

Exterra Resources Ltd

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Exterra Resources opens gold production window for later in 2017

Exterra Resources (ASX:EXC) has revealed a Feasibility Study that concludes that the Second Fortune Gold Mine is financially and technically viable.

The study is based on developing a mine below the existing open pit and generating a sorted concentrate for toll treating.

This delivers the potential for gold production as soon as the end of 2017.

Some of the key metrics are impressive, including: Forecast LOM free cash-flow of \$25 million before financing costs; and an Internal Rate of Return of 133%.

The all-in sustaining cost is forecast at A\$1176 an ounce, well above the current Australian Denominated gold price of circa A\$1655 an ounce.

The mine benefits from access to infrastructure, as its located 220 kilometres from Kalgoorlie in Western Australia.

John Davis, executive chairman, commented: "The completion of the Feasibility Study is a major milestone in the development of the Second Fortune mining operation.

"We are very pleased to confirm the robust economics of the Second Fortune project and look forward to securing financing and commencing the mining activities."

Full key highlights from study

- Life-of-mine (LOM) production target of 392kt grading 5.8g/t Au for 73koz of gold;
- Reserve increase of 15% from 56koz of 65koz;
- Mining inventory increase of 20% from 61koz to 73koz;
- Forecast LOM free cash-flow of \$25m before financing costs;
- Capital payback period of 13 months;
- Net Present Value (NPV8%) of 21.5m;
- Internal Rate of Return of 133%;
- First gold production targeted for Q3 2017 from dumps and Q4 from underground;

Price: A\$0.043

Market Cap: A\$14.84M

1 Year Share Price Graph



Share Information

Code: EXC

Listing: ASX

52 week	High	Low
	0.084p	0.035p

Sector: Mining

Website: www.terraresources.com.au

Company Synopsis:

Exterra Resources Ltd (ASX:EXC) has gold projects located in the NE Goldfields region of Western Australia and holds an option to acquire a lithium project.

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- Initial mine life of 2 years, with significant resource potential at depth on the Main Lode and on the subsidiary Hanging wall, Footwall and West Lodes;
- Estimated funding requirement of \$9.4m (\$7.2 capital and \$2.2m working capital) An additional \$3m working capital contingency will be provisioned to mitigate operational risk;
- Estimated LOM C1 cash cost of \$989/oz and all-in sustaining cost (AISC) of \$1,176/oz;
- Exploration programmes at the Linden Gold Project area continuing, aimed at expanding the current 131koz resource; and
- Sorting will de-risk future and underground mining at Second Fortune by rejecting waste dilution prior to haulage and processing, reducing one of the major risks in narrow vein mining.

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