

EUCALYPTUS JV RENEGOTIATED

10 May 2012

Exterra Resources Limited

ACN 138 222 705

ASX Code: EXC

www.exterraresources.com.au

Issued Capital:

Ordinary Shares: 83.6m

Options: 23.6m

Cash (as at 31 Mar 2012): \$1.7m

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

Key Points

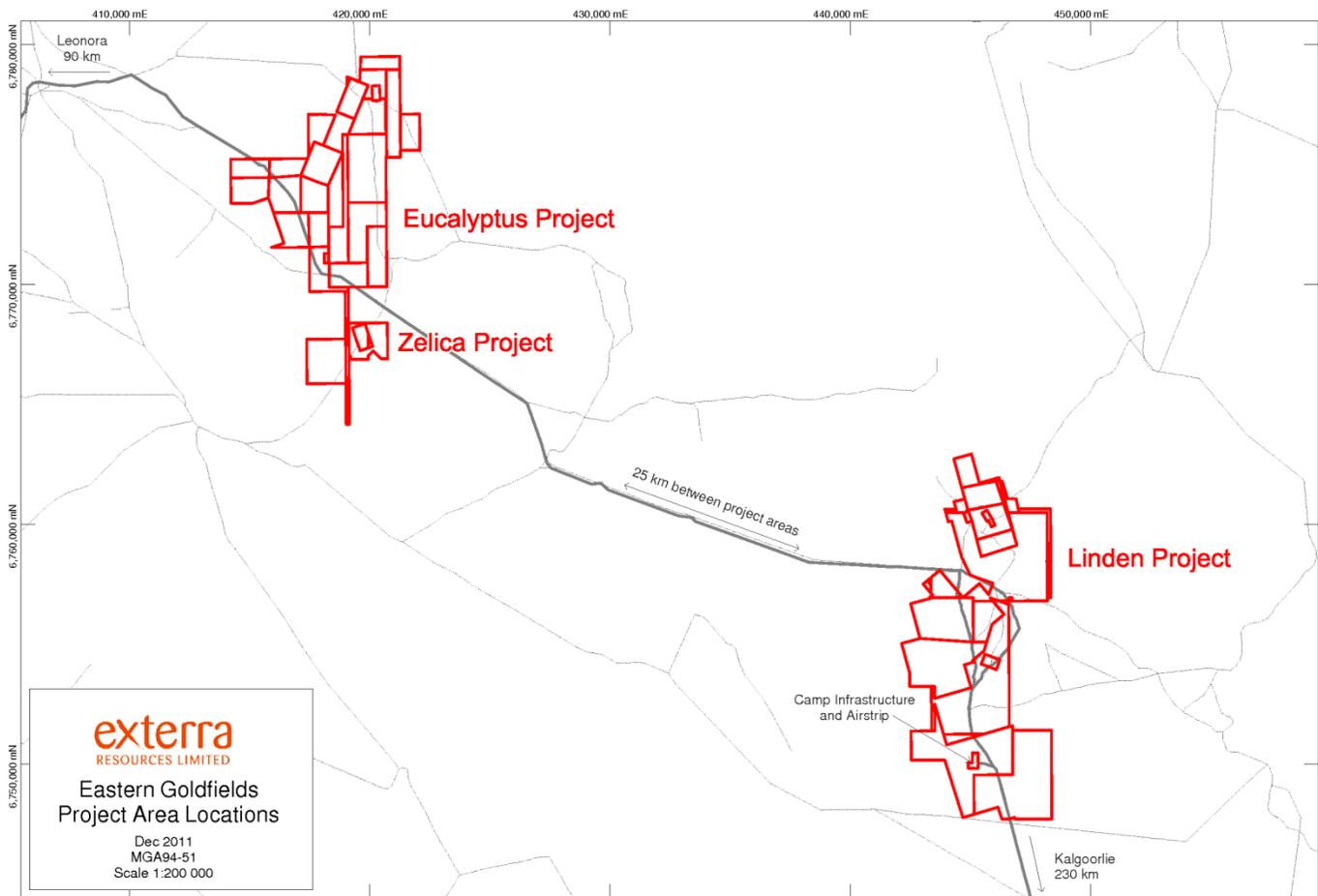
- **Exterra may now move to 90-100% equity for no cost;**
- **Tenements still subject of contested Applications for Exemption from Expenditure and Forfeiture. Exterra will seek to become a party to those proceedings.**

Exterra Resources Limited (ASX:EXC) is pleased to announce that it has renegotiated the terms of the Joint Venture with Regal Resources Ltd and Ozmay Pty Ltd with regards to the Eucalyptus Gold Project, located just 1.5 km to the north of Zelica.

Exterra may now move to 90-100% ownership of the project with no payments to be made to Regal or Ozmay. Instead, Exterra will apply to be joined in the current legal proceedings in the Wardens Court from 1 April 2012 through to completion and will fund the legal action.

As noted in earlier releases, the Eucalyptus Project is the subject of an Exemption from Expenditure and forfeiture action before the Wardens Court. The proceedings are well advanced and the Company is hopeful of a resolution in the near future. The acquisition by Exterra will give Exterra direct input into the court process.

If Exterra is successful in retaining the tenements, it will add 88,500 ounces of gold resources (JORC-compliant Inferred Resource of 973,000 tonnes @ 2.73 g/t Au for 88,500 oz Au) to the Company's total gold resources. Given the proximity to Zelica, the Company would look to fast track exploration with a view to increasing the potential mine life at Zelica.



As with all litigation, there is no guarantee that the Company will be successful in its action and that the Company will gain access to the tenements as a result of the Wardens Court action. The Company will continue to make announcements regarding the status of the Court proceedings as material events transpire.

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.