

## EXTERRA EXECUTES MANAGEMENT AND SERVICES AGREEMENT WITH MITCHELL RIVER GROUP AND CONFIRMS GO-AHEAD ON DEVELOPMENT OF THE SECOND FORTUNE GOLD MINE AT LINDEN

**Exterra Resources Limited**  
ACN 138 222 705

**ASX Code:** EXC

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

**Issued Capital:**

Ordinary Shares: 275.7m  
Options: 45.7m

Cash (30 June 2016) \$1.6 million

**Directors and Management:**

**John Davis**  
Managing Director

**Justin Brown**  
Non-Executive Director

**Peter Cole**  
Non-Executive Director

**Dennis Wilkins**  
Company Secretary

### 1 August 2016

Exterra Resources Limited (“Exterra” or “the Company”) (ASX:EXC) is pleased to advise that it has executed a Management and Services Agreement with the **Mitchell River Group (MRG)**. **MRG** is an independent mining investment partnership and technical services consultancy, working predominately within the minerals and energy sector in Australia and overseas, will manage the development of the Second Fortune gold mine at Linden.

**MRG** brings the requisite skills to the Linden Project on a cost plus basis to ensure a smooth development pathway for the Second Fortune Mine. In order to further align the parties, a **MRG** representative will be appointed to the Board of Exterra.

As announced on 28 June 2016, **MRG** invested \$500,000 in Exterra by participating in the successful \$1.5 million share placement.

Under the Agreement **MRG** will provide, in consultation with Exterra, the following:

- Commercial management of the mining contract and processing agreements;
- Technical supervision of the mining contractor and management of the mine plan;
- Supervision of mine geology, grade control and database management;
- Managing financing of capital requirements and working capital; and
- Management of Gold Hedging programmes and agreements.

**MRG**, established in 1999, is a private investment partnership specialising in the metal and energy industries, providing seed funding and management for projects to move through feasibility stages into production.

Mitchell River Group's experienced technical and commercial personnel have supported the establishment of a number of substantial project development companies and mining operations over the past years including:

- Exco Resources Limited which developed the White Dam gold deposit in South Australia and the Mt Margaret Copper Projects, Qld (sold to Xstrata) and was taken over by WH Soul Pattinson;
- Anova Metals Limited which is developing the Big Springs gold mine in Nevada, USA;
- African Energy Resources Limited which is developing the Sese Integrated Power Project (coal mine and power plant) in Botswana;
- Panoramic Resources Limited which developed the Savannah (Sally Malay) nickel project in WA;

Exterra's Managing Director John Davis said: *"We are very pleased to have the Mitchell River Group as part of the "owners team" to develop the Second Fortune gold mine in a very strong gold market, and as a shareholder of the Company, which shows support for the Company's projects and potential. Their experience in project management, funding and development should provide a smooth pathway to profitable gold production from Second Fortune and we look forward to MRG being part of the team"*.

To further align MRG with Exterra shareholders, MRG (or its nominee) will, subject to shareholder approval at a meeting of shareholders, receive two tranches of incentive options for nil consideration, subject to vesting conditions as follows:

- 17,853,737 options to vest upon first commercial gold production at Second Fortune, exercisable at A\$0.06 within 3 years of the date of the Management Agreement (Tranche 1 Options).
- 17,853,737 options to vest upon production of 15,000 ounces of gold at Second Fortune Project, exercisable at A\$0.08 within 3 years of the date of the Management Agreement (Tranche 2 Options).

Exterra will now pursue debt funding in a very strong gold market, using the experience of MRG, to fund development of the Second Fortune mine and with all profits from gold production remaining 100% Exterra.

MRG have commenced on ground activities at Second Fortune and will be on site on 1 and 2 August 2016. This coincides with a site tour during the Diggers and Dealers Conference in Kalgoorlie, with a group of investors (including clients of Sydney based stockbrokers Taylor Collison), viewing the Second Fortune mine site and discussing the mining and development programme.

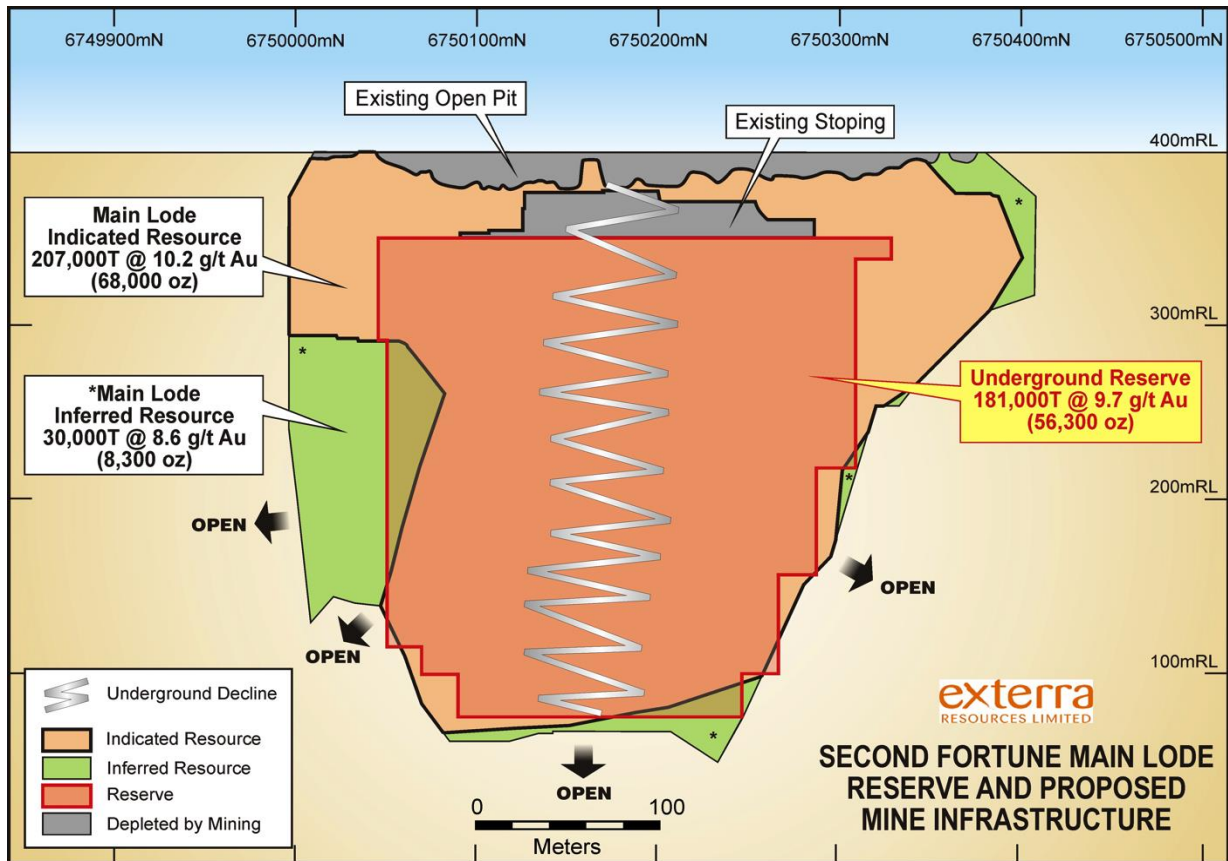


Figure 1: Second Fortune Main Lode long section showing mineralised zones, Resource and Probable Reserve<sup>1</sup> outlines and schematic decline design from existing Feasibility Study.

<sup>1</sup> [http://www.exterrarresources.com.au/images/uploads/Second\\_Fortune\\_PFS\\_ASX\\_Release\\_July\\_2014.pdf](http://www.exterrarresources.com.au/images/uploads/Second_Fortune_PFS_ASX_Release_July_2014.pdf)

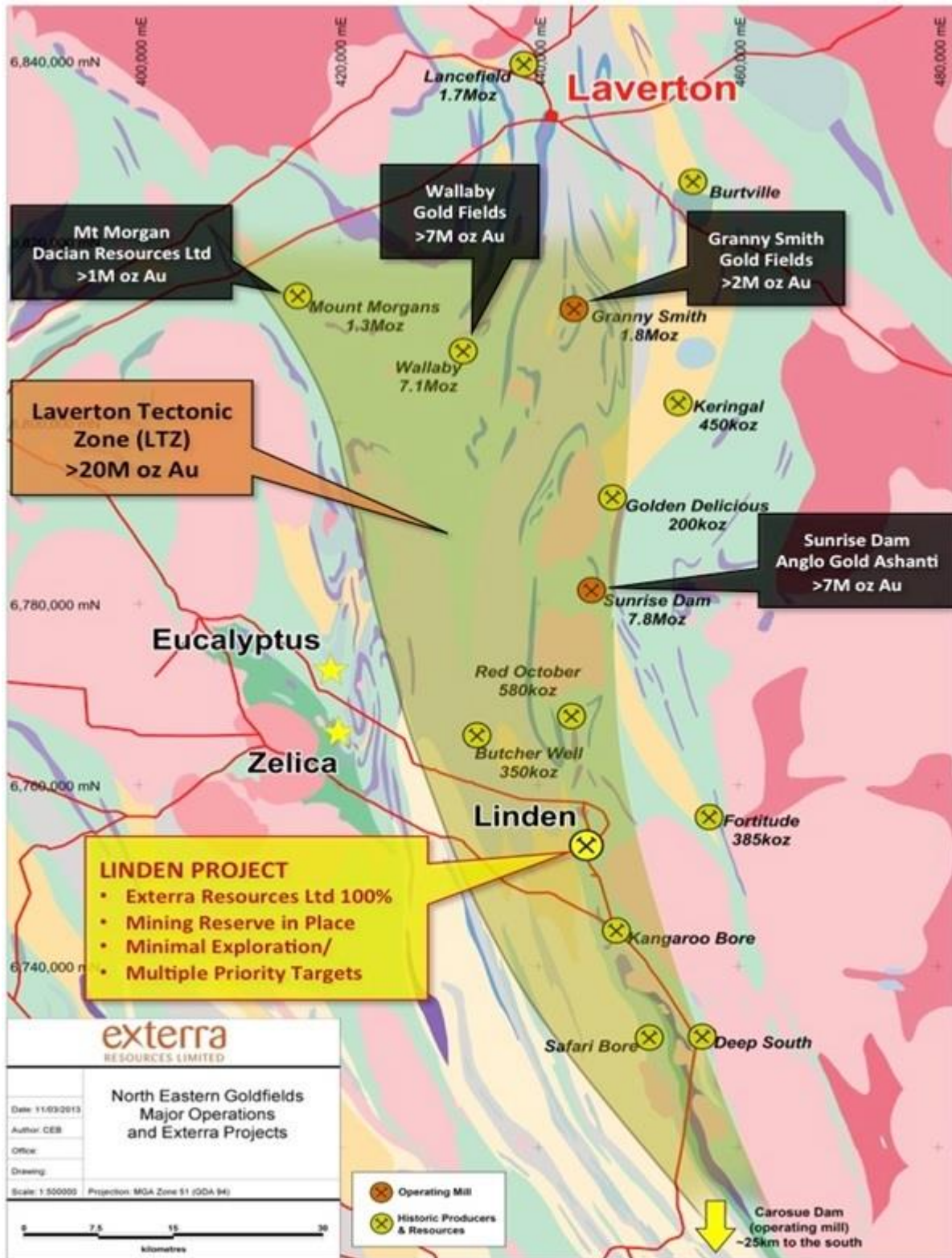


Figure 2: Linden Project Regional Location Plan

**For further information:**

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Managing Director  
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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**

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 Interline 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.