

A large yellow mining truck with a crane-like arm is parked in a dry, scrubby landscape under a hazy sky. The truck has "135J" and "JW" markings.

## SECOND FORTUNE GOLD MINE DEVELOPMENT PROGRESS UPDATE

**Exterra Resources Limited**  
ACN 138 222 705

**ASX Code:** EXC

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

**Issued Capital:**

Ordinary Shares:	275.7m
Options:	45.7m

**Directors and Management:**

**John Davis**  
Managing Director

**Justin Brown**  
Non-Executive Director

**Peter Cole**  
Non-Executive Director

**Dennis Wilkins**  
Company Secretary

### 15 August 2016

Exterra Resources Limited ("Exterra" or "the Company") (ASX:EXC) is pleased to provide an update on the development of the Second Fortune Project at Linden. Following execution of the Management and Services Agreement with the **Mitchell River Group (MRG)**, (announced on 1 August 2016), significant progress has been made on optimising the project economics and identifying a funding solution.

**Multiple studies are in progress** with particular focus on the following:

- **Ore Sorting test work:** in progress with first pass results indicating the potential to significantly upgrade the mined ore bulk grade with an associated reduction in tonnages, thereby reducing haulage and processing costs.
- **Treatment of surface stockpiles:** Investigation of potential for early cashflow from treatment of surface ore stockpiles utilising the ore sorting technology. Detailed sampling currently in progress to finalise grade and tonnage estimates.
- **Mine plan optimisation:** Investigation of options for mining the high grade Crown Pillar below the current open pit in early development to bring forward first cashflows, minimise the maximum negative cash position and thereby reduce the up-front funding requirements.
- **Mine dewatering:** A review of mine dewatering options in order to reduce pre-production capital costs.
- **Camp/Site works:** A review of the Camp/Site works requirements to maximise the use of existing surface infrastructure and reduce pre-production capital costs.

As announced on 1 August 2016, Exterra and MRG executed a Management and Services Agreement for development of the Second Fortune Gold Mine at Linden, whereby MRG will provide the following:

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

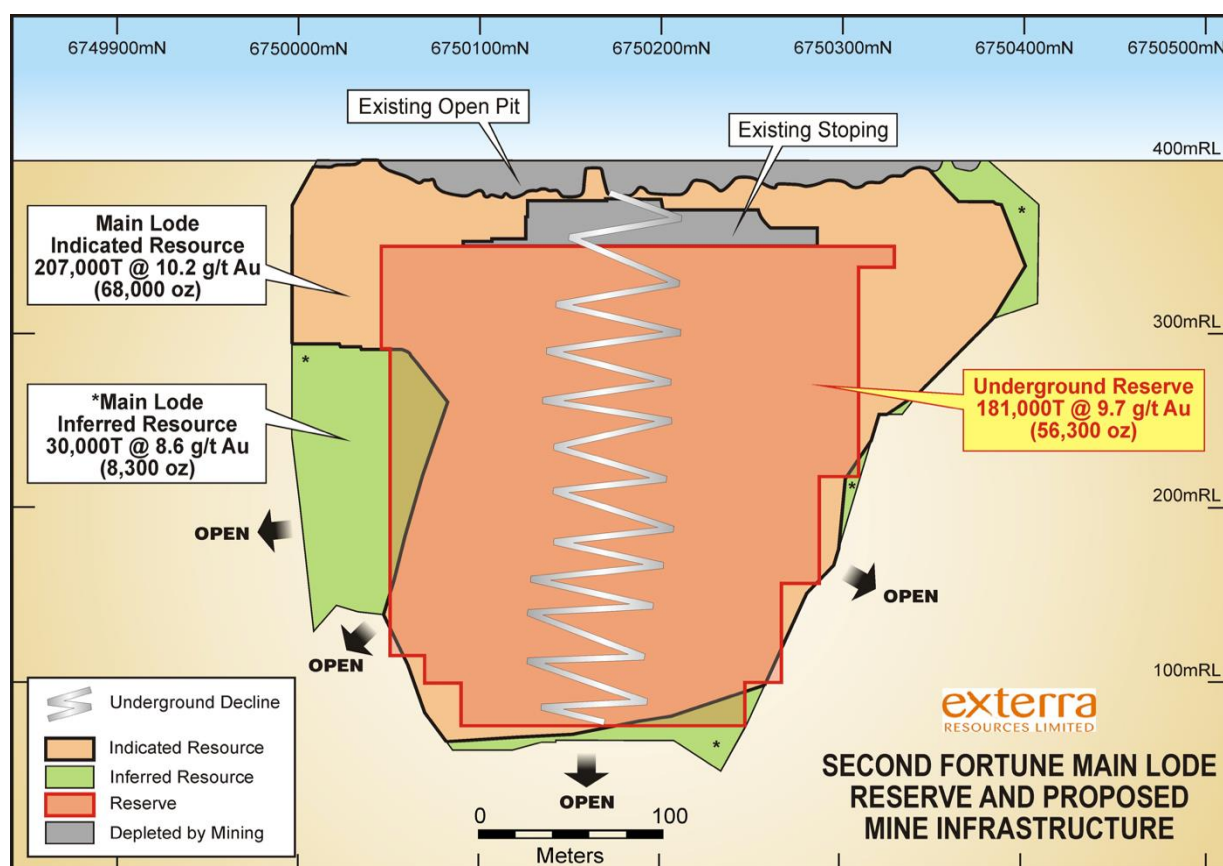


Figure 1: Second Fortune Main Lode long section showing mineralised zones, Resource and Probable Reserve<sup>1</sup> outlines and schematic decline design from existing Feasibility Study.

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

Various studies have commenced as part of the project development, resulting in potential positive impacts on the project economics. These studies have been supported by MRG site visits along with other consultants investigating various aspects of the mine development including:

## 1. ORE SORTING TESTWORK

Sorting of the quartz ore from the host gangue material has commenced with initial tests demonstrating that a pre-concentration step may be possible. Ongoing work will focus on variability of the ore and waste, plus ore preparation requirements.



## 2. ORE STOCKPILE PROCESSING

A number of stockpiles from the Second Fortune open pit, and other proximal historical workings are being evaluated for re-treatment. These stockpiles typically retain grade variability, zones of economically viable material have been identified and as a result a study has been undertaken to quantify the value of this surface material. Ongoing work includes sampling and assaying of the respective stockpiles.

## 3. CROWN PILLAR EXTRACTION

Options are being evaluated with respect to the reduction of early working capital requirements. This process is part of a broader review and update of the underground mine design. The early extraction of the Crown Pillar may facilitate a rapid path to positive cash flow and as such is an important factor with respect to design. The quantity of high grade ore within the Crown Pillar will be quantified along with possible extraction plans. Mine design work will be ongoing for several weeks.

## 4. MINE DEWATERING OPTIONS

Studies currently in progress are primarily to expedite pit access as required for the project schedule. Evaporation dams remain the base case for dewatering while other options are being considered. The reduction of pre development costs is a key factor with respect to the studies.



## **5. CAMP – SITE WORKS UTILISATION**

The remaining infrastructure at the Second Fortune site is being evaluated for suitability with respect to the proposed underground mining operation. Certain units from the old camp will potentially be refurbished for the next phase of operations, reducing pre start capital expenditure.



**Figure 2: Mitchell River Group, Taylor Collison Analysts and Investors on site at Second Fortune August 2016**



**Figure 3: Mitchell River Group, Taylor Collison Analysts and Investors on site at Second Fortune August 2016**

Exterra's Managing Director John Davis said: *"We are very pleased with the progress to date by the Mitchell River Group as part of the "owners team" to develop the Second Fortune gold mine with already some potential positive impacts on the project economics being outlined and we look forward to further developments. Their experience in project management, funding and development should provide a smooth pathway to profitable gold production from Second Fortune and we look forward to being part of the team".*



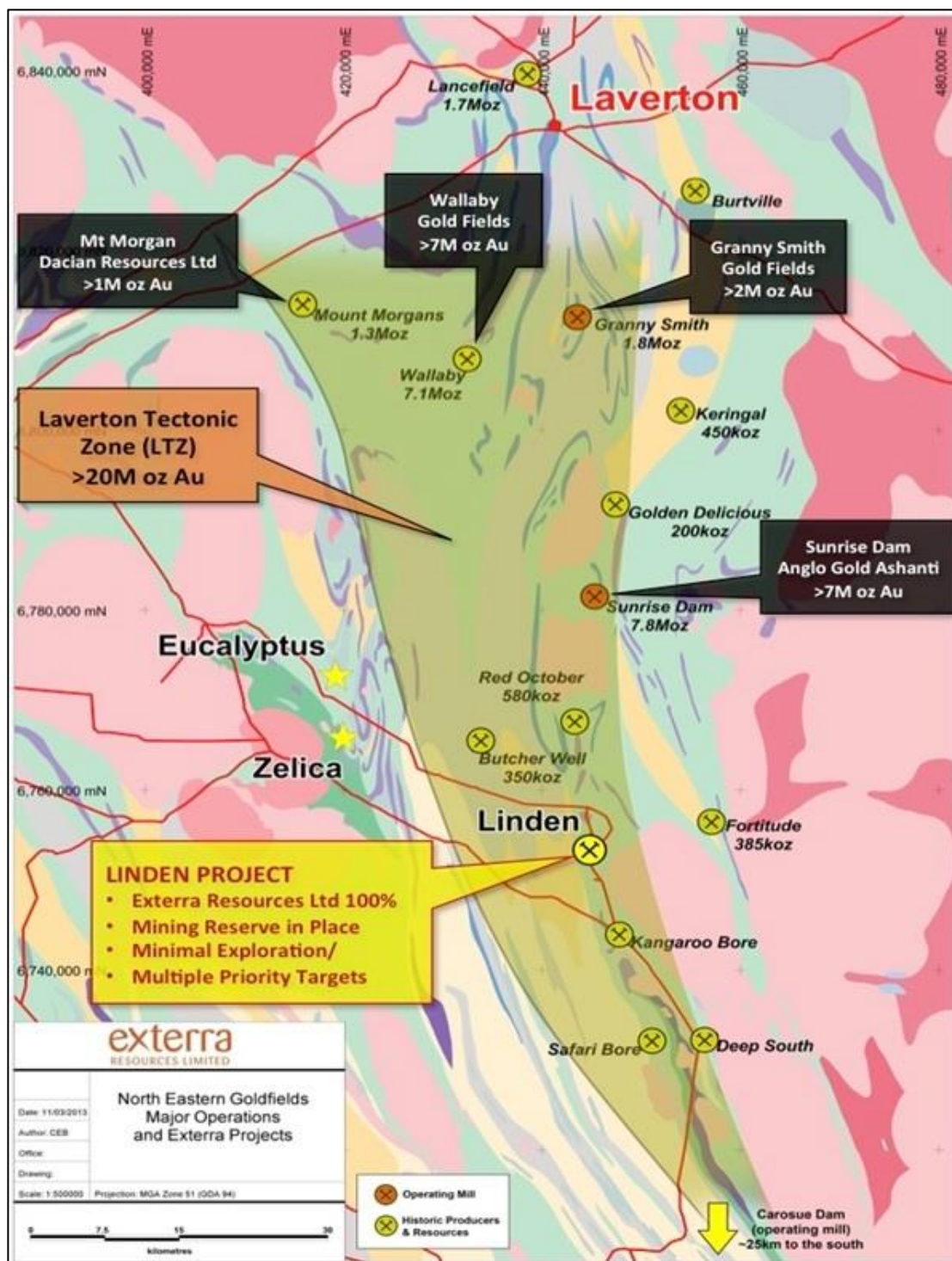


Figure 4: Linden Project Regional Location Plan

**For further information:**

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\* In accordance with Listing Rule 5.23.2, the Company confirms in the subsequent public report that it is not aware of any new information or data that materially affects the information included in the relevant market announcement and, in the case of estimates of mineral resources or ore reserves, that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed.

**About Exterra Resources Limited**

Exterra Resources Limited (ASX:EXC) is a gold exploration and development company based in Perth, Western Australia, with a focus on high grade, high margin gold projects with near term production potential to fund the future growth of the company.

The Company's projects are all located in the Archaean Yilgarn Craton in WA, a world class gold province which has been a prolific producer of gold since the late 1880's and includes the Kalgoorlie "Golden Mile" deposit which has produced over 50 million ounces of gold since discovery in 1893.

Exterra's focus is on the Linden gold project in the North Eastern Goldfields region, within the Laverton Tectonic Zone, which hosts multi million ounce deposits including Sunrise Dam (Anglo Gold) and Granny Smith/Wallaby (Barrick Gold).

The Second Fortune gold mine, at Linden, 220km by road, NNE of Kalgoorlie, is currently the subject of a development study, with all Regulatory approvals received to commence project development of an underground mining operation.

**Competent Persons Statement**

The information in this report that relates to database compilation, sampling processes, geological interpretation and mineralisation, project parameters and costs and overall supervision and direction of Mineral Resource is based on and fairly represents, information and supporting documentation compiled under the overall supervision and direction of John Davis (Member of the Australasian Institute of Mining and Metallurgy and the AIG). Mr Davis has sufficient experience which is relevant to the style of mineralisation and type of deposits under consideration and to the activities undertaken to qualify as Competent Persons as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Davis consents to the inclusion in the release of the statements based on their information in the form and context in which they appear.

Information in this report that relates to estimation, depletion and reporting of Mineral Resources is based on and fairly represents, information and supporting documentation compiled by Mike Job who is a Member of the Australasian Institute of Mining and Metallurgy and a full time employee of QG Consulting Pty Ltd. Mike Job has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mike Job consents to the inclusion in the report of the matters based on the information in the form and context in which it appears.

The information in this report that relates to Ore Reserves has been compiled by Stephen O'Grady, Principal of Interline Engineering Consultants, who is a Member of the Australasian Institute of Mining and Metallurgy. Mr O'Grady has had sufficient experience in Ore Reserve estimation relevant to the style of mineralisation and type of deposit under consideration to qualify as Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Mineral Resources and Ore Reserves'. Mr O'Grady consents to the inclusion in this announcement in the form and context in which it appears.

*Please note with regard to exploration targets, the potential quantity and grade is conceptual in nature, that there has been insufficient exploration to define a Mineral Resource and that it is uncertain if further exploration will result in the determination of a Mineral Resource.*

### **Forward Looking Statements**

Certain statements made during or in connection with this communication, including, without limitation, those concerning the economic outlook for the mining industry, expectations regarding gold prices, exploration costs and other operating results, growth prospects and the outlook of Exterra Resources' operations contain or comprise certain forward looking statements regarding Exterra Resources' exploration operations, economic performance and financial condition. Although Exterra Resources believes that the expectations reflected in such forward-looking statements are reasonable, no assurance can be given that such expectations will prove to have been correct.

Accordingly, results could differ materially from those set out in the forward looking statements as a result of, among other factors, changes in economic and market conditions, success of business and operating initiatives, changes that could result from future acquisitions of new exploration properties, the risks and hazards inherent in the mining business (including industrial accidents, environmental hazards or geologically related conditions), changes in the regulatory environment and other government actions, risks inherent in the ownership, exploration and operation of or investment in mining properties in foreign countries, fluctuations in gold prices and exchange rates and business and operations risks management, as well as generally those additional factors set forth in our periodic filings with ASX. Exterra Resources undertakes no obligation to update publicly or release any revisions to these forward-looking statements to reflect events or circumstances after today's date or to reflect the occurrence of unanticipated event.