

September 2015 Quarterly Activities Report

27 October 2015

Exterra Resources Limited
ACN 138 222 705

ASX Code: EXC

www.exterraresources.com.au

Issued Capital:

Ordinary Shares:	201.2m
Options:	12.5m

Cash (30 Sept 2015): \$667,000

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 September 2015 quarter.

Activities during the September 2015 Quarter included:

- Option Agreement signed with a Mining Group for a joint profit share based development of the Second Fortune Underground Gold Mine.
- Commencement of the Stage 1 co-funded Diamond Drilling programme pursuant to the Option Agreement for the joint profit share based development of the Second Fortune Underground Gold Mine.
- High grade gold results received from Air Core/RC drilling at the Golden Orb prospect at Linden confirms potential for a new near-surface gold discovery.
- Forfeiture Action on key Linden tenements dismissed in the Warden’s Court

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

1.1 Second Fortune Mine Development Option Agreement

On 29 September 2015, the Company announced that an Option Agreement had been signed with Pit n Portal Corporate Services Pty Ltd (PnP) for a joint, profit share based development of the Second Fortune Gold Mine under the following terms:

- PnP to fund 50% of an agreed drilling programme to further define the West Lode mineralisation, infill the Main Lode and build on the current Probable Reserve of 56,300 ounces at 9.7 g/t Au¹ (see Figures 1 and 2).
- PnP to complete, at PnP's expense, a revised mine plan and Feasibility Study including the new drilling information.
- On completion of the agreed drilling and Feasibility Study PnP may exercise the option for mine development as follows:
 - i) PnP to contribute 100% of all capital expenditure for mine start up and development, to be recouped from mine production;
 - ii) PnP to be responsible for all mining operations, charged at cost;
 - iii) Profits from the mining operation to be distributed on an agreed ratio with 30%-50% of profits to PnP.

The Agreement with PnP provides for an initial 50:50 funded RC and diamond drilling programme at Second Fortune to further define the West Lode and potentially add further high grade ounces into the mine plan. The programme will also provide further definition of the Main Lode and subsidiary H/W and F/W lodes and gives PnP the right to participate in Mine Development under a profit sharing arrangement.

Following completion of the agreed drilling programme, to comprise approximately 3,200m of RC pre-collars with diamond core tails, PnP will incorporate the enhanced drilling data into a revised mineral resource estimate which will form the basis of a revised mine plan and feasibility study to develop the Second Fortune Mine ("**Mining Study**").

The drilling programme will be completed in two stages. PnP has provided to Exterra 50% of the estimated costs of Stage 1 and Exterra commenced Stage 1 drilling on 8 October 2015. Within 14 days of the completion of the Stage 1 drilling, PnP must provide to Exterra 50% of the estimated costs of Stage 2 or it will be deemed to have withdrawn from the Option Agreement.

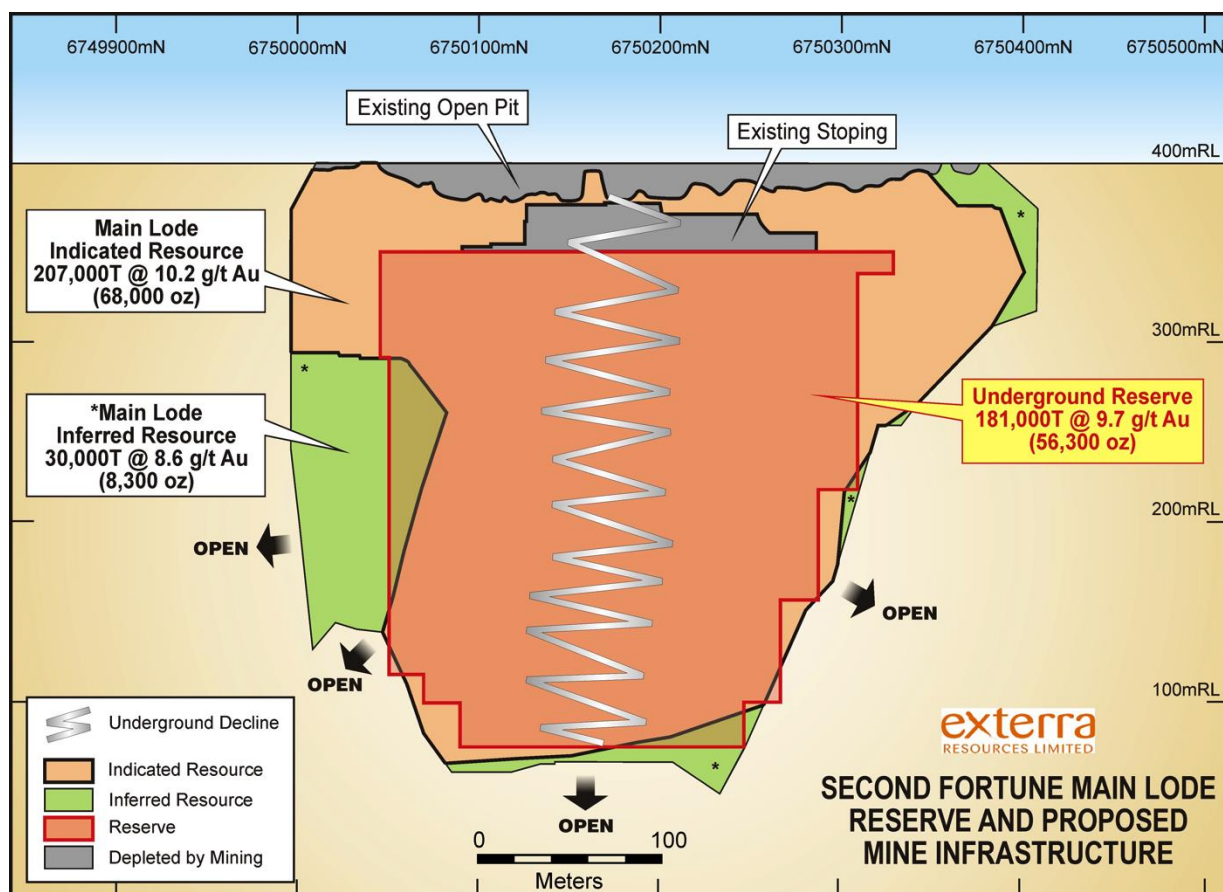


Figure 1: Second Fortune Main Lode long section showing mineralised zones, Resource and Probable Reserve¹ outlines and schematic decline design from existing Feasibility Study.

Second Fortune Stage 1 Drilling Programme

The Stage 1 drilling programme consisting of 9 RC pre-collared, diamond core tail drill holes, totalling approximately 1,600m of drilling commenced on 7 October 2015.

The Stage 1 programme is aimed at further defining the West Lode and potentially adding further high grade ounces into the mine plan. The programme will also provide further definition of the Main Lode and subsidiary H/W and F/W lodes (see Figure 2).

Diamond drill core will be geologically logged on site, with selected intercepts cut by diamond saw and forwarded for analysis.

On the completion of the Stage 1 programme, PnP must provide, within 14 days, 50% of the estimated costs of the Stage 2 programme or it will be deemed to have withdrawn from the Option Agreement.

Results will be reported as they are received.

¹ http://www.exterraresources.com.au/images/uploads/Second_Fortune_PFS_ASX_Release_July_2014.pdf

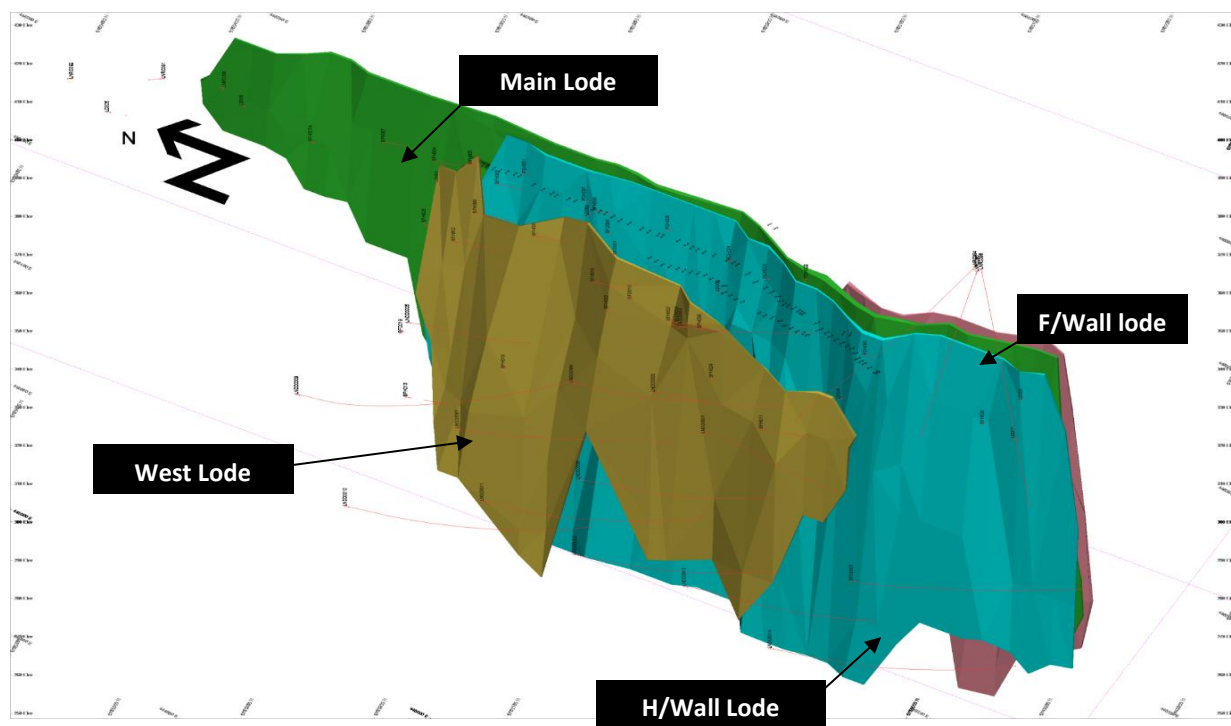


Figure 2: 3D model showing multiple stacked lodes at the Second Fortune Gold Mine. Planned drilling aims to add further ounces to the Reserve by better defining these secondary lodes.



Figure 3: Diamond Drilling at Second Fortune October 2015

1.2 Linden Project Air Core Drilling Programme

As announced on 19 October 2015, results from one metre re-sampling of the previously announced four metre composite assays from regional reconnaissance aircore drilling at Linden have returned multiple ore grade intercepts.

The results confirm the need for further follow-up drilling at a number of locations and further confirm that the **Golden Orb Prospect** represents a potential new discovery and a new priority target amongst a growing regional portfolio of targets within this poorly explored tenement package. Significant results include:*

- **EXAC078:** 2 metres at 8.02 g/t Au from 3 metres, including;
 - **1 metre at 13.50 g/t Au from 3m**
- **EXAC079:** 13 metres at 1.29 g/t Au from 0 metres, including;
 - **5 metres at 2.15 g/t Au from 6 metres**
- **EXAC069:** 2 metres at 3.80 g/t Au from 3 metres including;
 - **1m at 6.87 g/t Au from 4m**
- **EXAC080:** 4 metres at 3.80 g/t Au from 8 metres including;
 - **2m at 5.6 g/t Au from 11m**
- **EXAC074:** 2 metres at 2.27 g/t Au from 7 metres **EXAC068:** 4 metres at 1.67 g/t Au from 16 metres (4 metre comp)

Additionally, two reconnaissance traverses to the south of the Devon Gold Mine, which is situated within a small excised Mining Lease surrounded by EXC's tenure, confirmed the continuation of the gold bearing structure, with best results as follows:

- **EXAC047:** 4 metres at 1.55 g/t Au from 26 metres, including;
 - **1 metre at 4.35 g/t Au from 28m**
- **EXAC049:** 1 metres at 3.04 g/t Au from 8 metres

Drilling at the Golden Orb Prospect represents the first drilling ever into this target that was first delineated as a surface geochemical anomaly. The average vertical depth of drilling is only 20 metres and due to the sparse, shallow nature of the programme, the target is considered open in all directions (see Figure 4). The Prospect, along with the rest of the Linden Project, occurs within the prolific **Laverton Tectonic Zone**, which to date has a gold endowment of in excess of 25M ounces of gold from numerous deposits including Wallaby, Sunrise Dam, Granny Smith, Red October and Mt Morgans.

The AC programme was completed in 2 phases with the initial phase consisting of 58 holes for 2,095 metres, completed in June 2015. Phase 2 consisted of 81 holes for 2,763 metres of air core drilling completed in early July 2015, for a total of 139 holes for 4,858m.

Drill sampling was initially completed via 4 metre composites collected through a riffle splitter on site and forwarded to Bureau Veritas Laboratory in Perth for Analysis by aqua regia ICP for Au, Ag, As, Mo and Pb. One metre resplits were subsequently collected in areas of anomalous gold mineralisation.

RESULTS

Significant results from 1 metre re-sampling at a nominal 0.50 g/t Au cut off are summarised in Table 1.

Hole ID	North	East	Azi	Dip	From (m)	To (m)	metres	Au (g/t)	EOH	Prospect
EXAC018	6755796	443706	90	-60	31	32	1	1.13	54	Mt Linden West
EXAC018	6755796	443706	90	-60	38	45	7	1.00		Mt Linden West
					38	39	1	0.73		
					39	40	1	2.55		
					40	41	1	0.60		
					41	42	1	0.54		
					42	43	1	0.43		
					43	44	1	0.69		
					44	45	1	1.45		
EXAC047	6759723	445812	90	-60	26	30	4	1.55	30	Devon South
					26	27	1	0.92		
					27	28	1	0.29		
					28	29	1	4.35		
					29	30	1	0.58		
EXAC049	6759721	445875	90	-60	8	9	1	3.04	30	Devon South
EXAC061	6758794	446536	90	-60	18	19	1	1.11	42	Golden Orb
EXAC065	6758751	446549	90	-60	16	17	1	1.49	24	Golden Orb
EXAC068	6758707	446541	90	60	16	20	4*	1.67		Golden Orb
EXAC069	6758621	446302	90	-60	4	6	2	3.80	30	Golden Orb
EXAC069					4	5	1	6.87		
(continued)					5	6	1	0.72		
EXAC074	6758699	446301	90	-60	8	10	2	2.27	18	Golden Orb
					8	9	1	3.19		
					9	10	1	1.35		
EXAC078	6758579	446311	90	-60	3	5	2	8.02	12	Golden Orb
					3	4	1	13.50		
					4	5	1	2.53		

Hole ID	North	East	Azi	Dip	From (m)	To (m)	metres	Au (g/t)	EOH	Prospect
EXAC079	6758430	446590	180	-60	0	13	13	1.29	18	Golden Orb
					0	1	1	1.04		
					1	2	1	0.84		
					2	3	1	0.54		
					3	4	1	0.52		
					4	5	1	0.28		
					5	6	1	1.71		
					6	7	1	0.61		
					7	8	1	3.49		
					8	9	1	1.13		
					9	10	1	0.42		
					10	11	1	4.32		
					11	12	1	1.37		
					12	13	1	0.54		
EXAC080	6758433	446612	180	-60	9	13	4	3.80	18	Golden Orb
					9	10	1	1.30		
					10	11	1	2.78		
					11	12	1	6.92		
					12	13	1	4.19		
EXAC081	6758428	446658	180	-60	11	13	2	1.92	18	Golden Orb
					11	12	1	1.84		
					12	13	1	2.00		
LNAC049	6748704	446644	90	-60	25	26	1	4.30	48	Cuckoo Hawk

Table 1: One metre re-sampling at a nominal > 0.5 g/t Au, *4 metre composite

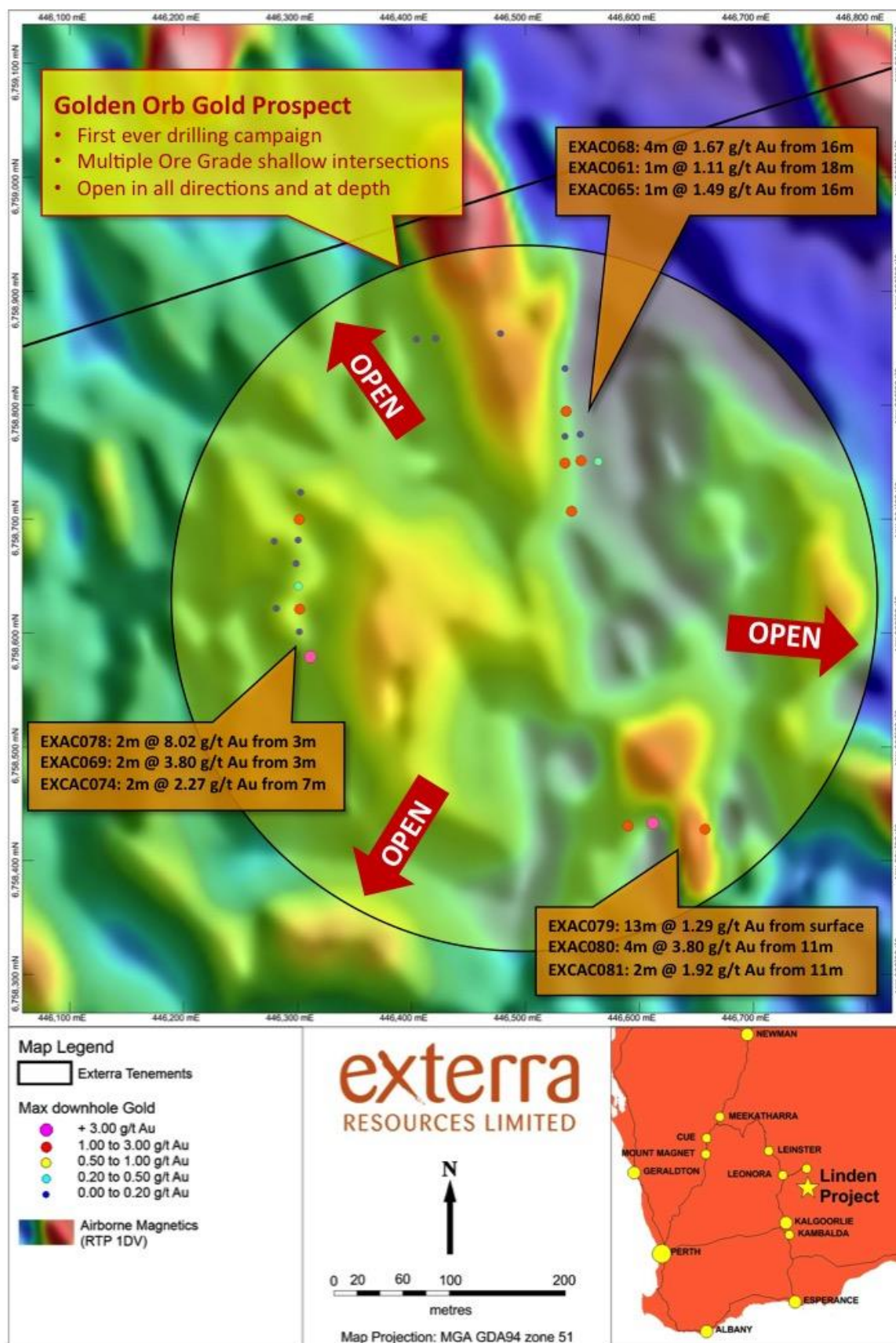


Figure 4: Golden Orb Prospect, collar locations and selected assays over aeromagnetics

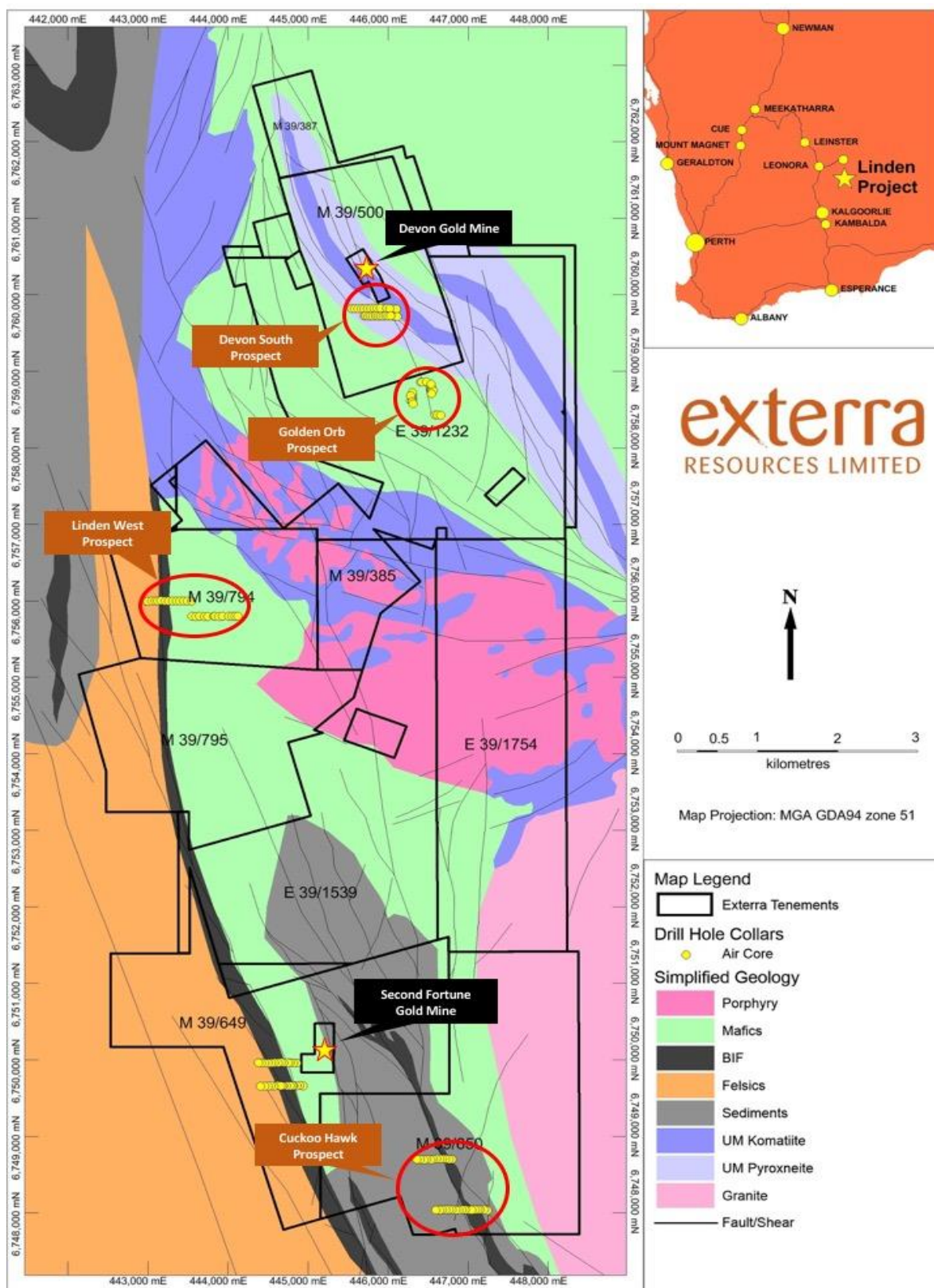


Figure 5: Linden AC Drill Hole Locations

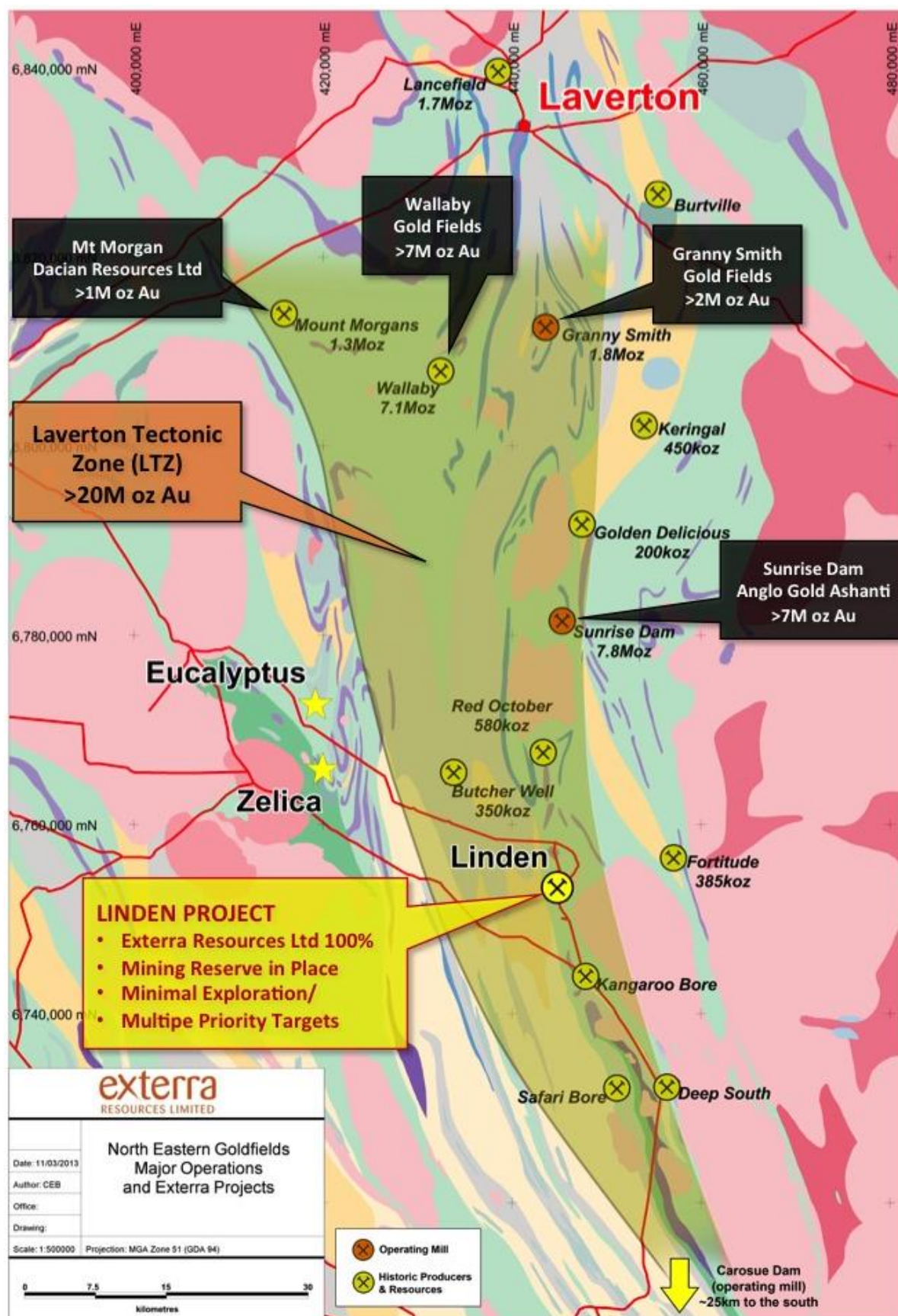


Figure 6: Linden Project Regional Location Plan

1.3 Regional Soil Geochemistry

First pass regional soil geochemical sampling focussing on E39/1539 was completed during the September Quarter.

Sampling was completed on a 400m by 50m grid with samples collected from approximately 30cm depth and sieved to -2mm.

Samples were analysed for Au (Aqua Regia) and Ag, As, Mo and Pb by ICP-AES.

Results confirmed anomalous gold from a number of locations, including to 432 ppb Au, with associated anomalous adjacent samples, which will require infill sampling. Refer Figure 7. No specific anomalism was detected in other elements.

Field checking and infill sampling is planned.

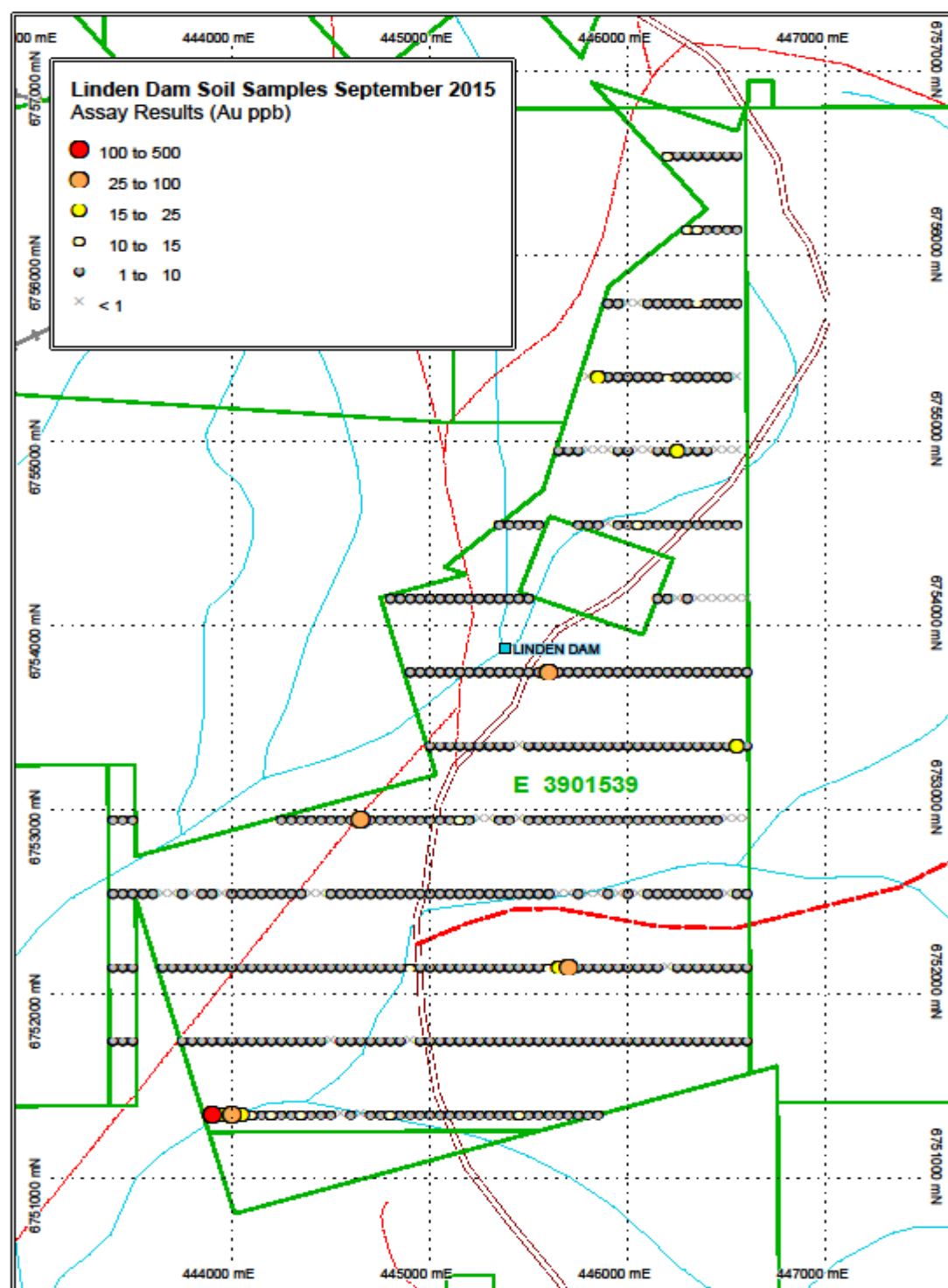


Figure 7: E39/1539 Gold Soil Geochemistry

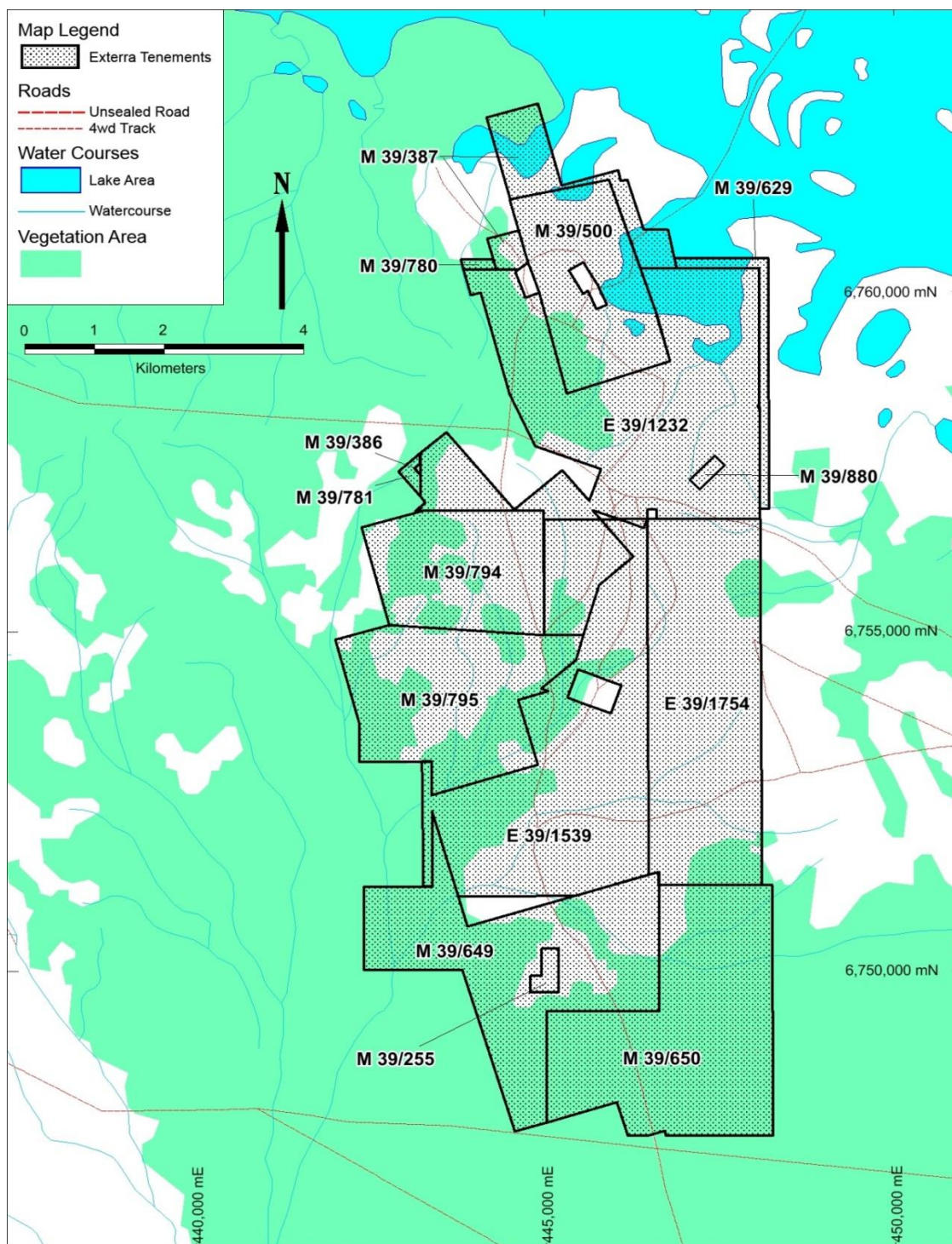


Figure 8: Linden Project Tenement Plan

1.4 Tenements

During the Quarter M39/385 and M39/795, at Linden, were amalgamated into E39/1232 and E39/1539 respectively.

Forfeiture actions against M39/649, M39/650, M39/794 and E39/1232 were dismissed by the Warden's Court.

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 North Eastern Goldfields of Western Australia.

During the Quarter the Company continued 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 have been previously poorly explored.

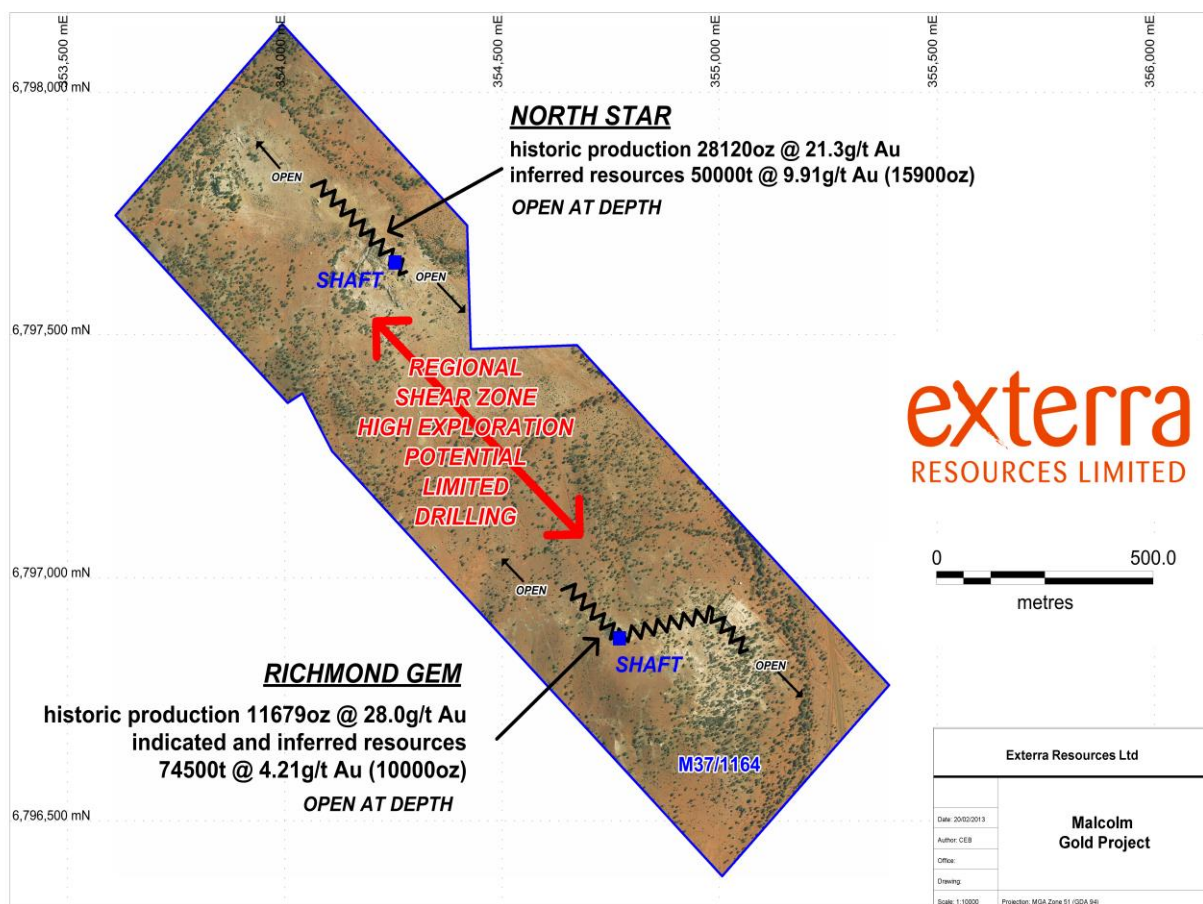


Figure 9: Malcolm Gold Project

3.0 ZELICA GOLD PROJECT, Western Australia (100%)

The Company continues to review the Zelica Scoping Study along with a group who have expressed an interest in potentially developing the vat leach project and are currently reviewing data. This has included field visits to assess site layout and infrastructure.

3.1 Tenements

M39/1101 was applied for in the conversion of P39/4566.

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. A Wardens Court hearing has been set for early December 2015 to determine the Forfeiture action.

5.0 CORPORATE

A \$250,000 above market (\$0.0125) capital raising was undertaken to sophisticated investors to cover 50% of the capital raised. The Company sold the remaining shares in Gascoyne Resources Ltd for a total of \$141,247.

6.0 DECEMBER QUARTER 2015 ACTIVITIES

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

Linden Gold Project

- Reporting of results from the Linden Project, Second Fortune diamond drilling programme.
- Updating with respect to the Option Agreement progress with PnP.
- On-going regional soil sampling over the Linden Project area
- Planning and follow-up RC drilling at the Golden Orb prospect

Eucalyptus Gold Project

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

For further information:

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E j.davis@exterraresources.com.au

* 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.

ASX Additional Information for Quarterly Report to 30 September 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%
	E39/1754	LINDEN	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%
	L39/0230	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%	Disposed	0%
	M39/0386	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%	Disposed	0%
	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