

GASCOYNE EXERCISES EGERTON GOLD PROJECT OPTION

25 September 2014

Exterra Resources Limited

ACN 138 222 705

ASX Code: EXC

www.exterraresources.com.au

Issued Capital:

Ordinary Shares: 181.2m
Options: 20.0m

Cash (30 June 2014): \$502,000

Directors and Management:

John Davis

Managing Director

Justin Brown

Non-Executive Director

Gary Morgan

Non-Executive Director

Peter Cole

Non-Executive Director

Dennis Wilkins

Company Secretary

Exterra Resources Limited (Exterra) ASX:EXC is pleased to advise that Gascoyne Resources Ltd (Gascoyne) exercised the Option for the acquisition of the Egerton Gold Project.

Under the Exercise Agreement, Exterra will receive fully paid shares in Gascoyne to the value of \$750,000, or 4,166,667 shares, with 67% of the shares escrowed for 6 months. The balance, being 33% of the consideration shares are not subject to escrow and have a current market value of approximately \$247,500.

Exterra will also receive 500,000 Gascoyne options, exercisable at 25 cents within a 3 year term.

The transaction provides Exterra the opportunity to dispose of its holding in Gascoyne, providing additional cash reserves and the potential for further funds to support Exterra's Second Fortune Gold project development at Linden, which has a low Capital requirement of approximately \$5m.

Exterra is currently in discussions with a number of groups with respect to project finance and/or joint venture which will allow the development of the Second Fortune underground mine in the near future.

Further information will be provided.

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 during 2014.

For further information:

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Managing Director
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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.