EGERTON PROJECT SALE FOR $1MILLION

EGERTON PROJECT SALE

Exterra Resources Limited
ACN 138 222 705

ASX Code: EXC

www.exterraresources.com.au

Issued Capital:

Ordinary Shares:	171.2m
Options:	23.6m
Cash (31 March 2013):	$1.6m

Directors and Management:

Peter Cunningham
Non- Executive Chairman

John Davis
Managing Director

Justin Brown
Non-Executive Director

Gary Morgan
Non-Executive Director

Peter Cole
Non-Executive Director

Dennis Wilkins
Company Secretary

29 May 2013

Exterra Resources Ltd (ASX:EXC) is pleased to advise that an Option Agreement has been signed for the sale of the Company's 100%-owned Egerton Gold Project to Gascoyne Resources Ltd (Gascoyne) for a total consideration of $1million.

The Egerton Gold Project is located 230km NNW of Meekatharra in the Gascoyne province of WA and was deemed not to be a key focus for Exterra going forward due to its location and the fact that Exterra is currently working through a development decision on the Second Fortune Gold Project at Linden, 220km NNE of Kalgoorlie.

Key parameters for the Option Agreement with Gascoyne are:

- Gascoyne to pay Exterra non-refundable option fees totalling $200,000.00 cash (+GST), giving Gascoyne a 15 month exclusive option period.
- On exercising of the Option, which must occur within 15 months of signing of the Agreement, Gascoyne must issue to Exterra, Gascoyne shares to the 5 day VWAP value of $800,000.00 plus 500,000 Gascoyne options, exercisable at 25c within a 3 year term.
- Gascoyne must spend a minimum of $100,000.00 on project exploration prior to electing to withdraw.
- Gascoyne are responsible for tenement management and all costs during the Option period, and must maintain the tenements in good standing.

Exterra will apply funds received from the Egerton Project sale to the Second Fortune Project mine development study at Linden.

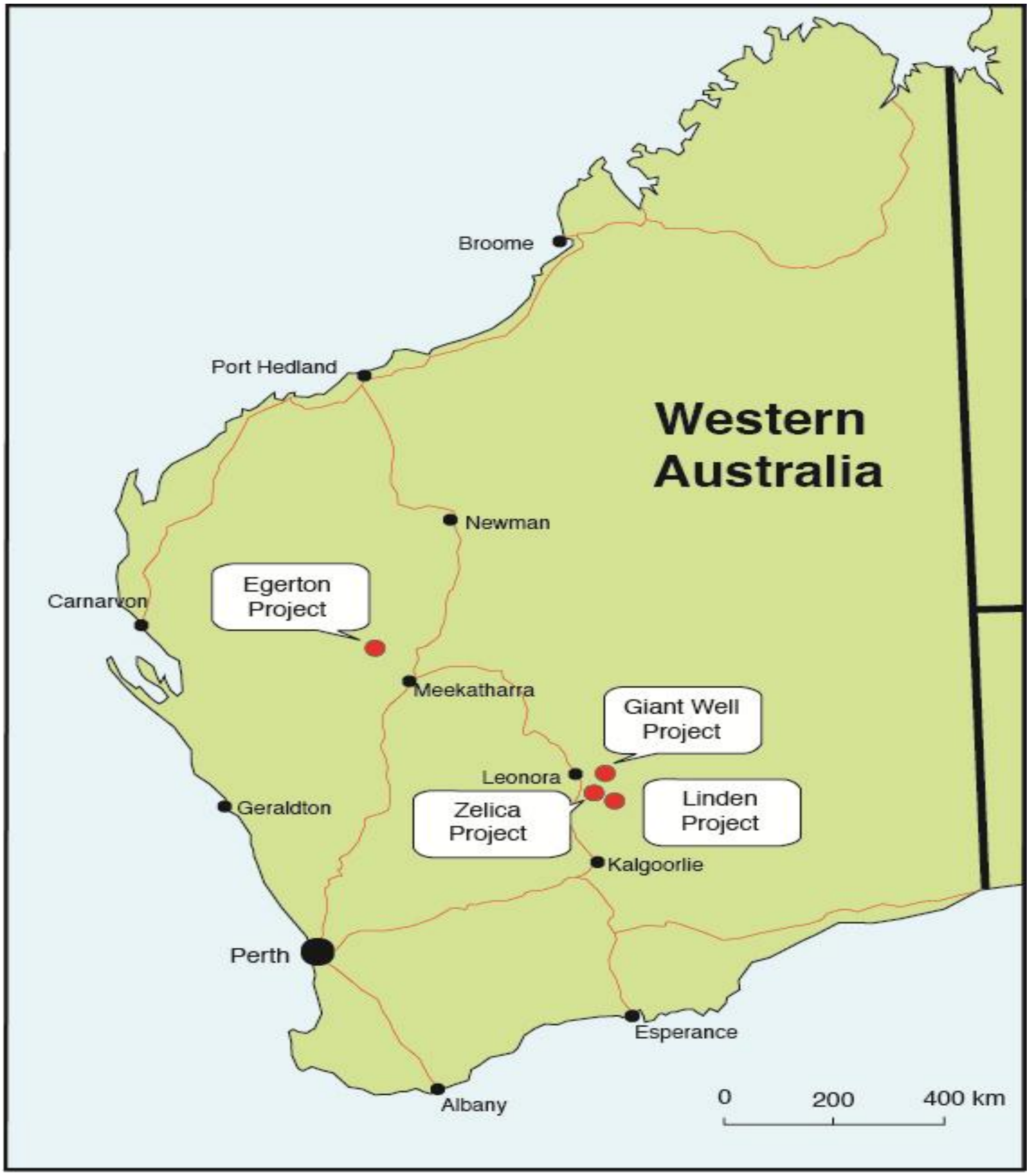

Fig 1 Exterra Projects Location Plan

For further information:

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Competent Persons Statement

Information in this report relates to exploration results or mineral resources that are based on information compiled by John Davis (Member of the Australasian Institute of Mining and Metallurgy). 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 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Davis consent to the inclusion in the release of the statements based on their information in the form and context in which they appear.

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 events.