

SALE OF LINDEN PROJECT

Exterra Resources Limited
ACN 138 222 705

ASX Code: EXC

www.exterraresources.com.au

Issued Capital:

Ordinary Shares: 181.2m
Options: 20.0m

Cash (31 December 2014): \$277,328

Directors and Management:

John Davis
Managing Director

Justin Brown
Non-Executive Director

Peter Cole
Non-Executive Director

Dennis Wilkins
Company Secretary

13 April 2015

Exterra Resources Limited (ASX: EXC) ("Exterra") is pleased to announce that it has entered into a Project Sale Agreement ("PSA") for the Linden Project ("Project") with Fortuna SL Mining Pty Ltd ("Fortuna") (the "Transaction").

Pursuant to the PSA:

- (1) Exterra shall receive consideration of **\$7,000,000** cash in tranches as follows:
 - (i) \$100,000 on the execution date (payment received);
 - (ii) \$150,000 on Monday, 13 April 2015; and
 - (iii) \$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;
- (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.

Exterra's Managing Director, Mr John Davis, commented: "We believe the Transaction is a good result for Exterra's shareholders in a difficult economic climate. It provides the Company with cash and allows it to actively explore its remaining exploration projects and seek new opportunities."

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.

The advantages of the Transaction include:

- When completed, the disposal will add \$7.0 million to the Company's cash reserves, which will enable the Company to consider a much broader set of opportunities for new asset acquisitions to increase Shareholder value;
- There is no certainty the Company could develop a mining operation at the Project. Whilst the Company's exploration work has shown the Project to be highly prospective for gold mineralisation, there are a range of risks that the owner of the Project faces in developing a mining, processing and logistics operation. The Directors consider that these risks outweigh the potential rewards to Shareholders of pursuing the Project further;
- Based on the work completed by the Company to-date, to exploit the potential of the Project, a significant amount of capital, compared to the Company's current market capitalisation, is required. If the Company continued to self-fund such operations, it would need to raise additional capital, which may result in significant dilution of Shareholders;
- The Directors believe that other opportunities are likely to exist elsewhere for the Company. In the current economic and market environment, it is possible to acquire exploration and mining projects at attractive valuations. The Directors present intention is to utilise the proceeds of the disposal along with its existing cash reserves, to continue its ongoing program to review a range of new opportunities and, if one can be identified that the Directors believe will increase Shareholder value, potentially make an acquisition; and
- The Company will retain a 2% Gross Royalty on all proceeds from gold produced from the Mining Property and obtain a 1% Gross Royalty on all proceeds from gold sales on the Fortitude Tenements, which are currently under an Option to Purchase Agreement.

The disadvantages of the Transaction include:

- Other than a 2% Royalty the Company will not be able to participate in or derive any future potential profits from any mining activities undertaken on the Project; and
- There is a risk that it may take the Company longer than is reasonably anticipated to locate and complete the acquisition of other suitable investment opportunities.

Summary of Transaction

The Directors have formed the view that the advantages of the disposal to the buyer outweigh the disadvantages and represent a better outcome for Shareholders.

The disposal is conditional upon, amongst other conditions, approval by Shareholders. The nature of the Company's activities will remain unchanged should the disposal be approved on the basis that the Company will remain a mineral exploration company.

The Company intends to use the funds raised from the disposal to fund exploration on its remaining mineral exploration interests at Zelica, Malcolm and Eucalyptus (subject to removal of Forfeiture Actions), which contain over 156,000 ounces of JORC Compliant Resources, and for pursuing opportunities to acquire new exploration and/or mining projects expected to be value accretive to Shareholders.

Transaction Conditions

The Transaction is conditional upon:

- (a) Fortuna obtaining the consent of the Minister to the sale and purchase of the Mining Property;
- (b) Exterra obtaining the approval of its shareholders to the proposed transaction; and
- (c) Fortuna agreeing to be bound by the terms of the Saracen Access Agreement in place of Exterra and in favour of Saracen.

Termination Rights

Both parties have additional, standard termination rights prior to completion.

Other Terms

The parties to the PSA are subject to a customary warranty and limitation of liability regime.

Further details of the terms of the PSA will be included in the Notice of Meeting for the requisite meeting of Exterra shareholders, which will be sent to shareholders as soon as practicable.

This announcement effectively lifts the Company's current voluntary suspension. The Company is not aware of any reason why the ASX would not allow trading to commence immediately.

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.

For further information:

Mr John Davis

Managing Director

T +61 8 6315 1411

E j.davis@exterraresources.com.au

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.

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 events.

Schedule 1 - Mining Property

Tenement	Registered Holder	Interest Held
Linden		
L39/0012	Exterra Resources Ltd	100%
L39/0013	Exterra Resources Ltd	100%
L39/0014	Exterra Resources Ltd	100%
L39/0230	Exterra Resources Ltd	100%
M39/0255	Exterra Resources Ltd	100%
M39/0385	Exterra Resources Ltd	100%
M39/0386	Exterra Resources Ltd	100%
M39/0387	Exterra Resources Ltd	100%
M39/0500	Exterra Resources Ltd	90% (10% held by GME Resources Ltd)
M39/0629	Exterra Resources Ltd	100%
M39/0649	Exterra Resources Ltd	100%
M39/0650	Exterra Resources Ltd	100%
M39/0780	Exterra Resources Ltd	100%
M39/0781	Exterra Resources Ltd	100%
M39/0794	Exterra Resources Ltd	100%
M39/0795	Exterra Resources Ltd	100%
E39/1232	Exterra Resources Ltd	100%
E39/1539	Exterra Resources Ltd	100%
E39/1754	Exterra Resources Ltd	100%

Schedule 2 - Fortitude Tenements

Fortitude		
M39/1	Fortitude Gold Pty Ltd	100%
M39/286	Fortitude Gold Pty Ltd	100%
M39/709	Fortitude Gold Pty Ltd	100%
M39/710	Fortitude Gold Pty Ltd	100%
M39/1065	Midas Resources Ltd	100%
M39/1089	Midas Resources Ltd	100%
P39/4644	Midas Resources Ltd	100%
P39/4645	Fortitude Gold Pty Ltd	100%
E39/1752	Fortitude Gold Pty Ltd	100%
E39/1770	Fortitude Gold Pty Ltd	100%
E39/1287	Fortitude Gold Pty Ltd	100%
E39/1803	Drillpak Pty Ltd	100%
E39/1819	Baymoon Pty Ltd	100%