

EXTERRA RESOURCES ACQUIRES OPTION OVER PILBARA LITHIUM PROJECT

16 February 2016

Exterra Resources Limited
ACN 138 222 705

ASX Code: EXC

www.exterraresources.com.au

Issued Capital:

Ordinary Shares: 201.2m
Options: 12.5m

Directors and Management:

John Davis
Managing Director

Justin Brown
Non-Executive Director

Peter Cole
Non-Executive Director

Dennis Wilkins
Company Secretary

HIGHLIGHTS

- Exterra Resources Ltd acquires option to purchase 90% interest in the Moolyella Lithium Project within the Archean Pilbara Craton.
- Rock chip values of **up to 1.82% lithium** have been recorded within the tenement area¹ from limited reconnaissance work.
- Low cost de-risked entry into a high growth commodity space.
- Extensive historic tin/tantalum workings within the tenement.
- The area is prospective for spodumene and other associated lithium minerals within pegmatite host units.
- Tenement grant expected imminently.
- Programme to locate historic exploration samples for re-assay (most were not assayed for lithium) may provide a low cost pathway to expand the lithium dataset.
- Follow up sampling and mapping to commence within the current quarter.
- Lithium work programme to run in parallel with development of the Second Fortune Gold Mine²

MOOLYELLA LITHIUM PROJECT

The Moolyella Project is located 23 kilometres east north east of Marble Bar (see Figure 1) and consists of one exploration licence application ELA 45/4462 covering 86 km² holding a substantial position within one of the most prolific historical tin and tantalum producing districts of the Archaean Pilbara Craton. Tin/Tantalum mining operations have been carried out on the Moolyella tin field from their discovery in 1898 until 1986.

Early workers did not explore for lithium, however more recent, reconnaissance level work has highlighted the significant lithium potential.

¹ <http://www.lithex.com.au/IRM/PDF/1037/RevisedExplorationUpdateMoolyellaProject>

² http://www.exterraresources.com.au/images/uploads/150929_ASX_Release_PnP_Option_Agreement_FINAL.pdf

The majority of exploration to date has focussed on the tin/tantalum potential with only limited work on the lithium potential. Reconnaissance exploration for lithium has shown anomalous lithium results of up to 1.82% in rock chips, highlighting the significant potential despite very limited work. Numerous wide zones of pegmatites were revealed in past drilling programmes.

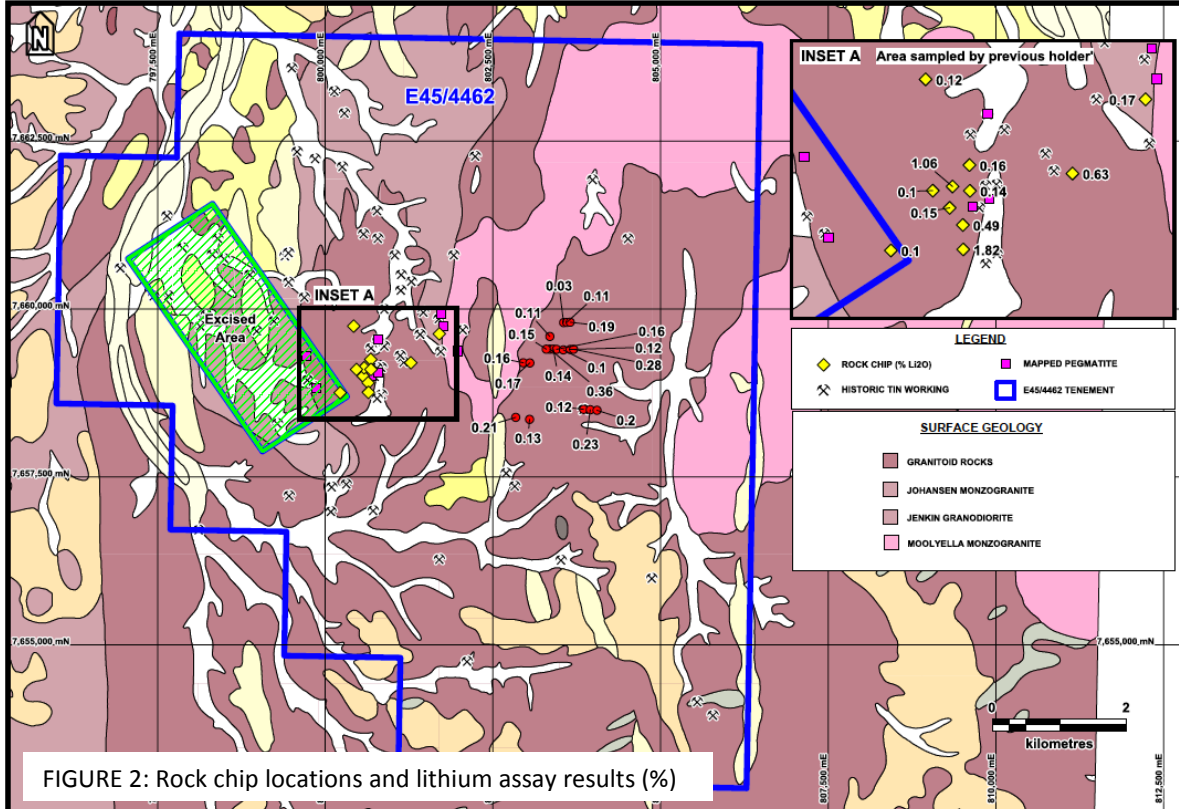
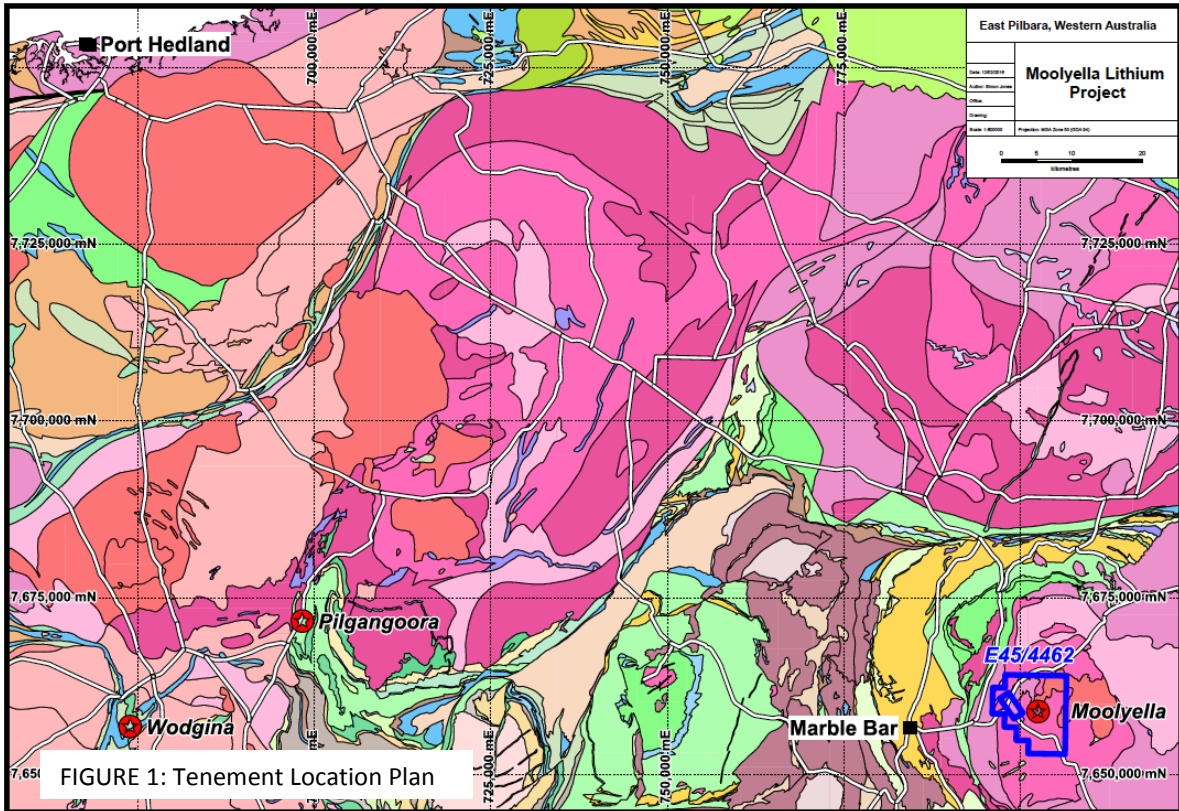
Exterra Resources Managing Director John Davis said “Exterra is very pleased to have entered into this option arrangement to acquire ground within the highly prospective Pilbara region. Given the extensive historic tin/tantalum working contained with the Moolyella project, together with the encouraging lithium results obtained to date, it clearly demonstrates the potential of the area to host significant lithium mineralisation.”

The decision by Exterra to acquire Moolyella was made given the expected high future demand for lithium.

The Pilbara region of WA is a proven lithium bearing resource area as established by Pilbara Minerals Ltd and Altura Mining Ltd.

SUMMARY OF AGREEMENT

- **Exterra must pay a \$5,000 option fee within 5 business days of signing for an exclusive 6 month option period.**
- **Exclusive option period can be extended by Exterra for a further 3 months on payment of an additional \$5,000.**
- **Exterra may exercise the option at any time during the option period to obtain a 90% interest in tenement E45/4462 by issuing 5,000,000 ordinary shares in Exterra to the vendor.**



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.