

EXTERRA RESOURCES LIMITED
ABN 26 138 222 705

NOTICE OF GENERAL MEETING

AND

EXPLANATORY MEMORANDUM

AND

PROXY FORM

Date of Meeting

28 September 2016

Time of Meeting

10:00 am

Place of Meeting

Ground Floor
20 Kings Park Road
West Perth WA 6005

EXTERRA RESOURCES LIMITED
ABN 26 138 222 705
NOTICE OF GENERAL MEETING

Notice is hereby given that a General Meeting of Shareholders of Exterra Resources Limited (**Company**) will be held at Ground Floor, 20 Kings Park Road, West Perth, Western Australia on 28 September 2016 at 10:00 am (**Meeting**) for the purpose of transacting the following business.

The Explanatory Memorandum to this Notice provides additional information on matters to be considered at the meeting. The Explanatory Memorandum and the Proxy Form are part of this Notice.

Terms used in this Notice will, unless the context otherwise requires, have the same meaning given to them in the glossary contained in the Explanatory Memorandum.

Resolution 1 – Ratification of Issue of Shares and Options

To consider and, if thought fit, to pass with or without amendment, the following resolution as an **ordinary resolution**:

“That, pursuant to and in accordance with Listing Rule 7.4 and for all other purposes, Shareholders approve and ratify the issue of 37,500,000 Shares plus 9,375,000 unlisted Options to the parties, for the purposes and on the terms set out in the Explanatory Memorandum and as noted in Annexure A.”

Voting Exclusion:

For the purposes of Listing Rule 7.5, the Company will disregard any votes cast on this Resolution by any person who participated in the issue and any of their Associates, unless it is cast:

- (a) by a person as proxy for a person who is entitled to vote (in accordance with the directions on the proxy form); or
- (b) by the person chairing the meeting as proxy for a person who is entitled to vote (in accordance with a direction on the proxy form to vote as the proxy decides).

Resolution 2 – Ratification of Issue of Options

To consider and, if thought fit, to pass with or without amendment, the following resolution as an **ordinary resolution**:

“That, pursuant to and in accordance with Listing Rule 7.4 and for all other purposes, Shareholders approve and ratify the issue of 5,000,000 unlisted Options to the parties, for the purposes and on the terms set out in the Explanatory Memorandum and as noted in Annexure B.”

Voting Exclusion:

For the purposes of Listing Rule 7.5, the Company will disregard any votes cast on this Resolution by any person who participated in the issue and any of their Associates, unless it is cast:

- (a) by a person as proxy for a person who is entitled to vote (in accordance with the directions on the proxy form); or
- (b) by the person chairing the meeting as proxy for a person who is entitled to vote (in accordance with a direction on the proxy form to vote as the proxy decides).

Resolution 3 – Authority to Issue Options

To consider and, if thought fit, to pass with or without amendment, the following resolution as an **ordinary resolution**:

“That, for the purposes of Listing Rule 7.1 and for all other purposes, Shareholders approve and authorise the Company to issue up to 12,497,616 Options (Tranche 1) and 12,497,616 Options (Tranche 2) to Mitchell River Group Pty Ltd or their nominees and on the terms and conditions in the Explanatory Memorandum and as noted in Annexure C and Annexure D.”

Voting Exclusion:

For the purposes of Listing Rule 7.3, the Company will disregard any votes cast on this Resolution by any person who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the resolution is passed, and any of their Associates, unless it is cast:

- (a) by a person as proxy for a person who is entitled to vote (in accordance with the directions on the proxy form); or
- (b) by the person chairing the meeting as proxy for a person who is entitled to vote (in accordance with a direction on the proxy form to vote as the proxy decides).

Resolution 4 – Authority to Issue Options to Mr Geoffrey Laing

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, subject to Resolution 3 being passed and for the purposes of Listing Rule 10.11 and for all other purposes, Shareholders approve and authorise the Company to issue up to 2,678,061 Options (Tranche 1) and 2,678,061 Options (Tranche 2) on the terms set out in the Explanatory Memorandum, to Mr Geoffrey Laing, or his nominees.”

Note: If approval is given under Listing Rule 10.11, approval is not required under Listing Rule 7.1.

Voting Exclusion:

For the purposes of Listing Rule 10.13, the Company will disregard any votes cast on this Resolution by Mr Geoffrey Laing or any of his Associates, unless it is cast:

- (a) by a person as proxy for a person who is entitled to vote (in accordance with the directions on the proxy form); or
- (b) by the person chairing the meeting as proxy for a person who is entitled to vote (in accordance with a direction on the proxy form to vote as the proxy decides).

Resolution 5 – Authority to Issue Options

To consider and, if thought fit, to pass with or without amendment, the following resolution as an **ordinary resolution**:

“That, for the purposes of Listing Rule 7.1 and Listing Rule 10.11 and for all other purposes, Shareholders approve and authorise the Company to issue up to 2,678,061 Options (Tranche 1) and 2,678,061 Options (Tranche 2) to Mitchell River Group Pty Ltd or their nominee, with Mr Geoffrey Laing holding a beneficial interest in the Options and on the terms and conditions in the Explanatory Memorandum and as noted in Annexure C and Annexure D.”

Voting Exclusion:

For the purposes of Listing Rule 7.3 and Listing Rule 10.13, the Company will disregard any votes cast on this Resolution by any person who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the resolution is passed, and any of their Associates, unless it is cast:

- (a) by a person as proxy for a person who is entitled to vote (in accordance with the directions on the proxy form); or
- (b) by the person chairing the meeting as proxy for a person who is entitled to vote (in accordance with a direction on the proxy form to vote as the proxy decides).

Resolution 6 – Ratification of Issue of Options

To consider and, if thought fit, to pass with or without amendment, the following resolution as an **ordinary resolution**:

“That, pursuant to and in accordance with Listing Rule 7.4 and for all other purposes, Shareholders approve and ratify the issue of 5,000,000 unlisted Options in total to the parties, for the purposes and on the terms set out in the Explanatory Memorandum and as noted in Annexure E and Annexure F.”

Voting Exclusion:

For the purposes of Listing Rule 7.5, the Company will disregard any votes cast on this Resolution by any person who participated in the issue and any of their Associates, unless it is cast:

- (c) by a person as proxy for a person who is entitled to vote (in accordance with the directions on the proxy form); or
- (d) by the person chairing the meeting as proxy for a person who is entitled to vote (in accordance with a direction on the proxy form to vote as the proxy decides).

The accompanying Explanatory Memorandum forms part of this Notice and should be read in conjunction with it.

Shareholders are specifically referred to the Glossary in the Explanatory Memorandum which contains definitions of capitalised terms used in this Notice and the Explanatory Memorandum.

PROXIES

A Proxy Form is attached to the Notice. This is to be used by Shareholders if they wish to appoint a representative (a "proxy") to vote in their place. All Shareholders are invited and encouraged to attend the Meeting or, if they are unable to attend in person, sign and return the Proxy Form to the Company in accordance with the instructions on the form. Lodgement of a Proxy Form will not preclude a Shareholder from attending and voting at the Meeting in person.

Please note that:

- a member of the Company entitled to attend and vote at the Meeting is entitled to appoint a proxy;
- a proxy need not be a member of the Company;
- a member may appoint a body corporate or an individual as its proxy; and
- a member of the Company entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise, but where the proportion or number is not specified, each proxy may exercise half of the votes.

The enclosed proxy form provides further details on appointing proxies and lodging proxy forms. To be valid, properly completed Proxy Forms must be received by the Company's Share Registry no later than 10:00 am (WST) on 26 September 2016:

1. by post to Security Transfer Registrars Pty Ltd, PO Box 535, Applecross, Western Australia 6953; or
2. by facsimile to Security Transfer Registrars Pty Ltd at (08) 9315 2233 (International: +61 8 9315 2233).

VOTING ENTITLEMENTS

For the purposes of Regulation 7.11.37 of the Corporations Regulations 2001 (Cth), the Board has determined that a person's entitlement to vote at the General Meeting will be the entitlement of that person set out in the register of Shareholders as at 5:00 pm on 26 September 2016. Accordingly, transactions registered after that time will be disregarded in determining Shareholders' entitlements to attend and vote at the General Meeting.

CORPORATE REPRESENTATIVE

Any corporate Shareholder who has appointed a person to act as its corporate representative at the General Meeting should provide that person with a certificate or letter executed in accordance with the Corporations Act authorising him or her to act as that company's representative. The authority may be sent to the Company or its share registry in advance of the General Meeting or handed in at the General Meeting when registering as a corporate representative.

By order of the Board.



Dennis Wilkins
Company Secretary

Date: 29 August 2016

EXPLANATORY MEMORANDUM

This Explanatory Memorandum has been prepared for the Shareholders of Exterra Resources Limited ABN 26 138 222 705 (**Company**) in connection with the business to be conducted at the General Meeting of the Company to be held at Ground Floor, 20 Kings Park Road, West Perth, Western Australia, on 28 September 2016 commencing at 10:00 am.

The purpose of this Explanatory Memorandum is to provide Shareholders with all information known to the Company which is material to a decision on how to vote on the Resolutions in the accompanying Notice. This Explanatory Memorandum should be read in conjunction with, and forms part of, the accompanying Notice.

The Directors recommend that Shareholders read this Explanatory Memorandum in full before making any decision in relation to the Resolutions.

Terms used in this Explanatory Memorandum will, unless the context otherwise requires, have the same meaning given to them in the glossary as contained in this Explanatory Memorandum.

Resolution 1 – Ratification of Issue of Shares and Options

General

The Company issued 37,500,000 Shares and 9,375,000 free attaching Options on 1 July 2016 at an issue price of \$0.04 per Share in accordance with Listing Rules 7.1 and 7.1A and now seeks, pursuant to Resolution 1 of the Notice, to ratify the allotment and issue of those Shares.

Listing Rule 7.1 provides that (subject to certain exceptions) prior approval of shareholders is required for an issue of securities by a company if the securities will, when aggregated with the securities issued by a company during the previous 12 months, exceed 15% of the number of the ordinary securities on issue at the commencement of that 12 month period. Listing Rule 7.1A provides that eligible entities may, subject to shareholder approval by special resolution, issue equity securities up to 10% of its issued capital over a period of 12 months after the approval. Shareholder approval was obtained pursuant to Listing Rule 7.1A on 30 November 2015.

The Placement of 37,500,000 Shares and 9,375,000 free attaching Options was within the Company's Listing Rule 7.1 and 7.1A placement capacity.

Listing Rule 7.4 sets out the procedure and effect of Shareholder approval of a prior issue of securities and provides that where shareholders in general meeting ratify a previous issue of securities made without approval under Listing Rule 7.1, provided that the previous issue of securities did not breach the ASX Listing Rule 7.1, those securities shall be deemed to have been made with shareholder approval for the purposes of Listing Rule 7.1.

By ratifying this issue, the Company will retain the flexibility to issue equity securities in the future up to the 15% placement capacity set out in ASX Listing Rule 7.1 without the requirement to obtain prior Shareholder approval. In addition, approval of Resolution 1 will refresh the additional 10% placement capacity provided under Listing Rule 7.1A which was utilised in undertaking the Share Placement.

Information required by Listing Rule 7.5

The following information is provided to Shareholders for the purposes of Listing Rule 7.5.

- (a) 37,500,000 Shares and 9,375,000 free attaching Options were allotted and issued by the Company;
- (b) The issue price per Share was \$0.04;
- (c) The Shares allotted were fully paid ordinary shares which rank equally with all other fully paid ordinary shares on issue. The Options allotted were issued in accordance with the terms and conditions as noted in Annexure A;
- (d) The Shares were allotted as a private placement to sophisticated and professional investors who are not related parties of the Company;
- (e) The funds raised will be for exploration activities and for working capital purposes; and
- (f) A voting exclusion statement is included in the Notice.

Directors' Recommendation

The Directors of the Company believe that Resolution 1 is in the best interests of the Company and unanimously recommend that Shareholders vote in favour of this Resolution.

Resolution 2 – Ratification of Issue of Options

General

On 1 July 2016 the Company completed a capital raising via the issue of 37,500,000 Shares. Taylor Collison Ltd acted as the lead manager to the Share Placement, the subject of Resolution 1. As part consideration to Taylor Collison Ltd the Company issued 5,000,000 Options on the terms and conditions set out in Annexure B. The Options were issued on 4 July 2016 and shareholders are now being requested to ratify this issue.

Listing Rule 7.1 provides that (subject to certain exceptions) prior approval of shareholders is required for an issue of securities by a company if the securities will, when aggregated with the securities issued by a company during the previous 12 months, exceed 15% of the number of the ordinary securities on issue at the commencement of that 12 month period.

Listing Rule 7.4 sets out the procedure and effect of Shareholder approval of a prior issue of securities and provides that where shareholders in general meeting ratify a previous issue of securities made without approval under Listing Rule 7.1, provided that the previous issue of securities did not breach the ASX Listing Rule 7.1, those securities shall be deemed to have been made with shareholder approval for the purposes of Listing Rule 7.1.

By ratifying this issue, the Company will retain the flexibility to issue equity securities in the future up to the 15% placement capacity set out in ASX Listing Rule 7.1 without the requirement to obtain prior Shareholder approval.

Information required by Listing Rule 7.5

The following information is provided to Shareholders for the purposes of Listing Rule 7.5.

- (a) 5,000,000 Options were allotted and issued by the Company;
- (b) The Options were issued to Taylor Collison Ltd who is not a related party or associate of related parties of the Company.
- (c) The Options were issued as part consideration for capital raising fees;
- (d) The Options were issued on the terms and conditions set out in Annexure B;
- (e) No funds were raised from the issue of Options, however the funds raised from the Share Placement will be used for exploration activities and for working capital purposes; and
- (f) A voting exclusion statement is included in the Notice.

Directors' Recommendation

The Directors of the Company believe that Resolution 2 is in the best interests of the Company and unanimously recommend that Shareholders vote in favour of this Resolution.

Resolution 3 – Authority to Issue Options (Tranche 1 and Tranche 2)

General

On 1 August 2016, the Company announced it had executed a Management and Services Agreement with the Mitchell River Group. The Mitchell River Group is an independent mining investment partnership and technical services consultancy, working predominately within the minerals and energy sector in Australia and overseas. The Management and Services Agreement was executed to provide the Mitchell River Group authority to manage the development of the Second Fortune gold mine at Linden.

Under the terms of the Management and Services Agreement, Mitchell River Group, will receive two tranches of incentive options for nil consideration, subject to vesting conditions as follows:

- The Options will 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).
- The Options will 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).

Listing Rule 7.1 provides that a listed company may not issue securities in any 12 month period which, when aggregated with the number of the other securities issued within that 12 month period, exceed 15% of the number of ordinary shares on issue at the beginning of the 12 month period, unless the issue falls within one of the nominated exceptions or the prior approval of members of the Company in General Meeting is obtained.

The Company is seeking shareholder approval for the issue of 12,497,616 Options (Tranche 1) and 12,497,616 Options (Tranche 2).

In compliance with Listing Rule 7.3 shareholders are advised as follows:

- (a) The total number of securities which may be issued is 12,497,616 Options (Tranche 1) and 12,497,616 Options (Tranche 2).
- (b) The Options will be issued to Mitchell River Group Pty Ltd or their nominees who are not related parties or associates of related parties of the Company.
- (c) The Options are to be issued on terms and conditions set out in Annexure C (Tranche 1) and Annexure D (Tranche 2);
- (d) the Options will be issued no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) and it is intended that issue of the Options will occur on the same date;
- (e) The Options will be issued for no consideration;
- (f) No funds will be raised from the issue of Options; and
- (g) A voting exclusion statement is included in the Notice.

Directors' Recommendation

The Directors of the Company believe that Resolution 3 is in the best interests of the Company and unanimously recommend that Shareholders vote in favour of this Resolution.

Resolution 4 – Authority to Issue Options to Mr Geoffrey Laing

Resolution 4 seeks Shareholder approval in accordance with Listing Rule 10.11 for the issue of up to 2,678,061 (Tranche 1) Options and 2,678,061 (Tranche 2) Options to Mr Geoffrey Laing (or his nominees).

Pursuant to Listing Rule 10.11, a "related party" of a listed company is precluded from participating in any issue of securities in a company without the prior approval of Shareholders.

Shareholder approval is required under Listing Rule 10.11 because Mr Laing is a Director and therefore a related party of the Company. Shareholder approval is sought under Listing Rule 10.11 and as such, approval under Listing Rule 7.1 is not required.

Corporations Act

Chapter 2E of the Corporations Act regulates the provision of financial benefits to related parties by a public company. Shares issued to related parties (or their nominees), constitute the provision of a financial benefit to a related party. For the purpose of the Corporations Act, directors are a related party of a company. As such Mr Laing is considered a related party of the Company.

Chapter 2E of the Corporations Act prohibits the Company from giving a financial benefit to a related party of the Company unless either:

- (a) the giving of the financial benefit falls within an exception to the provision; or
- (b) prior shareholder approval is obtained to the giving of the financial benefit and the benefit is given within 15 months after shareholder approval is obtained.

One of the nominated exceptions to the prohibition includes the provision of a financial benefit on terms that would be reasonable in the circumstances if the Company and the related party were dealing at arm's length (or on terms less favourable than arm's length). Given the Options issued to Mr Laing are on the same arm's length terms as the parties who are not related parties of the Company, the issue of Options is considered to constitute provision of a financial benefit on arm's length terms, and accordingly Chapter 2E of the Corporations Act does not apply.

Listing Rule 10.13 contains certain requirements as to the contents of a notice sent to Shareholders for the purposes of Listing Rule 10.11 and the following information is included in this Explanatory Memorandum for that purpose:

- (a) The Options will be issued to Mr Laing (or nominees) who is director of the Company;
- (b) The maximum number of Options to be issued to Mr Laing is:

Director	Maximum Number of Options (Tranche 1)	Maximum Number of Options (Tranche 2)
Geoffrey Laing	2,678,061	2,678,061

- (c) the Options will be issued to Mr Laing (or nominees) within one (1) month of the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) and it is intended that issue of the Options will occur on the same date;
- (d) The Options will be issued for nil consideration;
- (e) The Options are to be issued on terms and conditions set out in Annexure C (Tranche 1) and Annexure D (Tranche 2);
- (f) No funds will be raised from the issue of Options; and
- (g) A voting exclusion statement is included in the Notice.

Directors' Recommendation

The Directors (other than Mr Laing, who has an interest in the Resolution) unanimously recommend that Shareholders vote in favour of Resolution 4.

Resolution 5 – Authority to Issue Options (Tranche 1 and Tranche 2)

General

Resolution 5 seeks Shareholder approval in accordance with Listing Rule 7.1 and Listing Rule 10.11 for the issue of up to 2,678,061 (Tranche 1) Options and 2,678,061 (Tranche 2) Options to the Mitchell River Group Pty Ltd or their nominees.

Mitchell River Group Pty Ltd has advised that Mr Geoffrey Laing will hold a beneficial interest in 2,678,061 (Tranche 1) Options and 2,678,061 (Tranche 2) Options. Mr Laing is a director of the Company as is classified as a related party. Mr Laing's beneficial interest in the Options is subject to him remaining a director of the Company at the time the Options vesting conditions are satisfied.

Listing Rule 7.1 provides that a listed company may not issue securities in any 12 month period which, when aggregated with the number of the other securities issued within that 12 month period, exceed 15% of the number of ordinary shares on issue at the beginning of the 12 month period, unless the issue falls within one of the nominated exceptions or the prior approval of members of the Company in General Meeting is obtained.

Further, Pursuant to Listing Rule 10.11, a "related party" of a listed company is precluded from participating in any issue of securities in a company without the prior approval of Shareholders.

Shareholder approval is required under Listing Rule 10.11 because Mr Laing is a Director and therefore a related party of the Company. Shareholder approval is sought under Listing Rule 7.1 and Listing Rule 10.11.

The Company is seeking shareholder approval for the issue of 2,678,061 Options (Tranche 1) and 2,678,061 Options (Tranche 2).

Corporations Act

Chapter 2E of the Corporations Act regulates the provision of financial benefits to related parties by a public company. Shares issued to related parties (or their nominees), constitute the provision of a financial benefit to a related party. For the purpose of the Corporations Act, directors are a related party of a company. As such Mr Laing is considered a related party of the Company.

Chapter 2E of the Corporations Act prohibits the Company from giving a financial benefit to a related party of the Company unless either:

- (a) the giving of the financial benefit falls within an exception to the provision; or
- (b) prior shareholder approval is obtained to the giving of the financial benefit and the benefit is given within 15 months after shareholder approval is obtained.

One of the nominated exceptions to the prohibition includes the provision of a financial benefit on terms that would be reasonable in the circumstances if the Company and the related party were dealing at arm's length (or on terms less favourable than arm's length). Given the Options issued to Mr Laing are on the same arm's length terms as the parties who are not related parties of the Company, the issue of Options is considered to constitute provision of a financial benefit on arm's length terms, and accordingly Chapter 2E of the Corporations Act does not apply.

In compliance with Listing Rule 7.3 and Listing Rule 10.13 shareholders are advised as follows:

- (a) The total number of Options which may be issued is 2,678,061 Options (Tranche 1) and 2,678,061 Options (Tranche 2).
- (b) The Options will be issued to Mitchell River Group Pty Ltd with the beneficial holder being Mr Geoffrey Laing. Mr Laing is a director and related party of the Company. Mr Laing's beneficial interest is subject to Mr Laing remaining a director of the Company at the time the vesting conditions of the Options are satisfied.

- (c) The Options are to be issued on terms and conditions set out in Annexure C (Tranche 1) and Annexure D (Tranche 2);
- (d) the Options will be issued no later than 1 month after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) and it is intended that issue of the Options will occur on the same date
- (e) The Options will be issued for no consideration;
- (f) No funds will be raised from the issue of Options; and
- (g) A voting exclusion statement is included in the Notice.

Directors' Recommendation

The Directors (other than Mr Laing, who has an interest in the Resolution) unanimously recommend that Shareholders vote in favour of Resolution 5.

Resolution 6 – Ratification of Issue of Options

General

On 26 August 2016 the Company executed a Corporate Mandate with Taylor Collison Ltd. As part consideration to Taylor Collison Ltd under the Corporate Mandate the Company issued a total of 5,000,000 Options. 2,500,000 Options on the terms and conditions set out in Annexure E and 2,500,000 Options on the terms and conditions set out in Annexure F. The Options were issued on 26 August 2016 and shareholders are now being requested to ratify this issue.

Listing Rule 7.1 provides that (subject to certain exceptions) prior approval of shareholders is required for an issue of securities by a company if the securities will, when aggregated with the securities issued by a company during the previous 12 months, exceed 15% of the number of the ordinary securities on issue at the commencement of that 12 month period.

Listing Rule 7.4 sets out the procedure and effect of Shareholder approval of a prior issue of securities and provides that where shareholders in general meeting ratify a previous issue of securities made without approval under Listing Rule 7.1, provided that the previous issue of securities did not breach the ASX Listing Rule 7.1, those securities shall be deemed to have been made with shareholder approval for the purposes of Listing Rule 7.1.

By ratifying this issue, the Company will retain the flexibility to issue equity securities in the future up to the 15% placement capacity set out in ASX Listing Rule 7.1 without the requirement to obtain prior Shareholder approval.

Information required by Listing Rule 7.5

The following information is provided to Shareholders for the purposes of Listing Rule 7.5.

- (a) 5,000,000 Options were allotted and issued by the Company;
- (b) The Options were issued to Taylor Collison Ltd who is not a related party or associate of related parties of the Company.
- (c) The Options were issued as part consideration for fees;
- (d) 2,500,000 Options were issued on the terms and conditions set out in Annexure E and 2,500,000 Options were issued on the terms and conditions set out in Annexure F;
- (e) No funds were raised from the issue of Options; and
- (f) A voting exclusion statement is included in the Notice.

Directors' Recommendation

The Directors of the Company believe that Resolution 6 is in the best interests of the Company and unanimously recommend that Shareholders vote in favour of this Resolution.

GLOSSARY

In this Explanatory Memorandum and the Notice, the following terms have the following meanings unless the context otherwise requires:

Associate	has the same meaning as defined in Section 11 and Sections 13 to 17 of the Corporations Act.
ASX	means ASX Ltd ABN 98 008 624 691 and, where the context requires, the Australian Securities Exchange operated by ASX Ltd.
Board	means the board of Directors of the Company.
Company	means Exterra Resources Limited ABN 26 138 222 705.
Constitution	means the Company's constitution, as amended from time to time.
Corporations Act	means Corporations Act 2001 (Cth).
Director	means a director of the Company.
Explanatory Memorandum	means this information attached to the Notice, which provides information to Shareholders about the Resolutions contained in the Notice.
General Meeting	means a General Meeting of the Company.
Listing Rules	means the listing rules of ASX.
Mandate	means the agreement for the provision of services executed on 26 August 2016, between the Company and Taylor Collison Ltd.
Management Services Agreement	means the agreement for the provision of management and administrative services executed on 29 July 2016, between the Company and Mitchell River Group Pty Ltd.
Meeting	has the meaning in the introductory paragraph of the Notice.
Mitchell River Group	means Mitchell River Group Pty Ltd ABN 46 089 458 809.
Notice or Notice of Meeting	means the Notice of General Meeting accompanying this Explanatory Memorandum.
Options	Means an option that entitles the holder to subscribe for one Share in Exterra Resources Limited on the terms detailed in Annexure A, Annexure B, Annexure C Annexure D, Annexure E and Annexure F.
Proxy Form	means the proxy form attached to this Notice.
Resolution	means a resolution contained in the Notice.
Share	means a fully paid ordinary share in the capital of the Company.
Shareholder	means the holder of a share.
Share Placement	means the issue of 37,500,000 fully paid ordinary shares and free attaching options in the capital of the Company completed on 1 July 2016.
WST	means Australian Western Standard Time.

ANNEXURE A

TERMS AND CONDITIONS
OPTIONS EXPIRING 1 JULY 2019

The Options were issued on the following terms:

1. Each Option shall be issued for no consideration.
2. The exercise price of each Option will be \$0.06 cents per share ("**Exercise Price**").
3. Each Option entitles the holder to subscribe for one Share in Exterra Resources Limited ABN 26 138 222 705 ("**Company**") upon the payment of the Exercise Price per Share subscribed for.
4. The Options will lapse at 5:00 pm, Western Standard Time on 1 July 2019 ("**Expiry Date**").
5. The Options may be transferred at any time in accordance with the Corporations Law, the SCH Business Rules and/or the Listing Rules.
6. There are no participating rights or entitlements inherent in these Options and holders of the Options will not be entitled to participate in new issues of capital that may be offered to shareholders during the currency of the Option.
7. Option holders have the right to exercise their Options prior to the date of determining entitlements to any capital issues to the then existing shareholders of the Company made during the currency of the Options, and will be granted a period of at least 10 business days before closing date to exercise the Options.
8. In the event the Company proceeds with a pro rata issue (except a bonus issue) of securities to the holders of Shares after the date of issue of the Options, the exercise price of the Options will be adjusted in accordance with the formula set out in ASX Listing Rule 6.22.2.
9. In the event of any re-organisation (including reconstruction, consolidation, subdivision, reduction or return of capital) of the issued capital of the Company, the Options will be re-organised as required by the Listing Rules, but in all other respects the terms of exercise will remain unchanged.
10. The Options shall be exercisable at any time until the Expiry Date ("**Exercise Period**") by the delivery to the registered office of the Company of a notice in writing ("**Notice**") stating the intention of the Option holder to exercise all or a specified number of Options held by them accompanied by an Option certificate and a cheque made payable to the Company for the subscription monies for the Shares. The Notice and cheque must be received by the Company during the Exercise Period. An exercise of only some Options shall not affect the rights of the Option holder to the balance of the Options held by it.
11. The Company shall allot the resultant Shares and deliver a statement of shareholdings with a holders' identification number within 5 business days of exercise of the Options.
12. The Shares allotted shall rank, from the date of allotment, equally with the existing ordinary shares of the Company in all respects.

ANNEXURE B

TERMS AND CONDITIONS
OPTIONS EXPIRING 4 JULY 2018

The Options will be issued on the following terms:

1. Each Option shall be issued for no consideration.
2. The exercise price of each Option will be \$0.06 cents per share ("**Exercise Price**").
3. Each Option entitles the holder to subscribe for one Share in Exterra Resources Limited ABN 26 138 222 705 ("**Company**") upon the payment of the Exercise Price per Share subscribed for.
4. The Options will lapse at 5:00 pm, Western Standard Time on 4 July 2018 ("**Expiry Date**").
5. The Options may be transferred at any time in accordance with the Corporations Law, the SCH Business Rules and/or the Listing Rules.
6. There are no participating rights or entitlements inherent in these Options and holders of the Options will not be entitled to participate in new issues of capital that may be offered to shareholders during the currency of the Option.
7. Option holders have the right to exercise their Options prior to the date of determining entitlements to any capital issues to the then existing shareholders of the Company made during the currency of the Options, and will be granted a period of at least 10 business days before closing date to exercise the Options.
8. In the event the Company proceeds with a pro rata issue (except a bonus issue) of securities to the holders of Shares after the date of issue of the Options, the exercise price of the Options will be adjusted in accordance with the formula set out in ASX Listing Rule 6.22.2.
9. In the event of any re-organisation (including reconstruction, consolidation, subdivision, reduction or return of capital) of the issued capital of the Company, the Options will be re-organised as required by the Listing Rules, but in all other respects the terms of exercise will remain unchanged.
10. The Options shall be exercisable at any time until the Expiry Date ("**Exercise Period**") by the delivery to the registered office of the Company of a notice in writing ("**Notice**") stating the intention of the Option holder to exercise all or a specified number of Options held by them accompanied by an Option certificate and a cheque made payable to the Company for the subscription monies for the Shares. The Notice and cheque must be received by the Company during the Exercise Period. An exercise of only some Options shall not affect the rights of the Option holder to the balance of the Options held by it.
11. The Company shall allot the resultant Shares and deliver a statement of shareholdings with a holders' identification number within 5 business days of exercise of the Options.
12. The Shares allotted shall rank, from the date of allotment, equally with the existing ordinary shares of the Company in all respects.

ANNEXURE C

TERMS AND CONDITIONS (TRANCHE 1 OPTIONS)
OPTIONS EXPIRING 29 JULY 2019

1. Options will be granted for no consideration.
2. The exercise price of each Option will be \$0.06 cents per share ("**Exercise Price**").
3. Each Option entitles the holder to subscribe for one Share in Exterra Resources Limited ABN 26 138 222 705 ("**Company**") upon the payment of the Exercise Price per Share subscribed for.
4. The Options will lapse at 5:00 pm, Western Standard Time on 29 July 2019 ("**Expiry Date**").
5. The Options will vest on first commercial gold production at the Second Fortune Gold Project (**Tranche 1 Options**).
6. The Options shall vest immediately in the event the Company terminates the Management and Services Agreement through no fault of Mitchell River Group.
7. The Options shall vest immediately where a Change of Control event arises. For the avoidance of doubt Change in Control means a person's voting power (as defined in section 610 of the Corporations Act) in the Company increases above 35%.
8. The Options may be transferred at any time in accordance with the Corporations Law, the SCH Business Rules and/or the Listing Rules.
9. There are no participating rights or entitlements inherent in these Options and holders of the Options will not be entitled to participate in new issues of capital that may be offered to shareholders during the currency of the Option.
10. Option holders have the right to exercise their Options prior to the date of determining entitlements to any capital issues to the then existing shareholders of the Company made during the currency of the Options, and will be granted a period of at least 10 business days before closing date to exercise the Options.
11. In the event the Company proceeds with a pro rata issue (except a bonus issue) of securities to the holders of Shares after the date of issue of the Options, the exercise price of the Options will be adjusted in accordance with the formula set out in ASX Listing Rule 6.22.2.
12. In the event of any re-organisation (including reconstruction, consolidation, subdivision, reduction or return of capital) of the issued capital of the Company, the Options will be re-organised as required by the Listing Rules, but in all other respects the terms of exercise will remain unchanged.
13. The Options shall be exercisable at any after vesting time until the Expiry Date ("**Exercise Period**") by the delivery to the registered office of the Company of a notice in writing ("**Notice**") stating the intention of the Option holder to exercise all or a specified number of Options held by them accompanied by an Option certificate and a cheque made payable to the Company for the subscription monies for the Shares. The Notice and cheque must be received by the Company during the Exercise Period. An exercise of only some Options shall not affect the rights of the Option holder to the balance of the Options held by it.
14. The Company shall allot the resultant Shares and deliver a statement of shareholdings with a holders' identification number within 5 business days of exercise of the Options.
15. The Shares allotted shall rank, from the date of allotment, equally with the existing ordinary shares of the Company in all respects.
16. The Options shall also be subject to the terms conditions as detailed in the Management and Services Agreement.

ANNEXURE D

TERMS AND CONDITIONS (TRANCHE 2 OPTIONS)
OPTIONS EXPIRING 29 JULY 2019

1. Options will be granted for no consideration.
2. The exercise price of each Option will be \$0.08 cents per share ("**Exercise Price**").
3. Each Option entitles the holder to subscribe for one Share in Exterra Resources Limited ABN 26 138 222 705 ("**Company**") upon the payment of the Exercise Price per Share subscribed for.
4. The Options will lapse at 5:00 pm, Western Standard Time on 29 July 2019 ("**Expiry Date**").
5. The Options will vest on production of 15,000 ounces of gold at the Second Fortune Gold Project. (**Tranche 2 Options**).
6. The Options shall vest immediately in the event the Company terminates the Management and Services Agreement through no fault of Mitchell River Group.
7. The Options shall vest immediately where a Change of Control event arises. For the avoidance of doubt Change in Control means a person's voting power (as defined in section 610 of the Corporations Act) in the Company increases above 35%.
8. The Options may be transferred at any time in accordance with the Corporations Law, the SCH Business Rules and/or the Listing Rules.
9. There are no participating rights or entitlements inherent in these Options and holders of the Options will not be entitled to participate in new issues of capital that may be offered to shareholders during the currency of the Option.
10. Option holders have the right to exercise their Options prior to the date of determining entitlements to any capital issues to the then existing shareholders of the Company made during the currency of the Options, and will be granted a period of at least 10 business days before closing date to exercise the Options.
11. In the event the Company proceeds with a pro rata issue (except a bonus issue) of securities to the holders of Shares after the date of issue of the Options, the exercise price of the Options will be adjusted in accordance with the formula set out in ASX Listing Rule 6.22.2.
12. In the event of any re-organisation (including reconstruction, consolidation, subdivision, reduction or return of capital) of the issued capital of the Company, the Options will be re-organised as required by the Listing Rules, but in all other respects the terms of exercise will remain unchanged.
13. The Options shall be exercisable at any time after vesting until the Expiry Date ("**Exercise Period**") by the delivery to the registered office of the Company of a notice in writing ("**Notice**") stating the intention of the Option holder to exercise all or a specified number of Options held by them accompanied by an Option certificate and a cheque made payable to the Company for the subscription monies for the Shares. The Notice and cheque must be received by the Company during the Exercise Period. An exercise of only some Options shall not affect the rights of the Option holder to the balance of the Options held by it.
14. The Company shall allot the resultant Shares and deliver a statement of shareholdings with a holders' identification number within 5 business days of exercise of the Options.
15. The Shares allotted shall rank, from the date of allotment, equally with the existing ordinary shares of the Company in all respects.
16. The Options shall also be subject to the terms conditions as detailed in the Management and Services Agreement.

ANNEXURE E

TERMS AND CONDITIONS
OPTIONS EXPIRING 26 AUGUST 2019

The Options were issued on the following terms:

1. Each Option shall be issued for no consideration.
2. The exercise price of each Option will be \$0.10 cents per share ("**Exercise Price**").
3. Each Option entitles the holder to subscribe for one Share in Exterra Resources Limited ABN 26 138 222 705 ("**Company**") upon the payment of the Exercise Price per Share subscribed for.
4. The Options will lapse at 5:00 pm, Western Standard Time on 26 August 2019 ("**Expiry Date**").
5. The Options may be transferred at any time in accordance with the Corporations Law, the SCH Business Rules and/or the Listing Rules.
6. There are no participating rights or entitlements inherent in these Options and holders of the Options will not be entitled to participate in new issues of capital that may be offered to shareholders during the currency of the Option.
7. Option holders have the right to exercise their Options prior to the date of determining entitlements to any capital issues to the then existing shareholders of the Company made during the currency of the Options, and will be granted a period of at least 10 business days before closing date to exercise the Options.
8. In the event the Company proceeds with a pro rata issue (except a bonus issue) of securities to the holders of Shares after the date of issue of the Options, the exercise price of the Options will be adjusted in accordance with the formula set out in ASX Listing Rule 6.22.2.
9. In the event of any re-organisation (including reconstruction, consolidation, subdivision, reduction or return of capital) of the issued capital of the Company, the Options will be re-organised as required by the Listing Rules, but in all other respects the terms of exercise will remain unchanged.
10. The Options shall be exercisable at any time until the Expiry Date ("**Exercise Period**") by the delivery to the registered office of the Company of a notice in writing ("**Notice**") stating the intention of the Option holder to exercise all or a specified number of Options held by them accompanied by an Option certificate and a cheque made payable to the Company for the subscription monies for the Shares. The Notice and cheque must be received by the Company during the Exercise Period. An exercise of only some Options shall not affect the rights of the Option holder to the balance of the Options held by it.
11. The Company shall allot the resultant Shares and deliver a statement of shareholdings with a holders' identification number within 10 business days of exercise of the Options.
12. The Shares allotted shall rank, from the date of allotment, equally with the existing ordinary shares of the Company in all respects.

ANNEXURE F

TERMS AND CONDITIONS
OPTIONS EXPIRING 26 AUGUST 2019

The Options were issued on the following terms:

1. Each Option shall be issued for no consideration.
2. The exercise price of each Option will be \$0.125 cents per share ("**Exercise Price**").
3. Each Option entitles the holder to subscribe for one Share in Exterra Resources Limited ABN 26 138 222 705 ("**Company**") upon the payment of the Exercise Price per Share subscribed for.
4. The Options shall vest on the Mandate remaining in force for six months, having not been terminated by either party prior to that date.
5. The Options will lapse at 5:00 pm, Western Standard Time on 26 August 2019 ("**Expiry Date**").
6. The Options may be transferred at any time in accordance with the Corporations Law, the SCH Business Rules and/or the Listing Rules.
7. There are no participating rights or entitlements inherent in these Options and holders of the Options will not be entitled to participate in new issues of capital that may be offered to shareholders during the currency of the Option.
8. Option holders have the right to exercise their Options prior to the date of determining entitlements to any capital issues to the then existing shareholders of the Company made during the currency of the Options, and will be granted a period of at least 10 business days before closing date to exercise the Options.
9. In the event the Company proceeds with a pro rata issue (except a bonus issue) of securities to the holders of Shares after the date of issue of the Options, the exercise price of the Options will be adjusted in accordance with the formula set out in ASX Listing Rule 6.22.2.
10. In the event of any re-organisation (including reconstruction, consolidation, subdivision, reduction or return of capital) of the issued capital of the Company, the Options will be re-organised as required by the Listing Rules, but in all other respects the terms of exercise will remain unchanged.
11. The Options shall be exercisable at any time after vesting until the Expiry Date ("**Exercise Period**") by the delivery to the registered office of the Company of a notice in writing ("**Notice**") stating the intention of the Option holder to exercise all or a specified number of Options held by them accompanied by an Option certificate and a cheque made payable to the Company for the subscription monies for the Shares. The Notice and cheque must be received by the Company during the Exercise Period. An exercise of only some Options shall not affect the rights of the Option holder to the balance of the Options held by it.
12. The Company shall allot the resultant Shares and deliver a statement of shareholdings with a holders' identification number within 10 business days of exercise of the Options.
13. The Shares allotted shall rank, from the date of allotment, equally with the existing ordinary shares of the Company in all respects.

+

«EFT_REFERENCE_NUMBER»

«Holder_name»
«Address_line_1»
«Address_line_2»
«Address_line_3»
«Address_line_4»
«Address_line_5»

«Company_code» «Sequence_number»

REGISTERED OFFICE:
GROUND FLOOR
20 KINGS PARK ROAD
WEST PERTH WA 6005

SHARE REGISTRY:
Security Transfer Registrars Pty Ltd
All Correspondence to:
PO BOX 535, APPLECROSS WA 6953
AUSTRALIA
770 Canning Highway, APPLECROSS WA 6153
AUSTRALIA
T: +61 8 9315 2333 F: +61 8 9315 2233
E: registrar@securitytransfer.com.au
W: www.securitytransfer.com.au

Code:

«EXC»

Holder Number:

«HOLDER_NUM»

PROXY FORM

THIS DOCUMENT IS IMPORTANT. IF YOU ARE IN DOUBT AS TO HOW TO DEAL WITH IT, PLEASE CONTACT YOUR STOCK BROKER OR LICENSED PROFESSIONAL ADVISOR.

VOTE
ONLINE

Lodge your proxy vote securely at www.securitytransfer.com.au
1. Log into the Investor Centre using your holding details.
2. Click on "Proxy Voting" and provide your Online Proxy ID to access the voting area.

«ONLINE»

SECTION A: Appointment of Proxy

I/We, the above named, being registered holders of the Company and entitled to attend and vote hereby appoint:

☐ The meeting chairperson

OR

or failing the person named, or if no person is named, the Chairperson of the meeting, as my/our Proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, as the Proxy sees fit) at the General Meeting of the Company to be held at 10:00am WST on Wednesday 28 September 2016 at Ground Floor, 20 Kings Park Road, West Perth WA 6005 and at any adjournment of that meeting.

SECTION B: Voting Directions

Please mark "X" in the box to indicate your voting directions to your Proxy. The Chairperson of the Meeting intends to vote undirected proxies in FAVOUR of all the resolutions. In exceptional circumstances, the Chairperson of the Meeting may change his/her voting intention on any resolution, in which case an ASX announcement will be made.

RESOLUTION	For	Against	Abstain*
1. Ratification of Issue of Shares and Options	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2. Ratification of Issue of Options	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3. Authority to Issue Options	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4. Authority to Issue Options to Mr Geoffrey Laing	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5. Authority to Issue Options	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6. Ratification of Issue of Options	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

If no directions are given my proxy may vote as the proxy thinks fit or may abstain. * If you mark the Abstain box for a particular item, you are directing your Proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

SECTION C: Signature of Security Holder(s)

This section must be signed in accordance with the instructions overleaf to enable your directions to be implemented.

Individual or Security Holder

Security Holder 2

Security Holder 3

Sole Director & Sole Company Secretary

Director

Director/Company Secretary



My/Our contact details in case of enquiries are:

Name:

Number:

()

1. NAME AND ADDRESS

This is the name and address on the Share Register of the Company. If this information is incorrect, please make corrections on this form. Shareholders sponsored by a broker should advise their broker of any changes. Please note that you cannot change ownership of your shares using this form.

2. APPOINTMENT OF A PROXY

If the person you wish to appoint as your Proxy is someone other than the Chairperson of the Meeting please write the name of that person in Section A. If you leave this section blank, or your named Proxy does not attend the meeting, the Chairperson of the Meeting will be your Proxy. A Proxy need not be a shareholder of the Company.

3. DIRECTING YOUR PROXY HOW TO VOTE

To direct the Proxy how to vote place an "X" in the appropriate box against each item in Section B. Where more than one Proxy is to be appointed and the proxies are to vote differently, then two separate forms must be used to indicate voting intentions.

4. APPOINTMENT OF A SECOND PROXY

You are entitled to appoint up to two (2) persons as proxies to attend the meeting and vote on a poll. If you wish to appoint a second Proxy, an additional Proxy form may be obtained by contacting the Company's share registry or you may photocopy this form.

To appoint a second Proxy you must:

- On each of the Proxy forms, state the percentage of your voting rights or number of securities applicable to that form. If the appointments do not specify the percentage or number of votes that each Proxy may exercise, each Proxy may exercise half of your votes; and
- Return both forms in the same envelope.

5. SIGNING INSTRUCTIONS

Individual: where the holding is in one name, the Shareholder must sign.

Joint Holding: where the holding is in more than one name, all of the Shareholders must sign.

Power of Attorney: to sign under Power of Attorney you must have already lodged this document with the Company's share registry. If you have not previously lodged this document for notation, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: where the Company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the Company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director may sign alone. Otherwise this form must be signed by a Director jointly with either another Director or Company Secretary. Please indicate the office held in the appropriate place.

If a representative of the corporation is to attend the meeting the appropriate "Certificate of Appointment of Corporate Representative" should be lodged with the Company before the meeting or at the registration desk on the day of the meeting. A form of the certificate may be obtained from the Company's share registry.

6. LODGEMENT OF PROXY

Proxy forms (and any Power of Attorney under which it is signed) must be received by Security Transfer Registrars Pty Ltd no later than the date and time stated on the form overleaf. Any Proxy form received after that time will not be valid for the scheduled meeting.

The proxy form does not need to be returned to the share registry if the votes have been lodged online.

Security Transfer Registrars Pty Ltd

Online	www.securitytransfer.com.au
Postal Address	PO BOX 535 Applecross WA 6953 AUSTRALIA
Street Address	Alexandrea House Suite 1, 770 Canning Highway Applecross WA 6153 AUSTRALIA
Telephone	+61 8 9315 2333
Facsimile	+61 8 9315 2233
Email	registrar@securitytransfer.com.au

PRIVACY STATEMENT

Personal information is collected on this form by Security Transfer Registrars Pty Ltd as the registrar for securities issuers for the purpose of maintaining registers of security holders, facilitating distribution payments and other corporate actions and communications. Your personal details may be disclosed to related bodies corporate, to external service providers such as mail and print providers, or as otherwise required or permitted by law. If you would like details of your personal information held by Security Transfer Registrars Pty Ltd or you would like to correct information that is inaccurate please contact them on the address on this form.

