

Exterra Resources Ltd

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Exterra Resources Ltd to farm-in to nearby gold project

Exterra Resources Ltd (ASX:EXC) has executed a farm-in and joint venture agreement over the Bar Twenty Gold Project located 20 kilometres from its Second Fortune Gold Mine in Western Australia.

The Bar Twenty project development will be run in parallel with the flagship Second Fortune Mine development.

Bar Twenty provides Exterra with the potential to generate a secondary source of ore to add to the planned production from the Second Fortune Mine.

Exterra has the right to explore and develop Bar Twenty and can earn a 75% joint venture interest by producing 5,000 ounces of gold from Bar Twenty.

On commencement of the joint venture, Exterra will contribute to all ongoing expenditure on a 75:25 pro rata basis.

Agreement details

The agreement with Bar Twenty Pty Ltd includes a farm-in stage followed by a joint venture.

Key terms of the agreement include:

- Exterra has the right to explore and develop Bar Twenty;
- Exterra can earn a 75% joint venture interest by producing 5,000 ounces of gold from Bar Twenty; and
- On commencement of the joint venture, Exterra and Bar Twenty Pty Ltd must contribute to all ongoing expenditure on a 75/25 pro rata basis.

Bar Twenty Pty Ltd may elect to:

- Have its joint venture contributions carried by Exterra to a maximum of \$1,000,000, and repaid from 50% of Bar Twenty Pty Ltd's entitlement to gold produced from Bar Twenty (secured against the tenements); or
- Convert its joint venture interest to a right to receive a 2.5% net smelter royalty.

Asset details

The Bar Twenty Gold Project consists of a granted mining lease and 3 granted prospecting licences and has been reverse circulation drilled by Bar Twenty Pty Ltd, with 80 holes completed for 1,785 metres of drilling.

It has historical gold workings at 5 prospects over 1,000 metres of strike.

At the South-East (Main) Workings, 56 reverse circulation holes for 1,377

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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metres have been drilled to outline the gold mineralisation.

Results include:

- 3 metres at 9.7 g/t gold from 2 metres;
- 6 metres at 3.4 g/t gold from 10 metres;
- 6 metres at 3.6 g/t gold from 5 metres;
- 2 metres at 10.8 g/t gold from 2 metres;
- 4 metres at 7.5 g/t gold from 19 metres; and
- 4 metres at 6.0 g/t gold from 22 metres.

The project features quartz-hosted gold suitable for upgrading through the Exterra ore sorting plant.

Planned exploration

Further reverse circulation drilling is planned to commence early in July, which, when combined with the current data available, will be used to generate a JORC resource estimate.

This will then form the basis of economic studies to determine the potential for mine development.

Results will be announced when they become available

Second Fortune update

The Second Fortune Mine development remains the primary project, and key focus, for Exterra.

The recently received works approval for the operation of the evaporation ponds allows the pit and underground workings to be dewatered and inspected in preparation for final design activities on both the portal and decline.

Surface infrastructure development is ongoing and the target start-up of the mining operation remains Q4 2017.

Processing of the mullock dumps through the sorting circuit is ongoing with product and fines being accumulated for the primary parcel of ore to be toll treated.

Recent merger with Anova Metals

Exterra recently entered a merger agreement with Anova Metals (ASX:AWV).

Under the merger implementation agreement, Anova has agreed to acquire all of the issued capital of Exterra by way of a scheme of arrangement.

The merged entity will have a top-tier portfolio of production, development and exploration projects under the guidance of an experienced and proven management team.

It will advance the combined entity towards becoming a multi-jurisdictional gold producer with a project portfolio featuring Western Australia and Nevada in the

U.S.

A merged entity would own JORC compliant resources totalling 1.23 million ounces of gold and Ore Reserves totalling 65,000 ounces gold across two advanced projects with exploration upside.

The process of implementing the merger with Anova Metals is ongoing and in line with the proposed schedule.

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