

23 May 2011

Ms J Hewitt
ASX Limited
Level 8 Exchange Plaza
2 The Esplanade
Perth WA 6000

Dear Jill

We refer to correspondence dated 18 May 2011 and make the following statement in response to paragraphs 2.2.6, 2.2.7, 2.2.8, & 2.2.10.

Exterra Resources Limited (the **Company**) confirms the following:

1. payment of \$500,000 to Haoma Mining NL for the purchase of the Linden Project has been made;
2. the option to purchase Exploration Licence 52/2117 has been exercised and 2,000,000 ordinary fully paid shares and 1,000,000 options exercisable at 20 cents on or before 30 September 2013 have been issued to Montezuma Mining Company Ltd;
3. the option to purchase 100% interest in the Xplor Tenements has been exercised and 2,500,000 ordinary fully paid shares and 1,250,000 options exercisable at 20 cents on or before 30 September 2013 have been issued to Mining Projects Group Limited; and
4. 500,000 options exercisable at 20 cents and expiring 20/05/2016 have been allotted to Pursuit Capital Pty Ltd.

Please find attached the following documents in response to paragraphs 2.2.3 and 2.2.4:

1. an updated pro forma balance sheet based on the actual amount of funds raised pursuant to the Prospectus; and
2. an updated pro forma statement of commitments based on the actual amount of funds raised pursuant to the Prospectus.

Yours sincerely



Dennis Wilkins
Company Secretary

Updated Pro Forma Balance Sheet Based on Actual Funds Raised Pursuant to the Prospectus

CONDENSED STATEMENTS OF FINANCIAL POSITION

	Audited	Pro-forma
	28 Feb 2011	28 Feb 2011
	\$	\$
Current Assets		
Cash Assets	745,521	4,553,370
Trade and other receivables	30,085	30,085
Total Current Assets	<u>775,606</u>	<u>4,583,455</u>
Non-Current Assets		
Plant and equipment	358,972	358,972
Capitalised tenement acquisition costs	1,860,000	5,011,875
Total Non-Current Assets	<u>2,218,972</u>	<u>5,370,847</u>
Total Assets	<u>2,994,578</u>	<u>9,954,302</u>
Current Liabilities		
Trade and other payables	460,354	300,149
Borrowings	956,756	956,756
Total Current Liabilities	<u>1,417,110</u>	<u>1,256,905</u>
Total Liabilities	<u>1,417,110</u>	<u>1,256,905</u>
Net Assets	<u>1,577,468</u>	<u>8,697,397</u>
Equity		
Contributed equity	3,408,829	10,327,633
Share based payments reserve	-	201,125
Accumulated losses	(1,831,361)	(1,831,361)
Total Equity	<u>1,577,468</u>	<u>8,697,397</u>

**Updated Pro Forma Statement Of Commitments Based On The Actual Amount Of Funds
Raised Pursuant To The Prospectus**

Use of Funds over 2 years		\$
Pre-Offer cash and receivables		\$418,000
Total raised in the Offer		\$5,134,313
Total Funds Available		\$5,552,313
Exploration Expenditure – Year 1		
• Linden		\$825,000
• Zelica		\$150,000
• Egerton		\$300,000
• Giant Well		\$75,000
Exploration Expenditure – Year 2		
• Linden		\$825,000
• Zelica		\$450,000
• Egerton		\$300,000
• Giant Well		\$75,000
	Exploration expenditure – sub total	\$3,000,000
Expenses of the offer		\$466,259
Reimbursement of vendor expenses		\$500,000
Vendor consideration		\$200,000
Interest on converting note		\$246,777
Administration		\$1,012,600
 Unallocated working capital		 \$126,678
	Total Funds Applied	\$5,552,313