

SECOND FORTUNE PROJECT DEVELOPMENT UPDATE

8th March 2017

Exterra Resources Limited (“Exterra” or “the Company”) (ASX:EXC) is pleased to provide an update of development milestones for the Second Fortune Project.

SUMMARY:

- **Department of Environmental Regulation (DER) amended Works Approval for processing and dewatering at the Second Fortune Mine.**
- **Delivery to site and assembly of the ore sorting unit and associated infrastructure, including conveyors, generator and compressor.**
- **Delivery to site of the mobile screening plant.**
- **Delivery to site of mine offices.**
- **Cell II of the evaporation pond nearing completion and a significant drop in the pit water level on the back of water extracted for the pond construction.**
- **Clearing of the Second Fortune Haul road.**
- **Ongoing discussions with mining contractors for the development and operation of the underground works.**

The Department of Environmental Regulation has approved the Amended Works Approval for processing and dewatering at the Second Fortune Mine. Licences to operate will be applied for as soon as the respective facilities have been completed.

The sorting plant and associated infrastructure has been relocated to site for final assembly. This includes the Tomra colour/NIR sorting machine, sorting platform, wash screen, water reticulation system and transfer conveyors. The compressor, drier, air receiver and generator, which are housed separately, have also been installed. Ongoing site works include the reticulation of power cabling and the installation of the motor control centre.

Exterra Resources Limited
ACN 138 222 705

ASX Code: EXC

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



Figure 1: The Ore Sorting Platform, Compressor Module and Generator

It is anticipated that the plant will be ready for commissioning in late March. Tomra will be providing a technical team to facilitate the commissioning of the sorting unit. Commissioning will take place on mullock material already available at the Second Fortune mine site. Mullock dumps to the north of Second Fortune will then be processed through a ramp up phase while product sampling protocols are fine tuned.

Toll treatment terms have been agreed and ongoing discussions with potential ore purchase partners are ongoing. Processing of the Mullock material is expected to generate cash flows through this development phase of the project.



Figure 2: Ore Sorting Platform with feed conveyor and roofing installed.

Exterra's Executive Chairman, John Davis said: "We are moving into an exciting phase for the company on the back of a strategy that will allow us to unlock value from all of our assets. It is pleasing that we will be able to de-risk our surface works in parallel with the ongoing mine development programme. Integration of ore sorting into the Second Fortune mining project allows for the generation of cash flows from surface assets such as mullock while providing robustness to the proposed underground operation."

The mobile crushing and screening plants required to prepare the material for sorting have both been moved to site. Operator training on the screening plant has been completed and the crusher plant training is expected to take place in the next two weeks.



Figure 2: Mobile Crushing and Screening plants

Water requirements for the ongoing construction of the evaporation ponds has significantly reduced the water level in the Second Fortune pit. Per previous announcements, cell I is complete and cell II is at an advanced stage. On completion of cell II and approval of the requisite licence to dewater, final dewatering of the pit and remnant underground workings can take place.



Figure 2: Pit water level and evaporation ponds

For personal use only

Site offices for the owner's team and mining contractor have been delivered to site. Recently acquired reverse osmosis plants have been refurbished and will be delivered to site within the next two weeks. The site is now equipped for the ramp up phase of the project.



Figure 2: Site office block

Exterra Resources retains a highly prospective land package in the Second Fortune area with numerous advanced exploration targets and projects at both Zelica and Malcolm. Exterra also retains the exciting Grass Flat Project north of the Diemals Mining Centre. In addition to the work programmes for the development of the Second Fortune Mine, the company is undertaking an extensive review of the above projects and the outcomes will be released as they become available. Future cash flows from the Second Fortune mine will provide Exterra the capacity to “self-fund” exploration in the future.

For personal use only

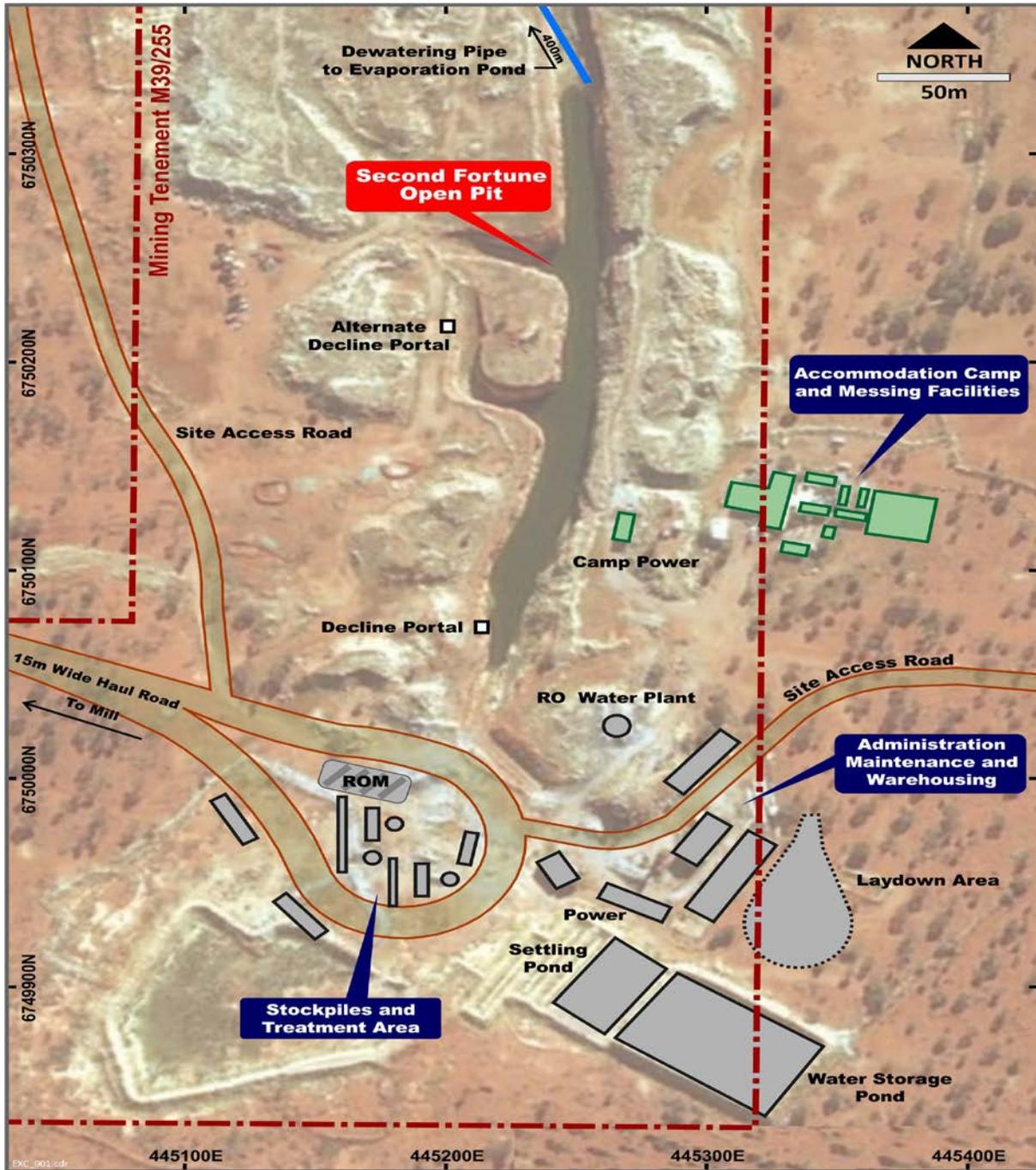


Figure 3: Project Surface Works

For personal use only

For further information:

Mr Geoff Laing
Executive Director
T +61 417178012
E Geoffl@mitchellrivergroup.com

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.

For personal use only