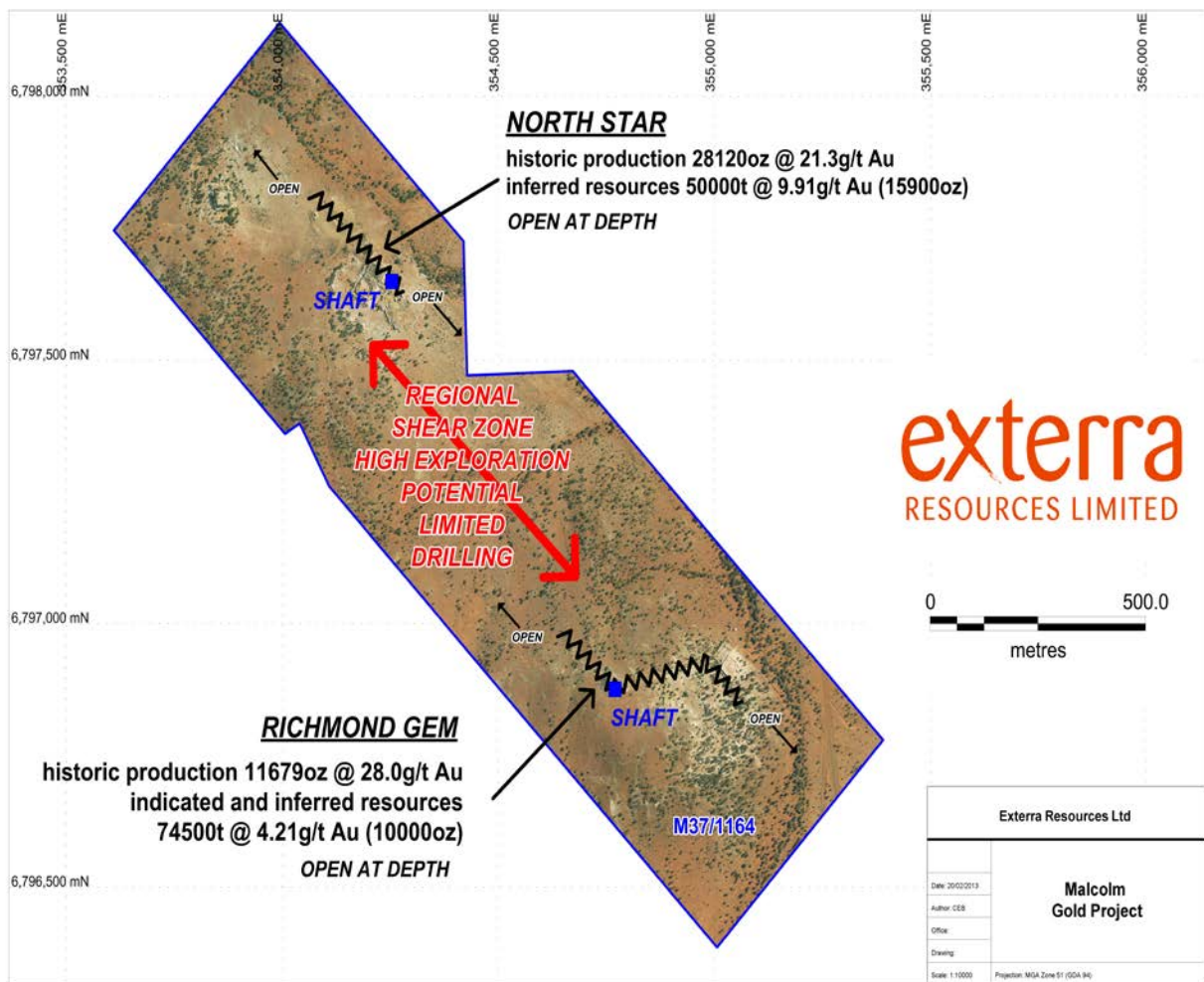


Figure 4: Malcolm Gold Project

3.0 ZELICA GOLD PROJECT, Western Australia (100%)

Exterra continues to review the Zelica Scoping Study along with a group that has expressed an interest in potentially developing the vat leach project. Project data is currently being reviewed under a Confidentiality Agreement. This has included field visits to assess site layout and infrastructure.

4.0 EUCALYPTUS GOLD PROJECT, Western Australia (90-100% interest)

As noted previously, the Eucalyptus Project is subject to forfeiture taken against the tenements, while under management by the prior owners of the Project. A Wardens Court hearing was held in Perth between 15th-18th April 2013 to assess the forfeiture and expenditure exemption claims. A ruling on this matter is currently pending.

5.0 CORPORATE

The Company received a cash payment of \$100,000 during the quarter relating to the PSA and sold shares in Gascoyne Resources Ltd (GCY) to the value of \$115,812.

The Company retains 2,791,667 shares in GCY.

During the June 2014 quarter the Company is expected to receive more than \$100,000 as a refund from the Research and Development tax incentive.

6.0 JUNE 2015 QUARTER ACTIVITIES

The following activities are planned to be undertaken during the June 2015 quarter:

Linden Gold Project

- Finalising the exploration programme under the PSA; and
- Commencement and completion of the Linden exploration programme as per the PSA.

Malcolm Gold Project

- Planning of exploration drilling programmes to upgrade and extend the current resources and explore areas which show strong potential for mineralisation.

Eucalyptus Gold Project

- Warden's Court decision on the Eucalyptus forfeiture action is currently pending.

For further information:

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* In accordance with Listing Rule 5.23.2, the Company confirms in the subsequent public report that it is not aware of any new information or data that materially affects the information included in the relevant market announcement and, in the case of estimates of mineral resources or ore reserves, that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed.

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

Information in this report that relates to the remaining Mineral Resources is based on information compiled by John Davis (Member of the Australasian Institute of Mining and Metallurgy). Mr Davis is a part time consultant of the Company. 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 a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Davis consents to the inclusion in the report of the statements based on his information in the form and context in which they appear.

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.

ASX Additional Information for Quarterly Report to 31 March 2015

	Tenement reference	Location	Interest at beginning of quarter	Acquired / Disposed	Interest at end of quarter
Mining tenements	E39/1232	LINDEN	100%	N/A	100%
	E39/1539	LINDEN	100%	N/A	100%
	E39/1627	ZELICA	100%	N/A	100%
	L39/0012	LINDEN	100%	N/A	100%
	L39/0013	LINDEN	100%	N/A	100%
	L39/0014	LINDEN	100%	N/A	100%
	M37/1164	MALCOLM	100%	N/A	100%
	M39/0255	LINDEN	100%	N/A	100%
	M39/0292	EUCALYPTUS	100%	N/A	100%
	M39/0385	LINDEN	100%	N/A	100%
	M39/0387	LINDEN	100%	N/A	100%
	M39/0480	EUCALYPTUS	100%	N/A	100%
	M39/0500	LINDEN	90%	N/A	90%
	M39/0629	LINDEN	100%	N/A	100%
	M39/0649	LINDEN	100%	N/A	100%
	M39/0650	LINDEN	100%	N/A	100%
	M39/0780	LINDEN	100%	N/A	100%
	M39/0781	LINDEN	100%	N/A	100%
	M39/0794	LINDEN	100%	N/A	100%
	M39/0795	LINDEN	100%	N/A	100%
	M39/0914	EUCALYPTUS	90%	N/A	90%
	M39/0966	EUCALYPTUS	90%	N/A	90%
	M39/0969	EUCALYPTUS	90%	N/A	90%
	M39/0991	EUCALYPTUS	90%	N/A	90%
	M39/1064	EUCALYPTUS	90%	N/A	90%
	M39/1082	ZELICA	100%	N/A	100%
	P39/4556	EUCALYPTUS	100%	N/A	100%
	P39/4566	ZELICA	100%	N/A	100%
	P39/4622	EUCALYPTUS	90%	N/A	90%
	P39/4623	EUCALYPTUS	90%	N/A	90%
	P39/4636	EUCALYPTUS	90%	N/A	90%
	P39/5269	EUCALYPTUS	100%	N/A	100%
Beneficial percentage interests held in farm-in or farm-out agreement	N/A	N/A	N/A	N/A	N/A